



The Forum for Sustainable and Responsible Investment

Statement on Shareholder Resolutions and Corporate Responsibility

The 2013 US corporate annual meeting season is underway. Over the next several months, several thousand publicly traded companies will hold their annual meetings, and their owners—the shareholders—will be asked to approve slates of proposals offered by management.

At a few hundred of these companies, the annual meeting agendas will also include proposals submitted by shareholders. Upholding a tradition of investor responsibility that spans more than four decades, individual and institutional shareholders will formally submit suggestions to corporate boards and management to review or improve their policies, practices and strategic planning with regard to environmental, social and corporate governance questions. From 2010 through 2012, for example, more than 200 institutional shareholders, with assets totaling \$1.5 trillion, filed resolutions at US companies.

In many cases, these shareholders are seeking assurance that their portfolio companies are not seeking quarterly returns at the expense of long-term sustainability and that they have policies in place to identify and respond to risks and opportunities. Thus, they may seek changes in a company's governance structure to ensure that directors and executives consider a range of viewpoints, the better to adopt policies in the long-term interests of the company and its shareholders and other stakeholders. They may ask companies to provide better disclosure on their sustainability goals and their progress in achieving them. And they may ask companies to take action to correct problems or settle legal disputes, particularly in the social and environmental sphere, that threaten their reputations.

The Securities and Exchange Commission monitors this shareholder resolution activity and defines the rules by which it is conducted, including the minimum stock ownership requirements that filers must meet. Moreover, it allows companies to omit shareholder proposals that it determines are moot, are motivated by personal grievance, or do not rise above the day-to-day "ordinary business" decisions that are the sole purview of management.

US SIF hails this tradition of shareholder engagement, which is an important strategy of sustainable and responsible investing, and it encourages all publicly traded companies to respect the process. Nonetheless, every year, there are instances of corporations utilizing new tactics to discourage shareholders from expressing their views. In an extreme example, in 2012, one corporation, Chevron, went so far as to file a legal subpoena to two shareholder advocates to seek their communications with hundreds of organizations, investors and individuals concerning environmental problems stemming from one of its former sites of operation and the shareholder resolutions filed in response.

US SIF believes that such reactions by corporate management against its own shareholders are short-sighted and create an environment of distrust between companies and shareowners. Further, both companies and investor interests are best served by productive annual meetings and by respectful and engaged relations with shareowners throughout the year. The many US SIF members who engage with companies find that companies, shareowners and other stakeholders benefit when they work together to improve companies' business practices and their reporting on environmental, social and governance issues.

For additional information on sustainable and responsible investing and US SIF, please visit www.ussif.org.