

ACIR 2013 Proxy Voting Report and Decisions

Organized by:

I. Topic

1. Proxy Action (and related ACIR Proxy Voting Guideline)

- a. Example Resolution
- b. Relevant Corporations
- c. Argument for
- d. Argument Against
- e. Decision

i. Executive Summary

Below is a list of shareholder resolution proposals (also called 'proxy actions') relevant to the Advisory Committee on Investor Responsibility (ACIR) at The New School. Each of these proposals (which often apply to multiple companies) requires a vote from the committee. The proposals may be relevant to either Corporate Political Spending or Environmental Sustainability, which are 'prioritized topics' or campaigns by the ACIR. Other miscellaneous and/or relevant proposals are also considered. Votes can be cast as: Support, Oppose, or Abstain. A majority vote from the ACIR's voting members is required to pass a proxy vote decision. Votes must take place for each 'Proxy Action'. Results of a vote will apply to all corporations listed. Voting decisions are color coded for ease of reference purposes. Each proposal has the relevant Proxy Voting Guidelines (PVG) section positioned next to its title. These indicate the sections where these proposals are relevant to the ACIR's Proxy Voting Guidelines; this is a document that was passed by the committee to ease the proxy voting process, which establishes priorities and preferences for the committee's proxy voting decisions. These are available on the ACIR's website. Please note that many proposals use similar language and have similar goals, but have been arranged to be voted on separately to prevent any debate over divergent details amongst the proposals.

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I. Topic: Corporate Political Spending

1. Proxy Action: Adopt policy on values, political spending (Proxy Voting Guidelines (PVG), pp. xii, bullet 2)
 - a. Example Resolution: "Resolved: Shareholders request that the Board of Directors create and implement a policy requiring consistent incorporation of corporate values as defined by Chubb's stated policies (including our "Culture of Inclusion Policy," "Environmental Stewardship" webpage, as well as our "Diversity" and "Diversity Vision" webpages) into Company and ChubbPAC political and electioneering contribution decisions, and to report to shareholders at reasonable expense and excluding confidential information on a quarterly basis regarding any electioneering or political contribution expenditures occurring during the prior quarter, identifying any contributions that raised an issue of incongruency with corporate values, and stating the justification for any such exceptions."
 - b. Relevant Corporations: Chubb, Ecolab, EMC, Intel, Johnson & Johnson, Praxair, Western Union
 - c. Argument for: Following Citizens United, corporations are able to spend unlimited corporate funds on candidates which align with the interests of board members and executive officers, but who may present a risk to the corporation as a whole. A clear set of guidelines which lay out what is defined as a political contribution that aligns with the corporation's interests and those that do not will be beneficial to shareholders who bear the risk associated with any mal-advised political contributions.¹
 - d. Argument against: Corporations argue that disclosure would create unnecessary expenditures while providing little benefit to shareholders. Additionally, they state that political spending is within the best interest of shareholders as it is an imperative aspect of their public relations effort and also allows them to participate in the political process.²
 - e. **Decision: Support; This proposal aligns with our PVGs as well as the current ACIR campaign to require corporations to publicly disclose their political contributions.**
2. Proxy Action: End political spending (PVG, pp. xii, bullet 2)
 - a. Example Resolution: "RESOLVED: The shareholders request that the Board of Directors study the feasibility of adopting a policy prohibiting the use of treasury funds for any direct or indirect political contributions intended to influence the outcome of an election or referendum, and report to shareholders on its findings by October 2013."
 - b. Relevant Corporations: 3M Co, Bank of America, Chevron, EQT, ExxonMobil, Starbucks, Target
 - c. Argument for: Political spending can, and has in the past, led to consumer boycotts, negative media attention and protests. These negative effects of political spending pose a risk to the share price and thus shareholders. "Recent academic work has highlighted the risks of corporate political spending to the broader economy (Igan, et al, 2009), and some studies suggest it correlates negatively with shareholder value (Coates, 2012) Given these risks and potential negative impact on shareholder value, the proponents believe EQT

¹ NorthStar Asset Management Inc, Proposal on Advisory Vote on Electioneering Contributions Proponent Response, (Feb 18, 2011),

<https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2011/northstarasset032511-14a8.pdf>

²Sustainable Investments Institute, Corporate Political Activity Briefing Report, (Mar 20, 2012),

<http://monitor.siinstitute.org/docs/t/8/2012%20Si2%20Briefing%20Paper%20-%20Corporate%20Political%20Activity%20-%20FINAL.pdf>

should adopt our proposed policy, including a ban on the use of trade associations or other nonprofits from channeling contributions or membership dues toward this end.”³

- d. Argument against: Corporations state that political spending is within the best interest of shareholders as it is an imperative aspect of their public relations effort and also allows them to participate in the political process.⁴
 - e. Decision: Abstain; This proposal reaches beyond the scope of the ACIR’s campaign of disclosure.
3. Proxy Action: Report on charitable and political contributions (PVG, pp. xii, bullet 1)
 - a. Example Resolution: “The report may be posted on the Company’s website to reduce costs to shareholders and should be itemized so as to include the identity of each recipient as well as the amount paid to each recipient of the Company’s funds that are used for political or charitable contributions or expenditures, as described above.”
 - b. Relevant Corporations: Seaboard
 - c. Argument for: Following Citizens United, corporations are able to spend unlimited corporate funds on candidates which align with the interests of board members and executive officers, but who may present a risk to the corporation as a whole. A clear set of guidelines which lay out what is defined as a political contribution that aligns with the corporation’s interests and those that do not will be beneficial to shareholders who bear the risk associated with any mal-advised political contributions.⁵
 - d. Argument against: The Proposal may be excluded under Rule 14a-8(i)(2)(iii) because it deals with substantially the same subject matter as prior proposals that did not receive the necessary support for resubmission. Some companies also argue that adopting the proposed policies would put them at a competitive disadvantage, since additional disclosures add additional expenses. Other firms also point out that some disclosures requested by the proposals already are publicly available from various organizations. Interested shareholders may obtain the information independently.^{6 7}
 - e. Decision: Support; This proposal aligns with our PVGs as well as the current ACIR campaign to require corporations to publicly disclose their political contributions.
 4. Proxy Action: Report on indirect political spending (PVG, pp. xii, bullet 1)
 - a. Example Resolution: “RESOLVED, that the shareholders of JPMorgan Chase (“Company”) hereby request that the Company provide a report, updated semiannually, disclosing the Company’s: 1 . Policies and procedures for making, with corporate funds or assets, contributions and expenditures to trade associations and other tax-exempt entities that are used by that entity to (a) participate or intervene in any political campaign on behalf of (or in

³ United States Securities and Exchange Commission, Letter: Proxy Resolution Filing, (Jan 23, 2013), <https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/cleanyieldasset012313-14a8.pdf>

⁴ Sustainable Investments Institute, Corporate Political Activity Briefing Report, (Mar 20, 2012), <http://monitor.siinstitute.org/docs/t/8/2012%20Si2%20Briefing%20Paper%20-%20Corporate%20Political%20>

⁵ Domini Social Investments, Re: Shareholder Proposal Regarding Corporate Political Contributions, (Nov 6, 2008), <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/needmorfund011613-14a8-incoming.pdf>

⁶ Goldman Sachs Group Inc, Request to Omit Shareholder Proposal of The Needmor Fund, (Jan 16, 2013), <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/needmorfund011613-14a8-incoming.pdf>

⁷ Sustainable Investments Institute, Corporate Political Activity Briefing Report, (Mar 20, 2012), <http://monitor.siinstitute.org/docs/t/8/2012%20Si2%20Briefing%20Paper%20-%20Corporate%20Political%20Activity%20-%20FINAL.pdf>

opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum. 2. Monetary and non-monetary contributions and expenditures used in the manner described in section 1 above, including:

- a. The identity of the recipient as well as the amount paid to each recipient; and b. The title(s) of the person(s) in the Company responsible for the decision(s) to make the political contributions or expenditures. Payments used for lobbying are not encompassed by this Proposal. The report shall be presented to the board of directors or relevant board oversight committee and posted on the Company's website."

