

The background features large, light blue, stylized letters 'IB' that are semi-transparent, allowing the text to be seen through them. The 'I' and 'B' are rounded and have a consistent thickness.

[proxy preview]

Helping Foundations  
Align Investment and Mission

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To view the Proxy Preview online please visit [www.asyousow.org](http://www.asyousow.org), [www.rockpa.org](http://www.rockpa.org), or [www.noyes.org](http://www.noyes.org)



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# Introduction

Foundations and other endowments are increasingly asking themselves what should — or could — they be doing to better align their investments and mission. They are looking at how to become mission-driven institutions that leverages their assets to fulfill their purposes. Proxy voting, as part of an investor's basic fiduciary responsibility for existing investments, offers perhaps the easiest entry point for foundations wishing to align investment and mission.

There are hundreds of shareholder proposals filed each year on social and governance issues that are directly related to the missions of U.S. foundations. For example, foundations seeking to address global warming will find proposals on may important issues including energy efficiency, greenhouse gas emissions, carbon disclosure reporting, Alberta oil sands, mountain top removal, drilling in the Arctic, and renewable energy. Foundations which are involved in health care reform have a great opportunity to not only support their grantees pushing for reform but to use their investments to vote in line with their principles. This year, more than 40 companies are being asked by shareholders to vote on health care reform.

The 2009 *Proxy Preview* is designed to help foundations navigate these proposals and identify those that are relevant to their mission and grantmaking agendas. The Preview categorizes the proxies filed, highlights key issues, describes the social and environmental proposals, identifies the key investors and organizations filing them, and provides a list of companies and upcoming proxy votes. Foundations will also find a Resource section that will enable them to learn more about what their colleagues in the philanthropic community are doing to fully leverage their assets.

More and more foundations view proxy voting as a basic first step in aligning investments and mission. Proxy voting supports both strong fiscal management practices and the stated charitable mission of many foundations by backing stronger corporate social and environmental practices without compromising return. Yet inexplicably, most foundations still passively follow management recommendations even when they are in direct opposition with the foundations' own mission and values.

The majority of annual shareholder meetings are held in the spring, and we hope that you will use the information in this *Proxy Preview* to vote your proxies in a way that further advances your mission. **We encourage you to share this publication with foundation trustees, staff, and the investment managers and advisors used by your foundation.**

## TYPES OF PROPOSALS

Shareholders file two types of proposals — governance and social.

**Governance Proposals** focus on traditional management issues such as selection of directors, appointment of auditors, and approval of company stock plans. Several hundred governance proposals are filed every year. Numerous sources of information on these proposals are available, some of which are included in our Resource section. This *Preview* only focuses on those governance proposals that overlap with social issues such as board diversity or linking executive compensation to social criteria.

**Social Proposals** call for reports or policy changes on social or environmental issues. These shareholder proposals relate most directly to foundations' programmatic goals. Most foundations delegate proxy voting to investment managers who often automatically vote in accordance with company management recommendations. Given that management almost uniformly votes against social proposals, foundations are, quite simply, supporting company actions that are often contrary to their program mission.

**Proposals listed in this publication** are up-to-date as of March 20, 2009. At that time more than 360 social proposals had been filed and virtually all are discussed in this *Proxy Preview*. However, some proposals described here may not be listed on your proxy statement. Historically, about half of the proposals filed do not go to a vote — many are withdrawn by the filers in exchange for company dialogues or due to policy changes, or are omitted by the company in accordance with Securities and Exchange Commission (SEC) rules. The number of proposals *filed* indicates how broad a shareholder campaign is and/or a growing or waning shareholder interest in the different issue areas. *Pending* proposals are those that are still on the proxy but have yet to be voted on.

## UNDERSTANDING SHAREHOLDER VOTES

**SEC requirements** for a proposal to receive enough votes to be refiled for the following year is 3% for the first year, 6% the second year, and 10% the third year. While this seems small if measured in the typical electoral sense of receiving a majority vote, the SEC recognizes that most proxy votes are dominated by company management and a few dozen large financial institutions who often automatically vote with management, and that it is difficult and extremely rare to get a majority vote on a proposal.

**Proxy votes** are more accurately interpreted in regards to their level of "influence." In most cases, an investor with 3% ownership in a company would be one of the top shareholders and thus even single digit votes may gain

considerable attention from a company. Social proposal votes ranging from 10 – 15% are virtually impossible to ignore and often result in some action by the company to address the shareholders area of concern. Nearly one quarter of social proposals now get votes above 20%, which is a huge increase from just a few years ago (Trends, pg. 4).

## MAJOR PLAYERS

**Faith-Based Institutional Investors** are traditionally represented by the Interfaith Center on Corporate Responsibility (ICCR), a membership organization comprised of over 275 religious organizations and non-faith-based associate members with combined assets of over \$110 billion. ICCR was a pioneer of shareholder activism on social issues 30 years ago and continues to be the world's leading practitioner. ICCR members and its associates — including pension funds, socially responsible investment firms, non-profit organizations, and foundations — together account for more than two thirds of all 2009 social proposals filed. Traditionally, ICCR has been the leader on issues of diversity, environment, global warming, health, human rights, labor, violence, and militarization. More than two dozen faith-based institutional investor groups filed proposals this year. The most active faith-based proposal filers this year are the Mercy Investment Program (25 proposals filed), Sisters of St. Francis of Philadelphia (20), Missionary Oblates (19), Benedictine Sisters of Mount St. Scholastica (19), and Benedictine Sisters of Fort Smith (18).

**Labor Unions** were another early adopter of shareholder advocacy and have frequently taken a leadership role in filing corporate governance proposals. For the second year in a row, the American Federation of State, County and Municipal Employees (AFSCME) is coordinating the single largest shareholder campaign with the filing of 100 executive compensation proposals (Say on Pay, pg. 5). The AFL-CIO is taking a leadership role in the push for health care reform with nearly 30 proposals, and another several proposals each on Medicare lobbying and political donations. The International Brotherhood of Teamsters filed 12 proposals — half on political donations — as well as the first proposals on aircraft maintenance safety standards.

**Pension Funds** have been prominent shareholder activists over the years both as proposal filers and in influencing companies behind the scenes. New York City Pension Funds — a consortium of five pensions including firefighters, police, and teachers — has become the most active pension fund and the most active social proposal filer with more than 80 proposals this spring alone. It is the leader in the fight against sexual orientation discrimination. Some of its other core issues include labor rights, political donations, sustainability, climate change, and internet privacy. The California State Teachers Retirement System (CalSTERS) continues to file proposals on greenhouse gas emissions. The California Public Employees Retirement System (CalPERS), the world's largest pension fund, rarely files social proposals but was one of the early leaders of shareholder activism on governance issues.

**Socially Responsible Investors** (SRIs) evaluate a company's social, environmental, and governance performance as well as its financial returns when making investment decisions. Historically, SRIs have done this through negative and positive investment screens, omitting or purchasing companies for their portfolios based on industry and/or company practices. Some SRIs also actively engage companies on issues related to their screens. The most active SRIs engaged in shareholder dialogues and filing proposals in 2009 include Walden Asset Management (which also coordinates the Say on Pay campaign), Calvert Group, Trillium Asset Management, Domini Social Investments, Green Century Capital Management, Harrington Investments, NorthStar Asset Management, Boston Common Asset Management, and Newground Social Investment.

**Non-Governmental Organizations (NGOs)** have utilized shareholder advocacy for several years although it has typically been one NGO filing a single proposal at an individual company. Yet a few groups have increasingly employed a strategy of promoting one issue across many companies in an industry. For example, the Center for Political Accountability has coordinated more than 50 political donation proposal filings in both 2009 and 2008. The People for the Ethical Treatment of Animals (PETA) filed 16 animal welfare related proposals this year, making a total of 115 proposals filed at 50 different companies since 2005.

**Foundations** in the U.S. represent more than \$550 billion in investments. They are in a unique position to promote corporate responsibility both by their grantmaking activities, as well as by leveraging their assets to further their mission. For more than a decade As You Sow has been a leader among foundations in utilizing proxy voting and shareholder advocacy. During that time As You Sow has filed more than 100 proposals, often in conjunction with the Educational Foundation of America. In 2009, nearly 20 foundations filed at least one proposal and both the Needmor Fund and Nathan Cummings Foundation filed a dozen shareholder proposals each. Several foundations that do not file their own proposals make special efforts to vote them based on their own carefully developed proxy voting guidelines, most of which are publicly available (Resources, pg. 25).

## REVIEW OF 2008

Most shareholder proposals are part of a multi-year process of educating management and investors about an issue and then pushing laggard companies to address the issue. Consequently, certain issues tend to dominate the proposal process for a few years at a time. For the third year in a row, political campaign donations, global warming, and sexual orientation non-discrimination comprised the Top 10 votes (with a couple of notable exceptions) and accounted for the largest number of proposals filed on any issue.

### TOP VOTES

**Sexual Orientation Non-discrimination** accounted for the biggest social proposal vote in 2008 when 52.8% of HCC Insurance Holdings shareholders supported the Equality Principles — a code of conduct aimed to safeguard gay, lesbian, bisexual, and transgender employees from sexual discrimination. Sexual orientation non-discrimination proposals also accounted for the second and fourth highest votes receiving 52.3% at Expeditors International and 39.6% at ExxonMobil. In 2008, nearly 40 Equality Principles or sexual orientation non-discrimination proposals were filed, 14 went to a vote receiving an average vote of 19.93%.

**Board Diversity** has been an ongoing concern of faith-based investors who, for more than a decade, have filed, on average, 10 proposals annually. Diversity has become a widespread value, and most of these are one-time filings as they have been an effective way to make the company to address this issue. In 2008, a proxy calling for board diversity received a 47.5% vote at Mueller Industries — one of the few remaining companies on the S&P 500 still to have an all white male board. This was the highest board diversity vote ever and the third highest vote last year. Given the general acceptance of the importance of diversity, the company's lack of response has led to the same proposal being voted on again in 2009.

**Environmental** proposals have historically accounted for the largest category of social proposals filed. This was again the case in 2008, as shareholders filed more than 100 proposals related to global warming, recycling, water, environmental justice, nuclear waste, forestry, genetically engineered food, protected lands, and sustainability. Sustainability reporting proposals generally receive strong support, and last year's proposal at Dover Corporation received a 39.5% vote. Global warming was the single issue with the most proposals filed with 63. Of these, 14 were from global warming 'deniers' with the rest from investors wanting to press their companies to limit practices that have an impact on climate change. Twenty-nine of those resolutions were withdrawn, indicating that companies moved forward towards meeting filers' concerns. Two greenhouse gas reporting proposals made the Top 10 Votes in 2008 as Kroger and Consol Energy both received 39.6% affirmative votes.

**Political Donations** were an equally popular issue as the Center for Political Accountability and its 26 partners asked 66 companies to disclose and account for their political spending. They filed 50 shareholder proposals, 28 of which went to a vote and 19 were withdrawn. Proposals at Valero Energy and CVS Caremark received votes of 38.7% and 38.5% respectively. A testament to the success of this campaign is that 22 companies adopted political accountability and transparency in 2008 (compared to 20 in 2007; seven in 2006; three in 2005; and one in 2004) and that last year's average vote of nearly 25% was more than double the average votes of when the campaign started in 2004.

**Product Safety** was a hot issue last year as consumer concern escalated sharply after widespread and well publicized product recalls including children's toys, toothpaste, car tires, and contaminated pet food. The Investor Environmental Health Network coordinated a shareholder campaign that resulted in 15 proposals being filed on product safety and toxicity policies. The vast majority of these were withdrawn for dialogues but the few that went to a vote had the highest average votes of any social proposal (Graph 1, pg. 4).

**TABLE 1:  
2008 Top Ten Social Proposal Votes**

Company	Proposal	Vote For
HCC Insurance Holdings, Inc.	Implement equality principles	52.8%
Expeditors International of Washington, Inc.	Adopt sexual orientation anti-bias policy	52.3%
Mueller Industries, Inc.	Commit to/report on board diversity	47.5%
Consol Energy, Inc.	Report on/reduce greenhouse gas emissions	39.6%
Exxon Mobile Corp.	Adopt sexual orientation anti-bias policy	39.6%
The Kroger Co.	Report on/reduce greenhouse gas emissions	39.6%
Dover Corporation	Issue sustainability report	39.5%
Valero Energy Corp.	Report on political donations and policy	38.7%
CVS Caremark Corp.	Report on political donations and policy	38.5%
The Kroger Co.	Review/reduce toxicity of product formulation	38.3%

### FASTEST GROWING ISSUE

**Say on Pay** proposals continued to skyrocket from seven filed in 2006 to 60 proposals in 2007 to 90+ in 2008. While not included in our Top 10 Social Proposal Votes because these are generally considered governance proposals — a Say on Pay proposal at Sun Microsystems garnered 67.5% of the vote.

### TRENDS

#### MUTUALLY BENEFICIAL DIALOGUES

The goal of shareholder advocates is to change a company's practice or policy. Most shareholders prefer to do this through a good-faith dialogue with the company. If a dialogue is not going well or the company is unresponsive, shareholders may decide to file a proposal to underscore the importance of the issue. Filing a proposal can often bring the issue to the company's attention and lead to a dialogue or change in policy or practice. While shareholder proposals receive most of the attention, it is the behind-the-scenes dialogues that allow investors and management to learn from each other and often to find common ground. A successful, collaborative dialogue results in a productive action thus negating the need for future proposals on that issue.

For example, As You Sow filed a proposal at Best Buy asking the company to consider offering take-back of electronics for recycling at all of its stores. The filing of the proposal led to an agreement by Best Buy in June 2008 to test free electronics take-back at 117 stores in the San Francisco, Minneapolis, and Baltimore/Washington, DC, metropolitan areas. This pilot was the first on-going, free take-back of consumer electronics offered by a major U.S. retail chain. In recognition of this progress, As You Sow withdrew its proposal and kept in close touch with the company. The pilot project was successful, and in February 2009, the company expanded this electronic waste recycling program to all 900 of its U.S. stores. This action will produce numerous environmental benefits and is mutually beneficial for Best Buy as it has generated positive media, and is expected to attract new customers to its stores and help the company streamline its own electronic waste program.

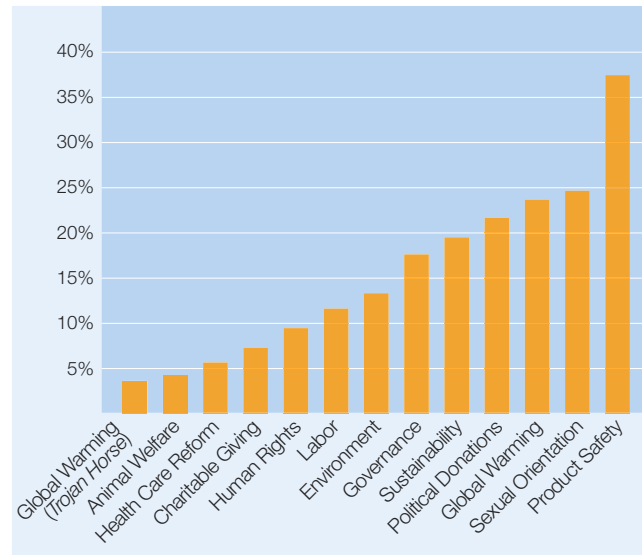
Meanwhile, those companies that generally refuse to dialogue with investors, such as ExxonMobil on climate change impacts, Expeditors International on sexual orientation non-discrimination, Home Depot on equal employment opportunity, and Caterpillar regarding the use of its bulldozers in human rights violations in Palestine, often end up facing years of proxy fights, contentious annual meetings, and negative media.

Table 2 shows that since 1999 just over half of all proposals filed actually go to a vote. The rest were either withdrawn in exchange for dialogues or a small percentage of proposals were omitted by the SEC.

### MAINSTREAM SUPPORT FOR SOCIAL PROPOSALS

Historically, social proposals have received single-digit votes. These votes alone were often enough to educate, motivate, or pressure a company to take action. The results from the 2008 proxy season show that an increasing number of social proposals are receiving double-digit votes, many over 25%. As issues such as global warming, sustainability, and political lobbying come to the forefront of mainstream media, the issues become important to a broader group of investors as well. Table 3 shows that the number of social proposals receiving votes in the 20–50%

**GRAPH 1:  
2008 Social Proposals Average Vote**



**TABLE 2:  
1999-2008 Social Proposals Filed and Voted On**

Year	# Filed	# Voted on	% Went to Vote
2008	402	192	48%
2007	368	194	53%
2006	352	186	53%
2005	342	174	51%
2004	315	185	59%
2003	305	145	48%
2002	297	161	54%
2001	274	160	58%
2000	266	150	56%
1999	219	121	55%

**TABLE 3:  
2004-2008 Upward Trend in Votes for Social Proposals**

% Voted for 2004	# Proposals 2008	# Proposals	% Change
<10%	127	114	-10%
10–19.9%	46	21	-54%
20–29.9%	10	27	170%
30+	10	30	200%

range has raised significantly over the last five years. These votes serve as further evidence that social, environmental, and reputational risks are being viewed as legitimate concerns by mainstream investors.

It will be interesting to see how populist sentiment over the subprime mortgage meltdown and the federal bailout to hundreds of companies will play into the 2009 proxy voting tallies. We can likely expect higher votes for proposals relating to Say on Pay or limiting executive compensation, as well as withholding votes for board members at financial services companies implicated in abusive practices.

## PREVIEW OF 2009

The fallout from the financial crisis is being felt everywhere. Congress and the SEC are working on a wide range of measures that will give shareholders more of a say in corporate decisions such as nominating board directors. The Wall St. Journal reports that these steps would bring about the biggest changes in corporate governance since the 2002 Sarbanes-Oxley law and could “usher in a flood of shareholder action, starting in next year’s proxy season.”

Not surprisingly the largest shareholder campaign of 2009, with more than a hundred proposals, calls for an advisory vote on executive compensation. This proposal is more commonly known as Say on Pay and has gained so much support that the Obama Administration recently required that any company receiving funds from the Troubled Asset Relief Program (TARP) must allow a Say on Pay advisory vote. Although generally considered a governance issue, Say on Pay is a crossover issue that was initiated in the U.S. several years ago by the American Federation of State, County and Municipal Employees (AFSCME), and Walden Asset Management to address pay discrepancy between executives and average workers.

Social proposals focusing on the environment, health, labor, and political donations have been the dominant themes over the past several years. This remains true in 2009, although proposals filed on issues relating to discrimination, social justice, and human rights continued to increase and arguably replaced environmental issues as the main shareholder concern. This is likely due to shareholder perceptions that corporations have shown a willingness to recognize the financial risks and benefits of addressing climate and energy issues, but still lag in adequately addressing social issues.

