ACIR 2014 Proxy Voting Report
(Results and Comments)

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. Recommendation

A. Executive Summary
Below is a list of shareholder resolution proposals (also called ‘proxy actions’) relevant to the Advisory Committee on Investor Responsibility 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. Votes can be cast as: Support, Oppose, or Abstain. A majority vote from the ACIRs 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. A vote can be called to remove any corporation from a ‘Proxy Action’ before the vote has taken place. 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 among the proposals. We also have, from the Office of Finance and Business (OFB), a list of our largest indirect holdings, which are categorized in the fourth section. A brief comment is provided on potential inconsistencies between particular indirect holdings and the values of The New School and the ACIR. Finally, we have included a list of previously voted on proxy resolutions. These resolutions have, in some fashion, been re-submitted for this proxy season. Voting members may call for a re-vote on any of these resolutions as they relate to present circumstances. Resolutions not called for re-vote will be submitted with decisions established in preceding reports to OFB and relevant Investment Managers.
B. Table of Contents (please note page numbers may be dramatically misaligned given the included comments and voting results)

A. Executive Summary
B. Table of Contents
C. 2014 Proxy Actions
D. Largest Indirect Holdings Analysis
E. List of Reusable, Previously Voted Upon Proxies

C. 2014 Proxy Actions

I. Corporate Political Spending
   1. Adopt board oversight of all political spending
   2. Report on indirect lobbying
   3. Require shareholder approval of political spending
   4. Take public policy action to support coal

II. Environmental Sustainability
   1. Adopt goals for flaring reduction
   2. Allow opt-out of energy efficiency programs
   3. Report on palm oil supply chain
   4. Study tar sands fuel elimination
   5. Report on pesticide monitoring
   6. Ban smoking from company facilities
   7. Report on Bhopal accident legacy
   8. Report on nanomaterials
   9. Report on tobacco health risk communications
   10. Adopt recycling goals
   11. Report on nuclear plant safety risks
   12. Report on offshore oil well risks
   13. Report on packaging
   14. Report on supply chain deforestation impacts
   15. Report on water pollution
   16. Report on water use and policy

III. Other Holdings Not Listed Above (Category 1)
   2. Review/report on climate change advocacy

IV. Other Holdings Not Listed Above: (Category 2)
   1. Publish sustainability report
   2. Adopt sexual orientation and gender identity anti-bias policy

[SPECIAL NOTE ON BAKER HUGHES]

D. Largest Indirect Holdings Analysis
(from WisdomTree Japan Hedged Equity Fund, Eaton Vance Parametric Emerging Markets Fund, and Harbor International Fund)
E. List of Reusable, Previously Voted Upon Proxies  

<table>
<thead>
<tr>
<th>I. Corporate Political Spending</th>
<th>p. 23</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Adopt policy on values, political spending</td>
<td>p. 23</td>
</tr>
<tr>
<td>2. End political spending</td>
<td>p. 23</td>
</tr>
<tr>
<td>3. Report on indirect political spending</td>
<td>p. 24</td>
</tr>
<tr>
<td>4. Report on lobbying</td>
<td>p. 25</td>
</tr>
<tr>
<td>5. Report on political spending and lobbying</td>
<td>p. 26</td>
</tr>
<tr>
<td>6. Review/report on political spending</td>
<td>p. 27</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>II. Environmental Sustainability</th>
<th>p. 27</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Adopt GHG reduction targets</td>
<td>p. 27</td>
</tr>
<tr>
<td>2. Adopt palm oil policy</td>
<td>p. 28</td>
</tr>
<tr>
<td>3. Adopt policy on dehorning cattle</td>
<td>p. 29</td>
</tr>
<tr>
<td>i. Background information on dehorning</td>
<td>p. 29</td>
</tr>
<tr>
<td>4. Label GMO products</td>
<td>p. 30</td>
</tr>
<tr>
<td>5. Report on climate change</td>
<td>p. 30</td>
</tr>
<tr>
<td>6. Report on energy efficiency/renewables programs</td>
<td>p. 31</td>
</tr>
<tr>
<td>7. Report on energy management</td>
<td>p. 31</td>
</tr>
<tr>
<td>8. Report on GHG emissions and finance</td>
<td>p. 32</td>
</tr>
<tr>
<td>10. Report on methane emissions and reduction targets</td>
<td>p. 34</td>
</tr>
<tr>
<td>11. Report on safer product chemistry</td>
<td>p. 34</td>
</tr>
<tr>
<td>12. Report on GHG emissions targets</td>
<td>p. 35</td>
</tr>
</tbody>
</table>
C. 2014 Proxy Actions
I. Topic: Corporate Political Spending

1. Proxy Action: Adopt board oversight of all political spending (Proxy Voting Guidelines (PVG), pp. xii, bullet 2)
   a. Example Resolution: “RESOLVED, that shareholders of Aetna, Inc. ("Aetna") request that the Board of Directors amend Aetna's Political Contributions Policy (the "Policy") to include the following provisions regarding Board oversight of Aetna's political expenditures: 1) Assign to the Board responsibility for (a) formulating and revising the Policy and (b) establishing the parameters of Aetna's commitment to publicly disclose political expenditures (in addition to legal disclosure requirements); 2) Assign to the Audit Committee responsibility for analyzing and reporting to the full Board annually on (a) compliance with the Policy; and (b) the risks associated with Aetna's political activities, including those undertaken through politically active intermediaries such as trade associations and social welfare organizations ("Intermediaries"); and 3) Establish specific criteria tailored to analyzing whether to make payments to Intermediaries for political purposes, requiring articulation of the business rationale for each payment and consideration of the use(s) to which the funds will be put by the Intermediary.”
   b. Relevant Corporations: Aetna
   c. Argument for: “It is past time for Aetna to fully disclose its political and lobbying donations. The company has engaged in controversial political giving that has harmed its reputation and potentially hurt shareholder value. Full disclosure of Aetna’s political donations made with shareholder money is the only rational way for shareholders to assess the risks that funding partisan political donations poses to the bottom line.”
   d. Argument against: “As a leader in the health care [sic] industry, we can and should be a leader in advocating our point of view in the political arena to help effect public policy solutions - the mission of our Federal and State Government Relations department. Aetna Government Relations identifies issues of importance to Aetna and then informs policymakers, Members of Congress and state officials to make sure that our point of view related to these issues is clearly understood.”
   e. Recommendation: Support; this proposal aligns with the PVGs as it asks “companies to develop more robust internal mechanisms to safeguard against misuse of funds for political purposes” and is related to CPST proposals which were supported in 2013.

2. Proxy Action: Report on indirect lobbying (PVG, pp. xii, bullet 1)
   a. Example Resolution: “RESOLVED: Shareholders request that the Board of Directors initiate a review and assessment of organizations in which UPS is a member or otherwise supports financially for involvement in lobbying on legislation at federal, state or local levels. A summary report of this review prepared at reasonable cost and omitting proprietary information should be reviewed by the Board Governance Committee and provided to shareholders.”
   b. Relevant Corporations: United Parcel Service, Pfizer, Occidental Petroleum, Dominion

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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 appreciate UPS updating its oversight and disclosure on political spending and lobbying but crucial information on lobbying through trade associations is still secret.”³

d. Argument against: UPS requested to have the proposal withdrawn “because the Proposal substantially duplicates another shareowner proposal previously submitted to the Company that the Company intends to include in its 2014 Proxy Materials.”⁴

e. Recommendation: Support; this proposal aligns with the PVGs as it asks “companies to voluntarily disclose and make publicly available all political contributions to public officials” and is also related to CPST proposals which were supported in 2013.