- b. Relevant Corporations: JPMorgan Chase, Valero Energy
- c. Argument for: Disclosure is consistent with sensible public policy and in the best interest of the company and its shareholders. Absent a system of accountability, company assets can be used for policy objectives that may be inimical to the long-term interests of the company and its shareholders. Relying on publicly available data does not provide a complete picture of the Company's political expenditures. For example, the Company's payments to trade associations used for political activities are undisclosed and unknown. In many cases, even corporate management does not know how trade associations use their company's money politically.⁸
- d. Argument against: The Proposal may be excluded under Rule 14a-8(i)(2)(iii) because it deals with substantially the same subject matter as prior proposals that did not receive the necessary support for resubmission. Some companies also argue that adopting the proposed policies would put them at a competitive disadvantage, since additional disclosures add additional expenses. Companies also argue that political contributions and lobbying are an important part of their overall public relations effort and that legal contributions benefit shareholders by allowing the company to participate in the political process.^{9 10}
- e. **Decision: Support; This proposal aligns with our PVGs as well as the current ACIR campaign to require corporations to publicly disclose their political contributions.**

5. Proxy Action: Report on lobbying (PVG, pp. xii, bullet 1)

- a. Example Resolution: "Resolved, the shareholders of Marathon Oil Corporation ("Marathon") request the Board authorize the preparation of a report, updated annually, disclosing: 1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications. 2. Payments by Marathon used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient. 3. Marathon's membership in and payments to any tax-exempt organization that writes and endorses model legislation. 4. Description of the decision making process and oversight by management and the Board for making payments described in section 2 above. For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c)

⁸ Domini Social Investments, Re: Shareholder Proposal Regarding Corporate Political Contributions, (Nov 6, 2008), <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/needmorfund011613-14a8-incoming.pdf>

⁹ Goldman Sachs Group Inc, Request to Omit Shareholder Proposal of The Needmor Fund, (Jan 16, 2013), <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/needmorfund011613-14a8-incoming.pdf>

¹⁰ Sustainable Investments Institute, Corporate Political Activity Briefing Report, (Mar 20, 2012), <http://monitor.siinstitute.org/docs/t/8/2012%20Si2%20Briefing%20Paper%20-%20Corporate%20Political%20Activity%20-%20FINAL.pdf>

encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which MRO is a member. Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels. The report shall be presented to the Audit Committee or other relevant oversight committees of the Board and posted on the company's website."

- b. Relevant Corporations: Abbott Laboratories, Allergan, Alliance One International, Alliant Techsystems, Allstate, Altria, American Electric Power, Bristol-Myers Squibb, Chevron, CIGNA, Citigroup, ConocoPhillips, CVS Caremark, DaVita HealthCare Partners, Devon Energy, E.I. Du Pont De Nemours, eBay, Endo Health Solutions, Entergy, ExxonMobil, General Dynamics, GEO Group, International Business Machines, JPMorgan Chase, Lockheed Martin, Lorillard, Marathon Oil, Northrop Grumman, Nucor, Peabody Energy, PepsiCo, Reynolds American, SLM, Time Warner Cable, Union Pacific, United Parcel Service, UnitedHealth Group, Universal, Verizon Communications, Wellpoint, Wells Fargo, Xcel Energy
- c. Argument for: Shareholders are currently unable to determine if corporate spending on lobbying efforts is within the corporation's best interests without full disclosure of those expenditures. As owners of the corporation, they have a right to view lobbying expenditures and to determine amongst themselves if those are within the long term values of the corporation as a whole.¹¹
 "Disclosure is consistent with sensible public policy and in the best interest of the company and its shareholders. Absent a system of accountability, company assets can be used for policy objectives that may be inimical to the long-term interests of the company and its shareholders. Relying on publicly available data does not provide a complete picture of the Company's political expenditures. For example, the Company's payments to trade associations used for political activities are undisclosed and unknown. In many cases, even corporate management does not know how trade associations use their company's money politically."¹²
- d. Argument against: Corporations argue that disclosure would create unnecessary expenditures while providing little benefit to shareholders. Additionally, they state that lobbying is within the best interest of shareholders as it is an imperative aspect of their public relations effort and also allows them to participate in the political process.¹³
- e. **Decision: Support; This proposal aligns with our PVGs as well as the current ACIR campaign to require corporations to publicly disclose their political contributions.**

6. Proxy Action: Report on political spending and lobbying (PVG, pp. xii, bullet 1)

- a. Example Resolution: "Resolved, the Board should authorize the preparation of a report, updated annually, disclosing: 1. Company policy and procedures governing political contributions made to legislators, regulators, and for ballot initiatives, including any done on

¹¹ Comptroller of the State of New York, Proposal on Disclosure of Lobbying Expenditures Proponent Response, (January 17, 2013)

<https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/newyorkstat012213-14a8.pdf>

¹² Domini Social Investments, Resolution to Goldman Sachs, "Report on Lobbying", (April 6, 2009), https://www.sec.gov/Archives/edgar/data/886982/000119312509066207/dpre14a.htm#toc21217_47

¹³ Sustainable Investments Institute, Corporate Political Activity Briefing Paper, (Mar 20, 2012), <http://monitor.siinstitute.org/docs/t/8/2012%20Si2%20Briefing%20Paper%20-%20Corporate%20Political%20Activity%20-%20FINAL.pdf>

our company's behalf by trade associations. The disclosure should include both direct and indirect contributions and grassroots communications. 2. A listing of payments (both direct and indirect, including payments to trade associations or others) used for direct and grassroots communications, including the amount of the payment and the recipient. 3. Membership in and payments to any tax-exempt organization that writes and endorses model legislation on either the federal, state or local municipal level. 4. Description of the decision making process and oversight by the management and Board for a. direct and indirect political contributions or expenditures; and b. payment for grassroots expenditures. For purposes of this proposal, a "grassroots communication" is a communication directed to the general public that (a) refers to specific legislation, (b) reflects a view on the legislation and (c) encourages the recipient of the communication to take action with respect to the legislation. Both "political contribution" and "grassroots lobbying communications" include efforts at the local, state and federal levels. The report shall be presented to the Audit Committee of the Board or other relevant oversight committees of the Board and posted on the company's website."

- b. Relevant Corporations: Bank of America, Equity Lifestyle Properties, Northern Trust
- c. Argument for: "As shareholders, we encourage transparency and accountability in the use of staff time and corporate funds to influence legislation and regulation both directly and indirectly. We believe such disclosure is in shareholders' best interests. Absent a system of accountability, company assets could be used for policy objectives contrary to Equity Lifestyle Properties' long-term interests."¹⁴
- d. Argument against: The Proposal may be excluded under Rule 14a-8(i)(2)(iii) because it deals with substantially the same subject matter as prior proposals that did not receive the necessary support for resubmission. Some companies also argue that adopting the proposed policies would put them at a competitive disadvantage, since additional disclosures add additional expenses. Companies also argue that political contributions and lobbying are an important part of their overall public relations effort and that legal contributions benefit shareholders by allowing the company to participate in the political process. Also many companies argue that most corporations already provide this information to shareholders or that the information is already widely available through other organizations or websites.^{15 16}
- e. **Decision: Support; This proposal aligns with our PVGs as well as the current ACIR campaign to require corporations to publicly disclose their political contributions.**

7. Proxy Action: Review/report on political spending (PVG, pp. xii, bullet 1)

- a. Example Resolution: "Resolved, that the shareholders of Dr. Pepper Snapple Group ("Company") hereby request that the Company provide a report, updated semi-annually, disclosing the Company's: 1. Policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to (a) participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, or (b)

¹⁴ Reinvestment Partners, Letter: Proxy Resolution Filing, (Nov 26, 2012),

<https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/reinvestmentpartners012813-14a8.pdf>

¹⁵ Goldman Sachs Group Inc, Request to Omit Shareholder Proposal of The Needmor Fund, (Jan 16, 2013),

<http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/needmorfund011613-14a8-incoming.pdf>

¹⁶ Sustainable Investments Institute, Corporate Political Activity Briefing Report, (Mar 20, 2012),

<http://monitor.siinstitute.org/docs/t/8/2012%20Si2%20Briefing%20Paper%20-%20Corporate%20Political%20Activity%20-%20FINAL.pdf>

influence the general public, or any segment thereof, with respect to an election or referendum. 2. Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including: a. The identity of the recipient as well as the amount paid to each; and b. The title(s) of the person(s) in the Company responsible for decision-making. The report shall be presented to the board of directors or relevant board committee and posted on the Company's website."

