

Climate Change, Political Lobbying High On Shareholders' Agenda

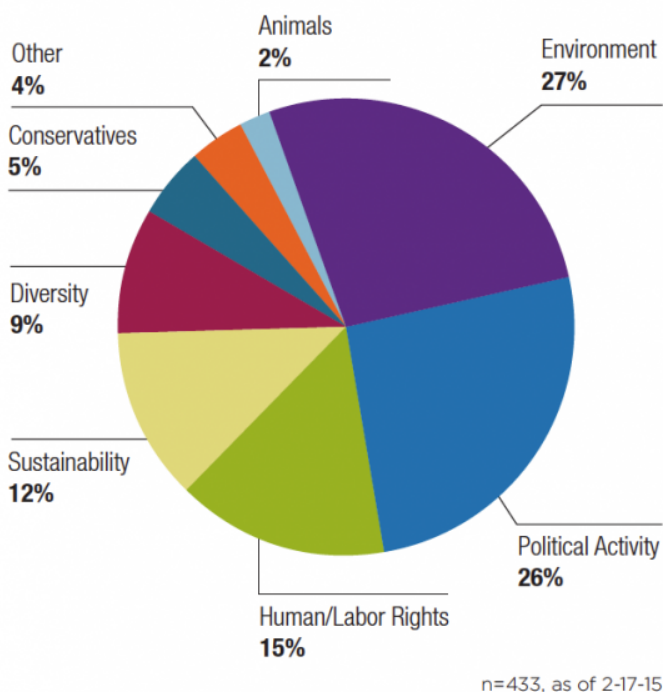
Andrew Burger | Mar. 24, 2015

Historic droughts, record snowfalls, and the incidence of “superstorms” and other highly anomalous weather seem to be making a stronger impression, and having a greater impact, on those invested in publicly-listed companies. Shareholders are also taking notice of issues related to socioeconomic and political equity, access and opportunity — such as public disclosure of corporate funding for political action committees (PACs), campaigns and lobbyists.

The latest report from Proxy Preview reveals growing activism on the part of shareholders when it comes to social and environmental issues. A record-breaking 433 social and environmental shareholder resolutions have been filed so far this proxy season, with political spending and climate change driving the majority of them, Proxy Preview highlights.

Proxy proposals highlight environmental, political and socioeconomic concerns

Proposals Filed in 2015



The 2015 Proxy Preview report reveals that corporate spending and activity related to political and environmental matters “continue to vie for top billing with 26 and 27 percent” of the total 433 shareholder resolutions filed so far this proxy season, which lasts until the end of June. Increasingly, according to Proxy Preview:

“These are linked by investors who seek corporate action to bypass some of the vitriol that stymies government solutions.”

Overall, environmental and social governance (ESG) was the subject of the single highest percentage of shareholder resolutions filed this proxy season, at 39 percent. Shareholder resolutions related to corporations’ political activities accounts for just over 25 percent of the total, down 4 percentage points from last year’s mid-February tally, Proxy Preview notes.

Just environmental and social governance

Drilling down further into the research, results show that the number of shareholder resolutions involving human

and labor rights is up 15 percent. Shareholders’ concerns regarding “the damaging effects of growing income inequality in the United States” led to “a surge of requests for reports on pay disparity,” Proxy Preview reports.

Workplace diversity is another topic of interest among shareholders. “[W]orkplace diversity proposals (which mostly concern rights for lesbian, gay, bisexual and transgender people and those seeking more diversity among corporate board members) account for 9 percent of the total number of shareholder resolutions filed so far this year.”

Proxy Preview also highlights “a surge of proposals – some two dozen – largely filed by or coordinated by the National Center for Public Policy Research (NCPFR), a conservative Capitol Hill think tank.” The number of such shareholder proposals filed this year makes up 5 percent of the total, as compared to 4 percent at this time last year.

This year's shareholder proposals filed or coordinated by NCPPR ask companies "to protect political free speech rights, but all those that have been challenged at the SEC have been omitted," Proxy Preview elaborates.

Zooming in on climate change, Proxy Preview highlights one new shareholder proposal "that raises questions about transporting oil and gas by train and several taking up different angles on deforestation that connect ecological and human rights impacts." The former is increasingly making news given the rising number of train derailments, explosions, loss of life and ecological damage being caused by accidents involving trains transporting oil from hydraulic fracturing, or "fracking," operations — primarily in Mountain West U.S. states.

According to this year's proposed shareholder resolutions, investors are also interested in the impact of neonicotinoids (a commonly used chemical found in pesticides) on bees and other organisms.

On the political end of the spectrum, Proxy Preview notes an increase in the number of shareholder proposals regarding political lobbying, which "has clearly surpassed those on election spending." Regarding human rights, "religious investors are newly asking for an end to fees levied on migrant tobacco workers — although the voting outlook is uncertain — while three proposals on a set of fair employment principles for Israel-Palestine will go to votes for the first time."

The Proxy Preview 2015 report was produced via 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 share-holder proposals; and Proxy Impact, a shareholder advocacy and proxy voting service for foundations, endowments and socially responsible investors.