



Proxy Season Roundup

Shareholder Resolutions

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This brief summarises **five hundred and two** shareholder-sponsored resolutions voted during the **2013 U.S. proxy season** (July 2012 to June 2013), not including seven floor resolutions, three company-specific resolutions and a resolution opposing a company's position on the Patient Protection and Affordable Care Act.

Two-thirds are governance-related: board practices, executive pay, director elections, shareholder rights and shareholder value. These averaged 41% support, slightly down on the 10-year high of 45% in 2009.

One-third address social and environmental issues and received an average 21% support, which is a 10-year high.

As in previous years, average abstentions are higher on social and environmental issues (11%) than on governance issues (1%). Institutions' [proxy voting guidelines](#) reflect different levels of clarity on these issues.

Hot Asks in 2013:

- Declassify board of directors.
- Elect directors by a majority affirmative vote of shareholders.
- GHG emissions: report fugitive emissions, adopt quantitative emission reduction goals, disclose emissions.
- Disclose Political contributions policies and expenditures.
- No accelerated vesting of equity awards upon change in control.
- Independent board chairperson.

New Asks in 2013:

- Benchmarked target awards not to exceed 50th percentile of peers (4)
- Set multiple weighted individual and business performance metrics (2)
- Recommend candidate with governance expertise (1)
- Disclose fugitive methane emissions (3)
- Reduce risk in energy portfolio (2)
- Disclose GHG emissions from lending portfolio (1)

Around 20% of companies targeted with shareholder resolutions fail to provide the name of the filer in the proxy. In previous years this percentage has been between 15% and 21%.

LEAD FILER	GOVERNANCE		ENVIRONMENTAL AND SOCIAL	
	Avg. support	Num. Resos	Avg. support	Num. Resos
Advocacy organisations	25%	2	11%	8
Mainstream asset managers	36%	14	8%	1
Faith-based investors	46%	2	25%	17
Foundations/trusts	39%	7	22%	4
Individual filers	36%	126	12%	18
Labor union funds	35%	67	27%	16
Non-profits			29%	1
Public pension funds	64%	48	27%	29
Socially responsible investors	28%	1	19%	42
Not disclosed in proxy	40%	59	20%	40

Individuals were the most prolific [filer category](#). A handful of shareholder advocates filed 80% of all individual-filed resolutions in 2013 and averaged 40% support. Pension and labour funds led the filing on 43% of governance resolutions and one third of social and environmental resolutions where proxies named the filer. Labor funds led 46% of executive pay resolutions and pension funds focused on board declassification, director elections majority vote standard and sexual orientation and non-discrimination policy. SRI, faith-based and mission-driven foundation investors mostly led on social and environmental resolutions, but co-filed on a number of governance resolutions.

The most prolific institutional lead filers in 2013 include (in order): New York City Retirement Systems and Pension Funds, New York State Retirement Funds, AFSCME, CalSTERS and AFL-CIO.

Governance Resolutions



BOARD DECLASSIFICATION

32 resolutions, 80% avg.
Borgwarner (April 24, 2013)

Board: "For"; Support: 99%; Filer: Nathan Cummings Foundation



SIMPLE MAJORITY VOTE

20 resolutions, 69% avg.
NetApp (Aug. 31, 2012)

Board: "No Recommendation"; Support: 90%; Filer: John Chevedden

MAJORITY VOTE IN DIRECTOR ELECTIONS

30 resolutions, 62% avg.
Mentor Graphics (12 June, 2013)

Board: "Against"; Support: 94%; Filer: CalSTERS



SHAREHOLDER MEETINGS AND PROXY PROCESS

(right to hold special meetings and act by written consent)

39 resolutions, 42% avg.

MEMC Electronics (May 30, 2013): #7 - "Special Shareholder Meetings" - Bylaw Amendment

Board: "Against"; Support: 77%; Filer: Not Disclosed in Proxy

- 88 Governance resolutions earned majority shareholder support in the 2013 proxy season.
- A request that the Freds, Inc. board nominate a board candidate with governance expertise earned 60% support.
- Sixty-four resolutions requested an independent board chair, the highest ever for this category.
- Boards made no recommendation on nine resolutions and recommended a 'for' vote on two governance-related resolutions in the 2013 proxy season. They were mostly requests for board declassification and majority voting in director elections

SEVERANCE AND CHANGE IN CONTROL PAYMENTS

(shareholder vote on severance pay and no accelerated vesting)

31 resolutions, 34% avg.

Nabors (June 4, 2013): #9 - "Seek Shareholder Approval of Future Severance Agreements" -Bylaw Amendment

Board: "Against"; Support: 50%; Filer: CalPERS

INDEPENDENT BOARD CHAIRPERSON

64 resolutions, 32% avg.

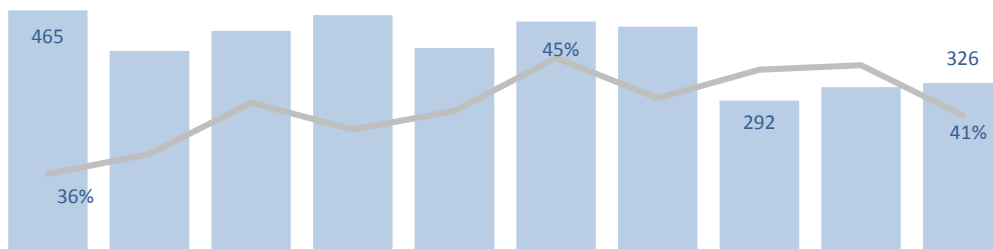
Netflix (June 7, 2013): Board: "Against"; Support: 77%; Filer: New York City Pension Funds and Retirement Systems