- b. Relevant Corporations: Amazon.com, Anadarko Petroleum, AT&T, AutoNation, Biogen Idec, CBS, CenterPoint Energy, CenturyLink, CF Industries Holdings, Charles Schwab, Consol Energy, CVS Caremark, Danaher, Dentsply International, Dr Pepper Snapple Group, DTE Energy, Hess, Lorillard, Lowe's, Motorola Solutions, NiSource, Plum Creek Timber, PPL Corporation, Raytheon, Regions Financial, Republic Services, Southwest Airlines, Spectra Energy, Sprint Nextel, Travelers, Waste Management, WellCare Health Plans, Windstream
- c. Argument for: Following Citizens United, corporations are able to spend unlimited corporate funds on candidates which align with the interests of board members and executive officers, but who may present a risk to the corporation as a whole. A clear set of guidelines which lay out what is defined as a political contribution that aligns with the corporation's interests and those that do not will be beneficial to shareholders who bear the risk associated with any mal-advised political contributions.¹⁷
- d. Argument against: Corporations argue that disclosure would create unnecessary expenditures while providing little benefit to shareholders. Additionally, they state that lobbying is within the best interest of shareholders as it is an imperative aspect of their public relations effort and also allows them to participate in the political process.¹⁸
- e. **Decision: Support; This proposal aligns with our PVGs as well as the current ACIR campaign to require corporations to publicly disclose their political contributions.**

8. Proxy Action: Report on public policy advocacy (PVG, pp. xii, bullet 1)

- a. Example Resolution: "RESOLVED: Shareholders request the Board of Directors prepare a report describing the policies, procedures, costs and outcomes of the Company's legislative and regulatory public policy activities concerning ratification of proposed international treaties by the United States. The report, prepared at a reasonable cost and omitting proprietary information should be published by December 2013. The report should: 1. Disclose the policies and procedures by which the Company identifies, evaluates and prioritizes international treaties of interest to the Company; 2. Disclose the outcome and cost of the Company's lobbying activities related to the ratification of international treaties (both direct and indirect lobbying, including through trade associations and nonprofit organizations); 3. Describe how the outcomes of the Company's efforts regarding international treaties affect the Company's business, including the impact on its reputation."
- b. Relevant Corporations: ExxonMobil
- c. Argument for: As shareholders of ExxonMobil we support transparency and accountability regarding the Company's lobbying related to the ratification of international treaties in the U.S. Senate. The text of the U.S. Constitution grants treaties that are ratified by the U.S.

¹⁷ Proponent Supporting Statement, Schedule 14A, (2012),

https://www.sec.gov/Archives/edgar/data/732717/000119312512109414/d282492ddef14a.htm#tx282492_1

¹⁸Sustainable Investments Institute, Corporate Political Activity Briefing Paper, (Mar 20, 2012),

<http://monitor.siinstitute.org/docs/t/8/2012%20Si2%20Briefing%20Paper%20-%20Corporate%20Political%20Activity%20-%20FINAL.pdf>

Senate the status of enacted domestic law. In practice, U.S. courts have considered any conflict between federal law and treaties by using a "last-in-time rule," granting authority in any conflict to the most recently-enacted measure. This gives treaties tremendous power to affect American security and sovereignty. Carrying the full weight of domestic law, international treaties can have a tremendous impact on the Company. ExxonMobil allocates Company resources to lobby for and against international treaties. Shareholders have a right to know the policies that dictate the Company's lobbying positions on such treaties and the legislative and regulatory outcomes of such lobbying activities.¹⁹

- d. Argument against: The Proposal may be excluded under Rule 14a-8(i)(2)(iii) because it deals with substantially the same subject matter as prior proposals that did not receive the necessary support for resubmission. Some companies also argue that adopting the proposed policies would put them at a competitive disadvantage, since additional disclosures add additional expenses. Companies also argue that political contributions and lobbying are an important part of their overall public relations effort and that legal contributions benefit shareholders by allowing the company to participate in the political process. Also many companies argue that most corporations already provide this information to shareholders or that the information is already widely available through other organizations or websites.^{20 21}
- e. **Decision: Support; This proposal aligns with our PVGs as well as the current ACIR campaign to require corporations to publicly disclose their political contributions.**

¹⁹ Amy Ridenhour, Letter: Proxy Resolution Filing, (Dec 13, 2012),

<https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/amyridenourexxon012213-14a8-incoming.pdf>

²⁰ Goldman Sachs Group Inc, Request to Omit Shareholder Proposal of The Needmor Fund, (Jan 16, 2013),

<http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/needmorfund011613-14a8-incoming.pdf>

²¹ Sustainable Investments Institute, Corporate Political Activity Briefing Paper, (Mar 20, 2012),

<http://monitor.siinstitute.org/docs/t/8/2012%20Si2%20Briefing%20Paper%20-%20Corporate%20Political%20Activity%20-%20FINAL.pdf>

II. Topic: Environmental Sustainability

1. Proxy Action: Adopt GHG reduction targets (PVG, pp. v, bullet 3)
 - a. Example Resolution: "RESOLVED: shareholders request that the Board of Directors adopt quantitative goals, based on current technologies, for reducing total greenhouse gas emissions from the Company's operations; and that the Company report (omitting proprietary information and prepared at reasonable cost) to shareholders by September 30, 2013, on its plan to achieve these goals."
 - b. Relevant Corporations: Berkshire Hathaway, ConocoPhillips, ExxonMobil
 - c. Argument for: "In October 2006, a report authored by former chief economist of the World Bank, Sir Nicolas Stern, estimated that climate change will cost between 5% and 20% of global domestic product if emissions are not reduced."²² It is within the corporation's best interests to reduce GHG emissions in order to sustain future growth.
 - d. Argument against: "Opposition to these shareholder proposals arises largely from companies' resistance to setting comprehensive, measurable targets for greenhouse gas reductions from their operations. Management statements in opposition to proposals frequently describe the variety of steps a company has taken to reduce energy use, support renewable energy and reduce waste. Oil companies opposed to resolutions asking them to reduce the greenhouse gas emissions from their products often argue that they would be at a competitive disadvantage if they take such actions before government regulations require every player in the industry to make products that generate lower emissions as they are used."²³
 - e. **Decision: Support; This proposal aligns with our PVGs as it "calls for the adoption of GHG reduction goals from products and operations, taking into account the feasibility of reduction of GHGs given the company's product line and current technology."**
2. Proxy Action: Adopt palm oil policy (Indirectly related to: PVG, pp. v)
 - a. Example Resolution: "RESOLVED: Shareholders request that the board of directors adopt and implement a comprehensive sustainable palm oil policy."
 - b. Relevant Corporations: Church & Dwight, Dunkin' Brands Group, Kroger, Yum Brands
 - c. Argument for: The oil is produced on plantations located mostly in Indonesia and Malaysia on cleared rainforest land, which has helped make Indonesia the world's third largest emitter of greenhouse gases.²⁴
 - d. Argument against: Malaysian palm oil producers already abide by the standards determined by the Roundtable on Sustainable Palm Oil.²⁵
 - e. **Decision: Support; A recent investigation indicates that policies have been articulated, but**

²² Trillium Asset Management, ExxonMobil - Greenhouse gas emissions reduction, <http://www.trilliuminvest.com/tag/ghg/>

²³ Sustainable Investments Institute, Environment: Climate Change Briefing Paper, (Mar 13, 2012), [http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20\(Climat%20C%20hange\)%20FINAL.pdf](http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Climat%20C%20hange)%20FINAL.pdf)

²⁴ Sustainable Investments Institute, Environment: Climate Change Briefing Paper, (Mar 13, 2012), [http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20\(Climat%20C%20hange\)%20FINAL.pdf](http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Climat%20C%20hange)%20FINAL.pdf)

²⁵ American Palm Oil Council, "Malaysian Plantation is First to Receive International Certificate for Responsible Practices", (Sept 24, 2008), <http://www.americanpalmoil.com/publications/RSPO%20Press%20Release%2024Sept.pdf>

not implemented by the largest palm oil producers. Additionally, this proposal aligns with our PVGs as it requests that the corporation take “proactive steps to reduce their carbon footprint.”²⁶

3. Proxy Action: Adopt policy on dehorning cattle (Indirectly related to: PVG, pp. viii)
 - a. Example Resolution: “Resolved, that to advance the welfare of cows used for Domino's restaurants, shareholders encourage the board to set a policy requiring the company's dairy suppliers to work diligently and with all due haste to phase out the practice of dehorning by selecting for naturally polled, or hornless, cattle.”
 - b. Relevant Corporations: Dean Foods, Domino's Pizza, Papa John's International
 - c. Argument for: If Domino's requires its suppliers to phase out dehorning, the company will stop immense unnecessary suffering. By breeding for polled cattle—which causes at least half the calves to be born hornless, as the polled gene is dominant—dairy farmers can eliminate the need for this cruel, costly, and labor-intensive procedure.²⁷
 - d. Argument against: Domino's relies on animal experts to determine what is the best way to raise an animal that's being used for food [in response to previous PETA proposal].²⁸
 - e. Decision: Abstain; The ACIR does not believe it understands the issues surrounding dehorning and polling cattle enough to clearly support or oppose this proxy proposal. In addition, the ACIR supports increased transparency, but does not generally support proposals to alter management practices.

