



IRRC

C O R P O R A T E S O C I A L I S S U E S R E P O R T E R

Impartial Research on Companies and Shareholders Worldwide

June/July 2005

Proponents Score Several Wins in Spring Season

The spring 2005 proxy season for corporate responsibility issues was notable for a new campaign, led by AFSCME and the state of Minnesota, questioning drug companies on their policies opposing drug reimportation. The campaign clearly struck a nerve among investors, averaging support of over 15 percent, unusually high for a first-year shareholder initiative on a social issue.

But this campaign did not produce the highest vote of the season. That distinction goes to a resolution on political spending disclosure at Plum Creek Timber, which achieved a majority support of 56 percent, after management agreed not to issue a recommendation against it. The runner-up, with 47 percent support, asked Rite Aid to commit to increasing the representation of women and racial minorities on its board; the near-majority support was achieved despite management opposition.

Other categories of proposals that won relatively strong support were requests that companies expand or report on their fair employment policies, both at home and overseas; disclose their political contributions and policy; report on sustainability; review and disclose their climate

change strategies; and consider how the related pandemics of AIDS, tuberculosis and malaria may affect their businesses. Each of these categories averaged support of at least 10 percent, with several individual proposals winning well over 20 percent.

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In contrast, as has been typical in these issue areas, investors expressed little interest in proposals concerning military spending, tobacco production and marketing, animal testing and bioengineering.

None of the proposals in these categories achieved percentage support beyond single digits, and the average support in each category was less than 6 percent.

The Shape of the Season

In the first half of 2005, 168 proposals came to votes, making it one of the busier spring proxy seasons of recent years (see Table 1). So far, final or preliminary vote results are in for 154 resolutions. Of these, about 16 percent have received the support of more than 15 percent of the shares voted, up a little from last year (after excluding proposals in both years where management either recommended a vote in favor or did not make a recommendation at all). (See Table 2.)

At the other end of the spectrum, 18 of the proposals for which vote results are known got less than 3 percent support. Thirteen of these related to tobacco or to animal testing, issues that generally do not generate high favorable votes, but the remaining five were outliers for their issue categories and occurred at companies where directors and officers controlled 48 percent or more of the total voting power. (See Table 4, p. 11.)

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High Votes of the 2005 Social Issues Proxy Season - Twenty-four of the 154 social policy resolutions where final or preliminary results are known achieved support of 15 percent or more. **5**

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New Student Group to File Shareholder Resolutions - Students at Vermont Law School (VLS) have formed the nation's first student group dedicated to filing shareholder resolutions and establishing dialogue with corporate managers and boards of directors. The students will focus on environmental issues, leveraging knowledge gained through their studies at VLS, which is nationally recognized for its environmental law program. The students plan to make their first stock purchase this fall and, upon meeting the year-long stock ownership requirements, file one or two shareholder resolutions scheduled for votes in the 2007 proxy season. **16**

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holder activists, success in working out agreements that enable them to withdraw resolutions is a greater victory than a high vote. In that respect, 2005 was a stellar year. So far proponents have withdrawn 111 resolutions, beating the previous recent high—105 registered in all of 2003. That makes the most withdrawals in one year since the dissolution of apartheid ended shareholder campaigns against companies doing business in South Africa in the early 1990s.

The 2005 withdrawal totals included 21 in the campaign to bar discrimination against employees on the basis of sexual orientation, where agreements have been common in recent years. In the energy and environment area, another 22 resolutions were withdrawn. Sixteen of those involved global warming, part of a campaign that picked up steam this year. Proponents achieved agreements with retailers on all five resolutions on sales of violent video games, and New York City was able to withdraw its four resolutions questioning subsidiary operations in Iran.

Omissions: At the Securities and Exchange Commission, the number of resolutions that the staff agreed companies could omit as in violation of the shareholder proposal rule was also up. As of late July, 60 resolutions had been omitted, compared with 49 in each of the last two years. One reason for the uptick was the torpedoing of a nascent labor campaign to get companies to report on movement of business overseas and the extent of job loss in the United States. The SEC staff agreed with the companies that the proposal raised “ordinary business” issues—defined as mundane business questions in which shareholders should not have a say.

The SEC’s shareholder proposal rule lists 13 substantive reasons why

Table 1: Status of Social Issues Proposals 2001-2005*

	2001	2002	2003	2004	2005
Filed	244	268	267	327	332
Omitted	32	31	45	49	57
As % of filed	(13.1)	(11.5)	(16.8)	(14.9)	(17.1)
Withdrawn	60	89	91	81	103
As % of filed	(24.6)	(33.2)	(34.1)	(24.8)	(31.0)
Voted On	140	145	129	186	168

*for meetings January 1 through June 30

shareholder resolutions can be omitted, ranging from mootness to vagueness. But the ordinary business exclusion, as usual, was the major reason why the SEC staff allowed companies to exclude resolutions. Other issues that the SEC staff deemed ordinary business were the depiction of smoking in movies and TV—an issue that activists associated with the Interfaith Center on Corporate Responsibility tried unsuccessfully to approach from two angles this year. In a reprise of decisions in recent years, resolutions relating to environmental risk were also judged ordinary business, even if they did not specifically refer to risk in the resolved clause, as was one proposal on the AIDS pandemic.

More than 30 resolutions were omitted on ordinary business grounds. By contrast, only four resolutions, three on sustainability reporting and one on political contributions, were judged to be moot. And in 2005 most companies failed with arguments that resolutions were vague and misleading, although that section of the shareholder proposal rule had been a winner for companies more often than usual in recent years.

Vote calculation: What follows is a summary, by category, of the 2005 spring proxy season, including the most interesting votes, withdrawals and decisions at the SEC on whether resolutions could be omitted. Companies at which proposals did well

enough to qualify for resubmission next year are highlighted in bold face. All vote support levels are calculated according to the formula the SEC uses to determine resubmission eligibility: the percentage of shares voted “for” out of the total voted “for” and “against,” excluding abstentions. First-year proposals must win at least 3 percent support under the formula to qualify for resubmission an additional year, second-year proposals must get at least 6 percent, and proposals in their third year or more must score at least 10 percent. (If the proposal fails to clear the pertinent threshold, it may not be resubmitted at the company for another three years.)

Animal Rights

People for the Ethical Treatment of Animals reemerged as a shareholder proponent on a big scale this year, offering 25 resolutions for the spring proxy season. Among those were 15 that continued an old campaign asking companies to use non-animal test methods, and seven that were part of a new campaign asking grocers and restaurants to review and report on their suppliers’ animal slaughter methods with an eye to switching to the use of “controlled atmosphere killing” of chickens (CAK), which PETA and a number of other groups, including the U.S. Humane Society, view as more humane. Under CAK, the live birds are sealed in a chamber in which oxygen is gradually replaced

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with inert (not poisonous) gas, and then appear to die peacefully.

Votes: Investors were dismissive of the proposals to restrict animal testing. Of the 10 proposals on this subject for which vote results are known, only two—at **Bristol-Myers Squibb** and **Chevron**—squeaked past the resubmission threshold of 3 percent for first-year proposals. With the exception of a second-year proposal at General Electric, all the other proposals on animal testing gained less than 3 percent support.

PETA may have gotten a more sympathetic hearing on its campaign to reform chicken slaughter methods. Its proposal on phasing in controlled-atmosphere killing won 6.0 percent support at **Wendy's International**. IRRC is still awaiting vote results for the same proposal at Applebee's and Kroger. A more broadly worded repeat proposal at **Yum Brands**, asking it to review the animal welfare standards of its suppliers, won 8.8 percent support.

Action at the SEC: Only one animal rights resolution was omitted on substantive grounds. Inspired by PETA's concerns over a report that Pfizer had donated funds to British universities to promote medical research with animals, the proposal asked the company to rescind the donations and not to make new ones. The SEC staff has long considered donations for specific causes to be ordinary business issues, and the omission was no surprise. The only other omission was of a CAK proposal at Wal-Mart where the proponent failed to provide proof of beneficial ownership.

Withdrawal agreements: PETA worked out seven withdrawal agreements. Three of those involved the CAK resolution. The proposal was withdrawn at McDonald's early in the proxy season when the company agreed to prepare the report, and in a shorter timeframe than re-

quested. It was later withdrawn at Denny's when the company agreed to review the McDonald's report and send it to its suppliers. The Safeway withdrawal was less substantive; Safeway questioned whether it had to include the proposal because chickens didn't involve 5 percent of its business. PETA, which had found Safeway generally cooperative on animal rights issues, decided not to pursue the resolution.

PETA withdrew four of the animal testing proposals, at Dow Chemical, ExxonMobil, Johnson & Johnson and Schering-Plough, when the companies agreed to continue face-to-face meetings with PETA over the issue.