3. Proxy Action: Require shareholder approval of political spending (PVG, pp. xii, bullet 2)

a. Example Resolution: “Resolved: The Corporation shall have a policy pertaining to making political contributions (to individual candidates; organizations supporting candidates, directly or indirectly; leadership groups; or political action committees) only if such a policy is approved by at least at least 75% of its shares outstanding. No funds, or in kind support, shall be provided by the corporation to any of the entities listed above unless the contribution complies with the corporate policy.”

b. Relevant Corporations: Lowe’s, PepsiCo

c. Argument for: “There are five reasons for passage of this resolution: 1. The ability of large corporations to provide large amounts of funding for political candidates gives the corporation the ability to manage legislation that will provide them with legislated or regulatory benefits that place their smaller competitors at a disadvantage in the market place. 2. Endowment funds, insurance companies, mutual funds and pension funds currently hold the majority of all publicly traded shares and these shares are held for the benefit of many small investors. To have the large corporations utilize corporate funds to further the political goals of the executives is irresponsible fiduciary behavior that may be against the wishes of the individuals for whom they hold the shares. 3. We have recently seen the result of undue political influence that has reduced the oversight of regulatory agencies and created problems for stock holders and consumers in the areas of finance, food, health care and petroleum. The political influence exerted by large corporations had a direct impact on these actions. Unless large corporations are prevented from making political contributions to elected officials, or their political parties, these practices will continue. 4. Legislative and regulatory bodies should be guided by all constituents, not just those who pay for their re-election or provide significant perks to individuals in those bodies. Large corporate political contributions can corrupt honest efforts to provide reasonable laws and regulations. 5. The increasing use by advocacy groups of 501(c)(4) non-profit corporations to escape disclosure of political contributions would allow publicly held corporations to make unlimited political contributions, but to do so without even informing their own shareholders.”⁵

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⁴ See relevant “Argument for” footnote
d. Argument against: “As described more fully below, the Proposal is excludable pursuant to: 1) Rules 14a-8(b)\(^6\) and 14a-8(f)(1) because the Proponent has not provided sufficient proof of ownership as required to be eligible to submit the Proposal for inclusion in the Company’s proxy materials; 2) Rule 14a-8(i)(10) because the Company has already substantially implemented the Proposal; 3) Rule 14a-8(i)(3) because the Proposal is so vague, indefinite and misleading that neither the shareholders nor the Company would be able to determine with reasonable certainty what action or measures the resolution requires; and 4) Rule 14a-8(i)(1) because the Proposal is mandatory rather than precatory and is therefore improper under state law.”\(^7\)

e. Recommendation: Support; this proposal aligns with the PVGs as it asks “companies to develop more robust internal mechanisms to safeguard against misuse of funds for political purposes.” It is also related to CPST proposals which were supported in 2013.

4. Proxy Action: Take public policy action to support coal (PVG, pp. vi, bullet 3)
   a. Example Resolution: “Resolved: Shareholders of Peabody Energy Corporation (“Peabody”), urge the Board of Directors and management to be more active in the war on coal being conducted by the Obama Administration. This greater activity is very important to Peabody Energy and the public at large. The increased activity could be in various forms: 1) Educational - Employees should know how their legislators stand on the war on coal as well as their opponents. The public should know how Environmental Protection Agency (EPA) policies will increase their electricity bills and depress economic development. Lobbying our legislators and government agencies to recognize the value of coal and the use of new technology such as advanced scrubbers that are reasonable and cost effective is important. 2) Legal - the rulings of dubious legal authority by the EPA should be challenged vigorously in court. These rules would not pass in Congress and should not be allowed to stand. 3) Collaborative - We need to join with all common interests, such as steel manufacturing, railroads, electric utilities, barge lines and other energy companies. We need to work together to achieve victory in the war on coal and other fossil fuels.”

b. Relevant Corporations: Peabody Energy

c. Argument for: “The war on coal is helping to depress the price of coal and the use of coal in the United States. Coal mines and coal fired electric generating plants are closing. The EPA October 2013 rulings effectively will prevent building any new coal fired electric plants. These plants now provide about 40% of our electricity. The higher energy costs that will occur will hurt our families and businesses. Reliable and affordable energy is fundamental to our economy. The world is using more coal. We are the Saudi Arabia of coal and need to make effective use of this major resource in this country.”\(^8\)

d. Argument against: “We respectfully submit that Peabody be permitted to exclude the Proposal, pursuant to: Rule 14a-8(i)(7) (Management Functions) because the Proposal deals with matters relating to Peabody’s ordinary business operations (see Section A below); and Rule 14a-8(i)(10) (Substantially Implemented) because Peabody has already

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\(^6\) Rule 14a-8 is from the Code of Federal Regulations; it describes proxy rules and can be found here: (http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&rgn=div5&view=text&node=17:3.0.1.1.1&idno=17#17:3.0.1.1.1.2.86); some explanation of these rules can be found here (http://www.law.cornell.edu/cfr/text/17/240.14a-8).

\(^7\) See relevant “Argument for” footnote.

substantially undertaken the actions requested in the Proposal”.\footnote{9}

e. Recommendation: Oppose; this proposal goes against the PVGs as they state that the committee should oppose “proposals which would increase reliance on non-renewable coal, oil, and natural gas”.

\footnote{9} See relevant “Argument for” footnote.
II. Topic: Environmental Sustainability

1. Proxy Action: Adopt goals for flaring reductions (PVG, pp. v, bullet 3)
   a. Example Resolution: "RESOLVED: Shareholders request that Oasis Petroleum adopt
time-bound, quantitative company-wide goals, based on current technologies, for reducing
flaring from all operations and facilities under the company's operational or financial control,
and report to shareholders as part of its annual sustainability report, omitting proprietary
information, by September 30, 2014 on its progress toward achieving these goals."
   b. Relevant Corporations: Oasis Petroleum
   c. Argument for: "Rapid growth in tight oil production has led to increased domestic flaring and
propelled the U.S. into the top 10 gas flaring countries globally along with Russia, Nigeria,
and Iraq. Between May 2011 to May 2013, the quantity of gas flared in North Dakota more
than doubled to approximately 266,000 Mcf per day. We believe flaring poses financial,
operational, and reputational risks to Oasis Petroleum and is a potential threat to its
reputation and social license to operate. In addition, a lack of sufficient industry-wide action
to reduce flaring may prompt new regulations. Reducing flaring can help companies meet
objectives such as reducing greenhouse gas emissions, while also mitigating regulatory
risks associated with low-carbon fuel standards intended to reduce the life cycle
greenhouse gas emissions of fuels. Oasis Petroleum’s gas flaring reduction efforts are
inadequate relative to its peers. Leading companies have set quantitative goals to reduce
flaring; Hess has set a target to reduce flaring in the Bakken below the state’s goal of 10% by
2014, and achieved its 50% flare reduction goal in Algeria and Equatorial Guinea earlier
than planned. Continental Resources, a leading oil and gas producer in the Bakken, has
set a goal to reduce natural gas flaring from its operated well sites to as close to zero
percent as possible. In 2012, Continental’s goal was to reduce flaring in the North Dakota
Bakken by 50% by the end of the year."10
   d. Argument against: Oasis Petroleum states that "We recognize the environmental and
financial risks associated with natural gas flaring, and we seek to manage these risks on
an ongoing basis and reduce flaring from our operated well sites. We believe that one of the
leading causes of natural gas flaring from the Bakken and Three Forks formations is the
inability of operators to promptly connect their wells to natural gas processing and
gathering infrastructure due to external factors out of the control of the operator, such as
the granting of reasonable right-of-way access by land owners, investment from third parties
in the development of gas gathering systems and processing facilities, and regulations,
among other factors. However, we have allocated significant resources to connect our
Bakken and Three Forks wells to natural gas infrastructure as quickly as possible in order
to reduce our flared volumes. In addition, we have set a goal to maintain well connections
for an average of 90% of our operated Bakken and Three Forks wells during the year ending
December 31, 2014, and intend to report whether we have met this goal in our Annual
Report on Form 10-K for such period.11
   e. Recommendation: Support; this proposal aligns with the PVGs as it calls "for the adoption
of GHG reduction goals from products and operations"