4. Proxy Action: Label GMO products (PVG, pp. vii, bullet 1)
 - a. Example Resolution: “RESOLVED: Shareholders request that the Board of Directors adopt a policy to identify and label all food products manufactured or sold by the company under the company's brand names or private labels that may contain genetically engineered (GE) ingredients.”
 - b. Relevant Corporations: ConAgra Foods, PepsiCo
 - c. Argument for: International markets for genetically engineered (GE) foods are threatened by extensive resistance; there is scientific concern that genetically engineered agricultural products may be harmful to humans, animals, or the environment; and in the U.S., we have a long tradition of citizens' "right to know" expressed in laws requiring nutritional labeling of foods.²⁹
 - d. Argument against: The U.S. Food and Drug Administration (FDA) and the U.S. Department of Agriculture (USDA) have determined that currently approved foods derived from modern biotechnology are as safe as conventional foods. The FDA also has decided that no special labeling is required for genetically modified foods that are substantially equivalent to their traditional counterparts. Only foods that contain allergens or changes in nutritional

²⁶ Greenpeace, “Greenpeace Scorecard on Palm Oil Producers”, (Oct. 29, 2012),

<http://www.greenpeace.org/international/en/publications/Campaign-reports/Forests-Reports/Palm-Oil-Scorecard/>

²⁷ PETA, Shareholder Resolution Asks Pizza Chain to Work With Suppliers to End Painful Dehorning, (Nov 12, 2012), <http://www.peta.org/mediacenter/news-releases/PETA-Calls-On-Domino-s-to-Help-Stop-Cruel-Mutilations-of-Cows-Used-For-Milk.aspx>

²⁸ Amanda Radke, Domino's Pizza Rejects HSUS Resolution, (May 1, 2012),

<http://beefmagazine.com/blog/domino-s-pizza-rejects-hsus-resolution>

²⁹ Harrington Investments Inc, Letter: Proxy Resolution Filing, (2012),

http://google.brand.edgar-online.com/EFX_dll/EDGARpro.dll?FetchFilingHtmlSection1?SectionID=1799748-65641-82759&SessionID=hfB_Hq_I-AFpI7

composition require labeling. None of our products or ingredients fall into either category. The FDA labeling policy is based on differences in the foods themselves, rather than how they are grown. Furthermore, in the United States, the current system for distributing agricultural commodities makes it difficult, if not impossible, for food manufacturers to be certain whether or to what degree their ingredients have been enhanced through biotechnology. The FDA continues to review the safety of foods, including those derived through biotechnology.³⁰

- e. **Decision: Support; This proposal aligns with our PVGs as it requests that the relevant corporations identify and label products containing genetically modified organisms.**

5. Proxy Action: Phase in cage-free eggs (Indirectly related to: PVG, pp. viii)

- a. Example Resolution: “RESOLVED, that shareholders encourage The Wendy’s Company to ensure that by 2017, all eggs sourced for the Company’s U.S. locations come from hens not confined in cages.”
- b. Relevant Corporations: Wendy’s
- c. Argument for: “In a battery cage operation, laying hens are raised indoors in large colonies. Generally, five to ten chickens are kept in each cage, allowing each hen less than half the room required to turn around easily or spread wings fully. There is little privacy for the hens, which interferes with their natural tendency to seek an isolated spot when laying eggs. In addition, the lifetime of restricted movement debilitates the hens.”³¹
- d. Argument against: “In October 2009, the UEP presented the results of a study that said a universal switch to cage-free eggs would increase the cost of eggs and egg-based products by 25 percent, which would adversely affect food welfare programs such as the federal Women’s, Infants and Children (WIC) welfare program, as well as household budgets. In addition, the study asserted that cage-free systems “have much higher environmental and carbon footprints compared to ‘regular’ eggs,” for two primary reasons. First, what the UEP calls “Modern Sanitary Cage systems” stack cages as high as 40 feet, so a cage free system would require more land area to operate. Second, cage-free systems allow birds greater freedom of movement, which necessitates more calories; hence birds in these systems require more feed. The UEP estimates that it would take 580,000 acres of additional farmland to satisfy this need.”³²
- e. **Decision: Abstain; The ACIR does not believe it understands the issues surrounding free range eggs enough to clearly support or oppose this proxy proposal. In addition, the ACIR supports increased transparency, but does not generally support proposals to alter management practices.**

³⁰ PepsiCo, Response: Letter to the SEC, (2012),

http://google.brand.edgar-online.com/EFX_dll/EDGARpro.dll?FetchFilingHtmlSection1?SectionID=1799748-65641-82759&SessionID=hfB_Hq_I-AFpIP7

³¹ Sustainable Investments Institute, The Industrial Food System and Agriculture:

Human, Animal and Ecological Impact Briefing Paper, (Mar. 26, 2012),

[http://monitor.siinstitute.org/docs/t/1/2012%20Si2%20Briefing%20Paper%20-%20Environment%20\(Industrial%20Agriculture\)%20-%20FINAL.pdf](http://monitor.siinstitute.org/docs/t/1/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Industrial%20Agriculture)%20-%20FINAL.pdf)

³² Sustainable Investments Institute, The Industrial Food System and Agriculture:

Human, Animal and Ecological Impact Briefing Paper, (Mar. 26, 2012),

[http://monitor.siinstitute.org/docs/t/1/2012%20Si2%20Briefing%20Paper%20-%20Environment%20\(Industrial%20Agriculture\)%20-%20FINAL.pdf](http://monitor.siinstitute.org/docs/t/1/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Industrial%20Agriculture)%20-%20FINAL.pdf)

6. Proxy Action: Reduce water use and report (PVG, pp. vi, bullet 2)
 - a. Example Resolution: "Shareowners request that Ameren adopt strategies and quantitative goals to reduce water use and thermal impacts on receiving waterways from the Company's power generation and operations, maximizing the use of less water-intensive energy sources such as photovoltaic solar and wind, and that Ameren's Board of Directors report to shareholders by September 2013 on progress toward achieving these goals. Such a report should omit proprietary information and be prepared at reasonable cost."
 - b. Relevant Corporations: Ameren, FirstEnergy
 - c. Argument for: Ameren discloses that low water levels could negatively impact plant operations and compliance with thermal discharge effluent limits resulting in load reductions and shutdowns. While Ameren acknowledges the business risk of climate change, water shortage, and thermal impacts, it has not disclosed goals or strategies to mitigate these risks. Less water-intensive energy sources such as photovoltaic solar and wind, as well as energy efficiency and water conservation programs are important strategies to reduce water risk.³³
 - d. Argument against: Current regulatory environment requires sufficient protections from excessive use and harm. Also, issuing a report or taking another step requested in a shareholder proposal may even increase a company's exposure to legal liability or other special financial risks.³⁴
 - e. **Decision: Support; this proposal calls for the relevant corporations to produce more energy from renewable sources when feasible.**

7. Proxy Action: Remove GMOs from products (PVG, pp. vii)
 - a. Example Resolution: "RESOLVED: Shareholders request the Board of Directors to adopt a policy of removing genetically engineered crops, organisms, or products thereof from all nutritional products sold or manufactured by the company, whenever feasible, until long-term safety testing has shown that they are not harmful to humans, animals, and the environment; with the interim step of labeling and identifying these products that may contain these ingredients, and reporting to the shareholders, at reasonable cost and excluding proprietary information, on such policy and its implementation by October 2013."
 - b. Relevant Corporations: Abbott Laboratories
 - c. Argument for: The recently published peer reviewed study, "Long Term Toxicity of Roundup-Tolerant Genetically Modified Maize" (Food and Chemical Toxicology Sept. 2012) found that lab rats fed GMO NK603 over a two year period had significantly shorter lifespans than controls due to increased tumor growth in the breasts, pituitary, and liver."³⁵
 - d. Argument against: "Genetically-modified foods have the potential to solve many of the world's hunger and malnutrition problems, and to help protect and preserve the environment by increasing yield and reducing reliance upon chemical pesticides and herbicides."³⁶

³³ CERES, Ameren Water and Thermal Impact Goals 2013, (2013),

<http://www.ceres.org/incr/engagement/corporate-dialogues/shareholder-resolutions/ameren-water-and-thermal-impact-goals-2013>

³⁴ Sustainable Investments Institute, Environmental Management Briefing Report, (March 15, 2012),

<http://monitor.siinstitute.org/docs/t/2/2012%20Si%20Briefing%20Paper%20-%20Environmental%20Management-FINAL.pdf>

³⁵ As You Sow Foundation, Proxy Statement, (2013),

<http://www.onlineethicalinvestor.org/eidb/wc.dll?eidbproc~reso~10540>

³⁶ Deborah B. Whitman, "Genetically Modified Foods: Harmful or Helpful?", (April 2000),