Board Diversity

Calvert Social Investment Group continued to comb its portfolio for companies with no women or minorities on their boards. It proposed five resolutions for the spring proxy season and then was able to withdraw them all. Church groups proposed four more resolutions, all but one of which was voted on, and other proponents also sponsored more.

Votes: Of the four proposals on board diversity voted on through June 30, only two vote results have been reported, but one, as noted earlier, is a whopper. Investors gave near-majority support—47 percent—to a proposal sponsored by the Methodists' General Board of Pensions and Health Benefits at **Rite-Aid**, the highest vote ever on a board diversity proposal. (The previous record in this category had been set by the 43 percent favorable vote at Cypress Semiconductor in 1999.) In addition, the Christus Health proposal at **Torchmark** garnered 11.6 percent support. These two votes signal that investors are once again giving significant support to board diversity resolutions after a hiccup last year, when the five proposals that came to votes averaged support of just 7 per-

cent after such proposals had scored more than 20 percent average support from 2001 to 2003. A factor in the low votes last year was Institutional Shareholder Services' decision to switch its recommendations from support to opposition.

Withdrawals: Calvert withdrew its resolution at Amphenol, Danaher, Everest Re, Expeditors International and New York Community Bancorp after the companies "amended their nominating and governance committee charters to reflect a commitment to diversity as an important search criterion and director qualification." The only church withdrawal came at Viacom.

Omissions: The Rossi family, long-time corporate governance proponents who usually don't cross the line into social issues, proposed three resolutions asking companies to ensure that 50 percent of board nominees were minority and/or female. The SEC staff allowed Bank of America and Safeway to omit the proposal under section i-2 of the shareholder proposal rule, which allows for omission of proposals that would force a company to violate the law. The proposal was then withdrawn at Kimberly-Clark.

Charitable Contributions

Only one resolution on charitable contributions came to a vote—a proposal from Trillium asking **Avon Products** to provide more information about its fundraising for breast cancer research. It received 6.4 percent support.

No proposals were withdrawn, but as usual several individuals ran into trouble with the shareholder proposal rule when they attempted to propose resolutions on specific contributions.

Action at the SEC: Omitted following precedents were resolutions on targeted charitable contributions at Boeing (the Boy Scouts), Chevron

Table 2: High Votes So Far for the 2005 Social Issues Proxy Season

Final vote results are still coming in for shareholder proposals on corporate social responsibility. Here is the roundup, so far, of the highest-scoring proposals.

Company	Resolution	Primary Filer	Vote For (%)
Plum Creek Timber	Report on political donations and policy	Newground	56.2 *
Rite Aid	Commit to/report on board diversity	GBPOHB–United Methodist Church	47.0
Emerson Electric Co	Adopt sexual orientation anti-bias policy	Domini, Northstar, Pride Fdn.	38.9
Gilead Sciences	Review AIDS pandemic's impact on company	Camilla Madden Trust	31.7
ExxonMobil Corp.	Adopt sexual orientation anti-bias policy	NYCERS	29.5
Home Depot Inc.	Report on EEO	Walden	29 ?
Bard (CR) Inc	Implement ILO standards and third-party monitoring	NYC funds	28.9
Pfizer Inc	Report on policy on drug reimportation	MN State Bd. Of Invest	28.5
ExxonMobil Corp.	Report on Kyoto compliance plans	Capuchins	28.4
General Electric Co	Disclose costs of PCB cleanup delay	Srs. St. Dominic/Caldwell	27.5 ?
Dean Foods	Issue sustainability report	New York City pension funds	27.1
Vintage Petroleum	Report on/reduce greenhouse gas emissions	Nathan Cummings Fdn.	25.6 ?
Merck & Co.	Report on policy on drug reimportation	MN State Bd. Of Invest	24.5
Lucent Technologies Inc	Disclose political contributions in newspapers	Davis, E.	23.4
Wyeth	Report on, don't oppose drug reimports	AFSCME	23.2
Cooper Tire & Rubber	Issue sustainability report	New York City pension funds	23.2
Advance Auto Parts	Adopt sexual orientation anti-bias policy	New York City pension funds	22 ?
Bed Bath & Beyond	Implement ILO standards and third-party monitoring	NYCERS	21.6
Boeing	Adopt comprehensive human rights policy	Capuchins	21.2
Wal-Mart	Report on EEO	Srs. Charity of St. Elizabeth	18.8 ?
Wal-Mart	Issue sustainability report	GBPOHB–United Methodist Church	16.2 ?
Hormel Foods Corp	Issue sustainability report ##	Adrian Dominican Srs.	15.7
Wal-Mart	Report on stock options by race/sex	Northstar	15 ?
Verizon Communications	Report on political donations and policy	Domini	15.0 ?

Key: ? indicates that the vote result is preliminary; *Management took no position on proposal.

(the Metropolitan Opera), Verizon (no support for Jesse Jackson's PUSH coalition) and Wachovia (no support for abortion providers). Anti-abortion activists traditionally have had trouble using the proxy to press their issue, but last year the SEC staff allowed a proposal asking companies not to make any contributions even though it had a supporting statement making clear that the proponents were primarily unhappy about contributions to Planned Parenthood and stem cell research. Rather surpris-

ingly, the proponents chose not to pursue that approach this year, opting instead for a resolution that asked companies not to provide same sex partner benefits—a sure loser under the shareholder proposal rule. (For more, see Equal Employment, below.)

Energy and Environment

Once again the diverse energy and environment category produced the most resolutions—and a lot of withdrawals. It included initially 65 proposals, of which about half came to

votes. The largest category was global warming, which saw a record 34 resolutions filed and a hefty 16 withdrawn. Activists, mostly from religious groups, continued their campaign on genetically modified foods into the sixth year with 10 proposals. Only three resolutions fell into the energy category, all on nuclear power risks. The rest of the energy and environment category consisted of 18 proposals involving environmental management and reporting. Many of those were resubmissions,

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but an interesting new proposal involved DuPont's legal problems in the manufacture of a Teflon ingredient.

Votes on climate change: The campaign on climate change scored a notable success at **ExxonMobil**. A proposal from religious investors asking the company to report on how it will meet the greenhouse gas reduction targets of countries in which it operates that have adopted the Kyoto Protocol received 28.4 percent support, the highest yet at the company on climate change. ExxonMobil, which received its first shareholder proposal on the subject in 1990, maintains that the scientific evidence of climate change "remains inconclusive," which puts it at odds with many reputable scientific organizations, including the Intergovernmental Panel on Climate Change. In addition, a second-year proposal at **Exxon**, asking it to report on the research data that underpins its stated position on the science of climate change, received support of 10.3 percent, up slightly from the year before.

Another high-scoring proposal on climate change took place at **Vintage Petroleum**, where preliminary results indicate more than 25 percent of the shares were voted in favor of the Nathan Cummings Foundation's proposal that it report how it plans to "significantly reduce carbon dioxide and other greenhouse gas emissions." The company had taken none of the 14 actions on the Climate Change Governance Checklist that IRRC developed, shown next page. (Exxon, by way of comparison, had completed four of these actions.)

The shareholder campaign had a mixed record at the major auto companies. A first-year proposal at **Ford Motor**, which asked it to explain its lobbying against tighter fuel economy, obtained 6 percent support, enough for resubmission. However, the preliminary results for a third-

year proposal asking General Motors to report how it plans to reduce greenhouse gas emissions indicate it did not clear the 10 percent threshold it needed to meet.

The Nathan Cummings Foundation, Harrington Investments and New England Friends expanded the focus of the climate change campaign this year with resolutions to five homebuilding and property management companies on their efforts to reduce greenhouse gas emissions from their properties. The U.S. housing market accounts for more than 20 percent of the nation's GHG emissions, with the average home producing more emissions than the average car; nonetheless, of the five companies that received the proposal, only one—Simon Property Group—had completed any actions on the IRRC Climate Change Governance checklist. None of these proposals earned more than single-digit support, perhaps because of the newness of this issue to the companies' shareholders. Nonetheless, the proposals at **Health Care Property Investors**, **Liberty Property Trust**, **Ryland Group**, and **Simon Property Group** did well enough to be resubmitted, with support ranging from 7.5 to 9 percent. In contrast, the same proposal at Lennar, where directors and officers control nearly half the voting power, obtained less than 2.3 percent.

Votes on genetic modification: Investors have rarely given much support to shareholder proposals questioning genetic engineering, and this year was no exception; no proposal gained more than single-digit support. Nonetheless, first-year proposals at **Du Pont**, **McDonald's**, **Wendy's** and **Whole Foods** easily cleared the 3 percent bar, but the repeat proposals at Kellogg and Monsanto could not clear the higher thresholds they faced. A first-year proposal at Kraft Foods did unusu-

ally poorly, with less than 1 percent support, but directors and officer control the vast majority of the voting power in the company. The proponents at Whole Foods had reason to boast about the success of their resolution, even though it registered just 6.8 percent support: the chairman announced at the annual meeting that the company would comply with the resolution and label all its private label products to state that they do not contain genetically engineered ingredients.