2. Proxy Action: Allow opt-out of energy efficiency programs (PVG, pp.vi, bullet 1 & 3)
   a. Example Resolution: “Resolved, to avoid unnecessary future problems with smart meters

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and customers, PG&E will revise its current smart meter opt out policy to allow no initial fees for opting out and no fees for reading opt out meter with any fees already paid to be returned to the customer; will allow any customer to read their own meter free of charge; and will reinstall an analog meter to anyone who wants one free of charge and require any new smart meter installations only for those who voluntarily request it in writing."

c. Argument for: “There are many unresolved problems and issues with smart meters including: overcharging, inaccuracy, reliability, fires & electrical problems, health problems, interference with electrical & medical devices, hacking and cyber-security including weaponized RF & electrical grid shut down, remote disconnection of power, vulnerability of nuclear facilities & vulnerability to electromagnetic pulses, increased burglary risk, increased metal & infrastructure corrosion, energy use by smart grid/smart meters, control of household electrical use and appliances, FCC violations, environmental impacts, burdensome and excessive costs, forceful tactics by CPUC & utilities, violation of state & federal laws, increasing utility monopolies, ignoring realities and open process.”

d. Argument against: PG&E notes that as a California Corporation, this proposal would require it to be in violation of applicable state law. Additionally, PG&E argues that it can be omitted as it “deals with matters relating to PG&E Corporation’s ordinary business operations.” PG&E also states that “portions of the Proposal may be excluded pursuant to Rule 14a-8(i)(3) and Rule 14a-9, because they are false and misleading.”

e. Recommendation: Oppose; this proposal would result in promoting a reduction in energy efficiency as well as increasing reliance on non-renewable sources of energy.

3. Proxy Action: Report on palm oil supply chain (PVG, pp.v & pp.x, bullet 5)
   a. Example Resolution: “Therefore, be it resolved that: Shareholders request that the Board prepare an annual public report, at reasonable cost and omitting proprietary information, by October 1, 2014, providing metrics and key performance indicators demonstrating the extent of progress on the Company’s stated commitment regarding ‘minimizing the carbon footprint of our palm oil supply chain and to respecting human rights including no forced or child labor, slavery or human trafficking.'”

   b. Relevant Corporations: Kellogg

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.

d. Argument against: Kellogg states in a press release that “Although a very small user of palm oil, Kellogg has directly engaged with global palm oil suppliers and stakeholders since it began responsibly sourcing palm oil in 2009. In 2012, Kellogg began using mass balance palm oil in Europe, and in 2014 the company was able to shift its U.S. palm oil use to mass balance supply. All of the palm oil Kellogg has used since 2011 has been sourced through a combination of RSPO certified segregated supply, RSPO mass balance mixed-source supply, and the purchase of GreenPalm certificates.”

13 See relevant “Argument for” footnote.
15 Kellogg, “Kellogg Announces Global Commitment To Fully Traceable Sourcing Of Palm Oil”, (Feb. 14,
e. **Recommendation: Support;** this proposal calls for both a report on the progress of the company’s commitment of the company to “minimizing the carbon footprint of our palm oil supply chain” as well as information on human rights, including child labor, slavery, and human trafficking.

4. **Proxy Action:** Study tar sands fuel elimination (PVG, pp.iii, bullet 3)
   a. **Example Resolution:** “THEREFORE, BE IT RESOLVED, that shareholders request that Board of Directors undertake and publish a study of policy options for the company to reduce or eliminate the use of fuel from refineries that process tar sands, whenever possible.”
   b. **Relevant Corporations:** PepsiCo
   c. **Argument for:** “Tar sands mining poisons vast amounts of water every day with ammonia, cyanide, arsenic and other known carcinogens, which are then dumped into massive leaky "lakes" of poisonous wastewater. Significantly increased levels of these carcinogens have been found in watersheds as far as 50 miles away from the tar sands mining sites. Local indigenous communities have reported unusually high rates of rare types of cancer associated with these toxins, along with fish with severe deformities.”
   d. **Argument against:** PepsiCo has not yet issued a statement on this topic, however Coca-Cola has stated in response to the same campaign that “We’ve improved the energy efficiency of our global manufacturing operations by 18 percent since 2004. We’re proud to operate the largest hybrid electric commercial truck fleet in North America. We will continue these efforts as we work toward our goal to reduce our carbon footprint embedded in ‘the drink in your hand’ by 25 percent throughout our value chain by 2020.”
   e. **Recommendation: Support;** this proposal aligns with the PVGs as it calls for the company to undertake policy options which would “minimize adverse environmental and social externalities”.

5. **Proxy Action:** Report on pesticide monitoring (PVG, pp.iv, sentence 4)
   a. **Example Resolution:** “RESOLVED: Shareholders request a comprehensive report by a committee of independent directors of the board on how the company is monitoring herbicide utilization with its seed products: volumes, toxicity equivalents, studies and analysis on the impact to health and environment. Shareholders request the report, at reasonable expense and omitting proprietary information, to be complete within one year of the shareholder meeting.”
   b. **Relevant Corporations:** E.I. Du Pont De Nemours
   c. **Argument for:** “To date, glyphosate resistance has been confirmed in 24 weed species worldwide, including 14 in North America. [ICCR members] are concerned that herbicides impose a heavy burden on ecology, farmworkers and adjacent communities.”
   d. **Argument against:** Du Pont has not offered public comment on this issue.

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2014),
http://newsroom.kellogcompany.com/2014-02-14-Kellogg-Announces-Global-Commitment-To-Fully-Traceable-Of-Palm-Oil
16 Sierra Club, “Tell Pepsi to stop using fuel from water-poisoning tar sands!”,
6. Proxy Action: Ban smoking from company facilities (PVG, pp.x, bullet 2)
   a. Example Resolution: “RESOLVED that the Board of Directors of Wynn Resorts Ltd create company-wide policies for all its casinos that they be smoke-free within three months of the annual meeting.”
   b. Relevant Corporations: Wynn Resorts
   c. Argument for: “The authors of the Circulation study above have concluded that, when smoke-free laws are extended to include casinos ‘the important effects of secondhand smoke exposure occur acutely. These results also suggest that exempting casinos from smoke-free laws means that more people will suffer medical emergencies.”
   d. Argument against: Wynn Resorts argued that the proposal could be omitted “pursuant to Rule 14a-8(i)(7) because it deals with matters relating to the Company’s ordinary business operations-in particular, the Company’s management of the place of business and the policies and procedures regarding the products and services that the Company offers, including controlling the use of tobacco on company premises.”
   e. Recommendation: Support; this proposal aligns with the PVGs as it calls for the company to take actions that would “protect the safety and dignity of workers”.
   f. Special Note: upon further discussion among committee, this was approved unanimously. Information regarding the number of smoke-free casinos nation-wide played a large role in facilitating this agreement (link here).

7. Proxy Action: Report on Bhopal accident legacy (PVG, pp.iv, sentence 4)
   a. Example Resolution: “Resolved: Shareholders request that our Company prepare a report to shareholders by September 2014, at reasonable cost and excluding confidential information, assessing the short and long term financial, reputational and operational impacts that the legacy of the Bhopal disaster may, if left unresolved, reasonably have on Dow’s Indian and global business opportunities, and reporting on any actions Dow intends to take to reduce such impacts.”
   b. Relevant Corporations: Dow Chemical
   c. Argument for: Calvert Investments argues that the legal proceedings Dow is involved with as a result of the Bhopal incident have affected Dow’s business opportunities in India, as well as undermining Dow’s market strategy. Additionally, Dow has faced reputational damage, as evidenced by its Olympics sponsorship in 2012, as a result of the Bhopal incident. It is thus in the shareholder’s interests to made aware of how Dow intends to handle these issues as well as reduce further such impacts.
   d. Argument against: Dow Chemical requested that the proposal be withdrawn, citing Rule

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20 See relevant "Argument for" footnote.
14a-8(i)(10) which states a company may exclude a proposal if the company has already substantially implemented the proposal. Dow states that they have “updated material on its website regarding this matter and thereby has substantially implemented the Proposal.”

e. Recommendation: Support; this proposal calls for a report which aligns with the PVGs. As stated in pp.iv of the PVG; “Private investors can play an important leadership role in developing and supporting changes in existing market practices to promote environmental protections and improve public health.”