- e. Decision: Abstain; The ACIR supports increased transparency, such as labeling, but does not generally support proposals to alter management practices. The committee recognizes two objections to this decision.
8. Proxy Action: Report on climate change (PVG, pp. v, bullet 1)
- a. Example Resolution: “RESOLVED: Shareholders request CONSOL to prepare a report on the company's goals and plans to address global concerns regarding fossil fuels and their contribution to climate change, including analysis of long and short term financial and operational risks to the company and society. The report should omit proprietary information, be prepared at reasonable cost, and be made available to shareholders by September 30, 2013.”
 - b. Relevant Corporations: Alpha Natural Resources, Amazon.com, Consol Energy, Dominion Resources, ExxonMobil
 - c. Argument for: In analyzing long and short term risks, proponent suggests that CONSOL perform an analysis of various scenarios the company deems likely or reasonably possible, such as restrictions on carbon emissions allocated by geographic regions or fuel types. Such analysis should describe a range of scenarios in which a portion of its reserves or infrastructure are at risk of becoming stranded assets due to carbon regulation, and the impact of those scenarios on any plans to continue to explore or further develop new coal or gas reserves.³⁷
 - d. Argument against: Additional reports to shareholders are not needed because much of the information requested in the proposal is already provided on company websites and in special reports on their sustainability efforts.³⁸
 - e. Decision: Support; This proposal is in line with the PVG as it calls for the relevant corporations to “report on carbon emissions and take proactive steps to reduce their carbon footprint.”
9. Proxy Action: Report on coal mountaintop removal practices (PVG, pp. vi)
- a. Example Resolution: “Resolved, that Shareholders request that prior to the next annual board meeting. TECO Energy shall report to shareowners: (1) the conditions resulting from the company's mountaintop removal operations that could lead to environmental and public health harms and (2) feasible, effective measures to mitigate the harms associated with mountaintop removal mining. The report should be done at reasonable cost and omit proprietary information.”
 - b. Relevant Corporations: Arch Coal, Dominion Resources, TECO Energy
 - c. Argument for: “We find the body of literature documenting the environmental and public health damage caused by mountaintop removal mining to be persuasive. Continuation of this practice, without substantial changes to mitigate associated harms poses unacceptable reputational, regulatory, and liability risks to the company. In the requested review, the company should consider the effects of: changes to hydrology; toxic

<http://www.csa.com/discoveryguides/gmfood/overview.php>

³⁷ CERES, Consol Coal Reserves and Climate Change Scenarios 2013, (2013),

<http://www.ceres.org/incr/engagement/corporate-dialogues/shareholder-resolutions/consol-coal-reserves-and-climate-change-scenarios-2013>

³⁸ Sustainable Investments Institute, Environment: Climate Change Briefing Paper, (March 13, 2012),

[http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20\(Climat%20Change\)%20FINAL.pdf](http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Climat%20Change)%20FINAL.pdf)

substances released to the air and water; leachate emanating from mine spoils; and physical hazards such as slides, flyrock and traffic accidents.”³⁹

- e. Argument against: The corporations reject on the grounds that they have already reasonably implemented the proposal citing Rule 14a-8(i)(10).⁴⁰
- f. Decision: Support; This proposal requests an in depth analysis of the negative effects that are caused by mountaintop removal, and possible measures which can be taken to mitigate those effects which aligns, albeit indirectly, with the PVG.

10. Proxy Action: Report on energy efficiency/renewables programs (PVG, pp. vi, bullet 1)

- a. Example Resolution: “RESOLVED: Shareholders request a report [reviewed by a board committee of independent directors] on actions the company is taking or could take to reduce risk throughout its energy portfolio by diversifying the company's energy resources to include increased energy efficiency and renewable energy resources. The report should be provided by September 1, 2013 at a reasonable cost and omit proprietary information.”
- b. Relevant Corporations: Ameren, DTE Energy, FirstEnergy, SCANA
- c. Argument for: In May 2011, a National Academy of Sciences report warned that the risk of dangerous climate change impacts is growing with every ton of greenhouse gases emitted into the atmosphere, and reiterated the pressing need for substantial action to limit the magnitude of climate change and to prepare to adapt to its impacts. Many electric utilities have helped their customers achieve significant energy savings of at least 1% of the utility's annual electricity sales including Idaho Power, Nevada Power, PG&E, MidAmerican Energy, Salt River Project, Interstate Power and Light, and Massachusetts Electric.⁴¹
- d. Argument against: Additional reports to shareholders are not needed because much of the information requested in the proposal is already provided on company websites and in special reports on their sustainability efforts.⁴²
- e. Decision: Support; This proposal is in line with the PVG as it calls for the relevant corporations to “report on carbon emissions and take proactive steps to reduce their carbon footprint.”

11. Proxy Action: Report on energy use management (PVG, pp. vi)

- a. Example Resolution: “Shareholders request that the Board of Directors issue a report describing the company's short- and long-term strategies on energy use management. The requested report should include a company-wide review of the policies, practices, and metrics related to Dun & Bradstreet's energy management strategy. The report should be prepared at reasonable cost, omitting proprietary information, and made available to shareholders by December 31, 2013.”
- b. Relevant Corporations: Citrix Systems, Dun & Bradstreet, Electronic Arts, Fiserv, Walter Energy

³⁹ The Comptroller of the State of New York, Proponent Statement, (Nov. 13, 2012),

<http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2012/stateofny123112-14a8-incoming.pdf>

⁴⁰ Teco Energy, Omission of Shareholder Proposal, (Dec. 31, 2012),

<http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2012/stateofny123112-14a8-incoming.pdf>

⁴¹ Presbyterian Mission Agency, Letter: Proxy Resolution Filing, (Nov 20, 2012),

<http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2012/presbyterianchurch122112-14a8-incoming.pdf>

⁴² Sustainable Investments Institute, Environment: Climate Change Briefing Paper, (March 13, 2012),

[http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20\(Climat%20Change\)%20FINAL.pdf](http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Climat%20Change)%20FINAL.pdf)

- c. Argument for: "In October 2006, a report authored by former chief economist of the World Bank, Sir Nicolas Stern, estimated that climate change will cost between 5% and 20% of global domestic product if emissions are not reduced."⁴³ It is within the corporation's best interests to reduce GHG emissions in order to sustain future growth.
- d. Argument against: "Opposition to these shareholder proposals arises largely from companies' resistance to setting comprehensive, measurable targets for greenhouse gas reductions from their operations. Management statements in opposition to proposals frequently describe the variety of steps a company has taken to reduce energy use, support renewable energy and reduce waste. Oil companies opposed to resolutions asking them to reduce the greenhouse gas emissions from their products often argue that they would be at a competitive disadvantage if they take such actions before government regulations require every player in the industry to make products that generate lower emissions as they are used."⁴⁴
- e. **Decision: Support; This proposal is in line with the PVG as it calls for the relevant corporations to "report on carbon emissions and take proactive steps to reduce their carbon footprint."**

12. Proxy Action: Report on fur products (Indirectly related to: PVG, pp. viii)

- a. Example Resolution: "RESOLVED, that shareholders encourage the board of directors to develop and disclose a new policy relating to the prevention of animal cruelty that will be developed in consideration of Kohl's existing statements on selling animal fur merchandise and on animal cruelty. The disclosure should also include an assessment of the risks to the company's reputation and finances should it fail to modify its current approach."
- b. Relevant Corporations: Dillard's, Kohl's
- c. Argument for: Kohl's Corporation has jeopardized its reputation with customers and shareholders by making a confusing array of statements to its customers about its fur sales since 2011. Kohl's further amplified the appearance of inconsistency in its position on animal fur by publically rewarding a young volunteer, through the Kohl's Cares scholarship competition, who contributed to his community by organizing petitions and handcrafting bracelets and key chains to fight against the cruel fur trade. Kohl's nevertheless continues to sell some animal fur even though animal cruelty and lack of transparency in fur production and sales can lead to negative publicity, public protests, and a loss of consumer confidence, which can have negative impacts on shareholder value.⁴⁵
- d. Argument against: The company's board opposed the measure, saying it was an attempt to micromanage and interfere in the firm's affairs. The board also said it believes Kohl's complies with all laws and regulations relating to fur.⁴⁶
- e. **Decision: Support; This proposal aligns with our PVGs as it requests that the corporation adopt policies to provide enhanced animal welfare.**

⁴³ Trillium Asset Management, ExxonMobil - Greenhouse gas emissions reduction, <http://www.trilliuminvest.com/tag/ghg/>

⁴⁴ Sustainable Investments Institute, Environment: Climate Change Briefing Paper, (Mar 13, 2012), [http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20\(Climate%20Change\)%20FINAL.pdf](http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Climate%20Change)%20FINAL.pdf)

⁴⁵ Humane Society of the United States, Letter: Proxy Resolution Filing, (2012), <http://www.humanesociety.org/assets/pdfs/fur/kohls-2013-shareholder-resolution.pdf>

⁴⁶ Rick Romell, Kohl's shareholders bristle at no-fur resolution, (May 10, 2012), <http://www.jsonline.com/blogs/business/150992165.html>