Votes on other environmental issues: The remaining 12 proposals that came to votes on environmental issues covered a wide array of issues, often ones that were specific to the target company. The highest vote at the 11 where results are in came at **General Electric**, where shareholder proponents for the sixth consecutive year asked the company to disclose the costs of its delay in cleaning up PCB contamination in the Hudson and Housatonic Rivers. It received 27.5 percent support, the highest yet. The only other double-digit support came on a second-year proposal that **Monsanto** report on its exports of pesticides banned in the United States.

A proposal asking **Chevron** and **ExxonMobil** to report on how oil development in certain natural and cultural sites such as the Arctic National Wildlife Refuge would affect the environment and their operations won more than 8 percent support at each company. In addition, Trillium's second-year proposal asking **Chevron** to clean up toxic waste sites from its former operations in Ecuador won 9 percent support.

Other environmental proposals that won enough support for resubmission were those asking:

- **Avon Products** to reformulate products to meet European Union bans on toxics;
- **Weyerhaeuser** to report on the

feasibility on ending timber purchases from U.S. National Forests;

- **DuPont** to report on the liabilities associated with its production of perfluorooctanoic acid, and
- **Dow Chemical** to report on how increasing regulatory restrictions or governmental testing on toxic chemicals may affect its business.

Second-year proposals at Costco on land development issues and at PepsiAmericas on recycling each scored about 4 percent support; IRRC is still awaiting vote results at Stericycle.

Action at the SEC: The SEC staff in recent years has allowed companies to omit proposals that focus on environmental risks on grounds that they raise ordinary business issues. As a result, proponents have mostly modified the global warming campaign to avoid that pitfall, but one new 2005 proposal from the Service Employees International Union asking Wachovia to report on the effect on its “business strategy of the risks created by global climate change” was deemed ordinary business. (The proposal was omitted at two other banks for being filed late.)

Also falling into the business risk/ordinary business category was a New York City resolution asking Newmont Mining to report on waste disposal in Indonesia “with a particular reference to potential environmental and public health risks.” And church proponents, in modifying a 2004 resolution to Dow Chemical focused on the Bhopal tragedy, saw it tossed out at the SEC, where the staff concluded that the revised request came down to “evaluation of risks and liabilities.” The earlier proposal, which asked for a report on new initiatives to address the concerns of the survivors of the Bhopal tragedy, had passed muster.

Resolutions from global warming skeptics Carl Olson and Mark Seidenberg asking Ford Motor and General Motors to report on climate change science were omitted for a second year on ordinary business grounds because the information requested was deemed too detailed and the proposed method of preparation deemed inappropriate. A resolution to Catellus Development opposing coastal zone development on the West Bluffs in California was omitted because the company no longer owned the property. Two other environmental proposals, to Wal-Mart and Dominion Resources, were omitted for technical reasons.

Withdrawals: Sixteen of the global warming withdrawals involved resolutions asking companies to assess and report on how they are responding to pressures to reduce greenhouse emissions. The withdrawals came at Allergan, Anadarko, Analog Devices, Apache, Avery Dennison, Centex, Corning, Dow Chemical, FirstEnergy, Ford Motor, Newell Rubbermaid, Nucor, Progress Energy, Tesoro, Unocal and XTO Energy.

Many of the withdrawals came when companies agreed to disclose substantially more information than they had in the past. Notably, at Anadarko and Apache, the withdrawn proposals had received better than 30 percent support when they

Climate Change Governance Checklist

IRRC, identifies 14 specific actions that companies can take to implement governance responses to climate change.	
Board level	
1	Assign a committee of directors with direct oversight responsibility for environmental affairs.
2	Conduct a formal board-level review of climate change and monitor company response strategies.
Management level	
3	Place the chief environmental officer in a position to report directly to the chief executive officer or the CEO’s executive committee.
4	Make attainment of greenhouse gas targets an explicit factor in employee compensation.
5	Have the CEO issue a clear and proactive statement about the company’s climate change response and greenhouse gas control strategy.
Reporting	
6	Include a statement on material risks and opportunities posed by climate change in the company’s securities filings.
7	Issue a sustainability report based on the Global Reporting Initiative or comparable “triple bottom line” format, which includes a discussion of climate change and a listing of the company’s greenhouse gas emissions and trends.
Emissions data	
8	Calculate and register greenhouse gas emissions savings or offsets from company projects.
9	Conduct a system-wide inventory of the company’s emissions and report the results directly to shareholders.
10	Establish an emissions baseline (dating back at least 10 years) by which to gauge the company’s emissions trends.
11	Make projections of future emissions and set firm, company-wide targets to manage and control them.
12	Hire a third party auditor to certify there are no material misstatements of the company’s emissions data.
Other actions	
13	Participate in an external voluntary greenhouse gas emissions trading program.
14	Purchase and/or develop renewable energy sources.

came to votes in 2004. On the whole, withdrawal agreements on greenhouse issues have become more substantive than in the earlier years of the campaign, when proponents sometimes would withdraw only in return for companies’ willingness to continue discussing the issue.

In addition to those 16 withdraw-

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als, religious investors withdrew a related resolution to Chevron, on renewable energy, after the company agreed to set an overall greenhouse gas emissions goal.

Walden Asset Management withdrew two other environmental proposals. One withdrawal came at PepsiCo, where the company shared additional information regarding its recycling programs and agreed to consider quantitative recycling goals for its beverage containers. Walden also withdrew a resolution designed to encourage IBM to pursue programs for recycling computers after the company demonstrated it was already doing most of what was requested in the five-point proposal. Green Century Funds withdrew its resolution asking ConocoPhillips to report on potential environmental damage from drilling in the Arctic National Wildlife Refuge after the company confirmed that it had withdrawn from Arctic Power, the single-issue lobbying group working to open the refuge to drilling.

Two of the GMO proposals were withdrawn. One of those, at Dow Chemical, came after the company lost a challenge at the SEC and then agreed to provide information on planting food crops engineered to produce pharmaceuticals. The other withdrawal was at Safeway. In that case the proponents told IRRC they withdrew after the company notified them that the 5.5 percent the resolution received last year was below the 6 percent needed for resubmission (according to IRRC's records, the proposal needed only 3 percent).

Equal Employment

Proposals requesting companies to expand or report on their fair employment policies were once again a major category, both in terms of the number of proposals submitted and the support they received. All told, 29 such proposals were filed, 21 of which

were withdrawn. Twenty-three asked companies to change their written EEO policies to outlaw discrimination because of sexual orientation. Another three asked companies to sign on to the 10-point "Equality Principles on Sexual Orientation," which cover issues such as discrimination in advertising in addition to employment. In addition, proponents filed four resolutions asking companies to report on their equal employment opportunity statistics, especially with regard to race and sex.

Three anti-gay rights proposals seeking to deny benefits to employees' unmarried partners were filed. Two were omitted and the other came to a vote only because the company made the wrong arguments at the SEC.

Votes: All but two of the proposals asking companies to expand or report on their equal employment policies won double-digit support. The highest scoring two proposals were the ones asking **Emerson Electric** and **ExxonMobil** to pledge not to discriminate on the basis of employees' sexual orientation. The proposal has appeared four times before Emerson Electric shareholders since 2001, and this time they gave it 38.9 percent support, the highest yet at the company, and a near quadrupling over the 10 percent support it received the last time around in 2003. The proposal at ExxonMobil, which was in its seventh year, won 29.5 percent support, also the highest for this proposal at the company. The same proposal, in its first year at **Advance Auto Parts**, won 22 percent support, according to preliminary results. In dramatic contrast, the same proposal at Universal Health Services got less than 3 percent support, but the low vote undoubtedly reflects the fact that directors and owners control 85 percent of the company's voting

power.

The more extensive first-year proposal asking **Delta Air Lines** to implement the Equality Principles received nearly 9 percent support.

(A proposal at **NCR** from a conservative shareholder took the opposite tack; it asked the company not to extend benefits to domestic partners of the highest-paid employees. As noted below, the company, not realizing that it could have successfully applied to the SEC staff for permission to omit the proposal on ordinary business grounds, had to place it in the proxy. It received 4 percent support.)

Proposals asking companies to report on equal employment opportunity policies did well this year. The highest vote in this group occurred at **Home Depot**, where shareholders, voting on this proposal for the first time since 2000, nearly tripled their support to 29 percent, according to the preliminary tally. Similarly, the 18.8 percent support for the proposal at **Wal-Mart** was the highest of the six years since 1999 that it has been on the agenda. A first-year proposal at **Yum Brands** asked not only about the companies' track record in providing opportunities to women and racial minorities, but also about access for disabled customers; it received 13.2 percent support.

