



# The Power of Proxy

## Shareholders Use Their Votes to Help Companies Go Green

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Many shareholders of major corporations are using their investor status to lead companies down a more sustainable path. Shareholders' power includes being able to drive out poor directors and block key decisions.

“When someone buys a share of a corporation, they are a small minority owner of the corporation, and with that comes rights, and those rights include being able to express views about what the corporation is doing,” says Andrew Behar, CEO of **As You Sow**, a California-based nonprofit that aims to achieve corporate responsibility through shareholder advocacy, among other strategies. “That’s a great deal of power.”

### The Collective Voice

Shareholders make their voices heard by voting on a proxy—a ballot to vote on issues—that lets the board of directors know what the shareholders want. The company can look at that resolution and either accept or reject it. Though votes are non-binding, even a vote as small as 5% or 10% can move companies to make changes.

As part-owner, Behar continues, it’s your responsibility to let the company know that you object to an action or policy. Voting on a proxy is not unlike exercising your right to vote in a national election. Shareholders can also attend meetings to vote in person, if they choose.

Voting can take place online at Moxy Vote, or shareholders can download **As You Sow’s** proxy preview and vote by mail. Most companies hold a vote between March and June.

Every February, **As You Sow** publishes an annual “proxy preview” that compiles shareholder resolutions for major corporations. The 2011 list includes an item about the Coca-Cola company’s soda can linings containing the hormone-altering chemical Bisphenol A or BPA. “As shareholders, we say that isn’t good for the company, it’s not good for general environmental health...[and] we believe the company should make a move to change this liner in the can,” Behar says. A quarter of Coca-Cola shareholders supported getting rid of BPA.

The first environmental vote to get 50% support was a resolution for Idacorp Inc.—a holding company which counts Idaho Power as its main subsidiary. Shareholders voted to transition the company from reliance on coal to wind energy. “The shareholders wanted to see less air pollution, less mercury, fewer toxins from coal ash and fewer toxins in ground-water,” Behar says.

In May, Ernst & Young released a study that showed an increase in shareholder resolutions with an environmental and social focus. The report revealed that in 2010, resolutions focusing on social and environmental issues made up the largest slice of all shareholder proposals. In 2005, according to the report, just 2.6% of all shareholder resolutions related to social and environmental issues received support from more than 30% of votes cast (30% is a typical threshold for many boards to take action). In 2010, more than a quarter of all proposals reached the 30% support threshold.

According to Moxy Vote, a website that lets shareholders vote on issues they care about, the most supported proxies in 2011 focused on hydraulic fracturing and coal combustion waste and sustainability reporting.

## Votes in Action

Part of writing a good proxy, Behar says, is laying out a sound economic argument for the company that highlights financial, health and environmental benefits.

A couple years ago, shareholders for Best Buy took action by addressing the way the company recycled electronics. “We said you should be doing electronic waste recycling in a good way, and by 2009, we helped them to put a plan in place. In 2010 they collected two million items,” Behar says. The company wins, too, he adds, because the plan increased foot traffic into stores. “Now people associate Best Buy with electronics recycling,” Behar says.

Companies that have a consumer brand are hyper-sensitive to their shareholders’ concerns—and to their public perception. After Starbucks Coffee Company received media attention for adding 3.5 billion cups to landfills, they swooped in to defend their brand and change their policies. “You have more leverage when a brand wants to maintain a green image,” Behar says.

**As You Sow** has amassed a series of successes thus far. They’ve prevented more than 500,000 tons of e-waste from entering landfills each year; helped companies find solutions for safe disposal of toxic coal ash; reduced carbon emissions from coal utilities; and worked with companies such as Coca-Cola, PepsiCo, Nestlé Waters North America and Starbucks to remove some 30 billion plastic bottles from the waste stream annually.

“We’re looking to companies to raise their levels of integrity and find solutions,” Behar says. “We believe that corporations are responsible for a lot of the environmental degradation on the planet, and that they can find solutions that are both profitable and responsible.”