13. Proxy Action: Report on GHG emissions and finance (PVG, pp. v, bullet 1)

- a. Example Resolution: “Resolved: Given the broader societal implications of climate change, shareowners request that the Board of Directors report to shareholders by September 2013, at reasonable cost and omitting proprietary information, PNC’s assessment of the greenhouse gas emissions resulting from its lending portfolio and its exposure to climate change risk in its lending, investing, and financing activities.”
- b. Relevant Corporations: JPMorgan Chase, PNC Financial Services
- c. Argument for: However, despite a policy not to extend credit to individual mountaintop removal (MTR) mining projects or to a coal producer that receives a majority of its production from MTR mining, PNC continues to finance four of the top nine MTR coal mining companies (Rainforest Action Network, Coal Finance Report Card, 2012). As a result, it is the focus of a consumer boycott. PNC has ignored investors’ requests to provide information detailing its MTR policy implementation or the lending impacts of this policy. Banks and other financial institutions contribute to climate change through their financed emissions, which are the greenhouse gas footprint of loans, investments, and financial services. A bank’s financed emissions can dwarf its other climate impacts and expose it to significant reputational, financial and operational risks. PNC has not provided investors with sufficient information to permit meaningful assessment of the risks presented by its financing of greenhouse gas intensive businesses.⁴⁷
- d. Argument against: “Opposition to these shareholder proposals arises largely from companies’ resistance to setting comprehensive, measurable targets for greenhouse gas reductions from their operations. Management statements in opposition to proposals frequently describe the variety of steps a company has taken to reduce energy use, support renewable energy and reduce waste. Oil companies opposed to resolutions asking them to reduce the greenhouse gas emissions from their products often argue that they would be at a competitive disadvantage if they take such actions before government regulations require every player in the industry to make products that generate lower emissions as they are used.”⁴⁸
- e. **Decision: Support; This proposal is in line with the PVG as it calls for the relevant corporations to “report on carbon emissions and take proactive steps to reduce their carbon footprint.”**

14. Proxy Action: Report on GMO risks (PVG, pp. vii, bullet 2)

- a. Example Resolution: “RESOLVED: That shareholders request the board of directors to review and report to shareholders by November 2013 on the company’s internal controls related to potential adverse impacts associated with genetically engineered organisms, including: - adequacy of current post-marketing monitoring systems; - adequacy of plans for removing GE seed from the ecosystem should circumstances so require; - possible impact on all Dow seed product integrity; - effectiveness of established risk management processes for different environments and agricultural systems.”

⁴⁷ CERES, PNC GHG and Climate Change Risk 2013, (2013),
<http://www.ceres.org/incr/engagement/corporate-dialogues/shareholder-resolutions/pnc-ghg-and-climate-change-risk-2013>

⁴⁸Sustainable Investments Institute, Environment: Climate Change Briefing Paper, (Mar 13, 2012),
[http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20\(Climate%20Change\)%20FINAL.pdf](http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Climate%20Change)%20FINAL.pdf)

- b. Relevant Corporations: Dow Chemical, E.I. Du Pont De Nemours
 - c. Argument for: There are many scientific metrics that point to genetically engineered organisms as being harmful to humans, animals, and/or the environment. These include unexpected increased use of pesticides, calls for more transparent studies, lack of FDA assurances of product safety, and lack of 'post-marketing surveillance' of product's biological effects. Finally, Gone to Seed (Union of Concerned Scientists) reports that GE-DNA is contaminating U.S. traditional seed stocks, of corn, soybeans and canola. . . left unchecked could disrupt agricultural trade, unfairly burden the organic food industry, and allow materials into the food supply.⁴⁹
 - d. Argument against: Dow's current commercial efforts in biotechnology include transgenic corn, soybean, alfalfa and cotton seed products and enclosed production systems using modified bacterial and plant cells to produce biopharmaceuticals and animal health products. Dow believes that these products of biotechnology generate significant positive benefits to society and the environment. The steady growth of agricultural biotechnology is directly attributable to the economic, environmental and social benefits realized by farmers and consumers. Dow believes that the extensive regulation of biotechnology products, which requires rigorous health and environmental safety testing and review, and the history of safe use by millions of farmers over the last 10 years provide assurances that the existing regulatory frameworks ensure products are safe to human health and the environment.⁵⁰
 - e. **Decision: Support; This proposal falls within the scope of the PVG as it calls for actions from the relevant corporations which will lead to stronger consumer health and safety standards.**
15. Proxy Action: Report on hydraulic fracturing/shale gas risks (PVG, pp. iv, bullet 1)
- a. Example Resolution: "RESOLVED: Shareholders request the Board of Directors to report to shareholders by October 30, 2013, and annually thereafter, using multiple quantitative indicators, the results of company procedures and practices, above and beyond regulatory requirements, to minimize any adverse environmental and community impacts from the company's natural gas extraction operations associated with shale formations. Such reports should be prepared at reasonable cost and omit confidential information."
 - b. Relevant Corporations: Chevron, ExxonMobil, Pioneer Natural Resources, Ultra Petroleum
 - c. Argument for: "Leaks, spills, explosions, and adverse community impacts have led to bans and moratoria in the United States and around the globe. These include New York State, the Delaware River Basin, the Province of Quebec, and France. Certain ExxonMobil operations in Germany, for instance, have been subject to a local moratorium on drilling. The Department of Energy's shale advisory panel recommended in 2011 that companies 'adopt a more visible commitment to using quantitative measures as a means of achieving best practice and demonstrating to the public that there is continuous improvement in reducing the environmental impact of shale gas production.' (emphasis in original) Investors require detailed and comparable information about how companies are managing risks and rewards from natural gas extraction operations."⁵¹

⁴⁹ As We Sow, DUPONT 2013 Shareholder Resolution, (2013),
<http://asyousow.org/publications/2013/filings/Dupont-resolution-20130203.pdf>

⁵⁰ Dow Chemical Company, Letter: Proxy Resolution Filing, (March 24, 2006),
<http://www.sec.gov/Archives/edgar/data/29915/000104746906003922/a2168175zdef14a.htm>

⁵¹ As You Sow, "Qualitative Risk Management Reporting for Natural Gas Operations", (2013),

- d. Argument against: “For those resolutions coming to a vote, most companies stated that drilling and fracking poses no significant risks to the environment, noting that they operate in a highly regulated industry. Some added that management is responsible for evaluating and responding to operational, financial and litigation risks, as well as the environmental impact of the company’s operations. Some companies also said that information on hydraulic fracturing already is available, including on their websites. Thus, preparing the requested report would be a significant and burdensome undertaking and waste of corporate resources, they argued.”⁵²
 - e. Decision: Support; this proposal addresses current environmental issues surrounding “fracking” which falls under the purview of the PVG which supports proposals which “ask management to reduce or eliminate emissions of pollutants into the air, water and soil, to the extent feasible.”
16. Proxy Action: Report on mercury use (PVG, pp. iv, bullet 3)
- a. Example Resolution: “RESOLVED: Shareholders request that the Board of Directors issue a report, produced at reasonable cost and excluding proprietary information, by October 31, 2013 summarizing DANAHER’s policies and plans for eliminating releases into the environment of mercury from DANAHER products.”
 - b. Relevant Corporations: Danaher, Dentsply International
 - c. Argument for: Shareholders believe such report should include DANAHER’s: (i) goals for reduction in its production of dental amalgam and associated reductions in mercury use; (ii) annual production and sales on usage of mercury in amalgam globally for the prior year; (iii) projected reduction in usage of mercury for each of the next four years; (iv) by what date, if any, DANAHER projects it will cease production of amalgam and (v) what DANAHER is doing to reduce costs of alternatives to dental amalgams.⁵³
 - d. Argument against: Because of the nature of the report requested by the Proposal and the absence, or at best tenuous connection between the Company’s amalgam products and the matters addressed by the Proposal and supporting statement, we believe that the entire Proposal may be excluded under Rule 14a-8(i)(5) and Rule 14a-8(i)(7).⁵⁴
 - e. Decision: Support; this proposal falls under the scope of the PVG which supports proposals which “ask companies to reduce the production of hazardous byproducts and the toxicity of waste generated.”
17. Proxy Action: Report on methane emissions and reduction targets (PVG, pp. iv, bullet 1)
- a. Example Resolution: “RESOLVED: Shareholders request that the Board of Directors publish a report (by October 2013, at reasonable cost, and omitting proprietary information) for investors on how Spectra Energy is measuring, mitigating, and disclosing methane emissions.”