Withdrawals: The campaign to get companies to adopt sexual orientation anti-bias policies, coordinated by New York City, registered 19 withdrawals—at Agco, Alcoa, Alleghany, Alltel, BB&T, CH Robinson, Carlisle, Coventry Health Care, Dana, EchoStar Communications, Fisher Scientific, Gentex, Harrah's, LandAmerica, Nucor, Omnicare, Owens-Illinois, Reliant Energy and US Steel.

In addition, two of the three Equality Principles proposals were withdrawn, at Cerner and Toys 'R' Us. One EEO data proposal was

withdrawn, a previous high-scorer at Amgen.

Action at the SEC: Anti-abortion activists who had proposed resolutions on charitable contributions in earlier years switched to an anti-gay rights campaign, asking companies not to extend benefits to domestic partners of executives. The SEC has always considered benefits to be ordinary business issues, and the two companies that made that argument—American Express and AT&T—were

able to omit the resolutions. But NCR tried arguing instead that the proposal was vague and irrelevant, and was required to bring it to a vote.

Executive Pay

Proponents filed 18 resolutions on linking pay to performance on social issues, only 10 of which came to votes. The 2005 proxy season saw more withdrawals than are usual with this type of proposal, and also a rare instance of an executive pay/social link resolution running into trouble at the SEC.

Several of this year's pay link proposals were very general, looking for a commitment to tie executive pay rate decisions to overall progress on social issues. Others raised familiar

Table 3. Support Levels for Selected Social Issues Through June 30, 2005

Subject	# of resolutions voted on as of 6/30/2005	Average support (%)	Average support for similar proposals in 2004
Animal Welfare	16	3.3*	3.4
Board Diversity	4	29.3*	6.9
Energy & Environment			
• Climate Change	11	10.8*	16.7
• Nuclear Power	3	6.9*	8.6
• Genetic Engineering	8	5.7	7.0
• Other	12	9.1*	14.7@
Equal Employment	9	18.6*	24.7
Executive Pay/Social Link	10	8.6*	8.3
Global Labor Standards	14	11.4*	16.6@
Health			
• Drug Development & Marketing	7	16.6	6.4
• AIDS, Malaria and TB	5	12.5	19.7@
Human Rights	8	8.8*	7.8
Military Contracting	3	5.9	6.5
Northern Ireland	4	10.4	9.1
Political Giving/Ties	30	10.4*	9.1
Sustainability Reporting	8	14.5*	25.1
Tobacco	9	2.7	5.8

* Average vote results are still preliminary.
 @ Vote averages were skewed upwards by management-supported proposals that got more than 90 percent; without these included, the environmental "other" average was 8.2 percent, the AIDS average was 8.6 percent and the global labor standards average was 12.2 percent.

questions, such as distribution of stock options by race and gender, or job layoffs or predatory lending. A new proposal to GEO Group looked at criteria for treatment of prisoners, and another new proposal asked Ford Motor to link pay to progress in reducing greenhouse gas emissions—the first time the greenhouse issue had been raised in the executive pay context.

Votes: Of the eight proposals for which IRRC has final or preliminary vote results, all but one—a second-year proposal at Wells Fargo that focused on avoiding predatory lending practices—won enough support for resubmission. The highest-scoring proposal came at **Wal-Mart**, where a second-year request that it

delineate, by race and sex, which employees receive stock options, won 15 percent support.

Shareholders gave double-digit support as well to an AFL-CIO proposal at **AT&T** (10.1 percent) and to a Harrington Investments proposal at **SBC Communications** (12.7 percent). Both proposals asked about linking executive pay to various corporate responsibility indicators and expressed concern about outsourcing and layoffs, given SBC Communications' planned purchase of AT&T and reports that jobs representing about 12 percent of the work force at the two companies would be cut.

Other proposals on linking executive pay to social criteria got support ranging from 3 to nearly 9 percent

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at **Amgen, Du Pont, Ford Motor** and **GEO Group**.

Withdrawals: The Calvert Group was able to withdraw resolutions at Citizens Communications, Dollar General and Xerox when the companies agreed to institute general links between executive pay and overall financial and social performance. Christus Health withdrew a proposal to Halliburton when the company pledged to “continue talking ... about developing mutually agreeable social responsibility criteria and a reasonable approach to applying such criteria when determining executive compensation.”

Action at the SEC: Resolutions on executive pay and social links have generally made it past SEC scrutiny since 1992, when the SEC altered policy to hold that shareholder proposals on executive compensation would no longer be classified as ordinary business matters. The decision opened up a niche through which shareholders could raise some issues that had previously been off-limits—such as the nature of advertising—as long as the issue was tied to executive pay.

In 2005, though, proponents ran into trouble with the SEC on resolutions to three media companies—Walt Disney, General Electric (for NBC) and Time Warner—asking that their compensation committees, “when setting executive compensation, include social responsibility and environmental (as well as financial) criteria among the goals that executives must meet.” The supporting statement was devoted entirely to expressing concern about the effects of the depiction of smoking in movies on increasing youth smoking rates, and the companies went to the SEC to protest, as Time Warner put it, that “Decisions regarding the content of the company’s entertainment products, including the depiction of tobacco use, are inherent to the gen-

eral operations of one of the company’s core businesses....The proponent should not be permitted to circumvent the well-established ‘ordinary business’ exclusion by couching the true focus of the proposal within the framework of a proposal related to the determination of executive compensation.”

The SEC staff agreed, noting in the no-action letter “that although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of the nature, presentation and content of programming and film production.” It is unclear whether the staff just found the wording of this proposal particularly clumsy, or whether the decision bodes ill for other executive compensation/social link proposals in the future. After the three resolutions were thrown out, proponents withdrew a fourth proposal at Viacom since it clearly was not viable.

Global Labor Standards

The number of resolutions on global labor standards continues to inch downwards. For the 2005 spring proxy season the total filed reached 23, down from 27 for all of 2004 and 31 the year before. Even more than in recent years activists tended to leave the field to the New York City pension funds and their proposal that companies adhere to International Labor Organization workplace human rights standards and employ independent monitoring to verify compliance.

Votes: Of the 11 proposals in this category where vote results are available, only two failed to meet their resubmission thresholds. Both proposals were at TJX, and up before shareholders for at least the third time in recent years. Although they each won about 9 percent support, that was a little shy of the 10 percent resubmission threshold. One,

from the New York City funds, called for monitoring of core ILO standards; the second, from Walden Asset Management, called for a review of the company’s supplier standards.

Elsewhere, though, proposals did reasonably well. The highest votes so far were for New York City proposals at **Bard** (28.9 percent) and **Bed Bath & Beyond** (21.6 percent). Other New York City proposals on monitoring the core ILO standards, at **Cooper Industries, Du Pont, Hasbro** and **Kimberly-Clark**, received support of 8 to 10 percent. Another New York City proposal at **Disney**, asking the company to review the labor standards at its Chinese suppliers, though, saw its support fall this year to 9 percent from 29 percent in 2004.

Two other proponents got enough support, though in the single digits, to re-file their proposals next year: Aaron Epstein, who asked **Costco** to require its vendors to meet the core ILO standards and to report to shareholders on their compliance, and Marie-Claude Hessler-Grisel, who asked **Mattel** to report in more detail on the implementation of its global labor principles.

Withdrawals: New York City tends to be pretty tough in negotiating withdrawals, and only four of its 14 proposals were withdrawn—at Fluor, Men’s Wearhouse, VF and Vishay Intertechnology. The proposal at Men’s Wearhouse was withdrawn when the proponents realized that last year’s version had failed to win enough support for resubmission. The other three withdrawals occurred for substantive reasons. Fluor said that it was working on implementing a code and would report back in the fall, and VF agreed to review its compliance with its code and report. The proposal to Vishay Technology was part of a city effort to learn more about the steps that companies have been taking to ensure security in

Table 4: Selected Low Vote Results and Director/Officer Voting Power

Company	Director/Officer Voting Power	Resolution	Vote For (%)
Lennar	48 percent	Report on/reduce greenhouse gas emissions	2.3
Republic Bank	68 percent	Take steps to prevent predatory lending	1.5
Tyson Food	81 percent	Report on political donations and policy	1.4
Kraft Foods	Total common equity comprises 13.8 percent of total voting power	Report on gene-engineered food	0.1
Universal Health Services	85.1 percent	Adopt sexual orientation anti-bias policy	2.9

Mexican border areas where a number of women have been murdered. Vishay, which had not responded to an initial request for information, provided it once the resolution was filed and the proposal was then withdrawn.