For the second year in a row, the largest increase in proposals is found in health care reform with nearly 50 proposals already filed (26 filed in 2008 and seven in 2007). The growth of this shareholder campaign established health and safety as the largest category of concern this year with more than 70 proposals filed. This initiative likely gathered steam from the high level of attention given to health care reform in last fall’s presidential election.

Political donation disclosure continues to expand and enjoy strong shareholder support with more than two dozen different shareholder groups filing over 60 proposals, an increase of nearly 15% over last year.

Global warming still represents a significant shareholder initiative with more than 30 proposals filed and high average votes. Two dozen other proposals on a wide variety of environmental issues account for nearly 60 environmentally-themed proposals this year.

Human rights proposals significantly increased this year with more than 50 filed (30 in 2008, 18 in 2007) largely due to new concerns about two issues — internet privacy, and predatory lending linked to the financial crisis.

More than 50 labor-oriented proposals have been filed as this category has grown primarily due to the surge of a single issue — sexual orientation non-discrimination policies — whose proposals increased 30% with 37 filed in 2009, up from 24 in 2008.

## HOT ISSUES

### Say on Pay — Executive Compensation

For the third year in a row, Say on Pay is the dominate governance issue as unions and SRIs led the effort to encourage curbs on excessive executive pay. Traditionally, U.S. investors have been reluctant to vote against soaring executive pay despite shrinking returns and have not supported caps on executive compensation. In Britain, shareholders also do not vote to curb executive pay, but they commonly make advisory votes either for or against executive pay packages. These Say on Pay advisories indicate how shareholders view management performance.

These non-binding proposals were introduced into the U.S. a few years ago and quickly gained popularity. In 2009, 100 Say on Pay proposals were filed. This is likely the largest number of proposals ever filed on any single issue in a given year. Last year these proposals averaged a 42% vote and some votes have been extraordinarily high. Aflac was the first U.S. company to give shareholders a Say on Pay vote in 2008, and it was overwhelmingly supported by 95% of shareholders. Also in 2008, Risk Metrics Group, H&R Block, Zale, and Littlefield joined Aflac as the first companies adopting the advisory vote. At Risk Metrics, 94% supported its compensation approach. At H&R Block, 99% voted for the proposal, as did nearly 97% at Littlefield (Governance, pg. 18).



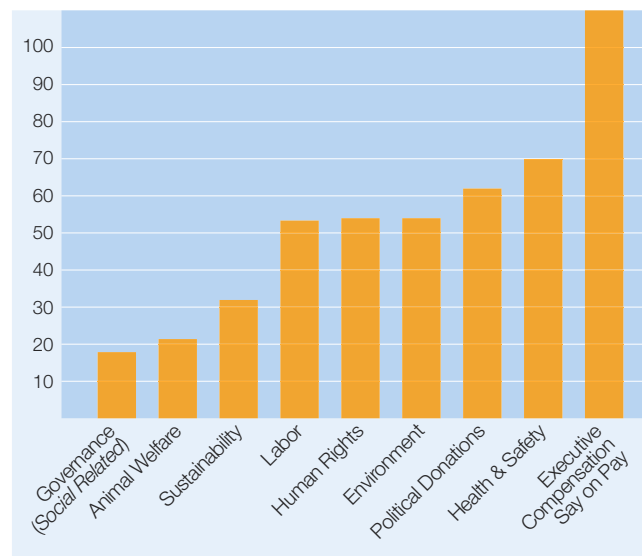
## Political Donations

With nearly 60 proposals filed for the third year in a row, political donations continue to be the largest single social issue generating proposals. Two factors are driving the surge in disclosure. The first is the heightened media attention on company political spending brought about by the most expensive election in U.S. history. Secondly, there is increased shareholder concern about the tie between corporate political spending and the resulting corporate influence on government policies and regulatory agencies. The Center for Political Accountability (CPA) coordinates these proposals which are filed by a large cross section of investors. Now heading into its sixth year, CPA's shareholder campaign on political donations have already convinced 60 companies to adopt disclosure and board oversight of their political spending. In July of 2008, the CPA and its partners sent an open letter to the 62 S&P 100 companies that had not yet adopted political disclosure policies and urged them to do so before the beginning of the 2009 proxy season. Thirty-four companies responded and 27 entered into dialogue (Political Donations, pg. 16).

## Health Care Reform

Health care reform proposals have nearly doubled this year with 42 already filed (compared to 24 filed in 2008). This effort is led by the AFL-CIO which points out that opinion polls show that access to affordable, comprehensive health care insurance is the most significant social policy issue in America. Health care reform became a core issue in the 2008 presidential campaign, and President Obama is promising a plan for congressional consideration by the year's end. While initial votes have been modest, this is clearly a 'barometer' issue reflecting changing public opinion (such as the first proposals on global warming and sexual orientation) and is likely in the early stage of awareness before it gains mainstream investor support. Corporate management is already recognizing that health care is an economic issue rather than a social one, as evidenced by the fact that 20 companies have adopted reform principles since receiving proposals, and another 16 are in dialogues. Proponents' claim that an annual surcharge as high as \$1,160 for the uninsured is added to the total cost of each employee's health insurance. Consequently, the 45.7 million Americans without health insurance result in higher costs for U.S. companies providing health insurance to their employees. This, in turn, likely has an adverse affect on shareholder value (Health & Safety, pg. 11).

**GRAPH 2:  
2009 Proposals Filed by Category**



## Sexual Orientation Non-discrimination

In 1992 a breakthrough shareholder battle began at Cracker Barrel Old Country Store Inc. that resulted in litigation, congressional hearings, and a majority 58% proxy vote. It evolved into one of the most effective shareholder campaigns of the last decade. The number of companies facing sexual orientation non-discrimination proposals has grown for its eleventh consecutive year. NYC Pension Funds continues its leadership role in this campaign and more than 200 companies have now faced these proposals. Last year 35 proposals were filed and 40 have already been filed this year. Many companies have been particularly eager to avoid having proxy fights on this issue and nearly half of this year's proposals have already been withdrawn as companies have agreed to engage in dialogues (Labor, pg. 16).

## Global Warming

This multi-year, multi-stakeholder effort is led by ICCR and CERES. The two were instrumental in launching a large-scale global warming shareholder campaign, and also in developing the Investor Network on Climate Risk (INCR) — an alliance of 60 institutional investors with collective assets totaling more than \$5 trillion. Pressure from INCR and the investor-driven Carbon Disclosure Project — representing assets of \$57 trillion — has resulted in hundreds of companies worldwide agreeing to chart their carbon footprint and to plan emissions reductions. This well-coordinated campaign has already filed 63 global warming related proposals this year (compared to 57 in 2008 and 25 in 2007). Thirty-one of these proposals focus on greenhouse gas (GHG) emissions reduction. Another 31 proposals represent a variety of issues such as energy efficiency, oil drilling, renewable energy, and sustainability reporting — all of which emphasize global warming impacts. Perhaps more importantly, shareholders are actively involved in more than 50 company dialogues. The global warming shareholder campaign is specifically targeting industries including the airline, agriculture, automobile, banking, building, coal, electric power, forestry, information technology, manufacturing, oil & gas, and retail sectors. Global warming 'deniers' have also filed a proposal at Exelon (Environment, pg. 8).

## Predatory Lending

Faith-based investors and SRIs were among the first to raise concern about the risks of subprime mortgages and began filing predatory lending proposals well before the crisis hit. Seventeen predatory lending proposals were filed this year targeting lenders, banks, and credit card companies, compared to only four in 2008. Banks, credit card companies, and other financial institutions are being asked to develop new loan servicing policies and/or report on practices commonly deemed to be predatory. Proponents identify a number of predatory practices by these companies and caution about the legal and financial risks as exemplified by the recent Countrywide Financial (now owned by Bank of America) predatory lending settlement with the Illinois Attorney General for \$8.7 billion (Human Rights, pg. 13).

## NEW ISSUES

New issues raised this year include proposals related to aircraft safety, financial responsibility principles, use of gestation crates, food insecurity and tobacco use, gender inequality in health insurance, financial costs of defending toxic products, meat industry greenhouse gas emissions, internet privacy, Medicare lobbying, mercury in light bulbs, military misconduct in Iraq, mountain top removal, nanomaterials in food, proxy voting policies, and sustainable store siting. Those below will be among the most interesting to watch.

## Internet Privacy

Most new proposals get tried at one or two companies during their first year, but this new issue has already been filed at 11 companies. The proposal asks companies to report on how internet service providers will protect internet privacy and freedom of expression online, especially in countries that restrict such freedoms. Opinion polls show that 72% of Americans are concerned that their online activities are being tracked and profiled by companies; 53% are uncomfortable with companies using their email content or browsing history to send relevant ads; and 54% are uncomfortable with third parties collecting information about their online activity (Human Rights, pg. 13).

## Military Misconduct in Iraq

KBR and Halliburton are among the largest U.S. military contractors in Iraq and both have come under fire from Congress and the Defense Department for allegations of financial misconduct and human rights abuses in Iraq. NYC Pension Funds is asking for a committee of independent directors to review and report on these charges. Faith-based investors have been questioning the military industry for decades on issues such as weapons sales to countries with poor human rights records or links to terrorism. Those proposals have generally received modest votes. Yet with increasing concern among investors about accurate accounting of funds, shareholders may have more success convincing companies to seriously address allegations of inflated prices, overcharging, false charges for services not rendered, and other related charges of war profiteering (Human Rights, pg. 13).

## Nanofood

The novel properties of nanomaterials offer many new opportunities for food industry applications, yet may also result in greater toxicity to human health and the environment. Scientists are concerned that because of their small size, nanoparticles ingested from food or water can pass through intestinal walls and enter cells, tissues, and organs. Once absorbed, they may interfere with normal cellular function. Nanomaterials are not regulated in the U.S. and, as a result, As You Sow, SRIs, and religious investors are asking food companies about their use of and policies relating to such materials. More than 60 companies previously faced proposals on genetically engineered food, and the use of nanotechnology in food is potentially a much more controversial issue (Health & Safety, pg. 11).

## Proxy Voting Policies

Transparency of proxy voting has not necessarily resulted in more progressive voting. While mainstream mutual funds and investment advisors have been required to disclose how they vote on proposals since 2003, most still vote routinely with management. Walden Asset Management, Needmor Foundation, and Marianist Province have co-filed a proposal asking State Street Bank to review its proxy voting policy. The proponents highlight the discrepancy between the company's stated commitments to sustainability, corporate responsibility, environmental and social policies, and its own record of uniformly voting against all shareholder proposals on social, environmental, and climate change issues. The proposal is a much-needed wake up call to a major investor to publicly explain its contradictory company and voting policies. Maritas Financial filed similar proposals at Nortel, Sun Life Financial, TMX Group, and Toronto Dominion Bank (Governance, pg. 18).

# Social Proposals

Social proposals ask companies to evaluate and change their practices with regards to the environment, human rights, labor, and other issues on which business practices have an impact. Over the past three decades, these proposals, dialogues, and proxy votes have pushed companies to break new ground in fostering more progressive, concerned corporate practices. Some issues addressed in social proposals include: adopting nondiscrimination in employment, increasing disclosure of environmental liabilities and health risks, stopping environmentally damaging projects, redesigning toxic products, persuading companies to leave countries engaged in human rights abuses, and improving the wages, benefits, and conditions of workers.

This year's social proposals have been grouped together in broad categories to make it easier for readers to find common areas of interest.

## ANIMAL WELFARE

### Animal Testing; Cage Free Eggs; Gestation Crates; Humane Slaughter

Animal welfare continues to be a major topic with 21 proposals filed in 2009 and 126 since 2005. PETA is the most active grassroots group involved in shareholder activism filing 16 proposals this year with the rest filed by the Humane Society and the Physicians Committee for Responsible Medicine. Six ask for a report on progress made in adopting animal welfare policies pertaining to the purchasing of pork, eggs, and poultry. Similarly, YUM! Brands is being asked to finally implement the March 2005 recommendations made by members of KFC's animal welfare council.

Four proposals ask pharmaceutical companies to report on plans to eliminate animal testing. Another four focus on humane slaughter methods and ask to give purchasing preference to suppliers that use or adopt controlled-atmosphere killing (CAK) and to begin purchasing poultry from suppliers using CAK (considered the least cruel form of poultry slaughter available). Three proposals ask about the feasibility of phasing in the use of eggs from hens which are not confined to cages.

PetSmart is being asked to report on the feasibility of phasing out of the sale of live animals, Covance is asked to report on its USDA citations for violations of the Animal Welfare Act, and Tyson shareholders have already voted on the use of gestation crates in which sows (mother pigs) are confined in a metal crate so small that they cannot turn around or lie down comfortably and are forced to live lying in their own feces and urine.

## ENVIRONMENT

Environmental issues account for the widest variety of issues and filers, with global warming concerns comprising the majority of environmental proposals. At least 63 proposals were filed with 57 different companies being asked about some aspect of the company's role in climate change.

### CLIMATE CHANGE REPORTS

Calvert Asset Management and the Nathan Cummings Foundation have re-filed proposals at Dover Corp. and Ultra Petroleum, respectively, asking for a report on how the companies are assessing the impacts of climate change on their business. Shareholders are also recommending that the companies participate in carbon-reporting mechanisms such as the Carbon Disclosure Project. Last year the Dover proposal received a 32% vote, and the Ultra proposal received 37% in favor.

### ENERGY

ExxonMobil is facing several environmental resolutions. The company is being asked by long time shareholder advocate Steve Viederman to develop renewable energy alternatives. This proposal received a 27.5% vote last year and, while the company spends \$100 million on advertising to improve its environmental image, to date no policy statement on renewable energy research, development, or sourcing can be found on ExxonMobil's website. A proposal by the Midwest Capuchin Franciscans cites the volatility of the overseas supplies and asks Exxon about its role in making available sequestration, geothermal, and other technologies needed to enable the U.S. to become energy independent in an environmentally sustainable way.

Halliburton is being asked by the General Board of Pensions of the United Methodist Church to adopt a policy for low-carbon energy research, development, and production. Halliburton's 2007 sustainability report states that the company seeks to develop services and technologies for pursuing clean and renewable energy sources for the future, yet the report provides no additional detail for investors to judge how the company is progressing in meeting this important goal.

The State of Connecticut Treasurer's Office has asked Home Depot and NV Energy (formally Sierra Pacific) to report on their efforts in improving their energy efficiency. NV Energy is being asked to report on actions the company is taking to meet projected electricity demand and to reduce greenhouse gas emissions by expanding transmission

capacity, renewable energy, and distributed generation. Home Depot is being asked to assess its companywide energy use in its buildings, transportation, and the supply chain, and to set energy use reduction targets.

## ENVIRONMENTAL JUSTICE

The Episcopal Church is asking ExxonMobil and Conoco Phillips to report on how they ensure accountability for their environmental impacts in the communities where they operate. The proponents contend that both companies are among the worst U.S. corporate polluters in terms of the amount and toxicity of pollution, and the numbers of people exposed to it.

Specifically the proposals ask the companies about public reporting and integrating community environmental accountability into their current codes of conduct and ongoing business practices. The proposal also asks about the extent to which the corporations' activities have negative health effects on individuals living in economically disadvantaged communities.

The Sisters of Mercy of Detroit refilled their proposal at Dow Chemical asking for a report on its remediation efforts to address dioxin spills from its Midland, MI, plant. The EPA has charged Dow with delaying cleanup of downstream waterways and found significant deficiencies in the company's work plans. Dow's contamination stretches more than 50 miles through two river systems to the Saginaw Bay, which empties to Lake Huron, making it one of the largest contamination sites in the country. Dow faces a class action lawsuit by 2,000 residents seeking legal damages that could total \$100 million.

NYC Pension Funds and Trillium Asset Management have asked Chevron to report on its assessment of host country laws and regulations with respect to their adequacy in protecting human health, the environment, and the company's reputation. Chevron is on trial in Ecuador for widespread contamination of Amazonian land and water resources. A court-appointed expert in the Ecuadorian litigation has recommended that Chevron be held liable for up to \$27.3 billion in damages. In the Niger Delta, Chevron is also accused of polluting land and water resources in its operations, which have fueled civil unrest, protests against the company, and a high profile lawsuit alleging Chevron's complicity in security forces' killing of two protesters.

## FORESTRY / RECYCLED PAPER

Domini Social Investments filed proposals at leading paper products, packaging, and book publishers International Paper, Meredith Corp., and R.R. Donnelley & Sons asking them to report on their use of Forest Stewardship Council (FSC) certified fiber to increase their use of post-consumer recycled fiber. Using certified and / or recycled fiber would reduce both the need for virgin materials and their impact on greenhouse gas emissions. FSC is based on international standards for responsible forest management and is generally recognized by the environmental community as the best forest certification standard. While the overall paper recovery rate in the U.S. is 56% percent, activists are concerned that the bulk of the collected paper goes to low-end uses such as tissue and cardboard and not enough is used in printing and writing paper.

## GLOBAL WARMING REPORT

The Free Enterprise Action Fund filed just three global warming reporting proposals this year (down from 14 last year), two of which have already been omitted by the SEC and one is pending at Exelon. These so-called 'Trojan Horse' proposals mimic the language of more established global warming related proposals but have vastly different intentions. While the proposal asks the company to report on action taken to reduce its impact on global climate change, it does so to help prove the proponents' belief that greenhouse gas regulation is not likely to discernibly affect the global climate in the foreseeable future. The Free Enterprise Action Fund derides global warming as "junk science" and believes that global warming regulation will harm the economy and the company.

## GREENHOUSE GAS (GHG) EMISSIONS

Faith-based investors, pension funds, SRIs, foundations, and NGOs have filed greenhouse gas (GHG) emission proposals at 27 oil, gas, coal, homebuilder, automotive, and electric power companies. Thirteen proposals ask companies to adopt quantitative goals for reducing total greenhouse gas emissions from the company's products and operations. Eleven ask companies to report on how they are reducing GHG emissions — a half-dozen of these specifically target electric power companies and further ask how the company is improving its own and its customer's energy efficiency. A new twist this year are PETA's two reporting proposals asking the meat industry to disclose GHG emissions related to crop production, animal rearing, waste decomposition, transport of crops and animals, and slaughter operations.