8. Proxy Action: Report on nanomaterials (PVG, pp.ix, bullet 3)
   a. Example Resolution: “Resolved: Shareholders request the Board publish by November 1, 2014, at reasonable cost and excluding proprietary information, a report on Dunkin’s policies regarding public health concerns of nanomaterials in the company’s products or packaging. This report should identify products or packaging that currently contains nanomaterials, and discuss any actions, aside from regulatory compliance, management is taking to reduce or eliminate risk associated with human health and environmental impacts, such as eliminating, or disclosing, the use of nanomaterials until they are proven safe through long-term testing.”
   b. Relevant Corporations: Dunkin’ Brands Group
   c. Argument for: As You Sow stated that “Nanomaterials have been heralded as having the potential to revolutionize the food industry – from enabling production of creamy liquids that contain no fat, to enhancing flavors, improving supplement delivery, providing brighter colors, keeping food fresh longer, or indicating when it spoils. Yet few, if any, studies adequately demonstrate the safety of nanoparticles in food. In fact, scientists are still investigating how nanoparticles will react in the body and what testing methodologies are appropriate to determine this.”
   d. Argument against: Dunkin’ Brands Group has not offered public comment on this issue.
   e. Recommendation: Support; this proposal aligns with the PVGs as it calls for action which would “ask companies to publicly report on hazards posed by manufacturing facilities”.

   a. Example Resolution: “RESOLVED, the Board of Directors of Altria initiate efforts within six months of the annual meeting to prepare appropriate materials (similar to the success that has been noted with parallel materials for youth) informing poor and less formally educated tobacco users of the health consequences of smoking our products along with market-appropriate cessation materials. A report on this material’s preparation and method of distribution shall be made available to requesting shareholders, at an appropriate cost, within one year of the 2014 annual meeting.”
   b. Relevant Corporations: Reynolds American, Altria, Lorillard
   c. Argument for: “Smoking rates have not changed for the less educated, poorer segments of society. Smoking among those with less than a high school education was unchanged between 2000 and 2010, a period during which tobacco use significantly declined among all other groups with higher educational attainment. Those with less than a high school education now smoke at a rate three times that of college graduates. Because the

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22 Same as Argument For
proponents of this resolution have not seen specific cessation materials aimed at this key demographic i.e., people who are poor and less-educated), it seems incumbent that the Company not be seen as benefitting from their exploitation by using its harm-causing products. This is especially incumbent on Lorillard because its menthol cigarettes are the biggest seller in demographics where people are more poor and less educated.

d. Argument against: We hereby respectfully request that the Staff concur in the Company’s view that the Proposal may be excluded from the 2014 Proxy Materials pursuant to: Rule 14a-8(i)(10) because the Company has substantially implemented the Proposal; and Rule 14a-8(i)(7) because the Proposal deals with matters relating to the Company’s ordinary business operations, specifically affecting the Company’s litigation strategy and how it defends litigation.

e. Recommendation: Support; this proposal aligns with the PVGs as it calls for actions which would help reduce the negative effects associated with the toxic chemicals in these company’s products in populations where tobacco use is especially prevalent.

10. Proxy Action: Adopt recycling goals (PVG, pp.iv, bullet 2)

a. Example Resolution: “RESOLVED THAT Shareowners of Dr. Pepper Snapple Group request that the board of directors adopt a comprehensive recycling strategy for beverage containers sold by the company and prepare a report by September 1, 2014 on the company’s efforts to implement the strategy. The strategy should include aggressive quantitative recycled content goals, and container recovery goals for plastic, glass and metal containers. The report, to be prepared at reasonable cost, may omit confidential information.”

b. Relevant Corporations: Dr Pepper Snapple Group

c. Argument for: As You Sow, in their supporting statement, said that “We believe the requested report is in the best interest of Dr. Pepper Snapple and its shareholders. Leadership in this area will protect our iconic brands and strengthen the company’s reputation.”

d. Argument against: In its 2012 Proxy Statement, responding to a similar proposal, the company responded that “In 2010, the Company released its inaugural Corporate Social Responsibility Report (“Report”) and in 2011 it released a Corporate Social Responsibility Update (“Update”). The Report and Update may be found on the Company’s website at www.drpeppersnapplegroup.com under the Investors and Company and Governance captions. In the almost four years since the spin-off, the Company has completed a number of activities related to corporate responsibility and also has established goals to be achieved by 2015, which are set forth in the Report and Update. This proposal requests that the Company adopt a comprehensive recycling strategy on an expedited basis and similar to strategies by global companies that have substantially more resources than the Company and have operated as public companies for a significant number of years. The Company will continue to evaluate the environmental footprint of our beverage containers and will take economically feasible actions on both the manufacturing and consumer side to mitigate the environmental impacts of its containers. The Company anticipates adopting a national recycling strategy by 2015. We remain committed to being an environmentally responsible business. The Company will continue striving to find innovative ways to minimize the environmental impacts of our products. Implementation of this proposal will not further the Company’s environmental or recycling goals in any meaningful respect. On the contrary, this proposal would result in the Company hastily adopting programs that may not be attainable and incurring unnecessary costs and expenses.”
e. **Recommendation:** Support; this proposal aligns with the PVGs as it calls for the adoption of goals which would result in the reduction of GHG emissions.

11. **Proxy Action:** Report on nuclear plant safety risks (PVG, pp.vi)
   a. **Example Resolution:** “Therefore be it resolved: Shareholders request that the Board of Directors publish semiannual reports to investors reviewing the major nuclear safety concerns arising during the preceding period, at reasonable cost and omitting confidential information such as proprietary or legally prejudicial data, updating investors regarding any near miss, NRC special investigation or NRC downgrading of a facility.”
   b. **Relevant Corporations:** Entergy
   c. **Argument for:** “A March, 2013 report by the Union of Concerned Scientists analyzed a series of 2012 U.S. reactor ‘near miss’ incidents defined as ‘an event that increases the chance of core meltdown by at least a factor of 10’, prompting special intervention by the Nuclear Regulatory Commission (‘NRC’). Entergy accounted for two of the 14 incidents cited in the report (Palisades Nuclear Plant in Michigan and River Bend Station in Louisiana). The Entergy incidents involved leaks, maintenance issues, and failures of technical and managerial safety measures. Entergy’s nuclear near misses are inconsistent with the notion of ‘day to day operational excellence -Safety’ asserted by Entergy in recent communications to investors.”
   d. **Argument against:** “The Company has already taken the actions requested in the Proposal and has therefore already implemented the Proposal’s essential objectives. Rule 14a-8(i)(10) provides that a company may exclude a proposal from its proxy materials if ‘the company has already substantially implemented the proposal.’”
   e. **Recommendation:** Support; this proposal calls for transparency around the safety issues associated with nuclear energy, a topic discussed in the Alternative and Renewable Energy section (VI) of the PVG which excludes nuclear energy from its list of supported renewable energy sources.

12. **Proxy Action:** Report on offshore oil well risks (PVG, pp.iii, bullet 2)
   a. **Example Resolution:** “Be it Resolved: That the shareholders of Chevron Corporation recommend preparation and delivery to all shareholders a report that includes: a) The numbers of all offshore oil wells (exploratory, production and out-of-production) that Chevron Corporation owns or has partnership in; b) Current and projected expenditures for remedial maintenance and inspection of out-of-production wells; c) Cost of research to find effective containment and reclamation following marine oil spills.”
   b. **Relevant Corporations:** Chevron
   c. **Argument for:** “BP’s out-of-control deepwater drilling rig explosion and subsequent oil spill has brought into focus the hazards of offshore oil production. The BP incident resulted in catastrophic loss of share value and distress sale of corporate assets. Chevron Corporation had an oil spill in the Gulf of Mexico in the 1970’s that resulted in massive fines by the U.S. E.P.A. for multiple violations in which blowout-preventers (storm chokes) were not installed.