In other global labor withdrawals, the AFL-CIO for the second year withdrew a proposal asking for implementation of ILO standards by ExxonMobil when the company provided further information to bolster its contention that its Standards of Business Conduct provide a framework for its operations consistent with the spirit of the ILO declarations. Domini Social Investments withdrew an ILO standards proposal at Apple Computer after receiving satisfactory assurances from the company and a promise of continued discussions. A labor group withdrew an ILO standards resolution at DuPont simply because it substantially duplicated one from New York City that had been submitted first.

Activity at the SEC: The global labor standards resolutions have been well-tested, and the only relevant SEC decision was one that allowed Home Depot to omit an ILO standards proposal because it was so similar to one that had failed to receive enough support for submission last year.

Health

Activists continued to pursue corporate social responsibility issues in the health area on both the domestic and

international fronts. In the domestic area, most recent efforts on drug price restraint had failed to get enough support for resubmission, but two groups of shareholders—the state of Minnesota and the American Federation of State, County and Municipal Employees—proposed new resolutions on allowing drug reimportation from Canada. On the international side, church shareholders continued their campaign to get companies to review the economic effect of AIDS, tuberculosis and malaria on their business strategies and to report on their initiatives. The proponents changed the emphasis of the proposal somewhat to stress that it applied to developing countries in Asia as well as Africa.

Votes: Until this year, proposals questioning pharmaceutical firms' drug pricing and marketing policies have rarely broken out of single-digit support levels. The new crop of proposals critiquing companies' efforts to oppose reimportation, however, clearly resonated with a sizable block of investors this year, perhaps in response to recent legal developments. In August 2004, for example, a group of California pharmacies filed suit against several drug firms, including Lilly, Merck, Pfizer and Wyeth, alleging they are maintaining "artificially high prices" for their products in the United States while blocking cheaper imports. Minnesota's proposal asking for a report on reimportation received 28.5 percent

support at **Pfizer**, 24.5 percent at **Merck** and just under 14 percent at **Eli Lilly**. AFSCME's more extensive proposal, asking the target companies also not to oppose drug reimportation, did less well at **Pfizer** (11 percent) and **Eli Lilly** (3.8 percent) but received 23.2 percent support at **Wyeth**. **Pfizer** was targeted by still another proposal relating to pricing; Trinity Health's request that it report on its drug price restraint efforts received 11 percent support.

The second batch of proposals, focusing on global health pandemics and their impact on company image and strategy, got varied results. The proposal, which was in its first year at **Gilead Sciences**, got 31.7 percent support, the highest ever for a healthcare proposal that wasn't supported by management. In contrast, the second-year proposals at **Abbott Laboratories**, **Bristol-Myers Squibb**, **Caterpillar** and **Merck** only got 7 to 9 percent support, and didn't pick up significant support from 2004.

Withdrawals: Four of 10 proposals on the international health pandemics were withdrawn: at **Chevron**, **General Motors**, **Johnson & Johnson** and **Pfizer**. At **Chevron**, where the resolution had come to a vote the year before, the company created a global AIDS policy, including provisions for treatment of employees and dependents living with HIV. The first year proposal at **GM** was withdrawn when the company

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demonstrated that it had an HIV policy in place in several emerging markets, including Asia. GM was working with the proponents to develop improved reporting on the pandemic through the Global Reporting Initiative. The agreement with Pfizer was confidential. The withdrawal at J&J was based on “good high-level discussions,” according to the Interfaith Center’s Dan Rosan, that are expected to continue. The proponents appreciated the company’s willingness to partner with NGOs to increase access to microbicide gels that women can apply before sex to prevent HIV infection.

Action at the SEC: To the proponents’ surprise, the SEC staff allowed Texas Instruments to omit the health pandemic resolution. The proposal was new there this year, but the same wording had passed muster at other companies before. TI argued that the proposal raised ordinary business issues in that it “attempts to preempt management’s implementation of its own HIV/AIDS policy.” A spokesman for the Interfaith Center speculated that the proposal had been omitted because the company has little exposure in Africa, but found the decision misguided given TI’s involvement in Asia, where AIDS is a rapidly growing problem.

While the votes indicate that shareholders saw a substantive difference between the AFSCME and Minnesota proposals on drug importation, the SEC staff agreed with Wyeth’s argument that the two resolutions were so similar that it had to include only the one it received first (AFSCME) in its proxy season. The other two companies that received both resolutions (Lilly and Pfizer) didn’t attempt to get one omitted.

Human Rights

Shareholders filed 12 resolutions on human rights questions. Five of the proposals (only two of which came to

votes) were part of Harrington Investments’ five-year campaign to get companies to endorse an 11-point labor and human rights code called the China principles. Of the other resolutions, two focused on Indonesia, one each dealt with Colombia and Israel and two asked for a comprehensive human rights policy.

Votes: The highest-scoring proposal on human rights came at **Boeing**, which was asked for the third consecutive year to adopt a comprehensive human rights policy; it received the support of 21 percent of the shares voted. None of the other proposals on human rights issues were able to break out of single-digit support, although all but the second-year Jewish Voice for Peace proposal questioning Caterpillar about its sales to Israel look as though they may be resubmitted. Thus, shareholders could see again:

- Harrington’s proposal asking **3M** and **Cummins** to adopt the China principles,
- The Jesuits’ proposal asking **Monsanto** to adopt a comprehensive human rights policy, and
- New York City’s requests that **Coca-Cola** review its operations in Colombia, and that **Exxon** and **Freeport McMoRan** review their security arrangements in Indonesia, where security forces have been implicated in human rights abuses.

Withdrawal: Church shareholders withdrew a resolution asking for a comprehensive human rights policy at Chevron when the company demonstrated that it had a satisfactory policy in place.

Omissions: There were no significant SEC decisions on human rights proposals. A China principles resolution was omitted at IBM because of a technical problem with the filing. IRRRC has not been able to find

out why a China principles proposal at McCormick didn’t appear in the proxy.

Job Loss

The SEC staff shot down a big new labor campaign, led by the United Association Fund, asking companies to issue a detailed “Job Loss and Dislocation Impact Statement” on elimination of jobs and relocation of jobs to foreign countries. Many of the 18 targets hurried to challenge the resolution at the SEC, arguing that it was a quintessential ordinary business issue, and the SEC staff agreed. Nevertheless, it came to a vote at one company, **Maytag**, which failed to challenge, winning nearly 12 percent support, and the proponents were also able to work out a handful of withdrawal agreements. A related proposal from individual investor Michael Saville asking **IBM** to report on the risk to its image from its globalization and outsourcing strategy won 9.4 support.

Action at the SEC: The SEC staff agreed that the job loss resolution could be omitted at 10 companies on ordinary business grounds because “it dealt with the management of the work force.” The labor union sponsors are working to come up with a new resolution for 2006 that will pass SEC scrutiny.

Withdrawals: The proponents were able to withdraw the job loss proposal at Citigroup, Intel and Motorola when the companies agreed to report on their outsourcing plans, including providing information on formal job relocation policies. They also withdrew at Mattel and Sprint when it became clear from the SEC precedent that they were headed for losses. They withdrew at Delta Air Lines because they concluded the proposal had been wrongly filed since the company has only one limited call center operation and no plans for further outsourcing.

Military Issues

Religious groups, especially Catholic orders, have been filing resolutions with defense companies almost since social policy resolutions were first sanctioned in the early 1970s. This year there were fewer than usual, but also another unusual feature—a substantive withdrawal. Also withdrawn were all four of the resolutions in a campaign by New York City pension funds asking companies to review their operations in states that allegedly sponsor terrorism.

Votes: None of the defense contracting proposals exceeded 8 percent support this year. The second-year proposal asking United Technologies to develop ethical criteria for pursuing military contracting work failed to reach the 6 percent threshold for resubmission, but a similar proposal at **Boeing**, also in its second year, exceeded this mark. A proposal at **General Dynamics** asking it to report on its foreign military sales won 6.2 percent of the shares voted.

Omissions and withdrawals: There were no decisions at the SEC involving military issues. But on the withdrawal front, church groups withdrew a resolution asking Raytheon to consider applying ethical criteria to its acceptance of weapons contracts after two productive discussions of the company's policies. New York City withdrew resolutions at Aon, Cooper Industries, General Electric and Halliburton asking them to review their operations in states that allegedly sponsor terrorism. The impetus for the proposal was concern that the targeted companies had used overseas subsidiaries to evade U.S. sanctions. Several resolutions on the issue had come to votes in earlier years. In return for the withdrawals, both Cooper Cameron and GE agreed to cease operations in Iran. Halliburton pledged not to bid on new work there, though it said it would

honor existing contracts, and Aon promised to designate a senior management-level committee to review its Iranian operations.