## MOUNTAIN TOP REMOVAL

Mountain top removal has devastating impacts on the environment and local communities. Coal mining operations will literally blast away mountain tops to expose coal beds. This is followed by the dumping of tons of rubble into the valleys below, filling streams and destroying water resources. Faith-based investors have asked Massey Energy to report on implementing reforms required under an EPA settlement of its Clean Water Act violations. The EPA charged that Massey "illegally poured pollutants into West Virginia and Kentucky waterways about 4,633 times within the past

six years” and that Massey discharged metals, sediment, and acid mine drainage into hundreds of rivers and streams. In 2008, Massey agreed to pay \$20 million, making it the largest civil penalty in the EPA’s history. Additionally, Massey was required to invest \$10 million to develop and implement procedures to prevent future violations, including a comprehensive environmental compliance program audited by a third party.

Catholic Healthcare West has asked Citigroup to stop financing mountain top removal operations. Citigroup has already set GHG reduction goals for its facilities and real estate portfolio, invested in and financed alternative energy, and has a strong policy statement calling for “early and aggressive actions,” starting now “to avert increasingly costly and irreversible impacts” of climate change. Yet Citigroup continues to provide financing for companies engaged in mountain top removal and coal mining, despite these operations’ significant contribution to long-term GHG emissions.

## NUCLEAR WASTE

Faith-based investors are asking Ameren (Union Electric) to report on the company’s efforts to reduce the release of radioactive materials into the air and water during routine nuclear power plant operations. Ameren extracts Missouri River water for its Callaway reactor cooling systems. Some of that water becomes radioactively contaminated and is intentionally released after filtering and monitoring. Radioactive gases are also generated, some are released to the atmosphere and some dissolved to the river. The impacts of Callaway’s liquid releases on wildlife and humans living downstream can be persistent. The proponents believe that the impact of these radiation releases, no matter how small, is cumulative, irreversible, long lasting, and potentially dangerous.

## OIL SANDS

Green Century Capital Management, Basilian Fathers of Toronto, and Trillium Asset Management are asking Chevron Corporation and ConocoPhillips to report on the environmental impact from their expanding oil sand operations. Oil sands extraction is environmentally damaging, requiring the draining of wetlands, diversion of rivers, deforestation, and the dumping of acutely toxic pollutants resulting in 11 million liters of contaminated water leaking into the groundwater system, surrounding soil, and surface water per year.

Activists charge that this process is also destroying Canada’s boreal forest, which provides critical climate regulation and carbon storage for the earth as a whole. The region stores more than 186 billion tons of carbon — equivalent to 913 years’ worth of Canada’s greenhouse gas emissions. Oil sands have made Alberta the largest emitter of industrial pollutants in Canada and are the fastest growing source of Canada’s greenhouse gas emissions, generating three times the amount during production as conventional oil.

## PESTICIDES

Bard College, one of the few academic institutions to file a proposal, is asking McDonald’s to report on pesticides in its supply chain. The proponents ask the company to identify supply chains where reduction of pesticide use and benefits to farm worker and community are most promising. They also ask that the report identify methods to monitor farm worker and community health and to better reduce farm worker exposure.

## RECYCLING — BEVERAGE CONTAINERS

As You Sow Foundation, Walden Asset Management, and 15 co-filers including 11 foundations are asking PepsiCo to develop quantitative goals for higher rates of beverage container recycling in the U.S. American consumers buy more than 500 million beverage bottles and cans every day, but two-thirds of them are land-filled, littered, or incinerated. The U.S. beverage container recovery rate has actually dropped from 53% in 1992 to 34% in 2006. Putting beverage containers in landfills instead of recycling them requires significant amounts of virgin natural resources to be used for new bottles.

Making containers from recycled content uses significantly less energy and fossil fuels in their production. For example: aluminum uses 95% less energy, plastic 30% less energy, and glass 35% less energy. If all beverage containers sold had been recycled, 5.6 million metric tons of greenhouse gas emissions would have been avoided. This is equal to the emissions from 2.8 million passenger cars in one year or 36.2 million barrels of oil. Pepsi leads its largest competitors by manufacturing its PET bottles with 10% recycled material, but lacks a goal for beverage container recovery. Pepsi is the only one of the three largest beverage companies to not set recycling goals. Coca-Cola set a goal of recovering 50% of its plastic and aluminum bottles by 2015, and Nestle Waters North America set an industry goal of 60% recovery of PET bottles sold by 2018.

## STORE SITING

Green Century Capital Management has asked Lowe’s to adopt a policy for store siting that takes into account the unintended consequences of land development. Lowe’s proposal for a store in Florida ignited a highly-publicized controversy, including a feature in TIME magazine, discussing its potential impact on the Everglades. The Mayor of Miami-Dade County and over 100 environmental and community organizations, in addition to 16 local municipalities, including Miami Beach and North and South Miami, are opposed to the construction.

## HEALTH & SAFETY

Health care reform continues to grow as an issue and now dominates this category with 42 proposals already filed. Pension funds, unions, SRIs, faith-based investors, and foundations have filed another 18 proposals asking companies to report on toxics and / or product safety. Other proposals focus on tobacco, health insurance policies and lobbying for a total of 72 health and safety proposals filed.

### AIRCRAFT SAFETY

Air safety is the basis of this new proposal by the International Brotherhood of Teamsters, who are asking Southwest, Continental, and Delta to adopt policies requiring all contract aircraft maintenance and repair facilities to meet the same standards as company-owned repair facilities. These companies outsource nearly half of their aircraft maintenance work, and Federal Aviation Administration (FAA) certificated contract repair stations—particularly those outside the U.S.—are subject to less stringent maintenance standards than airline-owned stations. Supervisors and inspectors who sign off on maintenance work at foreign repair stations are not required to hold FAA repairman certificates or Airframe and Power plant licenses nor are mechanics working on the aircraft at these facilities. Foreign repair stations have no standards with respect to personnel background checks, drug and alcohol testing, access to aircraft, and parts inventory—creating security vulnerabilities.

### BISPHENOL A (BPA)

As You Sow and Green Century Capital Management have asked Whole Foods to report on the company's progress in removing dangerous chemicals from its product lines. The proponents were particularly concerned about Bisphenol A (BPA), an endocrine disruptor commonly used in polycarbonate plastic (such as water bottles) and food can linings. Whole Foods agreed in 2006 to remove from its stores all baby bottles containing BPA and is looking to remove BPA from other brand name product lines as well. As You Sow and Green Century Capital Management contacted 20 other publicly traded companies on this issue as well and will soon release a scorecard ranking these companies on their use of BPA and their commitment to finding alternatives.

### FLAME RETARDANTS

The Adrian Dominicans and the Nathan Cummings Foundation filed resolutions at Chemtura Corp. and Albemarle Corp. inquiring into the lobbying, legal, and public relations expenses needed to defend their use of brominated flame retardants (BFR). For more than a decade scientists have found BFRs building up in the environment and have linked them to health effects on brain, reproductive system, liver, and thyroid. Brominated flame retardants are chemically similar to PCBs, which were banned in the U.S. in 1979 due to their high toxicity, persistence in the environment, and evidence that they can cause developmental problems in children. Two types of BFRs were banned by European Union regulators in 2004 and have been banned by at least 10 states including California. The proponents also ask these companies to report on their efforts (if any) to develop safer alternatives to these compounds.

### HEALTH CARE REFORM

The AFL-CIO is leading the shareholder effort to promote health care reform, which has become one of the fastest growing issues this year. More than 40 proposals have already been filed this year as compared to 26 in 2008 (Hot Issues pg. 5). These proposals ask companies to adopt five principles supporting comprehensive health care reform as laid out by the Institute of Medicine and the National Academy of Sciences. More than half of Business Roundtable members (representing 160 of the country's largest companies) agree that employee health care is their biggest economic challenge. The health sector currently spends more than \$350 million on lobbying, and it is estimated that universal health care would save employers an estimated \$595-\$848 billion in its first 10 years of implementation. The AFL-CIO also filed with four companies asking them to report on Medicare lobbying.

### HEALTH INSURANCE — GENDER INEQUALITY

NorthStar Asset Management has asked Aetna to report on its policies about gender and insurance. A spokeswoman for Aetna said the company has used gender to set rates since it began offering individual policies in 2005. Concerns about inconsistent company policies that discriminate based on gender have been raised by women's groups. In their 2008 publication, "Nowhere to Turn," the National Women's Law Center documents that insurers used gender to arbitrarily charge women up to 48% more than men for individual health coverage. The study also found that in some states insurers reject applicants for reasons that effectively exclude many women, such as having had a Caesarean section or survived domestic violence. In addition, the vast majority of individual policies do not cover maternity care.

### HERBICIDES

Similar to the flame retardant proposal (above), Trillium Asset Management and the Adrian Dominicans are asking Dow Chemical to report on legal, lobbying, and public relations expenses spent on defending the health and environmental consequences of the herbicide 2,4-D; and to describe any efforts in developing safer alternatives. Dow is

the sole U.S. producer and largest global producer of the herbicide 2,4-D, which has been linked to numerous human health risks including changes in hormone levels, thyroid problems, prostate cancer, reproductive abnormalities, brain cell death, Parkinson's-like tremors, delays in brain development, and abnormal behavior patterns. Quebec and Ontario have already banned its use and a petition is pending at the U.S. EPA to ban 2,4-D and revoke all permits for its application based on this chemical's well-documented ability to harm human health and the environment. Proponents contend that Dow faces significant financial losses if 2,4-D is banned and the company is not ready with a safer alternative.

## **GENETICALLY ENGINEERED FOOD**

For 10 years the Adrian Dominicans have led the effort to educate corporate management and shareholders about the health, ecological, and social implications of genetically engineered food. This year, along with a dozen other faith-based investors, they are asking Pepsi about the long-term safety testing of GE products and any contingency plans for removing them if necessary. Concern exists about a history of contamination by genetically engineered crops into other crops, and federal court rulings that the USDA has failed to adequately assess potential impacts or thoroughly review field trials.

## **MERCURY — DENTAL FILINGS; LIGHT BULBS**

Boston Common Asset Management, the Dominican Sisters of Hope, and a half-dozen other faith-based investors are asking Danaher Corp. and Dentsply International to identify options for eliminating mercury from its products to reduce harmful exposure to the environment and dental consumers. Dental amalgam is a pre-Civil War substance composed of approximately 50% mercury, a virulent reproductive and neurological toxicant. In sharp contrast to dentistry, medicine generally transitioned away from using mercury by the end of the nineteenth century. Today, the FDA even bans mercury in applications for animals. The most common dental filling material today is resin composite, which is both safer and more profitable than mercury-based amalgam.

Compact fluorescent light bulbs (CFLs) save energy but contain mercury. As You Sow filed proposals at Home Depot, Lowes, and General Electric, asking them to label mercury content in CFLs. They also asked the companies to provide information on special procedures for safe clean-up as recommended by the EPA if lamps break during normal service or handling. CFLs are positive, energy efficient products that save up to 75% in energy costs and last far longer than incandescent bulbs. Mercury in CFLs, however, can pose health risks to consumers when broken, requiring appropriate package labeling and risk disclosure. A broken CFL with 5 mg of mercury can produce mercury vapor levels well in excess of EPA safe exposure levels. Also, consumers would benefit from disclosure of the precise amount of mercury in each individual lamp in order to make informed purchasing decisions.

## **NANOMATERIALS — COSMETICS; FOOD AND FOOD PACKAGING**

The scientific community has raised serious questions about the safety of nanomaterials. In particular, the ability of nanoparticles to be absorbed through the skin and to enter the bloodstream remains poorly understood. Laboratory studies report that many types of nanoparticles interfere with normal cellular function and cause oxidative damage and cell death. Potential dangers from exposure to nanomaterials go beyond risks to consumers using products, such as sunscreen, that contain these ingredients. The National Institute for Occupational Safety and Health has launched a multi-year program to assess potential risks to workers handling the products. Given recent scientific findings, proponents believe companies using nanomaterials in consumer products may face significant financial, legal, and reputational risks. As You Sow, Domini, Calvert, and Mercy Investments have asked Avon to report on nanomaterial product safety, identify Avon product categories that currently contain nanomaterials, and discuss any new initiatives such as labeling, consumer education, and options for selection of materials.

As You Sow, SRIs, and faith-based investors have asked McDonalds, Kraft, and Kellogg to report on their policies and use of nanomaterials in food products and packaging. Nanomaterials, such as silver, titanium dioxide, zinc, and zinc oxide, have been found to be highly toxic to cells in laboratory studies. These materials are already being used in some nutritional supplements, food packaging, and food contact materials. Friends of the Earth found at least 104 food and agricultural products that contained manufactured nanomaterials or were produced using nanotechnology currently on sale worldwide. These products include nutritional supplements, cling wrap, antibacterial kitchenware, processed meats, chocolate drinks, baby food, and agricultural chemicals. The U.S. regulatory agencies do not require specific safety testing and leave it up to the product manufacturers to report any concerns. The EPA, however, recently announced that approximately 90% of the different nanomaterials likely to be commercially available were not even reported under the voluntary reporting program (New Issues, pg 7).

## **POLYVINYL CHLORIDE (PVC)**

The Evangelical Lutheran Church of America and the Sisters of Charity of Cincinnati have asked Macy's to report its progress regarding Product Stewardship. The EPA defines this as "a principle that directs all actors in the life cycle of a product to minimize the impacts of that product on the environment." This proposal was prompted in part by Macy's sale of products that include toxics such as polyvinyl chloride (PVC) and brominated flame retardants (Flame Retardants, pg. 11).

Proponents cite that JC Penney has already established a Product Stewardship Committee, whose tasks include anticipating environmental and/or safety issues associated with products it sells, and identifying alternatives. They also point to Wal-Mart as an example of a company that has adopted preferred chemical principles that give purchasing preference to non-toxic products. Wal-Mart is also developing a product screening tool that will identify potential hazards and risks associated with certain chemicals that will offer buyers and suppliers safer alternatives.

## **TOBACCO — NICOTINE REDUCTION; POVERTY AND FOOD; SALES IN DRUG STORES**

The Midwest Capuchin Franciscans and other faith-based investors continue their leadership in raising crucial issues with the tobacco industry. Proposals at Altria and Reynolds America ask for a policy of reducing nicotine levels in new brands marketed to youth. Nicotine addiction is more powerful in teenagers than adults. Tobacco companies regularly manipulate nicotine in cigarettes and nicotine levels rose nearly 10% between 1998 and 2004. Consequently, people trying to quit now are more addicted to nicotine than two decades ago.

Other proposals at Altria, Reynolds America, and Phillip Morris Intl., ask if the companies should continue marketing to communities with poverty levels exceeding 50%. Due to their addiction to the nicotine in cigarettes, smokers in these communities spend less on food and a larger percentage of available money on tobacco as compared with more affluent communities. Studies show that the highest rates of food insecurity (25%) exist among children living in low-income households with smokers.

NYC Pension Funds has asked CVS, Rite Aid, and Supervalu to report on how the companies are responding to rising regulatory, competitive and public pressures to halt sales of tobacco products. Proponents point out the incongruity of pharmacies dispensing medication and health products while simultaneously selling cigarettes and other tobacco products, which are a leading cause of illness and premature death in the U.S. In the United Kingdom, France, Italy, and many Canadian provinces tobacco products are not sold in pharmacies. Boston and San Francisco were the first U.S. cities to ban the sale of tobacco products in pharmacies, and other cities are considering similar legislation.

## **HUMAN RIGHTS**

Issues of human rights have been a fulcrum for shareholder activism since faith-based investors opposed South African apartheid more than 30 years ago. This year, a wide cross-section of investor groups have filed human rights proposals addressing concerns about the financial crisis and predatory lending practices; free speech, censorship and privacy; corporate policies and operations in countries known for violating human rights; military sales and military contractor misconduct in Iraq; and what is sure to become a major issue in the future — water rights and scarcity.

## **CENSORSHIP**

NYC Pension Funds re-filed a proposal at Google regarding how its internet technology is being used for censorship and surveillance by authoritarian governments such as Belarus, Burma, China, Cuba, Egypt, Iran, North Korea, Saudi Arabia, Syria, Tunisia, Turkmenistan, Uzbekistan, and Vietnam which block, restrict, and monitor the information their citizens attempt to read, review, and research.. The companies are being asked to develop policies to protect freedom of access to the internet such as not engaging in proactive censorship or identifying individual users in nations where political speech is treated as a crime.

## **COMMUNITY INVESTING**

Western Union is being asked to report on its policies on investment in the communities in which it does business. Western Union serves the financial needs of many immigrant populations, with a major presence in poor and racially diverse neighborhoods. The company has faced numerous lawsuits based on predatory fees and unfair exchange rates. Western Union currently participates in virtually no community reinvestment. The Community Reinvestment Act obligates federally insured banks and depository institutions to help meet the needs of communities in which they operate. Legislation is being proposed to apply a similar law to money transfer businesses, check cashing services, and payday loan outlets to disclose their reinvestment.

## **COUNTRY SELECTION**

NYC Pension Funds, the International Brotherhood of Teamsters, and faith-based investors are asking Chevron and Occidental Petroleum to report on the criteria for investment, continued operations, and withdrawal from countries with systemic human rights violations and / or where there is a call for economic sanctions by human rights and democracy advocates. Chevron is a partner in the Yadana gas-field and pipeline which is the largest investment project in Burma. Human rights organizations have documented egregious human rights abuses by Burmese troops employed to secure the pipeline area, including forcible relocation of villagers, mass rape, and the use of forced labor on infrastructure related to the pipeline project. Millions of dollars from the pipeline goes to support the oppressive Burmese regime.



## EURODAD CHARTER

As part of the backlash over the sub-prime mortgage meltdown, this new proposal at Bank of America, Citigroup, and JPMorgan Chase asks the companies to adopt the European Network on Debt and Development (EURODAD) Charter on Responsible Financing. EURODAD is a network of non-governmental organizations from 17 countries, which outlines the essential components of a responsible loan. They focus on such areas as transparency, clarity of purpose of a loan, mutual obligations between lender and borrower, and repayment difficulties or disputes. Proponents believe that principles for responsible lending be extended to the international arena in order to make the recurrence of another crisis less likely.

## HUMAN RIGHTS POLICY

Faith-based investors are continuing their three decades of leadership in pushing for human rights. Proposals at Halliburton, United Technologies, and Motorola call for the adoption, development, and / or review of human rights policies because each operates in countries with well documented human rights abuses such as China, Burma, Malaysia, Russia, Colombia, Israel, and the occupied Palestinian territories. Domini Social Investments and several faith-based investors are asking Nucor to review and implement additional policies in response to published reports that pig iron used to make steel was produced under forced labor conditions in the Brazilian Amazon.