25 Same as argument for
Shareholders need to know the amount of exceptional risk associated with offshore drilling. Furthermore, shareholders need to know the internal planning response of Chevron Corporation’s management to the BP disaster. Please vote FOR this proposal for needed information regarding the extraordinary risks associated with offshore oil production. Subsequent to the BP Deep Horizon disaster, Chevron has had offshore well disasters in Brazil and Nigeria. Criminal charges have been filed against Chevron and environmental damages resulted from offshore drilling incidents. Because of the exceptional financial risks of offshore wells the shareholders of Chevron need to know the extent of offshore drilling risks, as called for in our proposal. Please vote FOR the proposal regarding the Investment Hazards of Offshore Oil Drilling.  

d. Argument against: Chevron requested that the proposal be omitted pursuant to Rule 14a-8(b) and 14a-8(f)(1) as the Proponents failed to establish their eligibility to submit the Proposal. This is the last correspondence to be sent to the SEC by either party, and given that the 14 day response period for the proponents has passed, it seems that this proposal may be omitted and Chevron will not submit an argument against reporting on offshore oil well risks.  

e. Recommendation: Support; this proposal aligns with the PVGs as it calls for the corporation to “pursue voluntary and mandatory transparency in reporting revenues and payments” as it relates to extractive industries.

13. Proxy Action: Report on packaging (PVG, pp.v, bullet 2)

a. Example Resolution: “BE IT RESOLVED THAT Shareowners of Kraft Foods Group request that the board of directors issue a report at reasonable cost, omitting confidential information, by October 1, 2014 assessing the environmental impacts of continuing to use non-recyclable brand packaging.”

b. Relevant Corporations: Kraft Foods Group, Kroger, Safeway, Mondelez International

c. Argument for: “Post-consumer paper and paperboard and packaging consists of valuable commodities such as aluminum, glass, paper, plastic, and steel. As You Sow estimates that the market value of packaging materials not recycled in the U.S. was $11.4 billion in 2010. It is not good business practice to throw away valuable resources. Businesses that do not develop sustainable sourcing of products through resource-efficient circular, or closed loop, systems in the near term will not be able to compete to serve a world population estimated at nine billion by 2050. Extended Producer Responsibility (EPR) would require companies to internalize packaging recycling costs unfairly borne for decades by taxpayers. It has been successfully adopted in Canada and Europe, diverting large amounts of plastic, glass, metal, and paper away from landfills into recycling streams that conserve resources.”

d. Argument against: “Because we can demonstrate that our policies, practices and reporting are already moving us in the right direction, we do not believe that a report on the adoption of an ‘extended producer responsibility’ policy would be an effective use of our company’s resources or in the best interest of our company or our shareholders. Rather, we believe this is a shared responsibility (not just for manufacturers), which is why we're working with

27 Same as argument for
14. Proxy Action: Report on supply chain deforestation impacts (PVG, pp.v, bullet 1)
   a. Example Resolution: “RESOLVED: Shareholders request the Board to prepare a public report, at reasonable cost and omitting proprietary information, by November 1, 2014, describing how PepsiCo is assessing the company’s supply chain impact on deforestation and the company’s plans to mitigate these risks.”
   b. Relevant Corporations: PepsiCo, Kraft Foods Group
   c. Argument for: “PepsiCo discloses some information on its purchases of certified palm oil, but provides no information on the impact on forests of its soya, paper and sugar purchases. Even with its limited disclosure on palm oil, proponents believe that PepsiCo faces potential reputational and operational risks. PepsiCo faced public controversy over use of what has been deemed ‘conflict palm oil’ by a non-governmental organization. Nestle, Mars, and Mondelez have established policies to ensure their palm oil supply chain is traceable and does not contribute to deforestation, heightening the risk to companies that fail to take action.”
   d. Argument against: “We’re working across our agricultural supply chain to ensure our practices are efficient and sustainable. Because agriculture is one of the biggest parts of our environmental footprint, we continually strive to improve our agricultural processes. We are also a member of the Consumer Goods Forum (CGF), a manufacturing and retail industry group that has adopted a resolution concerning deforestation.”
   e. Recommendation: Support; this proposal aligns with the PVGs as it calls for both a report on current environmental impacts from business operations as well as plans to reduce those impacts.

15. Proxy Action: Report on water pollution (PVG, pp.iv, bullet 1)
   a. Example Resolution: “RESOLVED: Shareholders request that the Board of Directors provide a Report to shareholders (prepared at reasonable cost and omitting proprietary information) that describes how Rayonier, Inc. manages risks and costs related to effluent discharge at its Jesup, Georgia specialty fiber mill. The Report shall address such items as: Physical risks to users of the Altamaha River; -Possible long-term liabilities of river cleanup; Risk to operational license from community backlash over the effluent's high coloration; Risk of larger-scale consumer boycott or other brand/reputational harm as environmental awareness and concern grows; The viability of using existing technologies to improve effluent discharge quality so that it reduces effluent color to be no longer visible to river users or on Google Earth, and to be at least equal the quality of competitors’ discharges; This Report should be made available by January 31st 2015.”
   b. Relevant Corporations: Rayonier

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28 Packaging Digest, Kraft rejects petition for EPR report, (June 5, 2012)
29 Ceres, Pepsi Deforestation 2014,
30 PepsiCo, Sustainable Agriculture,
http://www.pepsico.com/Purpose/Environmental-Sustainability/Agriculture
c. **Argument for:** “Because the Jesup mill is responsible for a majority of Rayonier’s overall annual revenue, how this mill addresses such issues sets a tone and is critical to shareholders at large. Increasingly, customers pay attention to the environmental impact of the products they buy, and being labeled an environmental ‘bad actor’ can create an enduringly negative reputation. Mitigation or elimination of an environmental problem—before public image is degraded—is typically far more cost effective than cleaning up afterward. Most competitors to Rayonier’s Jesup mill have either installed, or are in the process of installing, Activated Sludge Treatment (AST) processes. Most mills in the world have AST systems, many having long-since converted from the older ASB system used at Jesup. Independent experts agree that AST and other pulp mill systems can reduce pollutants and color to approximately half the concentration of the archaic ASB systems. Jesup’s mill effluent is dark brown and smelly—it renders fish inedible for many miles downstream. Mill discharge is clearly visible at the river surface, from the air, and Google Earth shows it changing the river to an unnatural dark brown color the entire distance from the mill to the Atlantic Ocean. A longer-term concern is what the cost will be of cleaning up the ASB. Shareholders will bear the inevitable long-term cost of cleanup, while current company managers will likely be long retired—taking their high salaries and bonuses with them. Rayonier’s net income exceeded $320 million for the 12 months ending September 30, 2013 so now is the time to evaluate how to best position the company for a future when environmental scrutiny will be even higher and the ability of consumers to organize against environmental polluters has grown.”


32 See relevant “Argument for” footnote.

d. **Argument against:** “**GROUNDS FOR EXCLUSION:** We respectfully request that the Staff concur in our view that the Proposals may be properly excluded from the Proxy Materials on the following grounds, each of which are described in more detail in the Analysis section of this letter: Fulcher and Riverkeeper Proposals: (1) The Altamaha Riverkeeper is the actual proponent of both of the Proposals, and at least one of the Proposals may be excluded pursuant to Rule 14a-8(c). (2) The Fulcher Proposal and the Riverkeeper Proposal each relate to the redress of a personal claim or grievance against Rayonier and may therefore be excluded pursuant to Rule 14a-8(i)(4). Fulcher Proposal Only: (3) The Fulcher Proposal deals with a matter relating to Rayonier’s ordinary business operations and may therefore be excluded pursuant to Rule 14a-8(i)(7). Riverkeeper Proposal Only: (4) The Riverkeeper Proposal is vague and indefinite in violation of Rule 14a-9, and may therefore be excluded pursuant to Rule 14a-8(i)(3).”

e. **Recommendation:** Support; this proposal aligns with the PVGs as it asks “management to reduce or eliminate emissions of pollutants into the air, water and soil, to the extent feasible.”