Northern Ireland

The New York City-led campaign, now 20 years old, to get companies to implement the MacBride principles against religious discrimination in employment in Northern Ireland chugged along at a fairly low level in 2005. The campaign initially targeted six companies this year. Four of those came to votes, one turned out to have been filed late and one (at Crown Castle) was withdrawn when it turned out that the company had left Northern Ireland.

Votes: Each of the four proposals was up before shareholders for at least the third consecutive year at each company, and only two—at **Claire's Stores** and **Yum Brands**—were able to clear the 10 percent threshold. The proposal asking Claire's Stores to implement the MacBride principles received 12.1 percent support. The proposal asking Yum Brands to urge its Northern Ireland franchisee to implement MacBride received nearly 15 percent in favor; the proposal was first filed in 2003 after one of Yum's Kentucky Fried Chicken outlets in Northern Ireland was painted with sectarian murals, apparently with the acquiescence of local management. The MacBride principles proposals at Raytheon and TeleTech may not be re-filed until 2008.

Political Contributions

The campaign to get companies to detail their political contributions and policy went into its second year with the filing of 30 resolutions, 22 of which came to votes. Most were variations on a draft developed last year by a Washington think tank, the Center for Political Accountability, that asks for information about

the decisionmakers and the corporate rationale for political giving, in addition to details on the contributions themselves.

In other political contributions activity, Evelyn Y. Davis continued to offer her three standard proposals—for political nonpartisanship, disclosure of contributions in newspapers and disclosure of employees with prior government service.

Votes: With all but one vote result in, the 22 proposals dealing with corporate political contributions based on the CPA model have averaged about 11 percent support, but the average masks a wide variation. The biggest news in this arena was the majority vote—of 56 percent—reported by **Plum Creek Timber** for the proposal Newground Social Investment had filed. Notably, under an agreement worked out with Newground, management did not issue a recommendation for or against the proposal. Eight other proposals along these lines obtained double-digit support:

- the Central Laborers' proposal to **Anadarko** (10.2 percent),
- Domini's to **BellSouth** (12.2 percent), **SBC Communications** (12.5 percent) and **Verizon Communications** (15 percent, according to preliminary tally),
- Newground's to **Boeing** (10.7 percent),
- Trillium's to **General Electric** (10.5 percent, albeit still preliminary) and **Southern** (11.2 percent, according to preliminary results), and
- the Teamsters' to **Pfizer** (13.6 percent).

Similar proposals at **Abbott Laboratories**, **American Express**, **Caremark**, **Citigroup**, **Eli Lilly**, **FirstEnergy**, **Loews**, **Merck**, **Walmart**, **Waste Management** and **Wyeth** earned sufficient support, albeit in single digits, to be re-filed in

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2006. The one exception came at Tyson Foods, where the Teamsters' proposal scored only 1.4 percent. However, votes in favor of shareholder proposals at this company typically are depressed; Tyson directors and officer control 81 percent of the voting power. IRRC is still awaiting the vote result for the Central Laborers' proposal at AmSouth.

The seven proposals filed by Evelyn Y. Davis for which vote results are known have averaged support of about 8 percent. Her highest-scoring proposal this year on corporate political activity was her request that **Lucent Technologies** disclose its political contributions in major U.S. newspapers; it received 23.4 percent. The same proposals at **PepsiCo** and **Bank of America** did well enough to be resubmitted a second year, but the ones at Bristol-Myers Squibb and Comcast failed to clear the 6 percent threshold they faced as second-year proposals. In addition, her proposal asking **ExxonMobil** to affirm its political nonpartisanship obtained 7.2 percent, while her second-year proposal that Du Pont disclose the prior government service of its executives fell short of the 6 percent mark.

Withdrawals and activity at the SEC: While the majority of primary filers of the disclosure resolutions were labor unions, church groups took the lead in approaching drug companies, out of concern that they may be using contributions to influence legislation to maintain high drug prices. After Pfizer received a contributions disclosure proposal from the Nathan Cummings Foundation in 2004 it posted a detailed report on its website, and Bristol-Myers Squibb, Johnson & Johnson, Merck and Schering-Plough followed suit. In 2005 shareholders withdrew contributions proposals at Johnson & Johnson and Schering-Plough in recognition of the reporting. They chose

not to withdraw at Merck because the company was reluctant to discuss implementing oversight by the board. In the case of Pfizer, the 2004 proponents did not re-file, but the Teamsters filed a new proposal, the company did not challenge it as moot, and it came to a vote. The resolution at Bristol-Myers, though, was challenged and deemed moot at the SEC. Several other contributions proposals were omitted because of technical glitches with the filings.

Not all the disclosure agreements came at drug companies. Morgan Stanley also agreed to begin posting its corporate contributions on its website, prompting Trillium Asset Management to withdraw its proposal at the company. Calvert withdrew a contributions disclosure proposal after receiving information from Aflac.

Sustainability

In a few short years, sustainability reporting has become one of the most strongly supported areas in social issues proxy voting, since it first emerged as a proxy voting issue in 2002. Advocates of such reporting assert that companies that focus on and manage sustainability—often defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs—will improve their long-term shareholder value.

The Global Reporting Initiative, launched in 1997 by Ceres and the United Nations Environmental Program, sets out to address the biggest challenge to advocates of sustainability reporting, namely to provide a reporting format flexible enough for companies, large and small, in diverse industries to use, yet consistent enough to provide useful and comparative data to shareholders. As of February 2005, the organization reported, it knew of 51 companies that had reported "in accordance" with its revised guidelines,

and of nearly 600 that were incrementally following its guidance.

This year, the volume of shareholder proposals asking companies to engage in broad-based sustainability reporting fell from last year's high of 28 back to 16, in part because of SEC decisions in 2004 allowing several companies to eliminate proposals asking them to report according to Global Reporting Initiative guidelines. The decisions turned on section i-3 of the shareholder proposal rule, which allows omission of proposals that are vague and misleading; the challenges maintained that the GRI was so complex that shareholders wouldn't be able to understand from the resolution what they were voting on.

Votes: As a result, sustainability proponents this year were generally careful to omit any reference to GRI from the resolved clauses of their proposals, and the supporting statements often varied with the company's industry and the specific concerns the proponents had with their operations.

Three of the resolutions, for example—from the Adrian Dominican Sisters to **Hormel** and from the Sierra Club to **Seaboard** and **Tyson Foods**—expressed concerns about the environmental impacts of the concentrated animal feeding operations (CAFOs) that the companies or their suppliers operate. The highest vote among this group of three came at Hormel, where the proposal garnered 15.7 percent support; the other two received single-digit support. Nonetheless, the 4.8 percent result at Tyson is notable given the directors' and officers' 81 percent control over voting power.

Of the remaining four sustainability reporting proposals for which vote results are known, the New York City pension funds' proposal at **Cooper Tire & Rubber** topped the list with 23.2 percent support; similar

proposals from religious investors received 14.5 percent at **Wal-Mart** and 7.9 percent at **GE**, according to preliminary results. IRRC is still awaiting a vote result at Safeway.

Activity at the SEC: The SEC staff agreed that three companies—Albertson's, Kroger and Lowe's—could omit sustainability resolutions because the kind of reporting they were already providing rendered the proposals moot.

Other proponents, though, had a win on a question that harkened back to the 2004 SEC staff decisions in this area. Three of the 2005 proposals, at Best Buy, Office Depot and Wendy's, referred approvingly to GRI in the supporting statement without specifically asking the companies to report by GRI guidelines. Wendy's went to the SEC with the argument that the 2004 decisions provided precedent that should allow it to omit the new proposal under i-3. The SEC staff, without explanation, disagreed. It did allow Ryland Group to omit the one 2005 proposal that mentioned GRI in the resolved clause; Calvert Asset Management had refiled a high-scoring 2004 resolution that Ryland had not challenged the first time out.

Withdrawals: Ultimately all three of the proposals that had referred to GRI in the supporting statement were withdrawn. The General Board of Pensions of the United Methodist Church withdrew proposals when Best Buy agreed to publish a sustainability report by the end of the year and to give shareholders a say on the draft and when it learned that Office Depot had published a report in January. Details on the withdrawal agreement that Domini Social Investments reached with Wendy's were kept confidential.

In addition, Boston Common Asset Management worked out an agreement on a sustainability resolution with Burlington Resources, a company with which it had previously had contentious relations because of concerns

over potential oil development on indigenous lands in Ecuador. The withdrawal took place after Burlington agreed to provide proponents with specific information on its operations in Ecuador and commit to further discussions on its dealings with indigenous peoples in Ecuador and Peru. New York City withdrew a sustainability reporting resolution at Kinder Morgan, which agreed to provide the report.