## INDIGENOUS PEOPLES — FREE, PRIOR, AND INFORMED CONSENT

SRLs and faith-based investors have asked ConocoPhillips and Enbridge about policies and practices for obtaining consent of indigenous peoples for development projects. Proponents believe that projects in these regions should be based on emerging standards such as the principle of Free, Prior, and Informed Consent embedded in the recently adopted the United Nations Declaration on the Rights of Indigenous Peoples.

ConocoPhillips' operations in the Northern Peruvian Amazon affect the rainforest home of four groups of uncontacted Indigenous Peoples living in voluntary isolation. Contact through oil exploration could lead to their extinction as they are susceptible to epidemics and mass deaths because they lack immunological defenses. Enbridge's proposed \$4.5 billion Northern Gateway Project in Western Canada takes place in areas where comprehensive aboriginal territory claims have not been settled and the aboriginal groups have not ceded their land title. In cases where there is dispute between aboriginal, provincial, and federal governments, companies risk project delays and even cancellation without the Free, Prior, and Informed Consent of local and aboriginal communities.

## INTERNET PRIVACY

Recognizing the critical impact of the internet in today's society, NYC Pension Funds, Trillium Asset Management, and other SRLs are leading an effort to persuade internet service providers (ISPs) to report on their policies and practices regarding the public's expectations of privacy and freedom of expression on the internet. ISPs including ATT, Century, Charter, Comcast, EarthLink, Embarq, KBR, Knology, Qwest, Sprint Nextel, and Verizon serve as gatekeepers to this infrastructure by providing access, managing traffic, insuring communication, and forging rules that shape, enable, and limit the public's use of the Internet. Network management practices have come under public scrutiny by consumer and civil liberties groups, regulatory authorities, and shareholders. Class action lawsuits in several states are challenging the propriety of ISPs' network management practices.

## MILITARY MISCONDUCT IN IRAQ

NYC Pension Funds has asked Halliburton and KBR, two of the largest contractors working for the U.S. government in Iraq, to establish a committee of independent directors to review allegations of financial misconduct and human rights abuses on the part of the companies and their employees in Iraq. Both companies have been accused by Defense Department auditors and members of Congress of serious irregularities relating to the performance of the companies' contractual obligations in Iraq. These allegations include charging inflated prices for delivered goods, overcharges, and false charges for services not rendered. They also face civil actions suits filed in the U.S. related to participating in human rights abuses connected to treatment of contract employees, including collusion in suppression of evidence pertaining to abuses and human trafficking.

## MILITARY SALES

Faith-based investors have asked Boeing, ITT, and Caterpillar (this latter effort is led by the NGO Jewish Voice for Peace) to report on their criteria for foreign sales. They are concerned that products are being used in human rights violations or ending up in hostile hands. Proponents want to know if foreign sales are to governmental or local security forces, or if sales include dual use of non-military equipment for military purposes (such as Caterpillar bulldozers used for home demolitions in Palestine). They have also asked how the companies choose business partners and ensure that sales go to designated customers and are not smuggled or used for third-party sales. A proposal at United Technology asks for a report on 'offset agreements' —the outsourcing of U.S. military manufacturing and research — stating that this amounts to a company conducting its own foreign policy and leads to loss of U.S. jobs despite significant taxpayer subsidy of this industry.

## **PREDATORY LENDING — SUBPRIME LOANS; CREDIT CARDS**

Citigroup, Goldman Sachs, Morgan Stanley, and PNC Bank have come under scrutiny for servicing subprime loans with serious delinquencies and foreclosures at a rate much higher than the industry average. Proposals ask these companies to develop loan servicing policies, as recommended by the State Attorneys General, for lenders that had extensively used brokers who faced complaints of deceptive methods and predatory lending practices. Bank of America has agreed to a nationwide homeownership retention program focusing particularly on subprime, Option ARM, and hybrid loans, and is calling for loan modification wherever possible and relocation assistance for borrowers whose loans cannot be modified and face foreclosure. These companies are being asked to develop similar loan modification policies in order to compensate borrowers for past predatory loan practices, help prevent future predatory practices, reduce losses associated with foreclosures, and maximize return to investors. Capital One and E Trade are being asked to develop and implement a comprehensive consumer lending policy, which addresses underwriting practices, product offerings, incentive and compensation structures, and transparency throughout the mortgage process, to reduce the risk of unfair lending practices and unsafe loan products, and improve lending quality. Meanwhile a proposal at Wells Fargo asks for explanations of racial and ethnic disparities in the cost of loans provided by the company.

Credit card companies American Express, Bank of America, Citigroup, Discover, JP Morgan, and Wells Fargo are being asked to report on marketing, lending, and collection practices that are commonly deemed to be predatory. These include targeting borrowers with poor credit records, “fee harvesting” cards, aggressive and questionable marketing to teenagers and college students, bait and switch marketing, delayed billing, hidden fees, and unintelligible cardholder agreements. Proponents state that trapping consumers in debt under predatory terms make successful repayment virtually impossible and weakens the financial prospects of the company and the national economy as a whole. A proposal at Cash America asks for a report on predatory lending practices, particularly in regards to consumer cash day advances or ‘payday loans’ whose typical rate is 400% although half of all borrowers believe the rate to be under 30%.

## **SPACE WEAPONS**

The Sisters of Mercy, Sisters of Charity of the Incarnate Word, Congregation of the Passion, and a dozen other faith-based investors have asked General Dynamics, Northrop Grumman, and Lockheed Martin to report on their involvement in a space-based weapons program. Proponents believe outer space is the common heritage of all, to be used for peaceful purposes, and the well-being of all peoples. They believe space-based weapons research and project development contributes to the insecurity of governments worldwide and is leading to a new arms race. The proposal asks about the companies’ participation in research, development, and promotion of space weapons. It also inquires as to the amount of the companies’ own funds (as opposed to government funding) spent on in-house research and development for the space program in comparison to its non-military contracts. Concern is also raised over the environmental and social impacts of space weapons.

## **TOBACCO HARVESTING**

A key problem of workers harvesting tobacco is acute nicotine poisoning, commonly referred to as Green Tobacco Sickness, which occurs when the skin absorbs nicotine from touching moist tobacco plants. Non-smoking tobacco harvesters show similar nicotine levels compared to active smokers. The Midwest Capuchin Franciscans are asking Altria, Reynolds American, and Phillip Morris International to create procedures to implement internationally agreed-upon core human rights conventions in the countries in which they operate and to find ways to ensure that suppliers are enforcing these standards as well. Seven companies have already agreed to engage in dialogue with shareholders on this issue.

## **WATER RIGHTS**

NorthStar Asset Management filed proposals asking Intel Corp. and PepsiCo to create a policy concerning the human right to water and addressing issues such as physical accessibility and affordability of water. The Pepsi proposal cites India’s revocation of the company’s bottling plant water-use license due to over consuming and depleting community groundwater. Both actions by the company are counter to the UN High Commissioner for Human Rights report that defines the scope of the human rights obligations related to equitable access to sufficient, accessible, and affordable safe drinking water for personal and domestic use.

Proponents recognize Intel as a leader in water reclamation programs and their winning of water efficiency awards. But they also point out that the company uses vast quantities of water in its semiconductor manufacturing process (7.5 billion gallons of water in 2007) and operates in water-scarce areas of the world like Israel and the American Southwest. Water access has become a major issue in many parts of the world that the company operates in, and they believe that adopting a human right to water policy will enhance the company’s reputation and reduce risk of adverse publicity, consumer boycotts, divestment campaigns, and lawsuits.

## LABOR

A number of shareholder labor proposals have been recurring for decades. These include equal employment opportunity, international labor standards, and the MacBride Principles — all of which are up for proxy votes again this year. The issue of sexual orientation discrimination was first raised in 1999, but it is only in the last four years that this issue became a large scale shareholder campaign and one that continues to garner some of the highest votes for any social proposal.

### EQUAL EMPLOYMENT OPPORTUNITY (EEO)

Trillium Asset Management and 14 faith-based investors have filed their eighth EEO proposal at steadfast holdout Home Depot. The proposal calls for an EEO report regarding race and gender diversity and a description of any affirmative action or management training programs geared for women or minorities. The last four Home Depot shareholder votes in favor of an EEO diversity report averaged 29.25% support. Home Depot has paid out more than \$100 million to settle discrimination lawsuits in the last 12 years.

### INTERNATIONAL LABOR ORGANIZATION (ILO) STANDARDS / VENDOR STANDARDS

ILO Standards prohibit discrimination and forced labor, provide overtime pay, and guarantee workers' rights to form unions. For nearly two decades shareholders have been asking companies to adopt these standards as a means to improve working conditions throughout the supply chain. A large number of U.S. companies are purchasing materials, components, or products manufactured in countries or regions where human rights abuses and unfair labor practices have been alleged or are well documented. Yet many companies have still not adopted ILO codes, or their monitoring and enforcement of existing codes remains poor.

NYC Pension Funds, faith-based investors, and SRIs have filed nine proposals this year. Proposals at Urban Outfitters, Lear, Xerox, Kimberly-Clark, Cooper Industries, and Cummins Inc. are concerned about ensuring safe and equitable factory conditions and ask the companies to adopt, monitor, and report on ILO standards through their supply chains. Proposals at Diamond Foods and United Natural Food raise concerns about widespread child labor in hazardous conditions on cocoa farms in West Africa and report of widespread, serious human rights abuses in Ecuador's banana fields, respectively.

### MacBRIDE PRINCIPLES

NYC Pension Funds and the Minnesota State Board of Investment have asked Manpower Inc., Crane Co., Warner Chilcott, and TJX companies to implement the MacBride Principles regarding religious employment bias in Ireland. Employment discrimination was cited as a major source of sectarian violence in Northern Ireland. Dr. Sean MacBride, a founder of Amnesty International and Nobel Peace Prize winner, proposed several equal employment opportunity principles to serve as guidelines for corporations operating in Northern Ireland.

### SEXUAL ORIENTATION NON-DISCRIMINATION

Sexual orientation discrimination has prompted more than a decade of shareholder proposals. This year's proposals ask that the company's equal employment opportunity policy explicitly prohibit discrimination based on sexual orientation and to substantially implement the policy. Seventeen states, the District of Columbia, and more than 167 cities and counties have laws prohibiting employment discrimination based on sexual orientation. National public opinion polls consistently find more than three quarters of Americans support equal rights in the workplace for gay men, lesbians, and bisexuals. NYC Pension Funds, SRIs, and foundations are leading this effort. Shareholders have already filed 37 proposals, and the one proposal to already go to a vote this year received a majority 52% vote at D.R. Horton Inc. Not surprisingly, companies are often eager to avoid a proxy fight on this issue and more than half of the proposals filed have already been withdrawn as the company complies or has entered into dialogue with proponents. Notable exceptions are a fourth year re-filing at Leggett & Platt (it received a 31% vote in 2008), a fifth year re-filing at Expeditors International (which received a majority 52% vote last year), and a staggering tenth year re-filing at ExxonMobil (a 40% vote in 2008).

## POLITICAL DONATIONS

The Center for Political Accountability (CPA) continues to coordinate its well organized effort to bring transparency to corporate political contributions. Of the 69 companies already contacted by shareholders this year, 56 are facing proposals, and 13 involve dialogues with the CPA and its partners. The proposals ask companies to disclose all of their political spending including soft money contributions and payments to trade associations and other tax exempt organizations, such as 501(c)(4) groups. The proposal also calls for companies to implement board oversight of their corporate political contributions and to disclose related oversight policies and procedures. The NYC Pension Fund filed 16 of these proposals, the most of any investor group this year. A dozen other pension funds, labor unions, SRIs, faith-based investors, As You Sow, and other foundations account for 40 proposals (Hot Issues, pg. 5).

A similarly worded proposal, but separate from the CPA effort, was filed with the Walt Disney Company by the Free Enterprise Institute. It raises concerns about the Democratic Party's influence on the company and Disney CEO Bob Iger's personal contributions to Hillary Clinton's presidential campaign. On a related issue, one proposal asks PepsiCo to report on charitable contributions. This proposal is similar to those previously filed by the National Legal and Policy Center which makes it clear that this is part of their campaign to cut off corporate funding for Rev. Jesse Jackson's Rainbow Coalition and to curb support for the Mexican American Legal Defense and Educational Fund.

Shareholder advocate Evelyn Davis filed five somewhat different proposals relating to political transparency. Four ask companies to disclose prior government service by key staff, and one asks the company to publish its political contributions in a newspaper.

## SUSTAINABILITY

The concept of 'sustainability' continues to gain support among corporations and their shareholders. Currently, more than 1,500 companies worldwide publish sustainability reports that communicate the companies' activities on environmental, labor, and human rights issues. In 2009, 32 proposals have already been filed asking companies to produce sustainability reports, and historically these proposals generate strong votes.

### SUSTAINABILITY REPORTING

These proposals ask for the company's definition of sustainability (the seminal UN report *Our Common Future* defines it as "the ability to meet present needs without impairing the ability of future generations to meet their needs") and for a report on social and environmental impacts of its operations. Twenty-three ask that the company follow the reporting template of the Global Reporting Initiative (GRI). The GRI is a multi-stakeholder process that has developed globally applicable sustainability reporting guidelines. Guidelines have been developed for voluntary use by companies for reporting on the economic, environmental, and social dimensions of their activities, products, and services. Proposals at Valmont Industries and Aqua America also specifically ask for the report to discuss sustainable water use. This year's effort is led by Calvert Group (8 proposals filed), Walden Asset Management (6), NYC Pension Funds (5) and the United Methodist Church Pension Funds (4).

### SUSTAINABILITY REPORTING — CARBON DISCLOSURE PROJECT

More than a dozen proposals also emphasize the issue of global warming. They go a step beyond the GRI and ask for a report that also utilizes the Carbon Disclosure Project (CDP) as a means to specifically report on greenhouse gas emissions and efforts to reduce those emissions. CDP is a collaborative engagement of 385 institutional investors with combined assets under management of US\$57 trillion. CDP has sent questionnaires to more than 3,000 of the world's largest corporations requesting information on their greenhouse gas emissions, the potential risks and opportunities that climate change presents, and strategies for managing those risks and opportunities.

As You Sow has launched a new shareholder initiative targeting the information technology sector with proposals at Apple, Microchip Technology, Micron, and Novell. As You Sow, SRIs, faith-based investors, and the Nathan Cummings Foundation also filed similar proposals at Bed Bath & Beyond, Broadcom, Dover, SanDisk, Toromat, and Ultra Petroleum.

# Governance Proposals

Several hundred corporate governance proposals are filed every year and thus deserve a separate *Preview* of their own. This section focuses on those governance proposals most associated with social issues related to a foundation's mission such as diversity, labor rights, or the environment.

## BOARD DIVERSITY

The Calvert Group, CalSTERS, and the Episcopal Church lead this year's effort to ensure that more women and minority candidates are recruited for corporate boards. Only a relatively small number of S&P 500 companies still have all white male boards, and proponents believe that many corporations have benefited both financially and from the perspectives brought to corporate boards by well-qualified women and people of color.

A growing body of academic research shows there is a significant positive relationship between a firm's value and the percentage of women and minorities on its boards. This view is strongly supported by many large institutional fund managers who consider the diversity of a firm's board before investing. A recent study conducted by Catalyst demonstrates that companies with higher representation of females on their boards financially outperformed those with lower representation in three categories: average return on equity, average return on sales, and average return on capital. In fact, the study goes on to demonstrate a correlation between having three or more female directors and higher-than-average financial performance. Board diversity proposals are pending at Digital River, Eagle Materials, Helix Energy Solutions, Kirby, Lincare Holdings, Waddell & Reed Financial, XTO Energy, and Muller Industries — which faced this proposal last year when it received a 47.5% vote.

## ECONOMIC SECURITY BYLAW

A new proposal by Harrington Investments is asking Bank of America and Citigroup, two companies which have received Federal assistance under the Troubled Asset Relief Program (TARP), to create a Board Committee on U.S. Economic Security. The Committee would review whether company policies are supporting the U.S. economic security while meeting the Board's responsibilities to the shareholders. The proponents believe that the financial crisis leading to the massive taxpayer bailout of the U.S. financial system was the result of years of irresponsible lending and business practices across the U.S. economy, including speculative derivatives trading and a general lack of management and board oversight. The U.S. government has decided not to take voting shares in those companies it bails out, prompting this call for shareholders to monitor these companies obligation and role in long term U.S. economic security. This proposal is also unique in that it calls for change to a company's by-laws which would make it a binding proposal.

## EXECUTIVE COMPENSATION — ADVISORY VOTE (SAY ON PAY)

The American Federation of State, County and Municipal Employees (AFSCME) and Walden Asset Management have organized a diverse investor network — including 70 pension funds, labor funds, SRIs, foundations, faith-based institutions, and individual investors — which has already filed 'Say on Pay' proposals at more than 100 U.S. corporations. The proposal seeks a policy allowing shareholders to vote on a non-binding resolution on the executive compensation presented in the annual proxy statement. The proposal was submitted at a wide range of companies, including, but not limited to, those where pay has been excessive or where there has been a perceived misalignment between pay and performance over the past three to five years. This has become the largest and fastest growing shareholder campaign in recent years, inspiring the federal government to require Say on Pay votes at those companies receiving TARP funds.

## EXECUTIVE COMPENSATION — LINK TO SOCIAL CRITERIA

Proposals filed by the Sisters of St. Joseph Nazareth, NorthStar Asset Management, and an individual investor, ask Take-Two Interactive, ExxonMobil, and Comcast to link executive compensation to social responsibility and environmental performance as well as to financial criteria. Proponents point to cases in which compensation is awarded for meeting financial goals even as the companies continue to perpetuate unlawful discrimination or where environmental damage has resulted in costly fines, protracted litigation, or reputational damage. More than 25% of Fortune 100 companies report that they integrate workplace diversity or environmental criteria in setting their compensation packages and several use both of these criteria.

## PAY DISPARITY

The Episcopal Church, the Sisters of St. Francis of Assisi, and the Sisters of the Presentation of the Blessed Virgin Mary, have asked Masco, Pulte Homes, and Sprint Nextel for a comparison of the salary, benefits, bonuses, and all other forms of compensation of top executives and the companies' lowest paid workers. They further seek an analysis of the gap between the two groups and the rationale justifying this trend. They also ask for an evaluation of whether top executive compensation packages are excessive and should be modified and for an explanation of whether the issues of sizable layoffs or the level of pay of our lowest paid workers should result in an adjustment of executive pay to "more

reasonable and justifiable levels.” According to *Business Week*, S&P 500 CEOs had to work approximately 3 hours in 2007 “to earn what a minimum-wage worker earned for the full year.” A 2007 study of Fortune 500 firms showed top executives’ pay averaged more than 364 times the pay of the average U.S. worker. Sprint Nextel ranked first and Masco sixth as the most egregious companies in a Glass, Lewis & Co. study of “the worst 2007 pay-for-performance rating among the Standard & Poor’s 500 index of large companies.”