<http://www.asyousow.org/publications/2013/filings/Exxon-resolution-20130203.pdf>

⁵² Sustainable Investments Institute, “Environment: Hydraulic Fracturing and Natural Gas Briefing Paper”, (March 29, 2012),

[http://monitor.siinstitute.org/docs/t/23/2012%20Si2%20Briefing%20Paper%20-%20Environment%20\(Hydraulic%20Fracturing%20and%20Natural%20Gas\).pdf](http://monitor.siinstitute.org/docs/t/23/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Hydraulic%20Fracturing%20and%20Natural%20Gas).pdf)

⁵³ Investor Environmental Health Network, Shareholder Resolutions: Danaher Co., (2013),

<http://iehn.org/resolutions.shareholder.detail.php?pageid=125>

⁵⁴ Gibson Dunn, Letter: Proxy Resolution Filing, (Jan 14, 2013),

<http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/trinityhealth011413-14a8-incoming.pdf>

- b. Relevant Corporations: ONEOK, Range Resources, Spectra Energy
 - c. Argument for: We believe a report adequate for investors to assess the company's strategy would include methane leakage rate as a percentage of production, how the company is measuring and mitigating emissions, best practices, worst performing assets, risk mitigation, and environmental impact.⁵⁵
 - d. Argument against: "Opposition to these shareholder proposals arises largely from companies' resistance to setting comprehensive, measurable targets for greenhouse gas reductions from their operations. Management statements in opposition to proposals frequently describe the variety of steps a company has taken to reduce energy use, support renewable energy and reduce waste. Oil companies opposed to resolutions asking them to reduce the greenhouse gas emissions from their products often argue that they would be at a competitive disadvantage if they take such actions before government regulations require every player in the industry to make products that generate lower emissions as they are used."⁵⁶
 - e. **Decision: Support; this proposal addresses current environmental issues which falls under the purview of the PVG which supports proposals that "ask management to reduce or eliminate emissions of pollutants into the air, water and soil, to the extent feasible."**
18. Proxy Action: Report on safer product chemistry (Indirectly related to: PVG, pp. iv)
- a. Example Resolution: "THEREFORE, BE IT RESOLVED: Shareholders request the Board of Directors to prepare a report articulating Avon's policy, above and beyond regulatory requirements, on using safer substitutes as they become available for chemicals that are known or suspected to cause cancer or mutations, harm the reproductive system, affect the endocrine system, accumulate in the body, or persist in the environment. The report, prepared at reasonable cost and omitting proprietary information, should be made available to shareholders by September 2013."
 - b. Relevant Corporations: Avon Products
 - c. Argument for: Proponents believe that Avon's insufficient action on this issue has resulted in consumer concern, unwanted attention, and reputational risks; the Company would benefit from taking proactive steps to identify and phase out potentially harmful chemicals in products when safer substitutes are available. Such precautionary actions would help mitigate those risks and safeguard against potential losses.⁵⁷
 - d. Argument against: Avon has the same universal standards of quality and safety worldwide and is fully compliant with all regulations established by scientific bodies and government agencies that oversee beauty and personal care product ingredients and safety.⁵⁸
 - e. **Decision: Support; this proposals calls for a report that examines the potential hazardous**

⁵⁵ Spectra Energy, Letter: Proxy Resolution Filing, (Dec 27, 2012),

<http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2012/trilliumassetmanagement122712-14a8-incoming.pdf>

⁵⁶ Sustainable Investments Institute, "Environment: Hydraulic Fracturing and Natural Gas Briefing Paper", (March 29, 2012),

[http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20\(Climate%20Change\)%20FINAL.pdf](http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Climate%20Change)%20FINAL.pdf)

⁵⁷ Investor Environmental Health Network, Shareholder Resolutions: Avon, (2013),

<http://www.iehn.org/resolutions.shareholder.detail.php?pageid=139>

⁵⁸ Avon, The Safety of Avon Products,

http://www.avoncompany.com/corporatecitizenship/corporateresponsibility/resourcecenter/policies_and_procedures/product_safety.html

effects of chemicals produced by Avon and while this specific action is not covered by the PVG, it does achieve similar goals of creating greater transparency for consumers and strengthening consumer health.

19. Proxy Action: Report on toxic materials risks/phase out (PVG, pp. iv, bullet 1)

- a. Example Resolution: "Shareholders request that the Board of Directors report to shareholders, by November 1, 2013, on options for policies and practices AT&T can adopt to reduce the occupational and community health hazards from manufacturing and recycling lead batteries in the company's supply chain. Such a report would be prepared at reasonable cost and omit confidential information such as proprietary or legally prejudicial data."
- b. Relevant Corporations: AT&T, General Electric, Google, International Business Machines, Verizon Communications
- c. Argument for: Proponents of this proxy action cite "Exchange Act Release 34-40018" in a rebuttal to the corporation's argument that this proposal falls under ordinary business activities: "proposals relating to such matters but focusing on sufficiently significant social policy issues ... generally would not be considered excludable, because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote." Proponents also state that "The National Academy of Sciences (NAS) recently said that the occupational safety standard for lead exposure is too weak and needs to be made more restrictive. A NAS report cites the body of literature published since 1978 when the OSHA regulation was enacted. It concludes that there is "overwhelming evidence" that the standard is not protective of workers since it was set to maintain blood lead levels below 40 f.1g/m3, which is no longer considered acceptable."⁵⁹
- d. Argument against: AT&T argues against the proposal on ordinary business grounds citing Rule 14a-8(i)(7) in addition to arguing that there isn't a sufficient nexus between the proposal and the company as AT&T is not a manufacturer of lead batteries, but rather sources these batteries from suppliers and then coordinates with them for recycling. AT&T indirectly cites Rule 14a-8(i)(10) arguing that the company already "follows the most stringent environmental compliance laws applicable to its operations."⁶⁰
- e. Decision: Support; this proposal addresses current environmental issues which falls under the purview of the PVG which supports proposals that "ask management to reduce or eliminate emissions of pollutants into the air, water and soil, to the extent feasible."

20. Proxy Action: Set energy use reduction targets (PVG, pp. vi)

- a. Example Resolution: "Shareholders request that Public Storage set targets to reduce energy use (and associated GHG emissions) in the future and periodically report to shareholders (at reasonable cost and omitting proprietary information) on the Company's progress toward reaching the targets."
- b. Relevant Corporations: Public Storage

⁵⁹Boston Common Asset Management, Proponent Response to Corporation, (Feb. 04, 2013), <http://monitor.siinstitute.org/docs/a/1433/2/SEC%20Decision%20-%20AT&T%20-%20Report%20on%20toxic%20materials%20risks%20-%20phase%20out%20-%20202-7-13.pdf>

⁶⁰ AT&T, Response to Proponent, (Jan. 31, 2013), <http://monitor.siinstitute.org/docs/a/1433/2/SEC%20Decision%20-%20AT&T%20-%20Report%20on%20toxic%20materials%20risks%20-%20phase%20out%20-%20202-7-13.pdf>

- c. Argument for: Many companies have already benefited from their investments in energy efficiency. Unlike many of its direct peers, Public Storage does not disclose information investors need to evaluate its energy management. U-Haul publicly discloses information about programs to address energy use through efficiency programs. Taking advantage of the abundant opportunities to boost energy efficiency can contribute to our company's competitiveness and our role as a corporate citizen.⁶¹
- d. Argument against: Our corporate responsibility goals are centered on saving money to benefit investors and doing the right thing for the environment. With over 2,000 properties in 38 states in the U.S (and the District of Columbia), Public Storage has consistently invested in initiatives that cut costs and reduce our consumption of resources while seeking to maintain a top-notch customer experience. A primary area of focus is making investments that reduce the components of our various utility requirements (electricity, natural gas and water), and reduce our contribution to the nation's landfills.⁶²
- e. **Decision: Support; This proposal is in line with the PVG as it calls for the relevant corporations to "report on carbon emissions and take proactive steps to reduce their carbon footprint."**

⁶¹ CERES, Public Storage Energy Efficiency 2013, (2013), <http://www.ceres.org/incr/engagement/corporate-dialogues/shareholder-resolutions/public-storage-energy-efficiency-2013>

⁶² Public Storage, Sustainability and Energy Efficient Initiatives, <http://investors.publicstorage.com/phoenix.zhtml?c=111706&p=sustainability>