16. **Proxy Action:** Report on water use and policy (PVG, pp.iv, bullet 1)

a. **Example Resolution:** “RESOLVED: Shareholders request a report, prepared at reasonable cost within six months of the 2014 annual meeting, omitting confidential information, on the company’s efforts to reduce environmental and community impacts associated with its Appalachian mining operations, and how those efforts may reduce legal, reputational and other risks to the company’s finances. The report should include complete, detailed information for these GRI performance indicators: - Percentage and total volume of water..."
recycled and reused. (EN10) - Total water discharge by quality and destination. (EN22) - Total weight of waste by type and disposal method. (EN23) - Identity, size, protected status, and biodiversity value of water bodies and related habitats affected by the reporting organization's discharges of water and runoff. -Percentage of operations with implemented local community engagement, impact assessments, and development programs. -Operations with significant actual & potential negative impacts on local communities."

b. Relevant Corporations: Arch Coal, Alpha Natural Resources
c. Argument for: "With the physical and financial impacts of water issues on the rise, corporations need to do more to assess, disclose and address potential risks. New and better tools and datasets for identifying and managing water risks have emerged in recent years that fill key data gaps and advance corporate risk analysis and water management on a global scale, including the Ceres Aqua Gauge, the United Nations’ CEO Water Mandate, the World Resources Institute’s Aqueduct and the World Business Council for Sustainable Development’s Global Water Tool. Investors exposed to these growing risks through their global investment portfolios are increasingly looking to companies to assess, manage and disclose financially material sustainability risks—including water-related risks. Water-focused reporting is on the rise through corporate sustainability reporting and the Carbon Disclosure Project’s water survey, however, voluntary reporting alone is not sufficient. In growing numbers, investors are clamoring for more robust information that is standardized, comparable and easily accessible to inform their investment decisions. Investors are especially interested in seeing such disclosure in financial filings."

d. Argument against: “During every stage of the mining process, our operations manage a variety of water sources in a variety of ways across the United States. For example, the diverse locations of our mines experience wide variations in annual rainfall ranging from 10 inches to 50 inches. As storm water runoff enters our properties, we manage it differently by season and by region to ensure compliance as that water exits our facilities. In our measurement of water usage, we include surface and groundwater that requires treatment. We do not include water, such as groundwater, that is released from the property during the mining process without any impact or degradation."

e. Recommendation: Support; this proposal aligns with the PVGs as it calls for “efforts to reduce environmental and community impacts” associated with the company’s business operations.

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III. Topic: Other Holdings Not Listed Above (Category 1)

1. Proxy Action: Report on human rights risk assessment (PVG, pp.x, bullet 2)
   a. Example Resolution: “RESOLVED, that stockholders of Superior Energy Services, Inc. ("Superior") urge the Board of Directors to report to stockholders, at reasonable cost and omitting proprietary information, on Superior's process for comprehensively identifying and analyzing potential and actual human rights risks across Superior's operations and supply chain, addressing the following: -Human rights principles used to frame the assessment; -Frequency of assessment; -Methodology used to track and measure performance; -Nature and extent of consultation with relevant stakeholders in connection with the assessment; -How the results of the assessment are incorporated into company policies and decision making. The report should be made available to stockholders on Superior's website no later than November 30, 2014.”
   b. Relevant Corporations: Superior Energy Services
   c. Argument for: No arguments were publicly available with this resolution. However arguments were supplied in an identical resolution for Caterpillar Inc: “As long-term stockholders, we favor policies and practices that protect and enhance the value of our investments. There is increasing recognition that company risks related to human rights violations, such as litigation, reputational damage and project delays and disruptions, can adversely affect shareholder value. To manage such risks effectively, we believe companies must assess the risks to shareholder value posed by human rights practices in their operations and supply chain, as well as by the use of their products. The importance of such assessment is reflected in the United Nations Guiding Principles on Business and Human Rights (the “Ruggie Principles”) approved by the UN Human Rights Council in 2011. The Ruggie Principles urge that “business enterprises should carry out human rights due diligence including assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed.” Caterpillar's business exposes the company to significant human rights risks. Caterpillar maintains manufacturing facilities in numerous countries, including countries like China, Indonesia and Russia where human rights abuses by governmental authorities have occurred. Caterpillar also acknowledges that "political and economic instability" in countries where it does business is a material risk.”
   d. Argument against: No arguments were publicly available with this resolution. However arguments were supplied in an identical resolution for Kohl's Inc, “1) Kohl's Terms of Engagement reflect human rights risks and principles and are reviewed and amended on a periodic basis achieving the essential objective of the Shareholder Proposal. 2) Kohl's robust enterprise risk management processes achieve the essential objective of the Shareholder Proposal's risk assessment recommendation. 3) Kohl's annual Corporate Social Responsibility Reports and other existing corporate disclosures achieve the essential objective of the Shareholder Proposal's performance tracking and reporting recommendation. Finally, as it relates specifically to participation in stakeholder groups addressing human rights issues, Kohl's membership and participation in several stakeholder groups is well publicized.”

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e. **Recommendation:** Support; this proposal aligns with the PVGs as it calls for a report that addresses labor standards and the safety and dignity of workers in the US and abroad.\(^{37}\)

2. **Proxy Action:** Review/report on climate change advocacy (PVG, pp. xii, bullet 1)
   a. Example Resolution: “Resolved: Shareholders request that independent Board members commission a comprehensive review of Devon’s positions, oversight and processes, including political and lobbying expenditures, related to public policy advocacy on energy policy and climate change. This would include an analysis of political advocacy and lobbying activities, including indirect support through trade associations, think tanks and other nonprofit organizations. Shareholders also request the company to prepare (at reasonable cost and omitting confidential information) and make available by September, 2014 a report describing the completed review.”

b. Relevant Corporations: Devon Energy,

c. Argument for: Proponents of this resolution note that “Devon does not disclose its memberships in, or payments to, trade associations, or the portions of such amounts used for lobbying. Transparent reporting would reveal whether company assets are being used for objectives contrary to Devon’s long-term interests.”

d. Argument against: Devon Energy requested to have the proposal withdrawn “because the Proposal substantially duplicates another shareowner proposal previously submitted to the Company that the Company intends to include in its 2014 Proxy Materials.”

e. **Recommendation:** Support; this proposal aligns with the PVGs as it asks “companies to voluntarily disclose and make publicly available all political contributions to public officials” and is also related to CPST proposals which were supported in 2013.

IV. **Topic:** Other Holdings Not Listed Above (Category 2)
   1. **Proxy Action:** Publish Sustainability Report (PVG, pp.v, bullet 1)
      a. Example Resolution: “RESOLVED Shareholders request that Simpson Manufacturing issue a sustainability report describing the company’s environmental, social and governance (ESG) risks and opportunities including greenhouse gas (GHG) emissions reduction targets and goals. The report should be available by November 3, 2014, prepared at reasonable cost, omitting proprietary information.”

b. Relevant Corporations: Simpson Manufacturing

c. Argument For: Proponents of this proposal state that “tracking and reporting on ESG business practices makes a company more responsive to a transforming global business environment characterized by finite natural resources, changing legislation, and heightened public expectations.”\(^{38}\)

d. Argument Against: Simpson Manufacturing states that creating such a report “would be expensive, time-consuming and largely unhelpful.”\(^{39}\)

e. **Recommendation:** Support; this proposal aligns with the PVGs as it calls for companies to "report on carbon emissions and take proactive steps to reduce their carbon footprint".