## PROXY VOTING REVIEW

Walden Asset Management has filed a proposal asking State Street Bank to review its proxy voting policies, taking into account State Street’s own corporate responsibility and environmental positions and the fiduciary and economic case for the shareholder resolutions presented. In 2007, State Street was managing \$80 billion in assets and is responsible for voting proxies of companies in which it holds stock on behalf of clients. State Street’s corporate social responsibility report repeatedly touts its commitment to sustainability, environmental protection, and positive working conditions. Yet its proxy voting record opposes these issues as it shows State Street uniformly votes against all shareholder proposals on social, environmental, and climate change matters. For example, in 2008 over 50 proposals were filed at companies facing a potential, significant business impact from climate change. Most simply asked for increased disclosure, noting that thousands of companies globally report on their carbon emissions and steps they are taking to reduce them. State Street voted against such resolutions yet, ironically, State Street reports its own greenhouse gas emissions in its CSR Reports and further describes the company’s active role in addressing climate change. Meritas Financial, a Canadian SRI, has filed similar proposals at Nortel, Sun Life Financial, TMX Group, and Toronto-Dominion Bank.

# Aligning Investment and Mission

American foundations—with endowments totaling more than \$550 billion—have made significant contributions to almost every social issue imaginable. Environmental protection, health, art, education, and justice, among many other causes, have all benefited from philanthropic support. Yet foundations are exercising only a small portion of their assets toward fulfilling their missions—typically five percent through grantmaking. One can only imagine the positive impact if they tapped into the potential embedded in the remaining 95%.

For most foundations, this 95% is largely held in investments in U.S. companies. A small but growing movement has been developing ways for foundations to use their investments to add value to their grantmaking or to achieve goals to which traditional forms of grantmaking are not suited.

With hundreds of billions of their dollars invested in the stock market, foundations are major investors who can play a key role in advancing the movement to align investment and mission. The four most common strategies for aligning investment and mission are proxy voting, shareholder advocacy, screening portfolios, and mission / program-related-investing.

The following sections briefly introduce these four strategies. We reference some foundations involved in these activities as well as reports and resources that can help you learn more about these initiatives. By using their values to help guide their investment policies, foundations can add to the performance of their endowments while supporting the environmental and social goals that are at the heart of their missions.

## PROXY VOTING

Proxy voting is part of an investor’s basic fiduciary responsibility on existing investments. Consequently, it is a logical entry point for foundations wishing to align investment and mission. Voting on shareholder proposals to help influence companies to be more fiscally, socially, and/or environmentally responsible is the most fundamental way an investor can both exercise fiduciary responsibility and weigh in on social and environmental issues. Proxy votes have ushered in many progressive corporate practices such as nondiscrimination in employment, reformulation of toxic products, disclosure of environmental liabilities, and improved factory working conditions.

As You Sow along with Rockefeller Philanthropy Advisors, the Jessie Smith Noyes, Nathan Cummings, Needmor, and Rose foundations have been among the leaders in encouraging foundations to use this basic fiduciary tool to enhance their missions and to protect the endowments on which their grantmaking depends. Several foundations such as the Boston Foundation, Rockefeller Brothers Fund, and V. Kann Rasmussen do not file their own proposals but make special efforts to vote proxies based on their own carefully developed proxy voting guidelines, most of which are publicly available.

## SHAREHOLDER ADVOCACY

The next step beyond voting proxies is filing your own proposal and / or conducting dialogues with senior company management. A productive dialogue generally leads to the withdrawal of a proposal. Dialogues often involve the exchange of information between top company executives and the shareholders. The dialogue process is often an important first step in getting the company to take concrete action on an issue or in making sure they follow up with earlier promises.

For three decades shareholders have effectively utilized shareholder proposals and dialogues to influence corporate practices. In 2009, at least 19 foundations filed shareholder proposals or conducted corporate dialogues on topics including energy efficiency, executive compensation, greenhouse-gas emissions, political contributions, sexual orientation, global labor rights, sustainability reporting, and toxic chemicals. Five foundations filed at least a half-dozen proposals each in 2009. As You Sow is the foundation most engaged in shareholder advocacy, filing its first shareholder proposals in 1996 and annually engaging dozens of major companies through proposals and dialogues.

## SCREENED INVESTMENTS

Screened portfolios allow foundations to add or remove investments to better represent the foundations' values. *The Chronicle of Philanthropy* reported that 25% of the top 50 private foundations utilize some type of social screen. For example, the Educational Foundation of America has utilized screens for more than a decade and reports that its investments have consistently outperformed major indexes including the S&P 500, Dow Jones, and Russell 1000. The Social Investment Forum reports that nearly one out of every nine dollars under professional management in the U.S. today is involved in at least one form socially responsible investing.

## MISSION / PROGRAM RELATED INVESTMENTS

Mission-related investing (MRI) directs a portion of a foundation's assets into projects or companies that reflect the mission of the foundation and at the same time generates financial returns. The study *Compounding Impact: Mission Investing by U.S. Foundations* (Reports) identifies 92 foundations that have made \$2.3 billion in such investments going back 30 years. However, the biggest surge of MRI programs has occurred during the last five years. While the Ford, MacArthur, and Packard foundations have historically accounted for the majority of MRI, smaller foundations now account for 44% of all new spending. The term MRI can be confusing as it is often used as an umbrella term for any investment seeking to make a positive environmental or social impact. It is also often used interchangeably with Program-Related Investments (PRI), yet there are, in fact, legal and accounting differences between MRI and PRI. MRIs come from a foundation's endowment or assets and are not specifically required to be of social benefit and often strive for market returns. These investments can range from "clean tech" companies to organic boutiques. The Rudolf Steiner Foundation and Rockefeller Philanthropy Advisors (RPA) are among the leaders in this field. RPA has published a comprehensive guidebook for foundation trustees entitled *Philanthropy's New Passing Gear: Mission-Related Investing* (Resources, pg. 26).

PRIs are typically low-interest loans such as for housing, education, and business, and they usually come out of a foundation's granting funds, consequently making financial gain not be their primary goal. The F.B. Heron Foundation, Annie E. Casey Foundation, and the Meyer Memorial Trust launched PRI Makers to provide guidance for those interested in these types of investments (Resources, pg. 25).

## FOUNDATION INVOLVEMENT

Listed below are examples of foundations that have filed proposals featured in this Preview or that are involved in other aspects of aligning investment and mission including social investment screens, program and mission-related investing, and research. We encourage you to contact your colleagues in the philanthropic community who are actively building this movement.

### **As You Sow Foundation** \* Advocacy \* Proxy \* Research \* SRI

For more than a decade As You Sow has regularly filed 10-20 shareholder proposals a year and engaged in a similar number of company dialogues. In 2009 these include proposals and / or dialogues on Climate Change — greenhouse gas emissions reduction (IDACORP), sustainability / carbon disclosure reporting (Apple, Dell, Microchip Technology, Micron, Novell); Electronic Waste (Apple, Best Buy, Dell, Hewlett Packard); Forced Labor (three dozen apparel and home goods brands / retailers); Genetically Engineered Crops (DuPont), Nanomaterials — cosmetics (Avon, Johnson & Johnson), food products (Kraft, McDonalds); Human Rights (Caterpillar, Chevron); Political Donations (ExxonMobil); Purchasing Practices (Wal-Mart); Recycled Content — beverage containers: (Coke, Nestle Waters NA, Pepsi), paper products (McGraw Hill, Meredith Corp, Time Warner); Smoke Free Movies (Disney, Fox, Paramount, Universal, Warner Brothers); Supply Chain Compliance (Time Warner); Toxic Products — BPA (General Mills, Whole Foods), green cleaning products (Disney), mercury in light bulbs (General Electric, Home Depot, Lowe's, Wal-Mart), and PVC (Bed Bath & Beyond, Best Buy, Hasbro, Macys, Sears, Target). As You Sow publishes this annual Proxy Preview for foundations, and As You Sow and Rockefeller Philanthropy Advisors published the proxy voting guidebook *Unlocking the Power of the Proxy* (Reports, pg. 27) and are leaders in promoting proxy voting among foundations through educational materials, speaking engagements and the media. As You Sow also applies social and environmental screens to its investments. [www.asyousow.org](http://www.asyousow.org)

**Annie E. Casey Foundation** \* PRI

Annie E. Casey Foundation is a principle founder and steering committee member of both the More for Mission Campaign and PRI-Makers (Resources, pg. 29). Their staff is among the leaders in promoting these programs among foundations via speaking engagements and through the media. [www.aecf.org](http://www.aecf.org)

**Boston Foundation** \* PRI \* Proxy

Boston Foundation was the first community foundation to undertake a proxy voting policy and has developed one of the most extensive policies among foundations. They were also among the first foundations to make voting guidelines available on their website: [www.bostonfoundation.org/uploadedFiles/ProxyVoteGuidelines2003.pdf](http://www.bostonfoundation.org/uploadedFiles/ProxyVoteGuidelines2003.pdf)  
[www.bostonfoundation.org](http://www.bostonfoundation.org)

**Brainerd Foundation** \* Advocacy \* SRI

Brainerd Foundation is engaged in SRI and also filed proposals in 2009 on Greenhouse Gas Emissions Reduction (ConocoPhillips, ExxonMobil), Recycling (Pepsi), and Sustainability (Dentsply, Stryker). [www.brainerd.org](http://www.brainerd.org)

**Christopher Reynolds Foundation** \* Advocacy \* SRI

Christopher Reynolds Foundation is engaged in SRI and also filed proposals in 2009 on Vendor Standards (Diamond Foods, United Natural Foods). [www.creynolds.org](http://www.creynolds.org)

**Colin Higgins Foundation** \* Advocacy \* SRI

Colin Higgins Foundation is engaged in SRI and also filed proposals in 2009 on Sustainability (Dentsply). [www.colinhiggins.org](http://www.colinhiggins.org)

**Columbus Foundation** \* PRI

Columbus Foundation is a steering committee member of PRI Makers. [www.columbusfoundation.org](http://www.columbusfoundation.org)

**Conservation Land Trust (Foundation for Deep Ecology)** \* Advocacy \* SRI

CLT is engaged in SRI and also filed proposals in 2009 on Sustainability (Dentsply, Stryker). [www.theconservationlandtrust.org](http://www.theconservationlandtrust.org)

**David and Lucile Packard Foundation** \* PRI \* Research

Packard Foundation has been one of the leading foundations engaged in PRIs. They sponsored the report *Compounding Impact: Mission Investing by U.S. Foundations* (Reports, pg. 25), a comprehensive study of U.S. foundation mission investing activity over the past four decades. Beginning with a \$6,000 PRI in 1980, it had \$156 million in program-related investments by 2007. Packard is a founder and steering committee member of PRI Makers. [www.packard.org](http://www.packard.org)

**Educational Foundation of America** \* Advocacy \* Proxy \* SRI

EFA has consciously voted their proxies for more than 20 years and is a sponsor of the *Proxy Preview*. EFA is a leader in supporting environmental sustainability and corporate governance dialogues and proposals. Working in partnership with As You Sow, EFA has filed numerous proposals over the last 13 years on recycling, electronic waste, sustainability, and forest preservation issues. In 2009 they filed on Recycling (Pepsi), Product Safety — Mercury (General Electric, Lowes), and Sustainability (Novell). The foundation is also a pioneer in screened investing and frequently shares its investment philosophy and experience with foundations via conferences and speaking engagements. [www.efaw.org](http://www.efaw.org)

**F.B. Heron Foundation** \* MRI \* PRI

F.B. Heron Foundation is a nationally recognized leader in mission / program related-investing. Its use of 24% of its assets for these investments (28% including grants) places it in the top tier of private foundations and socially responsible institutional investors. Heron's grants and investments focus on organizations with a track record of building wealth in low-income communities in the US. It is also a founding member of both the More for Mission Campaign and PRI Makers (Resources, pg. 29). [www.fbheron.org](http://www.fbheron.org)

**Ford Foundation** \* PRI \* Proxy

Ford Foundation is one of the pioneers and leading proponents of PRI and has invested about \$400 million in PRIs since 1968. The main focus of its PRIs is in below-market-rate loans or equity investments that are originated and managed by the foundation's program staff. Ford is a founder and steering committee member of PRI Makers. It has also developed proxy guidelines on a wide variety of social and governance issues. The proxy committee consults members of the grantmaking staff before casting proxy votes on resolutions that relate to social issues. [www.fordfound.org](http://www.fordfound.org)



**Fred Gellert Family Foundation** \* Advocacy \* SRI

Gellert Foundation actively applies investment screens that support its mission to encourage a sustainable quality of life for present and future generations. Gellert also supports shareholder campaigns on social and environmental issues. [www.foundationcenter.org/grantmaker/fredgellert](http://www.foundationcenter.org/grantmaker/fredgellert)

**Fund for Change** \* Advocacy \* SRI

The Fund for Change is engaged in SRI and also filed proposals in 2009 on Recycling (Pepsi), Say on Pay (IBM), and Sustainability (Stryker).

**Funding Exchange** \* Advocacy \* SRI

FEX is engaged in SRI and also filed proposals in 2009 on Greenhouse Gas Emissions Reduction (ConocoPhillips), Recycling (Pepsi), Say on Pay (Colgate Palmolive, Goldman Sachs, Intel, State Street), Sexual Orientation Non-discrimination (ExxonMobil), and Sustainability (Dentsply). [www.fex.org](http://www.fex.org)

**George Gund Foundation** \* PRI

Gund Foundation is a founder and steering committee member of PRI Makers. Their PRIs take the form of loans, equity investments, linked deposits, and loan guarantees. Gund has over \$8 million currently invested in 13 active PRI transactions. [www.gundfdn.org](http://www.gundfdn.org)

**Granary Foundation** \* SRI

Granary Foundation was created by the Center for Rural Affairs to serve the financial needs of the Center. It uses screened investments to support family agriculture. [www.cfra.org/support/granary](http://www.cfra.org/support/granary)

**Haymarket People's Fund** \* Advocacy \* SRI

Haymarket is engaged in SRI and also filed proposals in 2009 on Recycling (Pepsi) and Sustainability (Dentsply). [www.haymarket.org](http://www.haymarket.org)

**Hazen Foundation** \* Advocacy \* SRI

Hazen Foundation is engaged in SRI and also filed proposals in 2009 on Say on Pay (Colgate Palmolive, Goldman Sachs) and Sustainability (Dentsply). [www.hazenfoundation.org](http://www.hazenfoundation.org)

**HRK Foundation** \* PRI

HRK is a steering committee member of PRI Makers. They support community building efforts which increase adequate and affordable housing. [www.hrkfoundation.org](http://www.hrkfoundation.org)

**Jenifer Altman Foundation** \* Advocacy \* Proxy

JAF has supported shareholder campaigns related to environmental health issues. They developed their own proxy voting guidelines for their portfolio holdings and a description of the process and guidelines can be found in the Case Study section of the 2006 Proxy Season Preview. [www.jaf.org](http://www.jaf.org)

**Jessie Smith Noyes Foundation** \* Advocacy \* Proxy \* SRI

JSN incorporates a wide range of shareholder activity including setting social screens, filing resolutions, dialoging with companies, and establishing proxy voting guidelines (currently applied to over 200 holdings). Its proxy voting policy is available at [www.noyes.org/investpol.html](http://www.noyes.org/investpol.html). JSN is one of the leaders promoting aligning mission and investment policies among the philanthropic community and is a founding member of the Foundation Partnership for Corporate Responsibility and a co-sponsor of the *Proxy Preview*. In 2009 JSN filed proposals on Renewable Energy (ExxonMobil) and Say on Pay (General Electric). [www.noyes.org](http://www.noyes.org)

**John D. and Catherine T. MacArthur Foundation** \* PRI

MacArthur Foundation has awarded \$214 million in PRIs to 116 organizations over the past 25 years. Most of these PRIs have supported large nonprofit housing developers and community-oriented financial institutions that invest in real estate projects benefiting low-income people, such as affordable housing and child care centers. They are a founder and steering committee member of PRI Makers. [www.macfound.org](http://www.macfound.org)

**Kresge Foundation** \* PRI

Kresge Foundation is launching new funding methods as a way to make capital available to an organization in "the right form at the right time with the right terms in order to propel it along the trajectory of long-term sustainability." They have begun making business planning grants, growth capital grants, and program-related investments, among others. [www.kresge.org](http://www.kresge.org)

**Lemmon Foundation** \* Advocacy \* SRI

Lemmon Foundation is engaged in SRI and filed proposals in 2009 on Recycling (Pepsi) and Sustainability (Dentsply).