SENIOR EXECUTIVE STOCK RETENTION

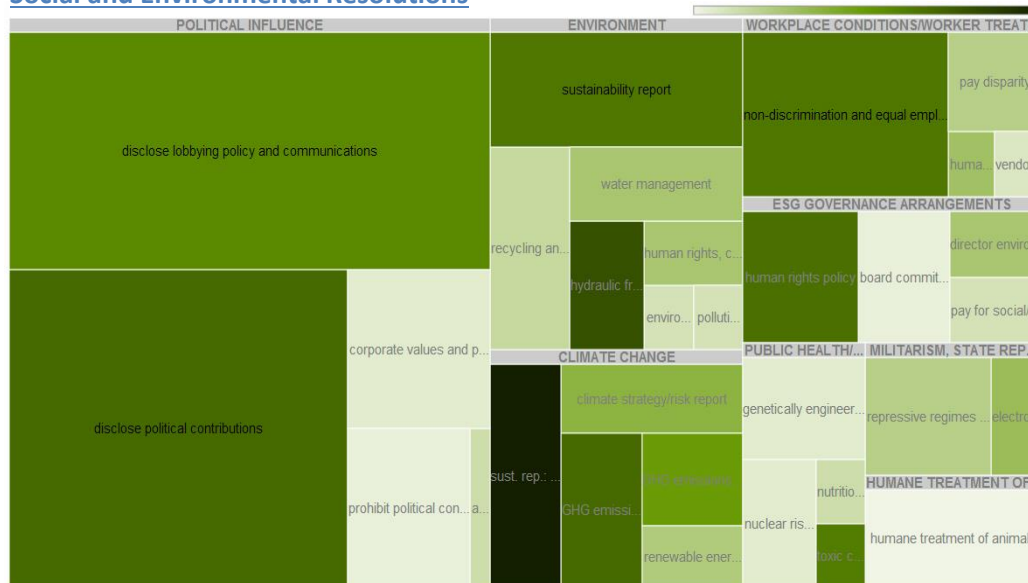
39 resolutions, 25% avg.

Pep Boys Manny Moe & Jack (Sept 12, 2012)

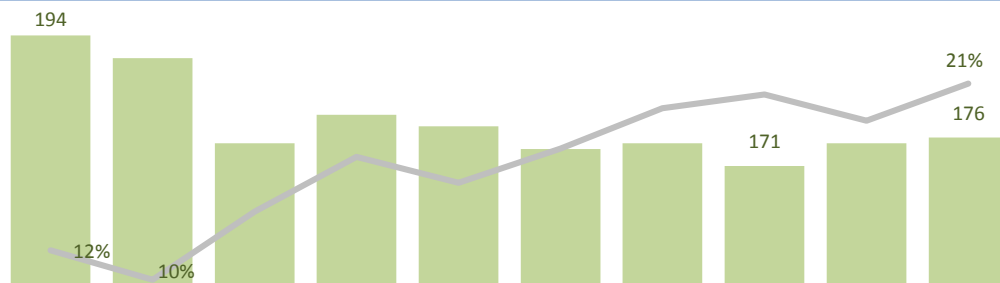
Board: "Against"; Support: 77%; Filer: John Chevedden



Social and Environmental Resolutions



- Fourteen environmental and social resolutions earned at least 40% shareholder support in 2013.
- Resolutions requesting sustainability reporting on energy efficiency and GHG emissions received an average of 42% support in 2013.
- Resolutions requesting a sustainability report addressing "greenhouse gas emissions, water conservation, waste minimization, energy efficiency, and other environmental and social impacts" averaged 28% support.
- Hydraulic fracturing resolutions at Pioneer, Exxon and Chevron averaged 34% support.
- Five resolutions requesting disclosure of human rights policies average of 29% support.



CLIMATE CHANGE: SUSTAINABILITY REPORT INCL. GHG/ENERGY EFFICIENCY GOALS

5 resolutions, 42% avg.
CF Industries Holdings (May 14, 2013) "report describing the company's ESG performance including a review of opportunities to increase the energy efficiency of operations"
 Board: "Against"; Support: 67%; Filer: Board of Pensions of the Presbyterian Church

NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITIES

11 resolutions, 28% avg.
Universal Forest Products (Aug. 30, 2012)" explicitly prohibit discrimination based on sexual orientation and gender identity"
 Board: "Against"; Support: 49%; Filer: New York State Common Retirement Fund

POLITICAL CONTRIBUTIONS DISCLOSURE

33 resolutions, 30% avg.
CF Industries Holdings (May 14, 2013)
-disclose political contributions policies and expenditures
 Board: "Against"; Support: 66%; Filer: New York State Common Retirement Fund



CLIMATE CHANGE: GHG EMISSIONS DISCLOSURE

4 resolutions, 30% avg.
Oneok (May 22, 2013) "report on ... how Oneok is measuring, mitigating, setting reduction targets, and disclosing methane emissions."
 Board: "Against"; Support: 38%; Filer: Trillium Asset Management

SUSTAINABILITY REPORT

9 resolutions, 28% avg.
CLECO CORP (May 22, 2013) -incl. water risks
 Board: "Against"; Support: 42%; Filer: Calvert Investment Management & Green Century Equity Fund



LOBBYING POLICY AND COMMUNICATIONS DISCLOSURE

35 resolutions, 25% avg.
LORILLARD (May 14, 2013)
 Board: "Against"; Support: 44%; Filer: Province of St. Joseph of the Capuchin Order

CookESG Research

*making sense of corporate
disclosures...quickly*

Fund Votes

Tracking mutual fund proxy voting

Climate Risk Disclosure

Tracking climate and sustainability disclosures

Proxy Season

Tracking the proxy season