

# Number of ESG-Related Shareholder Proposals in US Hits New Record – Report

***417 motions were filed, with political lobbying the single biggest issue.***

Jan Wagner | March 10th, 2014

The number of shareholder proposals at listed US firms that concern environmental, social and governance (ESG) issues has hit a new record in the current proxy season, according to ‘Proxy Preview 2014,’ a report compiled by **As You Sow**, the Sustainable Investments Institute (Si2) and Proxy Impact. This year’s 417 motions are 50 more than in 2013 and 83 more than in 2012.

Disclosure regarding political lobbying was the single most important issue, accounting for 30% of all the proposals at US firms. A new development this year was a proposal at six energy firms about whether they back policies aimed at mitigating climate change. Corporate support of controversial political groups like the American Legislative Exchange Council (ALEC) also “continued to attract the disclose advocates’ ire in many of the proposals,” the report said.

The report also said that if the proposals concerning the environment and sustainable governance were combined, they would account for 39% of the total – the most ever filed by shareholders. This portion includes 90 proposals regarding climate change and energy, with 22 aimed at getting companies to reduce their greenhouse gas (GHG) emissions. Also, “the recent explosion of domestic US shale oil and gas development (i.e. hydraulic fracturing or “fracking”) has caused investors to ask 12 companies about how they are accounting for methane or limiting its release given its potent contribution to global warming,” the report added.

Regarding the balance of the proposals, the report said they dealt with the diversity of corporate boards (11%), human rights/decent work (9%), animal welfare (3%) and other issues such as health care, fair lending, gun control and media privacy (8%).

Said Andrew Behar, CEO of **As You Sow**, who has published Proxy Preview every year since 2005: “Shareholders today are looking not at these issues in isolation. Instead, they articulate a systemic critique, pointing out the connections between excessive political spending, inadequate energy policy, the dangers of our changing climate and its damaging impact on water and agriculture, toxic hazards and how these are related to human rights.”

More than two months into the US proxy season, there are 324 shareholder resolutions pending, up from 284 a year ago and from 279 two years ago. According to the report, US companies have asked the Securities and Exchange Commission (SEC) for permission to exclude 87 of them from their annual general meetings (AGMs). So far, the SEC has ruled in favour of the firms 14 times and against them five times. It still has to decide 49 cases.

Meanwhile, sustainability advocacy group Ceres has said that major institutional investors are pushing for stronger actions from companies in climate-related shareholder resolutions in the 2014 proxy season. It said that, led by Walden Asset Management, the New York State Comptroller’s Office, the California State Teachers’ Retirement System, Calvert Investments, the Connecticut Treasurer’s Office, Trillium Asset Management, Mercy Investments and Green Century Capital Management, 35 institutional investors have filed 142 resolutions in a coordinated effort to spur action by 118 companies.