**Levinson Foundation** \* Advocacy \* SRI

Levinson Foundation is engaged in SRI and filed proposals in 2009 on Greenhouse Gas Emissions Reduction (ConocoPhillips), Recycling (Pepsi), Say on Pay (Colgate Palmolive, Goldman Sachs), Sustainability (Dentsply), and Vendor Standards (Diamond Foods). [www.levinsonfoundation.org](http://www.levinsonfoundation.org)

**Lydia B. Stokes Foundation** \* Proxy \* SRI

Stokes Foundation is committed to the Quaker philosophy of empowering people to help themselves. It does this both through its grantmaking and also applies its spiritual principles to its business relations and financial assets. Its proxy voting policy is available at: [www.foundationpartnership.org/Examples\\_stokes.htm](http://www.foundationpartnership.org/Examples_stokes.htm) [www.lydiabstokesfoundation.org](http://www.lydiabstokesfoundation.org)

**Mary Reynolds Babcock Foundation** \* PRI

Mary Reynolds Babcock Foundation engages in community investing and seeks philanthropic allies and investors to join them in promising ventures to transform low-wealth communities in the American Southeast. They are a steering committee member of PRI Makers. [www.mrbf.org](http://www.mrbf.org)

**Merck Family Fund** \* Advocacy \* SRI

Merck Family Fund supports shareholder campaigns on sustainability issues and also filed their own proposals in 2009 on Recycling (Pepsi) and Sustainability (Dentsply, Stryker). They engage in SRI and have hosted mission related investor forums related to climate change. [www.merckff.org](http://www.merckff.org)

**Meyer Memorial Trust** \* PRI \* Research

Meyer Memorial Trust is a founder and steering committee member of both the More for Mission Campaign and PRI Makers (Resources, pg. 29). Since 2005, Meyer Memorial Trust has approved nearly \$13 million in PRIs to support economic development projects, affordable housing, community facility development, environmental protection, and the arts. Its staff is among the leaders promoting PRI to the foundation community, and it also supports research and publications on PRI issues. [www.mmt.org](http://www.mmt.org)

**Nathan Cummings Foundation** \* Advocacy \* Proxy

NCF is a leader in promoting proxy voting among foundations via speaking engagements and through the media. A listing of its proxy voting practices is available at [www.nathancummings.net/shareholders/proxy.html](http://www.nathancummings.net/shareholders/proxy.html). NCF also sponsored the CERES proxy voting guide (Resources, pg. 28). In 2009 NCF filed proposals with more than a dozen companies on Climate Change (Ultra Petroleum), Flame Retardants (Albemarle), Greenhouse Gas Emission Reductions (Lennar, Pulte Homes, Ryland Group, Standard Pacific), Health Care Reform (YUM! Brands), Political Contributions (ConocoPhillips, McGraw-Hill, Valero Energy), Hold 'Till Retirement (McKesson), and Say on Pay (Wells Fargo, UnitedHealth Group). Its shareholder activity guidelines are available at: [www.foundationpartnership.org/nathancummings.html](http://www.foundationpartnership.org/nathancummings.html)

**Needmor Fund** \* Advocacy \* Proxy \* SRI

Needmor Fund was an early adopter of social screens, filing proposals, and establishing proxy voting guidelines. Its proxy voting policy is available at: [www.needmorfund.org/InvPol.pdf](http://www.needmorfund.org/InvPol.pdf). In 2009 they filed proposals on Greenhouse Gas Emission Reductions (ConocoPhillips), Predatory Lending (American Express, Wells Fargo), Recycling (Pepsi), Say on Pay (Colgate Palmolive, ExxonMobil, Goldman Sachs, IBM, McDonalds, Occidental Petroleum), and Sustainability (Dentsply, Kadant). They are also engaged in SRI. [www.needmorfund.org](http://www.needmorfund.org)

**North Star Fund** \* Proxy \* SRI

North Star Fund utilizes screened investments and also votes proxies to support its mission. North Star Fund also hosts learning workshops on investment strategies such as SRI and progressive estate planning. [www.northstarfund.org](http://www.northstarfund.org)

**Park Foundation** \* MRI \* Proxy

Park Foundation applies voting guidelines to approximately 300 proxy votes in a given year. They currently have about 15% of their portfolio in two MRI accounts — one for renewable energy and one for climate change — and are transitioning to expand even further in that direction. [www.parkfoundation.org](http://www.parkfoundation.org)

**Pride Foundation** \* Advocacy \* SRI

Pride Foundation is engaged in SRI and also filed proposals in 2009 on Sexual Orientation Discrimination (Commercial Metals, ExxonMobil, Expeditors Int., and Glacier Bancorp). [www.pridefoundation.org](http://www.pridefoundation.org)

**Prudential Foundation** \* PRI

Prudential Foundation is a steering committee member of PRI Makers. [www.prudential.com/view/page/12373](http://www.prudential.com/view/page/12373)

**Quixote Foundation** \* PRI \* Proxy \* SRI

Quixote Foundation engages in SRI and PRI investing and has begun to apply proxy voting policies to support the foundation's values and mission. [www.quixotefoundation.org](http://www.quixotefoundation.org)

**Rockefeller Brothers Fund** \* MRI \* Proxy \* Research

RBF has implemented MRI policies which enable it to achieve its long-term financial objectives and support its mission. It has developed extensive proxy voting guidelines for both corporate governance and social responsibility issues that are available at: [www.rbf.org/about/proxy\\_voting.htm](http://www.rbf.org/about/proxy_voting.htm). The RBF also supports philanthropic research such as its forum on aligning investment and mission held in cooperation with the Rockefeller Archive Center. [www.rbf.org](http://www.rbf.org)

**Rockefeller Foundation** \* MRI

Rockefeller Foundation engages in program related-investing through its Program Venture Experiment fund with investments in for-profit companies, non-profit agencies, and community development venture capital funds across several mission areas. [www.rockfound.org](http://www.rockfound.org)

**Rockefeller Philanthropy Advisors** \* MRI \* Proxy \* Research

Rockefeller Philanthropy Advisors currently advises on and manages nearly \$200 million in annual giving in 60 countries. Rockefeller Philanthropy Advisors' publication *Philanthropy's New Passing Gear: Mission-Related Investing* is a practical guide for learning more about MRI and the functional aspects of executing a MRI strategy (Reports, pg. 26). Rockefeller Philanthropy Advisors and As You Sow also publish this annual *Proxy Preview* and the proxy voting guidebook *Unlocking the Power of the Proxy*. RPA also has a portion of its cash position in certificates of deposit at community development finance institutions. [www.rockpa.org](http://www.rockpa.org)

**Rose Foundation for Communities and the Environment** \* Advocacy \* Research

Rose Foundation has previously engaged in shareholder advocacy on sustainable forestry issues and continues to support shareholder efforts on environmental health issues. They launched the Environmental Fiduciary Project in 2001 and spearheaded a broadly supported citizen petition to the SEC seeking increased corporate environmental liability disclosure. Rose has released a series of publications related to fiduciary responsibility, environmental accounting fraud, and market risks from toxic products (Reports, pg. 25). [www.rosefdn.org](http://www.rosefdn.org)

**Rudolf Steiner Foundation (RSF Social Finance)** \* MRI \* PRI

RSF partners with philanthropists to provide debt financing for social entities that are mission-driven and promote sustainability. According to Co-op America and the Social Investment Forum Foundation, RSF is "one of the top 10 best organizations exemplifying the building of economic opportunity and hope for individuals through community investing." [www.rsfsocialfinance.org](http://www.rsfsocialfinance.org)

**Russell Family Foundation** \* Advocacy \* MRI \* PRI \* SRI

TRFF employs a variety of investment vehicles to further the foundation's focus on environmental sustainability. These represent nearly 8% of its assets and include SRI mutual funds, PRIs, clean technology funds, and green equity investments. In 2009 they filed sustainability reporting proposals (Dentsply, Kandant, Middelby). TRFF staff speak on these issues at conferences and they host learning forums for the philanthropic community. [www.trff.org](http://www.trff.org)

**Sachs Family Foundation** \* PRI

Sachs Foundation is a steering committee member of PRI Makers. They make micro-loans primarily to individuals, families, or groups of individuals in developing countries — particularly in Central and South America and Africa — to create business and employment opportunities for low-income individuals and families. [www.sachsfamilyfoundation.org](http://www.sachsfamilyfoundation.org)

**Singing Field Foundation** \* Proxy \* MRI

Singing Field hopes to collaborate with other family foundations to develop MRI practices suited to smaller foundations with minimal or no professional staff. The foundation believes that the economic downturn will lead to new MRI opportunities and adds to the imperative that foundations (many now with significantly reduced assets) take seriously the task of aligning mission and investment strategies. Singing Field is a sponsor of the *Proxy Preview*.

**Skoll Foundation** \* PRI \* Proxy

Skoll Foundation is a steering committee member of PRI Makers. They make loans to advance systemic change to benefit communities around the world by investing in, connecting and celebrating social entrepreneurs. Skoll established its own proxy voting guidelines and applies company specific ESG investment screens provided by Innovest and the Genocide Intervention Network. Skoll is also member of the More for Mission Campaign. [www.skollfoundation.org](http://www.skollfoundation.org)

**Tides Foundation** \* Advocacy \* SRI

Tides Foundation is engaged in SRI and also filed proposals in 2009 on Greenhouse Gas Emission Reductions (ConocoPhillips), Predatory Lending (American Express, Wells Fargo), Recycling (Pepsi), Say on Pay (Colgate Palmolive, Goldman Sachs), Sustainability (Dentsply) and Vendor Standards (Diamond Foods, United Natural Foods). [www.tides.org](http://www.tides.org)

**V. Kann Rasmussen Foundation** \* Advocacy \* PRI \* Proxy

VKRF was an early adopter of aligning investment and mission strategies and is unique in that 'The Foundation's Responsibility as an Investor' is featured on their home page. VKRF was one of the first to develop proxy voting guidelines addressing program interests and corporate governance. It is a steering committee member of PRI Makers, and also has supported shareholder campaigns related to environmental health issues. [www.vkrf.org](http://www.vkrf.org)

**William Bingham Foundation** \* Proxy \* SRI

William Bingham Foundation applies its own social investing screens related to the environment, labor, human rights, and harmful products. It utilizes the Foundation Partnership on Corporate Responsibility (Resources, pg. 28) to monitor shareholder proposals. Its investment and proxy voting policy is available at [www.foundationcenter.org/grantmaker/bingham/finances.html](http://www.foundationcenter.org/grantmaker/bingham/finances.html)

**W. K. Kellogg Foundation** \* MRI \* PRI

Kellogg has invested \$100 million in mission driven investments in the U.S. and Africa. Kellogg is a member of PRI Makers and serves on the leadership committee for the More for Mission Campaign. [www.wkcf.org](http://www.wkcf.org)

# Resources

## Foundation Reports

**A Brief Guide to the Law of Mission Investing for U.S. Foundations** uses uncomplicated language to outline factors that foundation decision-makers should consider in making their mission investments. By FSG Social Impact Advisors with support from the David and Lucile Packard Foundation and the Meyer Memorial Trust. 2008 [www.fsg-impact.org/ideas/pdf/TheLawandMissionRelatedInvestingBrief.pdf](http://www.fsg-impact.org/ideas/pdf/TheLawandMissionRelatedInvestingBrief.pdf)

**A Toolkit for Foundations and Individual Investors: Harnessing Your Investments to Help Solve the Climate Crisis** describes positive steps available to investors of any asset class who seek to leverage their investments in response to climate change. By CERES, Investor Network on Climate Risk (INCR), and Environmental Grantmakers Association. 2008 [www.ceres.org/Document.Doc?id=383](http://www.ceres.org/Document.Doc?id=383)

**Beneath the Skin: Hidden Liabilities, Market Risk and Drivers of Change in the Cosmetics and Personal Care Products Industry** identifies financial risks to investors in the cosmetics industry — a largely self-policed industry in which regulatory action by the U.S. Food and Drug Administration is typically triggered only by reporting from the companies themselves. By the Rose Foundation and the Investor Environmental Health Network (IEHN). 2006 [www.rosefdn.org/downloads/Beneath%20the%20Skin%20Report.pdf](http://www.rosefdn.org/downloads/Beneath%20the%20Skin%20Report.pdf) , [www.iehn.org](http://www.iehn.org)

**Compounding Impact: Mission Investing by U.S. Foundations** is a study of the program-related investments (PRI) of 92 U.S. foundations. It documents \$2.3 billion of such investments made over the last 40 years. The report estimates mission investments' annual growth rate averaged 16.2% over the last five years, up sharply from the preceding 30-year period. The report says that most investments consist of either market-rate investments or below market-rate investments. By FSG Social Impact Advisors with support from the David and Lucile Packard Foundation. 2007 [www.fsg-impact.org](http://www.fsg-impact.org)

**Fiduciary Guide to Toxic Chemical Risk** examines the financial dimensions of toxic chemical risk. The report looks at how to quantify such risk, the danger to shareholder value, and a comprehensive set of action steps that can be taken by investors to translate the long-term threats and opportunities associated with toxic chemical issues into prudent portfolio stewardship. By the Rose Foundation, Investor Environmental Health Network, Mercer Consulting, and the Global Development and Environment Institute. 2007  
[www.rosefdn.org/downloads/Toxic%20Chemical%20Risk%20Report.pdf](http://www.rosefdn.org/downloads/Toxic%20Chemical%20Risk%20Report.pdf)

**Innovative Financing for Sustainability** offers a legal framework for the integration of environmental, social, and governance issues into institutional investment. By the United Nations Environmental Program Finance Initiative. 2005  
[www.unepfi.org/fileadmin/documents/freshfields\\_legal\\_resp\\_20051123.pdf](http://www.unepfi.org/fileadmin/documents/freshfields_legal_resp_20051123.pdf)

**Investing for Impact: A Snapshot of EGA Members' Leveraged Investment Strategies** documents the resources and information utilized by a diverse cross-section of grantmaking institutions that have begun to use asset-based investment strategies to advance their philanthropic missions. By the Center for Social Philanthropy and the Environmental Grantmakers Association. 2008  
[www.socialphilanthropy.org](http://www.socialphilanthropy.org)

**Mission in the Marketplace: How Responsible Investing Can Strengthen the Fiduciary Oversight of Foundation Endowments and Enhance Philanthropic Missions** discusses four strategies that help foundations further leverage their assets and enhance mission: social screening, shareholder advocacy, community investing, and social venture capital. By the Social Investment Forum Foundation. 2007  
[www.socialinvest.org/pdf/research/Mission%20in%20Marketplace%20-%20Resource%20Guide.pdf](http://www.socialinvest.org/pdf/research/Mission%20in%20Marketplace%20-%20Resource%20Guide.pdf)

**Mission Investing for Small Foundations** is aimed at helping smaller foundations use their investments to maximize impact on their program goals and financial gains, namely by eliminating the barriers between investing and grantmaking. By the Association for Small Foundations. 2008  
[www.smallfoundations.org/site/pp.asp?c=fvKRI7MPJqF&b=4809257](http://www.smallfoundations.org/site/pp.asp?c=fvKRI7MPJqF&b=4809257)

**Mission Possible: Emerging Opportunities for Mission-Connected Investment** presents the case that 'mission-connected investment or MCI by even a few large foundations holds great potential. It details opportunities for foundations interested in MCI. By the New Economics Foundation. 2008  
[www.neweconomics.org/gen/z\\_sys\\_PublicationDetail.aspx?pid=253](http://www.neweconomics.org/gen/z_sys_PublicationDetail.aspx?pid=253)

**Mission-Related Investing for Foundations and Non-Profit Organizations: Practical Tools for Mission/Investment Integration** introduces and defines MRI and describes an implementation process complete with resources and a glossary. By Trillium Asset Management Corp. 2007  
[www.nafoa.org/pdf/Mission-Related-Investing.pdf](http://www.nafoa.org/pdf/Mission-Related-Investing.pdf)

**Risk, Return and Social Impact: Demystifying the Law of Mission Investing by U.S. Foundations** discusses and analyzes laws that deal with mission investing by foundations, particularly the laws of Oregon, California, and New York. It also covers pertinent IRS regulations, case laws, and Uniform Laws. By FSG Social Impact Advisors, with support from the David and Lucile Packard Foundation and the Meyer Memorial Trust. 2008  
[www.fsg-impact.org/ideas/pdf/TheLawandMissionRelatedInvestingFull.pdf](http://www.fsg-impact.org/ideas/pdf/TheLawandMissionRelatedInvestingFull.pdf)

**Philanthropy's New Passing Gear: Mission-Related Investing — A Policy and Implementation Guide for Foundation Trustees** is a comprehensive, practical guide that translates the concepts, ideas, and philosophy of MRI into useable policies and practices for foundation trustees to help ensure the effective launch of an MRI program and its integration with existing policies and processes. By Rockefeller Philanthropy Advisors, underwritten by the F.B. Heron Foundation with additional support from the Flora Family Foundation and the Woodcock Foundation. 2008  
[www.rockpa.org/wp-content/uploads/2008/01/MRI.pdf](http://www.rockpa.org/wp-content/uploads/2008/01/MRI.pdf)

**Primer for the Responsible Investment Management of Endowments Tool Kit** was created to assist trustees, officers, and directors of foundations to better understand and integrate socially responsible investment. By the European Foundation Centre, European Social Investment Forum and the Bellagio Forum for Sustainable Development. 2006  
<http://bfscd.server.enovum.com/en/content/view/192/>

**Program-Related Investing and the Indianapolis Charter Schools Facilities Fund** is an in-depth case study profiling an innovative program-related investment (PRI) designed to stimulate private investment in charter school facilities and support the Annie E. Casey Foundation's education reform objectives in Indianapolis. By the Annie E. Casey Foundation. 2007  
[www.aecf.org/~media/Pubs/Other/P/ProgramRelatedInvestingandtheIndianapolisChar/accion.pdf](http://www.aecf.org/~media/Pubs/Other/P/ProgramRelatedInvestingandtheIndianapolisChar/accion.pdf)

**Questions and Answers for Foundations on Proxy Voting** is a 14-page fact sheet answering common questions asked by foundations about proxy voting as well as some less common and more complicated issues such as voting commingled funds, delegating voting authority, and providing voting guidance to investment managers. By the Nathan Cummings Foundation and CERES. 2006 [www.nathancummings.org](http://www.nathancummings.org) [www.ceres.org](http://www.ceres.org)

### **Unlocking the Power of the Proxy: How Active Foundation Proxy Voting Can Protect**

**Endowments and Boost Philanthropic Mission** is a how-to guidebook that makes the case for proxy voting and shows how developing and implementing a proxy voting policy can be done simply and efficiently. With more than 10,000 copies distributed, *Unlocking the Power of the Proxy* has helped move foundations to consider the impacts of their investments and to vote their proxies. By As You Sow Foundation and Rockefeller Philanthropy Advisors. 2004 [www.asyousow.org/publications/powerproxy.pdf](http://www.asyousow.org/publications/powerproxy.pdf) [www.rockpa.org](http://www.rockpa.org)

## Related Articles and Books

**50 Simple Things You Can Do to Save the Planet** asks America's top environmental groups to describe their 'steps to success' in the fight to save the earth. Included is a section on shareholder activism. By John Javna, et. al. Hyperion. 2008 [www.50simplethings.com/invest/index.html](http://www.50simplethings.com/invest/index.html)

**A Duty to Monitor Proxy Voting** articulates the duty of investment committee members to ensure that the proxy votes they place reflect the mission of the beneficiaries of the portfolios. By Blaine Aikon, Investment News. 2008 [www.investmentnews.com/apps/pbcs.dll/article?AID=/20080512/REG/152757137/1004](http://www.investmentnews.com/apps/pbcs.dll/article?AID=/20080512/REG/152757137/1004)

**Compelling Returns: A Practical Guide to Socially Responsible Investing.** This book offers practical advice for institutional investors, such as foundations and endowments, that may be interested in SRI solutions, and details why you should care about these types of strategies. By Scott Budde, Wiley Publishing. 2008

**Investing for Social and Environmental Impact** addresses the emerging industry of impact investing, how the industry might evolve, and strategies for accelerating its impact. By the Monitor Institute. 2009 [www.monitorinstitute.com/impactinvesting/documents/InvestingforSocialandEnvImpact\\_ExecSum\\_000.pdf](http://www.monitorinstitute.com/impactinvesting/documents/InvestingforSocialandEnvImpact_ExecSum_000.pdf)