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\(^{38}\) 2013 Annual Report, Simpson Manufacturing (2013),
http://www.sec.gov/Archives/edgar/data/920371/000110465913018767/a13-1544_1def14a.htm

\(^{39}\) 2013 Annual Report, Simpson Manufacturing (2013),
http://www.sec.gov/Archives/edgar/data/920371/000110465913018767/a13-1544_1def14a.htm
2. Proxy Action: Adopt sexual orientation and gender identity anti-bias policy (PVG, pp.x, bullet 3)
   a. Example Resolution: “Resolved: The Shareholders request that Universal Forest Products amend its written equal employment opportunity policy to explicitly prohibit discrimination based on sexual orientation and gender identity and to substantially implement the policy.”
   b. Relevant Corporations: Universal Forest Products
   c. Argument For: “Every employee deserves dignity and respect in the workplace,” DiNapoli said. “Part of my fiduciary duty is to examine every issue that might affect the value of the Fund’s holdings. Companies without an anti-discrimination policy risk limiting their labor pool, facing regulatory penalties and perhaps even litigation from workers. The large majority of Fortune 1000 companies provide protections against this form of discrimination. A growing number also protect workers from gender identity-related bias. It’s time for other corporations to catch up and clearly express their commitment to fairness and equality.”
   d. Argument Against: While Universal Forest Products has not yet issued a statement on this specific proposal, Exxon Mobil received a similar proposal in 2013 and recommended shareholders vote against it for the following reason: “The Board has reviewed in detail ExxonMobil’s existing global policies that prohibit all forms of discrimination, including those based on sexual orientation and gender identity, in any Company workplace, anywhere in the world. In fact, ExxonMobil’s policies go beyond the law and prohibit any form of discrimination. Based on these existing all-inclusive, zero-tolerance policies, the Board believes the proposal is unnecessary.”
   e. Recommendation: Support, this proposal aligns with the PVGs as it calls for the adoption of rules that “promote diversity amongst their labor force and ensure that no social group is implicitly or explicitly discriminated against in the hiring process.”

Special note on Baker Hughes:
It has come to our attention that SLOCUM’s recent report to the Board of Trustees may have been inaccurate in claiming that Devon energy was the sole fossil fuel company held by one of our major direct Investment Managers. If our data is up-to-date, then we believe the corporation Baker Hughes is also a supplier of oil and gas which is present in our direct holdings.

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E. List of Reusable, Previously Voted Upon Proxies

I. Corporate Political Spending

1. Proxy Action: Adopt policy on values, political spending (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 PepsiCo’s stated policies (including the Company’s Political Contributions Policy) into the Company and its affiliated PACs lobbying, political and electioneering expenditures. The Board should authorize the preparation of an annual report to shareholders, at reasonable expense and excluding confidential information, listing any lobbying, electioneering or political contribution expenditure during the prior year, identifying any contribution that is incongruous with the Company’s corporate values and stating the justification for any such exceptions.”
   b. Relevant Corporations: PepsiCo, Coca-Cola, Johnson and Johnson, Facebook, EMC
   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.42
   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.
   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: General Mills, E.I. Du Pont De Nemours, Dow Chemical, PepsiCo, Coca-Cola, Kraft Foods Group, Wellpoint, Starbucks
   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 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.”43
   d. Argument against: Corporations state that political spending is within the best interest of

42 NorthStar Asset Management Inc, Proposal on Advisory Vote on Electioneering Contributions Proponent Response, (Feb 18, 2011),
shareholders as it is an imperative aspect of their public relations effort and also allows them to participate in the political process.\footnote{Sustainable Investments Institute, Corporate Political Activity Briefing Report, (Mar 20, 2012), \url{http://monitor.siinstitute.org/docs/t/8/2012%20Si%20Briefing%20Paper%20-%20Corporate%20Political%20Activity%20FINAL.pdf}}

e. Decision: Abstain; This proposal reaches beyond the scope of the ACIR's campaign of disclosure.

3. Proxy Action: Report on indirect political spending (PVG, pp. xii, bullet 1)
   a. Example Resolution: “RESOLVED, that the shareholders of AT&T (“Company”) hereby request that the Company provide a report, updated semi-annually, disclosing the Company’s: 1. Policies and procedures for expenditures made with corporate funds to trade associations and other tax-exempt entities that are used for political purposes ("indirect" political contributions or expenditures). 2. Indirect monetary and non-monetary expenditures used for political purposes, i.e., to participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, and used in any attempt to influence the general public, or segments thereof, with respect to elections. The report shall include: a. An accounting through an itemized report that includes the identity of the recipient as well as the amount paid to each recipient of the Company’s funds that are used for political contributions or expenditures as described above; and b. The title(s) of the person(s) in the Company who participated in making the decisions to make the political contribution or expenditure. This proposal does not encompass payments used for lobbying. The report shall be presented to the board of directors’ audit committee or other relevant oversight committee and posted on www.att.com.”
   b. Relevant Corporations: AT&T, Apple
   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.\footnote{Domini Social Investments, Re: Shareholder Proposal Regarding Corporate Political Contributions, (Nov 6, 2008), \url{http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/needmorfund011613-14a8-incoming.pdf}}
   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.\footnote{Goldman Sachs Group Inc, Request to Omit Shareholder Proposal of The Needmor Fund, (Jan 16, 2013), \url{http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/needmorfund011613-14a8-incoming.pdf}}\footnote{Sustainable Investments Institute, Corporate Political Activity Briefing Report, (Mar 20, 2012), \url{http://monitor.siinstitute.org/docs/t/8/2012%20Si%20Briefing%20Paper%20-%20Corporate%20Political%20Activity%20-%20FINAL.pdf}}


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 lobbying (PVG, pp. xii, bullet 1)
   a. Example Resolution: "RESOLVED, the stockholders of Devon Energy Corporation ("Devon") 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 Devon 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. Devon's membership in and payments to any tax-exempt organization that writes and endorses model legislation. 4. Description of management's decision making process and the Board's oversight for making payments described in sections 2 and 3 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) 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 Devon 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 and posted on the company's website."
   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. 48 “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.” 49
   d. Argument against: Corporations argue that disclosure would create unnecessary

48 Comptroller of the State of New York, Proposal on Disclosure of Lobbying Expenditures
Proponent Response, (January 17, 2013)
49 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
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.  

**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 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 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:** Duke Energy, Wal-Mart Stores

   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."  

   d. **Argument against:** The Proposal may be excluded under Rule 14a-8(i)(1)(ii)(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.  

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52 Goldman Sachs Group Inc, Request to Omit Shareholder Proposal of The Needmor Fund, (Jan 16, 2013),
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: Review/report on political spending (PVG, pp. xii, bullet 1)
   a. Example Resolution: “Resolved, that the shareholders of FedEx (“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 (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) 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 decision-making. The report shall be presented to the board of directors or relevant board committee and posted on the Company’s website.”
   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. 54
   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. 55
   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.

II. Environmental Sustainability

7. Proxy Action: Adopt GHG reduction targets (PVG, pp. v, bullet 3)

53 Sustainable Investments Institute, Corporate Political Activity Briefing Report, (Mar 20, 2012),
http://monitor.siinstitute.org/docs/t8/2012%20Si%20Briefing%20Paper%20-%20Corporate%20Activi
ty%20-%20FINAL.pdf
54 Proponent Supporting Statement, Schedule 14A, (2012),
https://www.sec.gov/Archives/edgar/data/732717/000119312512109414/d282492ddfed14a.htm#tx282492_1
55 Sustainable Investments Institute, Corporate Political Activity Briefing Paper, (Mar 20, 2012),
http://monitor.siinstitute.org/docs/t8/2012%20Si%20Briefing%20Paper%20-%20Corporate%20Activi
ty%20-%20FINAL.pdf
a. Example Resolution: “RESOLVED: Shareholders request the Board of Directors adopt quantitative goals for reducing total greenhouse gas emissions from Lowe's Companies Inc. products and operations and issue a report by fall 2014, at reasonable cost and omitting proprietary information, on its plans to achieve these goals.”


