



Shareholders Ready To Fight For 'Hard-Won Gains'

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The 2017 proxy season is hopping. Shareholder activists have filed 430 resolutions with U.S. companies (compared with 370 a year ago). Although some resolutions have been challenged or withdrawn, 328 remain pending. These tallies were shared in a webinar held Wednesday by **As You Sow**, the Sustainable Investments Institute (Si2) and Proxy Impact to release their joint report Proxy Preview 2017.

The number of shareholder resolutions voted on in 2017 is likely to hit a new record, said Heidi Welsh, executive director of Si2 and co-author of the 96-page report, which is now in its 13th year.

Andrew Behar, CEO of As You Sow, emphasized that shareholder proponents remain committed to “protecting hard-won gains” that form from their relationships with corporations -- especially since the new administration is “bent on cutting government regulations and rolling back legislation on everything from financial reform to healthcare and the environment,” he said.

The webinar also addressed the mounting threats to the shareholder resolution process, which has existed since the 1970s. Two weeks ago, the Business Roundtable, an association of CEOs, sent a letter to the Trump administration that called for drastic changes to this process. “I call it death by 1,000 cuts,” said Timothy Smith, director of Environmental, Social and Governance (ESG) Shareholder Engagement at Walden Asset Management.

Among other things, the letter suggested shareholders should have to own 0.15 percent of a company’s stock to file a resolution, up from the current minimum of \$2,000. “For Apple, that would be about \$1 billion,” he said.

Restricting corporate disclosures and limiting shareholders from engaging companies would be, said Behar, “a sharp departure from free speech, core American values and good business sense.”

Behar thinks that ESG management is already in the DNA of many companies and that many companies “look to investor advocates to uncover win-win situations that benefit all stakeholders,” he said. “For us, the bottom line is that the current system works, it is not broken.”

Environmental issues remain the largest category of proposals filed this year (26 percent) and the majority of these focus on climate and energy, said Michael Passoff, founder and CEO of Proxy Impact and a co-author of Proxy Preview. Many resolutions ask companies about their efforts to address global warming. Other resolutions ask about shale energy development, deforestation, the Dakota Access

Pipeline and other issues that could create reputational and financial risks for companies.

Although “climate politics have been turned upside down with the election of Donald Trump,” said Passoff, “the question is, what will the business community do.” For example, 80 of the world’s most influential companies, including Wal-Mart, Coca-Cola, Goldman Sachs and Microsoft, have publically committed to switch to 100 percent renewable energy, he said.

The second largest category of shareholder resolutions filed this year (21 percent) revolve around political activity, followed by human/labor rights (18 percent). Resolutions filed this year also focus on such issues as lead paint, nanoparticles in infant formula and antibiotics in meat supply chains.