**Meshing Proxy with Mission** is a series of articles by the *Chronicle of Philanthropy* that reviews foundations' experiences with proxy votes such as establishing board policies, getting financial managers to vote accordingly, and using shareholder proposals to support grantee efforts. 2006 [www.philanthropy.com/free/articles/v18/i14/14000701.htm](http://www.philanthropy.com/free/articles/v18/i14/14000701.htm)

**Mobilizing Assets, Maximizing Impact: Fully Leveraging Philanthropic Capital for Environmental Change** chronicles the trend of philanthropic institutions employing their capital to further their charitable goals including examples from the philanthropic community and a primer on the subject. By Joshua Humphreys, Environmental Grantmakers Association Journal, Fall, 2008 [www.ega.org/news/docs/final\\_EGA.pdf](http://www.ega.org/news/docs/final_EGA.pdf)

**Reframing Endowment as a Tool for Community Leadership: How Social Investing Could Change How Community Foundations Think About Their Financial Assets.** This article discusses the possible impact of innovative approaches to social investing. By Gabriel Kasper, et. al. The Future of Community Philanthropy, 2007 [www.communityphilanthropy.org/downloads/CF\\_FutureMatters\\_Spring07.pdf](http://www.communityphilanthropy.org/downloads/CF_FutureMatters_Spring07.pdf)

**Socially Responsible Investing: A Foundation's Duty?** explores the ethical and legal responsibilities of nonprofit board members to their foundation's mission when making investments. By Bodi Luse, On Philanthropy. 2007 [www.onphilanthropy.com/site/News2?page=NewsArticle&id=6909](http://www.onphilanthropy.com/site/News2?page=NewsArticle&id=6909)

## Organizations and Investor Campaigns

**Bellagio Forum for Sustainable Development** provides a 60-page tool kit to help foundation trustees understand and integrate responsible investment practices into endowment management (Reports, pg. 26). [www.bfsd.org](http://www.bfsd.org)

**Carbon Disclosure Project** is the world's largest institutional investor collaborative on the business implications of climate change. CDP provides a coordinating secretariat for institutional investors with a combined \$57 trillion of assets under management. On their behalf it seeks information on the business risks and opportunities presented by climate change and greenhouse gas emissions data from the world's largest companies: 3,000 in 2008. Over eight years CDP has become the gold standard for carbon disclosure methodology and process. CDP's website is the largest repository of corporate greenhouse gas emissions data in the world. [www.cdproject.net](http://www.cdproject.net)

**Center for Social Philanthropy** is an innovative research and consulting group providing the philanthropic community with resources, data and tools to deepen foundations' long-term, social and environmental impact, using asset-based strategies such as mission-related investing and active ownership initiatives. [www.socialphilanthropy.org](http://www.socialphilanthropy.org)

**Center for Political Accountability** is a non-partisan organization created to bring transparency and accountability to corporate political spending and to inform shareholders about corporate political expenditures. [www.politicalaccountability.net](http://www.politicalaccountability.net)

**CERES** is the largest U.S. coalition of investor groups, environmental organizations, and investment funds that engages directly with companies on environmental and social issues. They coordinate investor networks, develop investor educational materials, and founded the Global Reporting Initiative, a widely used template for measuring a company's environmental, social and economic performance. [www.ceres.org](http://www.ceres.org)

**Confluence Philanthropy** will help foundations with a focus on the environment integrate mission-related investment practices into their business models and social change strategies. It will be launched in the summer of 2009 and will provide resources and partnership opportunities for mission-related investing, active ownership strategies, and green pension plans. For more information please contact Dana Lanza at [confluence \(at\) me.com](mailto:confluence(at)me.com)

**Co-Op America** provides information on selected shareholder campaigns and proxy votes as well as educational information on advocacy and social investing. [www.coopamerica.org](http://www.coopamerica.org)

**Corporate Library** provides a comprehensive website with a focus on governance proposals and issues, corporate responsibility news, and financial analysis. [www.thecorporatelibrary.com](http://www.thecorporatelibrary.com)

**Environmental Grantmakers Association** serves as the membership organization for progressive environmental philanthropy and provides learning opportunities and peer resources on aligning mission and investment strategies. [www.ega.org](http://www.ega.org)

**Equality Project** utilizes shareholder activism to support and help monitor the adoption of employee nondiscrimination policies on sexual orientation and gender identity in the workplace. [www.equalityproject.org](http://www.equalityproject.org)

**Friends of the Earth's Green Investments Program** features an online guide to shareholder activism *Confronting Companies Using Shareholder Power*, which describes the basics of filing and writing proposals. [www.foe.org/international/shareholder](http://www.foe.org/international/shareholder)

**Foundation Partnership for Corporate Responsibility** provides information and technical assistance to foundations that want to become more active as shareholders on social and environmental issues. The list of foundations is private, and there is no obligation to participate in any action. FPCR helped underwrite the *2009 Proxy Preview*. [www.foundationpartnership.org](http://www.foundationpartnership.org)

**Genetically Engineered Sugar Beets** is an investor campaign launched by ICCR to urge top U.S. restaurant, food, beverage companies to oppose spring planting of genetically engineered sugar beets. [www.dontplantgmobeets.org](http://www.dontplantgmobeets.org)

**Global Warming Proxy Email Alerts** are sent each spring by the Bullitt Foundation and the Nathan Cummings Foundation regarding upcoming climate change related proposals. To receive email notification of proposals still pending for a vote please contact Ian Gray at [gray \(at\) ceres.org](mailto:gray(at)ceres.org)

**Interfaith Center on Corporate Responsibility (ICCR)** is the country's leading shareholder advocacy organization. It is comprised of nearly 300 religious institutional investors with \$110 billion in combined assets. ICCR lists its shareholder proposals, posts articles by members, provides a guide to its member's proxy proposals and tips on writing and filing proposals. [www.iccr.org](http://www.iccr.org)

**Investor Environmental Health Network** is a coalition of SRIs, faith-based investors, and foundations with combined assets of \$41 billion, who are working to ensure the companies in which they invest are reducing risks associated with the toxic chemicals used in their products. [www.iehn.org](http://www.iehn.org)

**Investor Network on Climate Risk** is a \$5 trillion network of investors that promotes better understanding of the financial risks and opportunities posed by climate change. [www.incr.com](http://www.incr.com)

**More for Mission** is an investment campaign that assists foundations looking to increase the percentage of endowment allocated to mission investments. Their website provides resources including relevant links, a glossary, and message boards with related events. It was previously known as the 2% for Mission Investing Campaign. [www.moreformission.org](http://www.moreformission.org)

**Proxy Democracy** is a resource that provides information about proxy ballots to encourage shareholders and mutual fund owners to create positive change in the companies in their portfolios. [www.proxydemocracy.org](http://www.proxydemocracy.org)

**Proxy Preview** is an annual publication that focuses on upcoming social and environmental shareholder proposals. It was initiated to help foundations and endowments better align investment and mission but it is useful for other organizations or individual shareholders. The *Proxy Preview* is published by As You Sow with support from Rockefeller Philanthropy Advisors, Jessie Smith Noyes Foundation, Educational Foundation of America, Singing Field Foundation, and the Foundation Partnership for Corporate Responsibility. [www.asyousow.org](http://www.asyousow.org); [www.rockpa.org](http://www.rockpa.org)

**PRI Makers** is a grantmaker affinity group for networking, professional development, collaboration, and outreach to funders currently making or interested in learning about PRIs. Their database includes 1,400 fully searchable records of PRIs and other social investments. [www.primakers.net](http://www.primakers.net)

**Responsible Endowments Coalition** is a diverse network of students, alumni, and faculty from across the country dedicated to advancing socially and environmentally responsible investment in college and university endowments. [www.endowmentethics.org](http://www.endowmentethics.org)

**Risk Metrics Group** (formerly ISS — Institutional Shareholder Services) is the nation's largest proxy analyst and voting service. Risk Metrics has several divisions, but its Social Issue Service was developed by the not-for-profit Investor Responsibility Research Center (IRRC), which was founded by a consortium of foundations and universities. Risk Metrics Social Issues Service helps develop proxy voting policies, manages proxy voting, publishes the monthly *Corporate Social Issues Reporter* and generates in-depth proxy research reports that provide background on the pros and cons of each proposal. [www.riskmetrics.com/issgovernance/research/socialissues.html](http://www.riskmetrics.com/issgovernance/research/socialissues.html)

**Say on Pay** is an ad-hoc joint effort by AFSCME and Walden Asset Management to coordinate the filing of the proposal seeking an advisory shareholder vote on executive compensation. [www.waldenassetmgmt.com](http://www.waldenassetmgmt.com)  
[www.afscme.org](http://www.afscme.org)

**SocialFunds.com** offers a database of shareholder resolutions and news on SRI activities. [www.socialfunds.com](http://www.socialfunds.com)

**Social Investment Forum** is an SRI trade association which provides reports on industry initiatives, community investing, shareholder advocacy, divestment and screening, trends, and performance. It features shareholder news and proposals, web resources, action alerts, and an extensive links section. [www.sriadvocacy.org](http://www.sriadvocacy.org)

**Sustainable Endowments Institute** provides research, educational publications, and workshops on the sustainability investment practices of university endowments. They also publish an annual College Sustainability Report Card. [www.endowmentinstitute.org](http://www.endowmentinstitute.org)

**Transparent Democracy** is a free online proxy ballot guide where shareholders can see how organizations and people they trust recommend that they vote and where organizations and people can publish their recommendations. [www.transparentdemocracy.org](http://www.transparentdemocracy.org)

**UC Berkeley — Moskowitz Research Program** is part of the Haas School of Business and offers a website covering the latest academic studies exploring the link between SRI and financial performance. [www.sristudies.org](http://www.sristudies.org)



# Spring Proxy Votes

## Upcoming votes for social and selected governance proposals as of March 20, 2009

Please note that some proposals listed here may not be listed on your proxy statement. Changes occur constantly as nearly half of social proposals are withdrawn by the filers in exchange for company dialogues or due to a change in company practices. A small number may also end up omitted by the company in accordance with the Securities and Exchange Commission rules. Companies generally announce the date of their annual general meeting 4-6 weeks before the meeting. Consequently not all vote deadlines were available at the time of printing. Information listed here was provided by the Interfaith Center on Corporate Responsibility, RiskMetrics Group — Social Issues Services, and numerous institutional filers.

Company	Proposal	Meeting date
Abbott Laboratories	Governance — Executive Comp — Say on Pay	April 24, 2009
Abbott Laboratories	Health & Safety — Health Care Reform Principles	April 24, 2009
Abbott Laboratories	Animal Welfare — Testing	April 24, 2009
Aetna Inc.	Health & Safety — Health Insurance — Gender Inequality	May 29, 2009
Alaska Air	Governance — Executive Comp — Say on Pay	May 19, 2009
Allegheny Energy	Governance — Executive Comp — Say on Pay	May 2009
Allergan, Inc.	Animal Welfare — Testing — Botox	May 2009
Allstate Corp.	Governance — Executive Comp — Say on Pay	May 19, 2009
Allstate Corp.	Political Donations — Report	May 19, 2009
Alpha Natural Resources, Inc.	Global Warming — Greenhouse Gas Emissions	May 2009
Altria Group, Inc.	Governance — Executive Comp - Say on Pay	May 2009
Altria Group, Inc.	Health & Safety — Health Care Reform Principles	May 2009
Altria Group, Inc.	Human Rights — Policy	May 2009
Altria Group, Inc.	Political Donations — Report	May 2009
Altria Group, Inc.	Health & Safety — Tobacco	May 2009
Altria Group, Inc.	Health & Safety — Tobacco	May 2009
Ameren Corporation	Environment — Nuclear Power	April 28, 2009
American Financial Group, Inc.	Labor — Sexual Orientation Non-Discrimination	May 2009
Anadarko Petroleum Corp.	Labor — Sexual Orientation Non-Discrimination	May 2009
Aqua America, Inc.	Sustainability — Report	May 2009
AT&T, Inc.	Governance — Executive Comp — Say on Pay	April 24, 2009
AT&T, Inc.	Human Rights — Internet Privacy	April 24, 2009
AT&T, Inc.	Political Donations — Report	April 24, 2009
Avis Budget Group, Inc	Global Warming — Greenhouse Gas Emissions	June 2009
Avon Products, Inc.	Health & Safety — Nanomaterials in Cosmetics	May 7, 2009
Bank of America Corp.	Governance — Economic Security — Bank Bailout	April 29, 2009
Bank of America Corp.	Human Rights — Eurodad Charter — Responsible Finance	April 29, 2009
Bank of America Corp.	Governance — Executive Comp — Say on Pay	April 29, 2009
Bank of America Corp.	Health & Safety — Health Care Reform Principles	April 29, 2009
Bank of America Corp.	Human Rights — Predatory Lending	April 29, 2009
Bank of America Corp.	Political Donations — Disclose Prior Government Service	April 29, 2009
Bank of New York Mellon	Governance — Executive Comp — Say on Pay	April 14, 2009
Baxter International Inc.	Animal Welfare — Testing	May 5, 2009
Bed Bath & Beyond Inc.	Sustainability — Report — Carbon Disclosure	July 2009
Boeing Co.	Governance — Executive Comp — Say on Pay	April 27, 2009
Boeing Co.	Health & Safety — Health Care Reform Principles	April 27, 2009
Boeing Co.	Human Rights — Military Sales	April 27, 2009
Boeing Co.	Political Donations — Report	April 27, 2009
Boeing Co.	Sustainability — Report	April 27, 2009
Boston Properties Inc.	Sustainability — Report	May 2009
Bristol Myers Squibb Co.	Governance — Executive Comp — Say on Pay	May 5, 2009
Bristol-Myers Squibb Co.	Political Donations — Report	May 5, 2009
Broadcom Corp.	Sustainability — Report — Carbon Disclosure	June 2009
Buffalo Wild Wings, Inc.	Animal Welfare — Controlled-Atmosphere Killing	May 2009
Burlington Northern Santa Fe	Governance — Executive Comp — Say on Pay	April 23, 2009
Burlington Northern Santa Fe	Political Donations — Report	April 23, 2009

Company	Proposal	Meeting date
Capital One Financial Corp.	Governance — Executive Comp — Say on Pay	April 23, 2009
Capital One Financial Corp.	Human Rights — Predatory Lending	April 23, 2009
Cash America International, Inc.	Human Rights — Predatory Lending	April 23, 2009
Caterpillar Inc.	Human Rights — Military Sales	June 2009
Caterpillar Inc.	Political Donations — Report	June 2009
CBS Corp	Health & Safety — Health Care Reform Principles	May 2009
CenturyTel, Inc.	Governance — Executive Comp — Say on Pay	May 2009
CenturyTel, Inc.	Human Rights — Internet Privacy	May 2009
Charles Schwab Corp.	Political Donations — Report	May 2009
Chemtura Corp	Health & Safety — Flame Retardants	May 2009
Chesapeake Energy Corp.	Labor — Sexual Orientation Non-Discrimination	June 2009
Chevron Corporation	Human Rights — Country Selection	May 27, 2009
Chevron Corporation	Environment — Environmental Justice	May 27, 2009
Chevron Corporation	Governance — Executive Comp — Say on Pay	May 27, 2009
Chevron Corporation	Global Warming — Greenhouse Gas Emissions	May 27, 2009
Chevron Corporation	Environment — Oil Sands	May 27, 2009
Chevron Corporation	Human Rights — Policy	May 27, 2009
Chubb Corp.	Political Donations — Report	April 28, 2009
Cisco Systems, Inc.	Human Rights — Internet Privacy	November 19, 2009
Citigroup Inc.	Governance — Economic Security - Bank Bailout	April 21, 2009
Citigroup Inc.	Governance — Executive Comp - Say on Pay	April 21, 2009
Citigroup Inc.	Environment — Mountain Top Removal	April 21, 2009
Citigroup Inc.	Human Rights — Predatory Lending	April 21, 2009
Citigroup Inc.	Political Donations — Disclose Prior Government Service	April 21, 2009
Citigroup Inc.	Political Donations — Report	April 21, 2009
Coca-Cola Company	Governance — Executive Comp — Say on Pay	April 22, 2009
Coca-Cola Enterprises Inc.	Health & Safety — Health Care Reform Principles	April 22, 2009
Colgate-Palmolive	Governance — Executive Comp — Say on Pay	June 2009
Comcast Corp.	Governance — Exec Pay & Social Criteria	May 13, 2009
Comcast Corp.	Governance — Executive Comp — Say on Pay	May 13, 2009
Comcast Corp.	Human Rights — Internet Privacy	May 13, 2009
ConocoPhillips	Governance — Executive Comp — Say on Pay	May 13, 2009
ConocoPhillips	Global Warming — Greenhouse Gas Emissions	May 13, 2009
ConocoPhillips	Health & Safety — Health Care Reform Principles	May 13, 2009
ConocoPhillips	Human Rights — Indigenous Peoples	May 13, 2009
ConocoPhillips	Environment — Oil Sands	May 13, 2009
ConocoPhillips	Political Donations — Report	May 13, 2009
Consol Energy, Inc.	Global Warming — Greenhouse Gas Emissions	April 28, 2009
Continental Airlines, Inc.	Health & Safety — Aircraft Maintenance	June 2009
Cooper Industries Ltd	Labor — ILO Vendor Standards	April 27, 2009
Cornell Companies, Inc.	Political Donations — Report	June 2009
Corrections Corporation of America	Political Donations — Report	May 2009
Covance Inc.	Animal Welfare — Policy	May 2009
Crane Co.	Labor — MacBride Principles	April 20, 2009
Cummins , Inc.	Labor — ILO Vendor Standards	May 12, 2009
CVS Caremark Corp	Governance — Executive Comp — Say on Pay	May 6, 2009
CVS Caremark Corp	Political Donations — Report	May 6, 2009
CVS Caremark Corp	Health & Safety — Tobacco	May 6, 2009
Danaher Corp.	Health & Safety — Mercury in Dental Fillings	May 5, 2009
Delta Air Lines, Inc.	Health & Safety — Aircraft Maintenance	June 2009
Denbury Resources Inc.	Sustainability — Report	May 2009
Denny's Corporation	Animal Welfare — Cage-Free Eggs	May 2009
Dentsply International, Inc.	Health & Safety — Mercury in Dental Fillings	May 2009
Devon Energy Corp.	Labor — Sexual Orientation Non-Discrimination	June 3, 2009
Digital River, Inc.	Governance — Board Diversity	May 2009
DirectTV Group, Inc	Health & Safety — Health Care Reform Principles	June 2009
Discover Financial Services	Human Rights — Predatory Lending	April 21, 2009
Dominion Resources, Inc.	Governance — Executive Comp — Say on Pay	May 9, 2009
Dover Corporation	Sustainability — Report — Carbon Disclosure	May 7, 2009