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.” 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.”

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.”

8. 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: Panera Bread, Safeway, Mead Johnson Nutrition

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.

d. Argument against: Malaysian palm oil producers already abide by the standards determined by the Roundtable on Sustainable Palm Oil.

e. Decision: Support; A recent investigation indicates that policies have been articulated, but

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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.”

9. 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 Kraft Food Group’s products, 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: Kraft Foods Group
   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.51
   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].62
   e. 2013 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 doesn’t believe in supporting proposals which force corporations to alter management practices.
   f. Special note on 2014: committee agrees that if “management practices argument” is crossed out then there are no objections to changing vote to support for this resolution

Background info on Dehorning to assist in voting process

“The American Veterinary Medical Association (AVMA) recognizes that dehorning is a necessary management practice for human and animal safety. The vast majority of dairy and beef farmers dehorn their animals, or raise polled animals, which are born without horns. [Dehorning is a painful process as] the corneal nerve, running from behind the eye to the base of the horn, supplies sensation to the horn. Studies have shown that dehorning stimulates both an acute pain response and a delayed inflammatory reaction.

Today, agricultural professionals and veterinarians recommend dehorning be done before two days of age using local anesthetic (Cornual Nerve block) when performing any of the other procedures.

Polled livestock are preferred for a variety of reasons, the foremost being that horns can pose a physical danger to humans, other livestock and equipment. Polling is also a relatively

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60 Greenpeace, “Greenpeace Scorecard on Palm Oil Producers”, (Oct. 29, 2012),
http://www.greenpeace.org/international/en/publications/Campaign-reports/Forests-Reports/Palm-Oil-Scorecard/
62 Amanda Radke, Domino's Pizza Rejects HSUS Resolution, (May 1, 2012),
http://beefmagazine.com/blog/domino-s-pizza-rejects-hsus-resolution
63
10. 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: Abbott Laboratories, Safeway, Dean Foods, Monsanto
   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.\textsuperscript{64}
   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
      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.\textsuperscript{65}
   e. Decision: Support; This proposal aligns with our PVGs as it requests that the relevant
      corporations identify and label products containing genetically modified organisms.

11. 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: ExxonMobil, Consol Energy, Chevron, Anadarko Petroleum,
      travelers, California Water Service Group, Peabody, Hess, Kinder Morgan, Devon Energy,
      Dominion Resources, Alpha Natural Resources
   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,

\textsuperscript{64} 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
\textsuperscript{65} 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-AFpI7
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.\footnote{CERES, Consol Coal Reserves and Climate Change Scenarios 2013, (2013), \url{http://www.ceres.org/incr/engagement/corporate-dialogues/shareholder-resolutions/consol-coal-reserves-and-climate-change-scenarios-2013}}

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.\footnote{Sustainable Investments Institute, Environment: Climate Change Briefing Paper, (March 13, 2012), \url{http://monitor.siinstitute.org/docs/t3/2012%20Si%20Briefing%20Paper%20-%20Environment%20(Climate%20Change)%20FINAL.pdf}}

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 energy efficiency/renewables programs (PVG, pp. vi, bullet 1)

a. Example Resolution: "RESOLVED: The shareholders request Dominion to analyze and make projections on the costs to ratepayers as those costs would appear on cost recovery applications to the SCC for both wind projects, and to share this report with the public by December 31, 2014."

b. Relevant Corporations: Dominion resources

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.\footnote{Presbyterian Mission Agency, Letter: Proxy Resolution Filing, (Nov 20, 2012), \url{http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2012/presyterianchurch122112-14a8-incoming.pdf}}

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.\footnote{Sustainable Investments Institute, Environment: Climate Change Briefing Paper, (March 13, 2012), \url{http://monitor.siinstitute.org/docs/t3/2012%20Si%20Briefing%20Paper%20-%20Environment%20(Climate%20Change)%20FINAL.pdf}}

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."

13. **Proxy Action:** Report on energy management (PVG, pp. vi)

a. Example Resolution: "Shareholders request that the Board of Directors issue an energy efficiency 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 Valmont Industries’ energy management strategy. The report should be prepared at reasonable cost, omitting proprietary information, and made available to shareholders by December 31, 2014."


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.” 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.”

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 GHG emissions and finance (PVG, pp. v, bullet 1)

a. Example Resolution: “RESOLVED: Given the broader societal implications of climate change, shareholders request that the Board of Directors report to shareholders by September 2014, 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: PNC Financial Services, Bank of America

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.”

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72 CERES, PNC GHG and Climate Change Risk 2013, (2013),
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.”\(^7\)

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” in regards to their balance sheet.

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 via quantitative indicators by December 31, 2014, and annually thereafter, the results of company policies and practices, above and beyond regulatory requirements, to minimize the adverse environmental and community impacts from the company’s hydraulic fracturing operations associated with shale formations. Such reports should be prepared at reasonable cost, omitting confidential information.”

b. Relevant Corporations: Occidental Petroleum, Exxon Mobil, Pioneer Natural Resources, EQT, EOG Resources, Chevron

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.”\(^7\)

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.”

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 methane emissions and reduction targets (PVG, pp. iv, bullet 1)
a. Example Resolution: "RESOLVED: Shareholders request that Targa issue a report (by October 2014, at reasonable cost, omitting proprietary information) for investors that reviews the Company's policies, actions, and plans to measure, mitigate, disclose, and set quantitative reduction targets for methane emissions resulting from all operations under the Company's financial or operational control.”


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.

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.”

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.”

17. Proxy Action: Report on safer product chemistry (Indirectly related to: PVG, pp. iv)
a. Example Resolution: “Therefore be it resolved: Shareholders request that the Board publish a report to shareholders on Disney's options for adopting voluntary programs and practices to implement a "safer alternatives policy" to identify, disclose, reduce, and eliminate chemical hazards in Disney products, including licensed products. The report should be

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


77 Sustainable Investments Institute, “Environment: Hydraulic Fracturing and Natural Gas Briefing Paper”, (March 29, 2012),
produced at reasonable expense and omit proprietary information.”

b. Relevant Corporations: Walt Disney, Avon, Jarden

c. Argument for: Proponents believe that Disney should create a timeline for developing a strong chemicals management framework, with the Restricted Substances List as an initial step. The Restricted Substances List should be released publicly and prioritize selected chemicals for action.76

d. Argument against: Walt Disney argues that pursuant to Rule 14a-8(i)(7), the proposal can be excluded as it deals with “ordinary business operations” and is therefore not a valid proposal.79

e. Decision: Support; this proposals calls for a report that examines the potential hazardous effects of chemicals produced by Walt Disney 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.

18. Proxy Action: Report on GHG emissions targets (PVG, pp. v, bullet 1)

a. Example Resolution: “RESOLVED: Shareholders request that the Entergy Corporation prepare a report, reviewed by a board committee of independent directors, on policies the company could adopt to take additional near-term actions to reduce its greenhouse gas emissions consistent with the national goal of 80% reduction in greenhouse gas emissions by 2050. The report should be published by October 1, 2014 at a reasonable cost and omit proprietary information.”


c. Argument For: Such policy options shall consider innovative technologies and strategies for energy generation, such as placing greater emphasis on distributed clean energy sources or strategies to deploy centralized renewable energy generation in the Company’s geographic region, as well as consideration of the most advanced practices and policies of utility peers in the US and worldwide.

d. Argument Against: The Company has already taken those actions set forth in the Proposal and has therefore already implemented the Proposal's essential objectives. Rule 14a-8(i)(10) provides that a company may exclude a proposal from its proxy materials if "the company has already substantially implemented the proposal.

e. Decision: Support: This proposal aligns with our PVGs as it calls for the relevant corporations to "reduce its greenhouse gas emissions"