III. Topic: Direct Holdings Not Listed Above (Greenhaven)

1. Proxy Action: Adopt board commitment to sustainability (PVG, pp. v)
 - a. Example Resolution: "RESOLVED: Shareholders request that the Board of Directors publicly commit to oversight of environmental and social matters through a board committee charter or governance document and report on the implementation of such oversight. The report should be prepared at reasonable cost, omitting proprietary information, and shall be released by December 1, 2013."
 - b. Relevant Corporations: United Parcel Service, Lowe's
 - c. Argument for: "Environmental and social issues are increasingly understood to be relevant to business success and investors seek assurance that environmental and social concerns are understood and addressed at the highest level of corporations; The Board of Directors has ultimate oversight of long-term corporate strategy, brand reputation and the overall welfare of the company, all of which depend upon strong management of environmental and social risks and opportunities; High-profile disasters such as those that occurred at a Massey Energy mine and a BP offshore oil rig demonstrate that prudent management of social and environmental issues is critical to risk mitigation."⁶³
 - d. Argument against: "The primary reason many companies give for not using the GRI Guidelines is their complexity and the costs they believe would be incurred by preparing such a report. Another common argument companies give against preparing sustainability reports using the GRI Guidelines is that they already are acting as responsible corporate citizens and need not burnish their credentials with additional reporting."⁶⁴
 - e. **Decision: Support; This proposal is in line with the PVG as it calls for the relevant corporations to "take proactive steps to reduce their carbon footprint."**
2. Proxy Action: Adopt board diversity policy (PVG, pp. x, bullet 3)
 - a. Example Resolution: "BE IT RESOLVED: That the Board of Directors consistent with their fiduciary duties: 1. Take every reasonable step to ensure that women and minority candidates are in the pool from which Board nominees are chosen; 2. Publicly commit itself to a policy of board inclusiveness to ensure that: -Women and minority candidates are routinely sought as part of every Board search the company undertakes; - The Board strives to obtain diverse candidates by expanding director searches to include nominees from both corporate positions beyond the executive suite and non-traditional environments such government, academia, and non-profit organizations; and - Board composition is reviewed periodically to ensure that the Board reflects the knowledge, experience, skills, and diversity required for the Board to fulfill its duties. 3. To report to shareholders, at reasonable expense and omitting proprietary information, its efforts to encourage diversified representation on the Board."
 - b. Relevant Corporations: Lowe's
 - c. Argument for: Our company states that it is committed to having diverse individuals from different backgrounds with varying perspectives, professional experience, and skills serving as members of the Board However, Lowe's does not report on in its diversity initiatives.

⁶³ Ceres, UPS Board Oversight Report 2013, (2013),

<http://www.ceres.org/incr/engagement/corporate-dialogues/shareholder-resolutions/ups-board-oversight-report-2013>

⁶⁴Sustainable Investments Institute, Sustainability Reporting Briefing Report, (April 10, 2012)

<http://monitor.siinstitute.org/docs/t/9/2012%20Si2%20Briefing%20Paper%20-%20Sustainability%20Reporting%20FINAL.pdf>

Further, neither gender nor ethnicity are disclosed as considered criteria for Board membership. Relative to sector peers, an increase in gender balance had not been realized by our company's Board. Lowe's Companies, Inc. has just one woman on its Board of Directors. In contrast, its industry sector peer, Home Depot, has two women on its Board. Best Buy has two women on its Board of Directors while Staples and Office Depot each have three women on their Boards of Directors. In our view, companies combining competitive financial performance with high standards of corporate governance, including a gender balanced board, are better positioned to generate long-term value for their shareholders.⁶⁵

- d. Argument against: Nominating committees should be focused on attracting the best people to the board, not weighing whether the board represents certain predetermined demographics. As more and more women and minorities gain experience on boards there will be a greater pool of qualified candidates to choose from, and board diversity will take care of itself over the long run. This suggests that forcing diversity to happen prematurely will lead to the recruitment of inexperienced or "over-boarded" candidates that could weaken board oversight and be detrimental to shareholder value.⁶⁶
 - e. **Decision: Support; This proposal is in line with the PVG as it calls for the relevant corporations to, "promote diversity amongst their labor force and ensure that no social group is implicitly or explicitly discriminated against in the hiring process."**
3. Proxy Action: Adopt stormwater management policy (PVG, pp. iv, bullet 1)
- a. Example Resolution: "Therefore, Be It Resolved, the Shareholders of Home Depot request the Board establish a written Stormwater Management Policy, applicable to all locations, including warehouses, which will: -Identify all sources of operations for which Home Depot may generate contaminated stormwater, including trucking operations, lawn and garden chemicals, tool rental and other storage of all vulnerable chemical products, and, -Prepare and publish, at reasonable cost, excluding proprietary information, a stormwater management status report by September 2013, from all Home Depot locations, addressing all chemical product storage, transportation, rental and other potential sources of contaminated stormwater runoff which are presently and/or could be exposed to precipitations events or discharge, and then, -Implement Best Management Practices or comparable prevention practices for all potential materials and operational sources of contaminated stormwater which either prevents such runoff, by eliminating the storage of contaminating products where they are subject to precipitation or runoff or minimizes the potential for such contaminated runoff."
 - b. Relevant Corporations: Home Depot
 - c. Argument for: "Water pollution creates adverse impacts to the environment, since it harms the streams and rivers that people and wildlife rely upon for enjoyment and survival. Home Depot sells lawn and garden chemicals, which contain chemical fertilizers and herbicides designed to promote growth and to kill weeds and insect pests. These chemicals if released to streams cause harm in the form of increased nutrient loading and adverse impacts to fish and other aquatic organisms. Home Depot also operates equipment rental

⁶⁵ Board Diversity Policy – Lowe's Companies, Inc., (2013),

<http://www.trilliuminvest.com/uncategorized/board-diversity-policy-lowes-companies-inc-2013/>

⁶⁶ Sustainable Investments Institute, Governance (Board Diversity) Briefing Report, (April 2, 2012),

[http://monitor.siinstitute.org/docs/t/25/2012%20Si2%20Briefing%20Paper%20-%20Governance%20\(Board%20Diversity\)%20FINAL.pdf](http://monitor.siinstitute.org/docs/t/25/2012%20Si2%20Briefing%20Paper%20-%20Governance%20(Board%20Diversity)%20FINAL.pdf)

centers which wash returned equipment. Home Depot has no written policy for the control of contaminated stormwater which originates from its 2,248 stores and warehouses. Home Depot needs to establish a formal written policy, since it will save money on the loss of rain damaged products, reduce waste disposal costs, reduce contaminated runoff, reduce environmental harm, reduce the potential for fines by regulatory agencies for the discharge of chemical contaminants and it will increase profitability.”⁶⁷

- d. Argument against: Lowe’s is an industry leader in stormwater solution, surpassing even local and national legal requirements. The Environmental Business Council of New England honored Lowe’s for the development and implementation of our national stormwater pollution prevention program, which manages construction activities to protect and improve water quality in the communities where we locate.⁶⁸
 - e. Decision: Support; This proposal is in line with the PVG as it calls for the relevant corporations to, “reduce or eliminate emissions of pollutants into the air, water and soil, to the extent feasible.”
4. Proxy Action: Report on EEO and affirmative action (PVG, pp. x, bullet 3)
- a. Example Resolution: “RESOLVED: Shareholders request that Home Depot prepare a diversity report, at reasonable cost and omitting confidential information, available to investors by September 2013, including the following: 1. A chart identifying employees according to their gender and race in each of the nine major EEOC-defined job categories for the last three years, listing numbers or percentages in each category; 2. A summary description of any affirmative action policies and programs to improve performance, including job categories where women and minorities are underutilized; 3. A description of policies and programs oriented toward increasing diversity in the workplace.”
 - b. Relevant Corporations: Home Depot
 - c. Argument for: “Companies widely report financial benefits from their diversity programs, including improvements in employee recruitment, retention and productivity.”⁶⁹
 - d. Argument against: “Home Depot, the only company to be targeted on this issue in the last several years, says that while it sees the value diversity brings to its company, it does not believe these benefits are linked to making its EEO-1 reports public. The target of shareholder proposals on EEO-1 reporting for the past decade with average support levels of greater than 20 percent, Home Depot says that making its EEO-1 reports public would not enhance “its commitment to equal opportunity in any meaningful way.”
 - e. Decision: Support; This proposal is in line with the PVG as it calls for the relevant corporations to, “promote diversity amongst their labor force and ensure that no social group is implicitly or explicitly discriminated against in the hiring process.”

⁶⁷ Ceres, Home Depot Stormwater Runoff 2013, (2013),

<http://www.ceres.org/incr/engagement/corporate-dialogues/shareholder-resolutions/home-depot-stormwater-runoff-2013>

⁶⁸ Lowe’s, Lowe’s and the Environment, http://www.lowes.com/cd_Lowes+And+The+Environment_883249746

⁶⁹ Sustainable Investments Institute, Social (Diversity) Briefing Paper, (Feb. 27, 2012), [http://monitor.siinstitute.org/docs/t/18/2012%20Si2%20Briefing%20Paper%20-%20Social%20\(Diversity\)%20FINAL.pdf](http://monitor.siinstitute.org/docs/t/18/2012%20Si2%20Briefing%20Paper%20-%20Social%20(Diversity)%20FINAL.pdf)