Tobacco Issues

The number of resolutions on tobacco issues continued to drop, falling to 13 in 2005 from 18 in 2004 and 24 in 2003. All of the resolutions that came to votes were at tobacco companies. For the first time in years, there were no proposals asking insurance or health care companies to divest tobacco stocks, and a campaign to get media companies to moderate the depiction of smoking in movies and television was shot down at the SEC.

Votes: Votes in favor of proposals asking tobacco companies to rein in their marketing practices or to reduce or redress the harm their products cause have received low support in recent years, presumably because many of the investors who would be most sympathetic deliberately do not own tobacco stocks. Nonetheless, this year's votes were especially low; the nine proposals voted on averaged support of less than 3 percent, and only one, a first-year proposal asking **Altria** to make fire-safe cigarettes, got enough support—at 4.9 percent—for resubmission.

Withdrawals and activity at the SEC: The SEC staff agreed with Walt Disney and General Electric that resolutions on the depiction of smoking in the media constituted ordinary business questions. Once those decisions came down, the proponents bowed to the inevitable and withdrew the same resolutions at Time Warner and Viacom. There were no substantive withdrawals of

tobacco resolutions in 2005.

Miscellaneous

Predatory lending: A group called the Community Reinvestment Association of North Carolina pursued the issue of predatory lending with proposals to Bank of America, Republic Bancorp (Kentucky) and Wells Fargo asking that they take certain steps to prevent the practice. Bank of America argued that the details of the request made the proposal an ordinary business issue, and the SEC staff agreed. But the other two companies did not challenge it, and it received meager 1.5 support at Republic (where directors and officers control 68 percent of the voting power) and 4.9 percent support at Wells Fargo.

Violent videos: Church groups broached a new issue, the sale of violent video games to minors, with five retailers—Best Buy, Circuit City, Target, Toys 'R' Us and Wal-Mart. While precedent strongly suggests that proposals dealing with product sales could have been omitted on ordinary business grounds, the issue was becoming increasingly sensitive, as a New York City report indicated that safeguards against such sales were not being enforced. As a result, all five companies worked out withdrawal agreements with the proponents. (For details of the five agreements, see the April issue of the *Corporate Social Issues Reporter*, p. 5.)

Social standards: Church groups that have traditionally approached **Lockheed** on purely military issues this year broadened a proposal on military criteria to ask the company to adopt a variety of social standards. The proposal got 4.2 percent support.

—Carolyn Mathiasen
and Meg Voorhes

New Student Group to File Shareholder Resolutions

Students at Vermont Law School (VLS) have formed the nation's first student group dedicated to filing shareholder resolutions and establishing dialogue with corporate managers and boards of directors. Approved by unanimous vote of VLS's Student Bar Association in April, the Shareholder Advocacy Committee says its also enjoys wide support from the VLS administration, faculty, staff and alumni. The students will focus on environmental issues, leveraging knowledge gained through their studies at VLS, which is nationally recognized for its environmental law program. The students plan to make their first stock purchase this fall and, upon meeting the year-long stock ownership requirements, file one or two shareholder resolutions for votes in the 2007 proxy season.

"Our committee was set up to be constantly engaged to improve corporations—especially those that affect the performance of our endowment," David Byer, a VLS student and committee co-founder, told IRRC. "We need to go beyond filing court cases to protect our environment. We also want to work with corporations as shareholders to improve their stewardship of the environment while at the same time helping maximize long-term shareholder value. We believe that challenging corporations to adopt more sustainable policies will reduce financial risk and increase profits," said Byer in a news release.

The concept of students as shareholder proponents is something new. No similar student group has filed resolutions, to IRRC's knowledge, and Swarthmore College is the only school that has filed resolutions in recent years. In 2005, Swarthmore College filed three resolutions asking companies to amend their nondis-

crimination policies to ban discrimination based on sexual orientation. The University of Washington also used the shareholder route back in 1999, when it filed a resolution on Burma at Unocal and a resolution on country selection standards at Caterpillar. The VLS students hope students at other schools will use their committee as a model and are planning a website to aid that process.

Genesis of Group

In 2002 and 2003, leaders of VLS's Student Bar Association (SBA) asked the school's administration for permission to file and vote shareholders resolutions on environmental issues at companies in which VLS held stock. The students hit a roadblock when they learned that all of VLS's endowment is invested through the Commonfund, preventing the school from taking individual action.

As good students do, leaders of the bar association continued to research their options. In the spring of 2005, the SBA voted to form its own Shareholder Advocacy Committee. While the committee has no direct connection to the school's endowment, the committee plans to file shareholder proposals at corporations in which the school's endowment is invested. The committee's near term goal is to invest \$2,500 dollars in four companies and to file one or two resolutions a year.

The student group is doing its homework on the shareholder filing process. While the committee won't be eligible to file resolutions until late 2006, it plans to be active in the coming year, writing letters to corporations and coordinating with other filers. And while they plan to file resolutions to focus management and shareholder attention on issues of concern, they are equally eager to

reach compromises with corporations that would keep their resolutions off the ballot. Either outcome would be a success in their eyes.

The shareholder advocacy committee is comprised of two elected members of the SBA, VLS's vice president of finance, two faculty advisors and any additional interested members of the SBA. To ensure continuity with filings, the committee's bylaws require that one elected student be from the incoming second year class and the other elected student be from the incoming third year class. The committee's bylaws allow the group flexibility to pursue additional social issues in the future should they become a top priority with the student body.

Fundraising

The committee is in the process of raising funds to purchase stock, spurred on by VLS Dean and President Jeff Shields' offer to provide \$5,000 in VLS funds if the committee can raise \$5,000 on its own. "It is impressive that our students are taking their own money to build a fund that engages in shareholder democracy and shareholder advocacy issues," said Shields in the news release. "This bodes well for the foundation of our capitalist society, a fully engaged shareholder class coupled with transparency of corporate reporting."

To date the committee has raised about \$3,000. The VLS student body voted to provide the bulk of these funds—\$2,500—and students have held bake sales and coin drives to raise both additional funds and the committee's profile, Byer told IRRC. The committee cannot solicit funds from alumni or the faculty but is considering approaching environmental groups, SRI firms or foundations for support.

VLS Vice President for Finance
(continued on p. 24)

Checklist of 2005 Shareholder Proposals

Following is a checklist of the social policy shareholder proposals for 2005 meeting dates for which IRRC has information. Check Online Analyst at <http://oa.irrc.com> for updates.

Key to checklist notations

withdrawn: The proponents withdrew the proposal, usually after an agreement with the company.

omitted: The Securities and Exchange Commission staff issued a letter indicating it will not pursue legal action

against the company for omitting the proposal from the proxy statement.

The company challenged the proposal at the SEC.

The SEC staff has rejected the company's challenge.

+ The SEC said the proposal must appear in the proxy statement if the proponent revises it according to SEC guidelines.

Company	Resolution	Lead Filer/Coordinator	Mtg. Date/Status
3M Co	Adopt code of conduct for China operations	# Harrington Investments	7.8
3M Co	Use non-animal test methods	# People for the Ethical Treatment of Animals	2.9
Abbott Laboratories	Review AIDS pandemic's impact on company	Society of Jesus/Maryland	6.9
Abbott Laboratories	Report on political donations and policy	Mercy Investment Program	8
Abbott Laboratories	Use non-animal test methods	People for the Ethical Treatment of Animals	2.5
Advance Auto Parts	Adopt sexual orientation anti-bias policy	New York City Pension Funds	22 ?
Aetna Inc	Review retirees' benefits	# not available	omitted
Aflac Inc	Report on political donations and policy	# Calvert Asset Management Co.	withdrawn
AGCO Corp	Adopt sexual orientation anti-bias policy	New York City Pension Funds	withdrawn
Albertson's Inc	Issue sustainability report	# New York City Pension Funds	omitted
Alcoa Inc	Adopt sexual orientation anti-bias policy	New York City Employees' Retirement	withdrawn
Allegheny Corp	Adopt sexual orientation anti-bias policy	New York City Pension Funds	withdrawn
Allergan Inc	Report on/reduce greenhouse gas emissions	Calvert Asset Management Co.	withdrawn
Alliant Techsystems Inc	Develop military contracting criteria	School Sisters of Notre Dame	pending
Alltel Corp	Adopt sexual orientation anti-bias policy	Walden Asset Management	withdrawn
Altria Group Inc	Make fire-safe cigarettes	Capuchin Province of St. Joseph	4.9
Altria Group Inc	Stop animal testing	People for the Ethical Treatment of Animals	2.5
Altria Group Inc	Discourage smoking by pregnant women	Interfaith Center on Corporate Responsibility	3
Altria Group Inc	Inform customers of 'light' cigarette risks	Sisters of Mercy, St. Louis	4.2
Ameren Corp	Report on waste storage at nuclear plant	School Sisters of Notre Dame	9
American Express	Report on political donations and policy	Service Employees International Union	6.8
American Express	Don't extend benefits to domestic partners	Strobhar, Thomas	omitted
AmeriCredit Corp	Commit to/report on board diversity	Calvert Asset Management Co.	withdrawn
Amgen Inc	Review executive pay; consider social link	Harrington Investments	8 ?
Amgen Inc	Report on EEO and plans against "glass ceiling"	Walden Asset Management	withdrawn
Amgen Inc	Use non-animal test methods	People for the Ethical Treatment of Animals	awaiting tally
Amphenol Corp	Commit to/report on board diversity	Calvert Asset Management Co.	withdrawn
AmSouth Bancorporation	Report on political donations and policy	Central Laborers' Pension Fund	awaiting tally
Anadarko Petroleum Corp	Report on/reduce greenhouse gas emissions	Trillium Asset Management	withdrawn
Anadarko Petroleum Corp	Report on political donations and policy	Central Laborers' Pension Fund	10.2
Analog Devices	Report on/reduce greenhouse gas emissions	Calvert Asset Management Co.	withdrawn
AON Corp	Report on ties to state sponsors of terror	New York City Pension Funds	withdrawn
Apache Corp	Report on/reduce greenhouse gas emissions	Boston Common Asset Management	withdrawn