Company	Proposal	Meeting date
Dow Chemical Company	Environment — Environmental Justice	May 14, 2009
Dow Chemical Company	Health & Safety — Herbicide	May 14, 2009
Dow Chemical Company	Political Donations — Report	May 14, 2009
DTE Energy Co.	Political Donations — Report	April 30, 2009
Duke Energy Corp.	Health & Safety — Health Care Reform Principles	May 17, 2009
Dynegy, Inc.	Global Warming — Greenhouse Gas Emissions	May 22, 2009
E.I. Du Pont de Nemours	Governance — Executive Comp — Say on Pay	April 29, 2009
E.I. Du Pont De Nemours & Co.	Health & Safety — Health Care Reform Principles	April 29, 2009
Eagle Materials Inc.	Governance — Board Diversity	August 2009
EarthLink, Inc.	Human Rights — Internet Privacy	May 2009
Eastman Chemical Co.	Labor — Sexual Orientation Non-Discrimination	May 7, 2009
Edison International	Governance — Executive Comp — Say on Pay	April 23, 2009
Electronic Data Systems (Hewlett Packard)	Governance — Executive Comp — Say on Pay	March 2010
Eli Lilly and Co.	Governance — Executive Comp — Say on Pay	April 20, 2009
Eli Lilly and Co.	Political Donations — Report	April 20, 2009
Embarq Corp	Governance — Executive Comp — Say on Pay	May 2009
Embarq Corp	Human Rights — Internet Privacy	May 2009
EMC	Governance — Executive Comp — Say on Pay	May 6, 2009
Enbridge	Human Rights — Indigenous Peoples	May 6, 2009
Entergy Corp.	Governance — Executive Comp — Say on Pay	May 8, 2009
Entergy Corp.	Political Donations — Report	May 8, 2009
Exelon Corp.	Political Donations — Report	April 29, 2009
Exelon Corp.	Global Warming — <i>Trojan Horse</i>	April 29, 2009
Expeditors International of Washington, Inc.	Labor — Sexual Orientation Non-Discrimination	May 2009
Exxon Mobil Corp.	Global Warming — Climate Change Report	May 27, 2009
Exxon Mobil Corp.	Governance — Exec Pay & Social Criteria	May 27, 2009
Exxon Mobil Corp.	Governance — Executive Comp — Say on Pay	May 27, 2009
Exxon Mobil Corp.	Global Warming — Greenhouse Gas Emissions	May 27, 2009
Exxon Mobil Corp.	Environment — Renewable Energy	May 27, 2009
Exxon Mobil Corp.	Political Donations — Report	May 27, 2009
Exxon Mobil Corp.	Labor — Sexual Orientation Non-Discrimination	May 27, 2009
Fifth Third Bancorp	Sustainability — Report	April 21, 2009
Ford Motor Company	Governance — Executive Comp — Say on Pay	May 14, 2009
Ford Motor Company	Health & Safety — Health Care Reform Principles	May 14, 2009
Ford Motor Company	Political Donations — Disclose Prior Government Service	May 14, 2009
Ford Motor Company	Political Donations — Report	May 14, 2009
Foundation Coal Hldgs Inc	Global Warming — Greenhouse Gas Emissions	May 2009
Freeport-McMoRan Cooper & Gold	Governance — Executive Comp — Say on Pay	June 2009
Frontier Communications	Governance — Executive Comp — Say on Pay	May 2009
General Dynamics Corp.	Human Rights — Space Weapons	May 6, 2009
General Electric Co.	Governance — Executive Comp — Say on Pay	April 22, 2009
General Growth Properties, Inc.	Sustainability — Report	May 2009
General Mills, Inc.	Political Donations — Report	September 21, 2009
General Motors Corp.	Political Donations — Disclose in Newspaper	June 2009
General Motors Corp.	Governance — Executive Comp — Say on Pay	June 2009
General Motors Corp.	Global Warming — Greenhouse Gas Emissions	June 2009
General Motors Corp.	Health & Safety — Health Care Reform Principles	June 2009
GEO Group, Inc.	Political Donations — Report	May 2009
Glacier Bancorp, Inc.	Labor — Sexual Orientation Non-Discrimination	April 29, 2009
Goldman Sachs Group, Inc.	Health & Safety — Health Care Reform Principles	April 2009
Goldman Sachs Group, Inc.	Political Donations — Report	April 2009
Google Inc	Human Rights — Censorship	May 2009
Google Inc	Health & Safety — Health Care Reform Principles	May 2009
Google Inc	Political Donations — Report	May 2009
Hain Celestial Group	Governance — Executive Comp — Say on Pay	May 20, 2009
Halliburton Co.	Environment — Low-Carbon Energy	May 20, 2009
Halliburton Co.	Human Rights — Military Misconduct in Iraq	May 20, 2009
Halliburton Co.	Human Rights — Policy	May 20, 2009
Halliburton Co.	Political Donations — Report	May 20, 2009

Company	Proposal	Meeting date
Hartford Financial Services Group, Inc.	Political Donations — Report	May 2009
Helix Energy Solutions Inc	Governance — Board Diversity	May 2009
Hertz Global Holdings Inc.	Global Warming — Greenhouse Gas Emissions	May 2009
Hertz Global Holdings Inc.	Labor — Sexual Orientation Non-Discrimination	May 2009
Home Depot, Inc.	Labor — Equal Employment Opportunity	May 2009
Home Depot, Inc.	Environment — Energy Efficiency	May 2009
Home Depot, Inc.	Health & Safety — Health Care Reform Principles	May 2009
Home Depot, Inc.	Health & Safety — Mercury in Light Bulbs	May 2009
Honeywell International, Inc.	Governance — Executive Comp — Say on Pay	April 27, 2009
Honeywell International, Inc.	Health & Safety — Health Care Reform Principles	April 27, 2009
IDACORP, Inc.	Global Warming — Greenhouse Gas Emissions	May 2009
Intel Corp.	Human Rights — Water Policy	May 20, 2009
Interface, Inc.	Political Donations — Report	May 2009
International Business Machines Corp.	Governance — Executive Comp — Say on Pay	April 28, 2009
International Business Machines Corp.	Political Donations — Report	April 28, 2009
International Coal Group, Inc.	Global Warming — Greenhouse Gas Emissions	May 2009
International Paper Co.	Environment — Forestry / Recycled Paper Products	May 11, 2009
Itron, Inc.	Sustainability — Report	May 2009
ITT Corp.	Human Rights — Military Sales	May 12, 2009
J. C. Penney Co., Inc (HLDG CO)	Health & Safety — Health Care Reform Principles	May 2009
Johnson & Johnson	Governance — Executive Comp — Say on Pay	April 23, 2009
Jones Apparel Group	Governance — Executive Comp — Say on Pay	May 2009
JPMorgan Chase & Co.	Human Rights — Predatory Lending	May 2009
JPMorgan Chase & Co.	Political Donations — Disclose Prior Government Service	May 2009
Kadant Inc	Sustainability — Report	May 2009
KB Home	Health & Safety — Health Care Reform Principles	April 2, 2009
KBR, Inc.	Human Rights — Military Misconduct in Iraq	May 2009
Knology, Inc.	Human Rights — Internet Privacy	May 2009
Kohl's Corp.	Health & Safety — Health Care Reform Principles	May 14, 2009
Kraft Foods Inc	Health & Safety — Nanomaterials in Food and Food Packaging	May 20, 2009
Kroger Co.	Animal Welfare — Controlled-Atmosphere Killing	June 2009
Kroger Co.	Health & Safety — Health Care Reform Principles	June 2009
Las Vegas Sands Corp	Sustainability — Report	June 2009
Lear Corporation	Labor — ILO Vendor Standards	May 2009
Leggett & Platt, Inc.	Labor — Sexual Orientation Non-Discrimination	May 7, 2009
Lennar Corp.	Global Warming — Greenhouse Gas Emissions	April 15, 2009
Lexmark International	Governance — Executive Comp — Say on Pay	April 23, 2009
Lincare Holdings, Inc.	Governance — Board Diversity	May 2009
Lockheed Martin Corp.	Governance — Executive Comp — Say on Pay	April 23, 2009
Lockheed Martin Corp.	Human Rights — Space Weapons	April 23, 2009
Lowe's Companies, Inc.	Health & Safety — Health Care Reform Principles	May 29, 2009
Lowe's Companies, Inc.	Environment — Store Siting	May 29, 2009
Manpower Inc.	Labor — MacBride Principles	April 28, 2009
Marathon Oil	Governance — Executive Comp — Say on Pay	April 29, 2009
Marsh & McLennan Companies, Inc.	Political Donations — Report	May 21, 2009
Masco Corporation	Governance — Executive Comp — Pay Disparity	May 2009
Massey Energy Company	Global Warming — Greenhouse Gas Emissions	May 2009
Massey Energy Company	Environment — Mountain Top Removal	May 2009
Mattel, Inc.	Labor — Global Principles	May 13, 2009
McDonald's Corp.	Animal Welfare — Cage-Free Eggs	May 27, 2009
McDonald's Corp.	Animal Welfare — Controlled-Atmosphere Killing	May 27, 2009
McDonald's Corp.	Governance — Executive Comp — Say on Pay	May 27, 2009
McDonald's Corp.	Environment — Pesticides	May 27, 2009
McDonald's Corp.	Health & Safety — Nanomaterials in Food and Food Packaging	May 27, 2009
McGraw-Hill Companies, Inc.	Political Donations — Report	April 29, 2009
Merck	Governance — Executive Comp — Say on Pay	April 28, 2009
Meredith Corp.	Environment — Forestry / Recycled Paper Products	November 2009
MGM Mirage	Sustainability — Report	May 2009
Microchip Technology Industries	Sustainability — Report — Carbon Disclosure	August 2009

Company	Proposal	Meeting date
Micron	Sustainability — Report — Carbon Disclosure	December 2009
Middleby Corp.	Sustainability — Report	May 2009
Mirant Corp	Global Warming — Greenhouse Gas Emissions	May 2009
Morgan Stanley	Governance — Executive Comp — Say on Pay	April 29, 2009
Morgan Stanley	Human Rights — Predatory Lending	April 29, 2009
Motorola, Inc.	Human Rights — Policy	May 4, 2009
Mueller Industries, Inc.	Governance — Board Diversity	May 2009
Murphy Oil Corp.	Labor — Sexual Orientation Non-Discrimination	May 2009
Nordstrom, Inc.	Health & Safety — Health Care Reform Principles	May 19, 2009
Norfolk Sourn Corp.	Political Donations — Report	May 14, 2009
Northrop Grumman Corp.	Governance — Executive Comp — Say on Pay	May 20, 2009
Northrop Grumman Corp.	Political Donations — Report	May 20, 2009
Northrop Grumman Corp.	Human Rights — Space Weapons	May 20, 2009
Nucor Corp.	Health & Safety — Health Care Reform Principles	May 2009
Nucor Corp.	Human Rights — Policy	May 2009
NYSE Euronext	Political Donations — Report	April 2, 2009
O Charleys Inc.	Animal Welfare — Policy	May 2009
Occidental Petroleum Corp.	Human Rights — Country Selection	May 2009
Oracle	Governance — Executive Comp — Say on Pay	October 2009
PepsiCo, Inc.	Governance — Executive Comp — Say on Pay	May 6, 2009
PepsiCo, Inc.	Health & Safety — Genetically Engineered Food	May 6, 2009
PepsiCo, Inc.	Health & Safety — Health Care Reform Principles	May 6, 2009
PepsiCo, Inc.	Environment — Beverage Container Recycling	May 6, 2009
PepsiCo, Inc.	Political Donations — Report	May 6, 2009
PepsiCo, Inc.	Human Rights — Water Policy	May 6, 2009
PepsiCo, Inc.	Charitable Contributions — Report	May 6, 2009
PetSmart	Animal Welfare — Sale of Live Animals	June 2009
Pfizer	Governance — Executive Comp — Say on Pay	April 23, 2009
PG&E	Governance — Executive Comp — Say on Pay	May 2009
Philip Morris International Inc.	Human Rights — Policy	May 5, 2009
Procter & Gamble	Governance — Executive Comp — Say on Pay	October 2009
Prudential	Governance — Executive Comp — Say on Pay	May 2009
Publix Super Markets, Inc.	Animal Welfare — Policy	April 14, 2009
Pulte Homes Inc.	Governance — Executive Comp — Pay Disparity	May 2009
Pulte Homes Inc.	Governance — Executive Comp — Say on Pay	May 2009
Pulte Homes Inc.	Global Warming — Greenhouse Gas Emissions	May 2009
Pulte Homes Inc.	Sustainability — Report	May 2009
Questar Corp.	Labor — Sexual Orientation Non-Discrimination	May 19, 2009
Qwest Communications Intl. Inc.	Governance — Executive Comp — Say on Pay	May 2009
Qwest Communications Intl. Inc.	Human Rights — Internet Privacy	May 2009
R. R. Donnelley & Sons Co.	Environment — Forestry / Recycled Paper Products	May 21, 2009
Rayon Co.	Health & Safety — Health Care Reform Principles	May 28, 2009
Rayon Co.	Political Donations — Report	May 28, 2009
Raytheon	Governance — Executive Comp — Say on Pay	May 28, 2009
Regions Financial Corp.	Political Donations — Report	April 16, 2009
Reynolds American Inc	Human Rights — Policy	May 6, 2009
Reynolds American Inc	Health & Safety — Tobacco	May 6, 2009
Reynolds American Inc	Health & Safety — Tobacco	May 2009
Rite Aid Corp.	Governance — Executive Comp — Say on Pay	June 2009
Rite Aid Corp.	Health & Safety — Tobacco	June 2009
Rohm and Haas Co.	Animal Welfare — Policy	May 2009
Ryland Group, Inc.	Global Warming — Greenhouse Gas Emissions	April 29, 2009
Sandisk Corp.	Sustainability — Report	May 2009
Schering-Plough	Governance — Executive Comp — Say on Pay	May 2008
Schlumberger Limited	Governance — Executive Comp — Say on Pay	April 8, 2009
Sempra Energy	Governance — Executive Comp — Say on Pay	April 30, 2009
Sourn Company	Global Warming — Greenhouse Gas Emissions	May 2009
South Financial Group	Governance — Executive Comp — Say on Pay	May 5, 2009
Southwest Airlines Co.	Health & Safety — Aircraft Maintenance	May 20, 2009

Company	Proposal	Meeting date
Southwest Airlines Co.	Sustainability — Report	May 20, 2009
Sprint Nextel Corp	Governance — Executive Comp — Pay Disparity	May 12, 2009
Sprint Nextel Corp	Human Rights — Internet Privacy	May 12, 2009
Sprint Nextel Corp	Political Donations — Report	May 12, 2009
Standard Pacific Corp.	Global Warming — Greenhouse Gas Emissions	May 2009
Staples, Inc.	Health & Safety — Health Care Reform Principles	June 2009
SUPERVALU Inc.	Animal Welfare — Controlled-Atmosphere Killing	June 25, 2009
SUPERVALU Inc.	Health & Safety — Tobacco	June 25, 2009
Take-Two Interactive Software, Inc.	Governance — Exec Pay & Social Criteria	April 23, 2009
Target Corporation	Governance — Executive Comp — Say on Pay	May 21, 2009
Time Warner	Governance — Executive Comp — Say on Pay	May 2009
TJX Companies, Inc.	Labor — MacBride Principles	June 2009
Travelers Companies, Inc.	Political Donations — Report	May 2009
Tupperware Brands	Governance — Executive Comp — Say on Pay	May 19, 2009
Ultra Petroleum Corp.	Global Warming — Climate Change Report	May 2009
Union Pacific Corp.	Political Donations — Report	May 14, 2009
Union Pacific Corp.	Human Rights — Security Safeguards	May 14, 2009
United Health Group Incorporated	Governance — Executive Comp — Say on Pay	June 2009
United Natural Foods, Inc.	Labor — ILO Vendor Standards	December 2009
United Technologies Corp.	Human Rights — Military Sales	April 8, 2009
United Technologies Corp.	Human Rights — Policy	April 8, 2009
Urban Outfitters, Inc.	Labor — ILO Vendor Standards	May 2009
Valero Energy Corp.	Governance — Executive Comp — Say on Pay	May 2009
Valero Energy Corp.	Political Donations — Report	May 2009
Verizon Communications	Human Rights — Internet Privacy	May 7, 2009
Wachovia (Wells Fargo)	Governance — Executive Comp — Say on Pay	April 28, 2009
Wal-Mart Stores, Inc.	Governance — Executive Comp — Say on Pay	June 5, 2009
Wal-Mart Stores, Inc.	Political Donations — Report	June 5, 2009
Wal-Mart Stores, Inc.	Political Donations — Report	June 5, 2009
Wal-Mart Stores, Inc.	Labor — Sexual Orientation Non-Discrimination	June 5, 2009
Waste Management, Inc.	Political Donations — Report	May 8, 2009
Wells Fargo and Company	Human Rights — Predatory Lending	April 28, 2009
Wells Fargo and Company	Human Rights — Predatory Lending	April 28, 2009
Wells Fargo and Company	Political Donations — Report	April 28, 2009
Westar Energy, Inc.	Global Warming — Greenhouse Gas Emissions	May 2009
Western Refining Inc	Labor — Sexual Orientation Non-Discrimination	May 2009
Western Union Co	Human Rights — Community Investment	May 13, 2009
Williams Companies, Inc.	Political Donations — Report	May 21, 2009
World Fuel Services Corp.	Labor — Sexual Orientation Non-Discrimination	June 2009
Xerox Corp.	Health & Safety — Health Care Reform Principles	May 21, 2009
XTO Energy Inc	Governance — Board Diversity	May 19, 2009
XTO Energy Inc	Governance — Executive Comp — Say on Pay	May 19, 2009
Yahoo	Governance — Executive Comp — Say on Pay	August 2009
Yum! Brands, Inc.	Health & Safety — Health Care Reform Principles	May 21, 2009
Yum! Brands, Inc.	Animal Welfare — Policy	May 21, 2009
Yum! Brands, Inc.	Sustainability — Report	May 21, 2009
Yum! Brands, Inc.	Governance — Executive Comp — Say on Pay	May 21, 2009
Zions Bancorporation	Governance — Executive Comp — Say on Pay	June 2, 2009

There is no such thing to my mind... as an innocent stockholder. He may be innocent in fact, but socially he cannot be held innocent. He accepts the benefits of the system. It is his business and his obligation to see that those who represent him carry out a policy which is consistent with the public welfare.

*Louis Brandeis*

