

Sustainability Investment News

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First-Time Environmental Resolutions Win Strong Shareowner Support

by Robert Kropp

Resolutions addressing Bisphenol-A at Coca-Cola and coal ash at MDU Resources each gain more than 20% of shareowners' votes.

SocialFunds.com -- Proxy voting results from this year's corporate annual general meetings are being released, and two first-time environmental resolutions have gained considerable support.

At Coca-Cola, a resolution asking the company to report on the safety of Bisphenol-A (BPA), a chemical used in the lining of Coca-Cola's canned beverages, gained 22% of shareowners' votes. The resolution was filed by Domini Social Investments, **As You Sow**, and Trillium Asset Management.

According to SEC rules, a vote by shareowners of 3% in support of a resolution is sufficient to permit it to be resubmitted the following year. In the aftermath of significant minority votes in favor of resolutions, companies often engage with activist shareowners in order to come to mutual agreement.

Canadian regulatory agencies have declared BPA a "toxic chemical" requiring aggressive action to limit human and environmental exposures. While the US Food and Drug Administration (FDA) concluded in 2008 that "an adequate margin of safety exists for BPA at current levels of exposure from food contact uses, for infants and adults," a report by a panel of scientific advisers that included environmental health, toxicology and statistics experts from three major universities, the Environmental Protection Agency and the Centers for Disease Control and Prevention, found that the FDA's margin of safety for BPA exposure was "inadequate."

In January 2010, the FDA announced that the agency had concerns about the potential health effects of BPA on fetuses, infants, and young children.

The BPA resolution at Coca-Cola was supported by two of the largest proxy advisory services in the US, RiskMetrics Group and Proxy Governance.

According to Michael Passoff, Senior Program Director of the Corporate Social Responsibility Program at As You Sow, “Coke’s assumption that BPA does not pose a public health risk, in the face of mounting regulatory restrictions and consumer concerns, exposes the company to regulatory, legal, and competitive risks. Coke does not provide investors with information about these financial risks.”

A second first-time shareowner resolution filed this year by As You Sow, requesting that MDU Resources report on the company’s efforts to reduce environmental and health hazards associated with coal ash practices, won 25.6% of shareowners’ votes. The resolution is the first of three addressing coal ash to be voted on this proxy season. The others will be voted on at the general meetings of Southern Company and CMS Energy.

Coal ash is a waste product of the coal burning process that contains arsenic, mercury, lead, and other toxins filtered out of smokestacks by pollution control equipment. Coal ash is usually stored in landfills, impoundment ponds, or abandoned mines.

A December 2008 dam breach at a Tennessee Valley Authority (TVA) coal ash pond released 1.1 billion gallons of coal ash sludge over more than 300 acres in eastern Tennessee.