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Corporate Political Spending Is Major Focus of 2012 Shareholder Resolutions, Says New Report

Nearly 350 Social & Environmental Resolutions Filed for Upcoming Proxy Season Including: Corporate Political Spending, Coal, Fracking & Foreclosures

A new report, [Proxy Preview 2012](#), released today, shows investors face a rich mix of social and environmental shareholder resolutions in the upcoming corporate annual meeting season. Voting this year will follow a record-breaking 2011 season—including five majority votes—that showcased widespread investor concern for corporate policies on the environment and support for more public accountability on key issues such as money in politics.

According to the report, nearly a third of the shareholder resolutions in 2012 ask companies for more disclosure about their direct and indirect campaign spending and lobbying. Resolutions about political spending have proliferated almost exponentially since the January 2010 *Citizens United* U.S. Supreme Court decision that opened up new ways for companies to spend on elections.

“Every year shareholder resolutions reflect a snapshot in time, an indication of what’s critical to civil society today,” says Andrew Behar, CEO of As You Sow, publisher of the *Proxy Preview* since 2005. “In a time when the American public sees a consolidation of corporate influence, people realize that they are owners of these companies and can have a voice through their proxies. Shareholder advocacy amplifies popular sentiment and companies are listening.”

Proxy Preview 2012 is the 8th annual edition of the report hailed as the “Bible for socially progressive foundations, religious groups, pension funds, and tax-exempt organizations” by the *Chicago Tribune*. The report offers a comprehensive review of the nearly 350 social and environmental resolutions that investors have filed at companies this spring on a range of topics including: political spending, climate change, mortgage foreclosures, sexual orientation, and labor and human rights.

The report also describes previous resolutions which have effectively changed corporate behavior. For instance, as a result of shareholder demands, State Street, one of the world's leading providers of financial services to institutional investors, agreed to prohibit trade associations from using company dues for political purposes, including super PACs. It also agreed to increase disclosure of political contributions.

Investors of all stripes, including pensions, foundations, university endowments, and individual investors, are displaying an increased interest in active stock ownership and aligning investment practices with their values—reflected in the rising votes for shareholder resolutions, as the report points out.

“Support for social and environmental resolutions has become increasingly mainstream,” says Michael Passoff, CEO of Proxy Impact and a co-author of the report. “The last three years have seen a huge shift in how large institutional investors view the impact of social and environmental risks on the bottom line.”

“These resolutions are too important to ignore,” said Heidi Welsh, Executive Director of the Sustainable Investments Institute (Si2) and report co-author. “Many corporations recognize that shareholder proposals can be red flags for hard issues they have to tackle, sooner or later. Engagement with shareholder proponents can help them better manage risks to their brands and business, which helps everybody.”

Highlights of 2012 Environmental and Socially Responsible Shareholder Resolutions:

- **Political Spending:** Investors are increasingly concerned about corporate political spending disclosure and have filed twice as many resolutions on this topic for 2012 (109) as they did just three years ago. New is a large group of proposals that focus on spending after elections, through lobbying. Another new feature in 2012 is a call for ending any campaign spending at a couple of companies (3M, Target, and Bank of America), and a few requests for shareholder votes on companies’ political spending practices. Contributions through intermediaries are a critical focus of all the proposals, highlighting public worries about cash and influence in the 2012 election.
- **Environment and Sustainability:** Shareholder proponents still want companies to address climate change, reduce their impacts on natural resources, and use fewer toxic chemicals. The 117 environmental/sustainability resolutions filed in 2012 express these concerns as part of a roadmap for a new energy future. Coal and fracking dominate the group of 44 natural resource management proposals, with worries about the financial risks of relying on coal-based energy and the implications of shale gas development. A shareholder resolution from the New York City pension funds has helped prompt deals with Apple and other big electronics firms to be more open about conditions in their supply chains, even as investors tell companies they want environmental and social policies that are sustainable over the long term.
- **Mortgage Foreclosures:** Investors at four of the country’s biggest banks will vote on whether they want more information on loan modifications, foreclosures, and securitization—on the heels of the recent \$26 billion settlement that benefits homeowners.
- **Diversity:** The country’s largest institutional investors want more diverse boards, as the report highlights. And companies increasingly are establishing non-discrimination policies for lesbian, gay, bisexual, and transgender (LGBT) employees, even as they face 38 proposals on this subject. Combined, the board and employee diversity proposals account for 11% of the total number of proposals filed so far, about even with the 2011 tally.
- **Labor and Human Rights:** About two dozen resolutions request action on labor and human rights, mostly at companies active in global conflict zones, from faith-based investors. But several also raise concerns at private U.S. prison companies, Corrections Corp. of America, and GEO Group. An AFL-CIO proposal to a few companies is about worker safety on oil rigs and refineries, following up on safety audit issues sparked by Gulf of Mexico spill two years ago. And a new Securities and Exchange

Commission interpretation just issued means investors now can vote on whether they think companies should provide equal access to all on the Internet.

This year's *Proxy Preview* is a collaboration between [As You Sow](#), a nonprofit organization that promotes corporate responsibility through shareholder advocacy and innovative legal strategies; the [Sustainable Investments Institute](#) (Si2), which conducts impartial research on social and environmental shareholder proposals; and [Proxy Impact](#), a proxy voting service for foundations, endowments, and socially responsible investors. For more information, view the full report at <http://bit.ly/proxypreview12>.

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