Checklist

Company	Resolution	Lead Filer/Coordinator	Mtg Date/Status
Apple Computer Inc	Adopt, monitor and report on ILO standards	Domini Social Investments	withdrawn
Applebee's International Inc	Review suppliers' animal slaughter methods	People for the Ethical Treatment of Animals	5/12/2005
AT&T Corp	Don't extend benefits to domestic partners	# Strobhar, Thomas	omitted
AT&T Corp	Stop marketing pornography	# Francekevich, Al	omitted
AT&T Corp	Link executive pay to social criteria	AFL-CIO	10.1
Avery Dennison Corp	Report on/reduce greenhouse gas emissions	# Calvert Asset Management Co.	withdrawn
Avon Products Inc	Reformulate products to meet EU toxics ban	Domini Social Investments	4.8
Avon Products Inc	Review/report on charitable giving/policy	Trillium Asset Management	6.4
Bank of America Corp	Disclose all political/charitable giving	# Brown, Virginia	omitted
Bank of America Corp	Ensure customer privacy	# Harrington Investments	omitted
Bank of America Corp	Report on political donations and policy	# Naylor, Bart	omitted
Bank of America Corp	Review job cuts and relocations	# United Brotherhood of Carpenters and Joiners	omitted
Bank of America Corp	Ensure 50% of board nominees are minority/female	# Rossi Family	omitted
Bank of America Corp	Take steps to prevent predatory lending	# Community Reinvestment Assn. of North Carolina	omitted
Bank of America Corp	Disclose political contributions in newspapers	Davis, Evelyn Y.	5.8
Bard (CR) Inc	Implement ILO standards and third-party monitoring	New York City Pension Funds	28.9
Barr Pharmaceuticals Inc	Use non-animal test methods	People for the Ethical Treatment of Animals	pending
BB&T Corp	Adopt sexual orientation anti-bias policy	# New York City Pension Funds	withdrawn
BellSouth Corp	Report on political donations and policy	Domini Social Investments	12.2
Best Buy Co Inc	Issue sustainability report	GBPHB-United Methodist Church	withdrawn
Best Buy Co Inc	Report on policies on violent video sales	# Christian Brothers Investment Services	withdrawn
Black & Decker Corp	Review job cuts and relocations	# United Brotherhood of Carpenters and Joiners	omitted
Boeing Co	Report on political donations and policy	# Newground Social Investment	10.7
Boeing Co	Require board approval of hires from government	# AFL-CIO	omitted
Boeing Co	Adopt comprehensive human rights policy	Capuchin Province of St. Joseph	21.2
Boeing Co	Review job cuts and relocations	# United Association Fund	omitted
Boeing Co	Develop military contracting criteria	School Sisters of Notre Dame	7.7
Boeing Co	Contribute to specific group(s)	# not available	omitted
Brinker International Inc	Make restaurants smoke-free	Adrian Dominican Sisters	pending
Bristol Myers Squibb	Review AIDS pandemic's impact on company	Jesuit Conference-Detroit Province	7.4
Bristol Myers Squibb	Disclose political contributions in newspapers	## Davis, Evelyn Y.	4.8
Bristol Myers Squibb	Report on political donations and policy	# Service Employees International Union	omitted
Bristol Myers Squibb	Use non-animal test methods	People for the Ethical Treatment of Animals	3
Broadcom Corp	Link executive pay to social criteria	Calvert Asset Management Co.	awaiting tally
Burlington Resources Inc	Issue sustainability report	## Boston Common Asset Management	withdrawn
C H Robinson Worldwide Inc	Adopt sexual orientation anti-bias policy	Calvert Asset Management Co.	withdrawn
CACI International Inc	SP-Review military contracting criteria	Interfaith Center on Corporate Responsibility	pending
Capital One Financial Corp	Review job cuts and relocations	# United Association Fund	omitted
Caremark Rx Inc	Report on political donations and policy	## Adrian Dominican Sisters	5 ?
Carlisle Cos Inc	Adopt sexual orientation anti-bias policy	Walden Asset Management	withdrawn
Catellus Development Corp	Develop coastal zone protection policy	# Katherine M. Knight Revocable Trust	omitted
Caterpillar Inc	Review AIDS pandemic's impact on company	Church of the Brethren	7.4
Caterpillar Inc	Review operations/sales in Israel	Jewish Voice for Peace	4.1
Centex Corp	Report on/reduce greenhouse gas emissions	Nathan Cummings Foundation	withdrawn
Cerner Corp	Implement Equality principles	New York City Pension Funds	withdrawn
Chevron Corp	Report on, protect key natural & cultural sites	Sierra Club	8.6
Chevron Corp	Adopt comprehensive human rights policy	Society of Jesus - Wisconsin Province	withdrawn
Chevron Corp	Review AIDS pandemic's impact on company	Service Employees International Union	withdrawn
Chevron Corp	Contribute to specific group(s)	# not available	omitted

Company	Resolution	Lead Filer/Coordinator	Mtg Date/Status
Chevron Corp	Develop renewable energy alternatives	Sisters of St. Dominic, Caldwell, NJ	withdrawn
Chevron Corp	Use non-animal test methods	People for the Ethical Treatment of Animals	3.4
Chevron Corp	Clean up toxic waste sites	Trillium Asset Management	9.2
Circuit City Stores Inc	Report on policies on violent video sales	Trinity Health	withdrawn
Citigroup Inc	Review job cuts and relocations	# United Association Fund	withdrawn
Citigroup Inc	Report on political donations and policy	International Brotherhood of Teamsters	9.6
Citizens Communications Co	Link executive pay to social criteria	Calvert Asset Management Co.	withdrawn
Claire's Stores Inc	Implement MacBride principles	New York City Pension Funds	12.1
Coca-Cola Co	Review operations in Colombia	New York City Pension Funds	5.4
Comcast Corp	Disclose political contributions in newspapers	Davis, Evelyn Y.	3.8
ConocoPhillips	Report on plans to drill in Arctic Natl. Refuge	not available	withdrawn
Cooper Cameron Corp	Report on ties to state sponsors of terror	New York City Employees' Retirement	withdrawn
Cooper Industries Ltd	Implement ILO standards and third-party monitoring	New York City Pension Funds	8.6
Cooper Tire & Rubber	Issue sustainability report	New York City Pension Funds	23.2
Corning Inc	Report on/reduce greenhouse gas emissions	GBPHB-United Methodist Church	withdrawn
Costco Wholesale Corp	Adopt, monitor and report on ILO standards	Epstein, Aaron M.	5.3
Costco Wholesale Corp	Report on land development policy	Christian Brothers Investment Services	4
Coventry Health Care	Adopt sexual orientation anti-bias policy	Calvert Asset Management Co.	withdrawn
Crane Co	Implement MacBride principles	# New York City Pension Funds	omitted
Crown Castle International Corp	Implement MacBride principles	New York City Pension Funds	withdrawn
Cummins Inc	Adopt code of conduct for China operations	Harrington Investments	9.3
Dana Corp	Adopt sexual orientation anti-bias policy	New York City Pension Funds	withdrawn
Danaher Corp	Commit to/report on board diversity	Calvert Asset Management Co.	withdrawn
Dean Foods Co	Issue sustainability report	New York City Pension Funds	27.1
Delphi Corp	Review/report on global standards	Mercy Investment Program	pending
Delta Air Lines Inc	Implement Equality principles	New York City Pension Funds	8.9
Delta Air Lines Inc	Review job cuts and relocations	United Association Fund	withdrawn
Denny's Corp	Review suppliers' animal slaughter methods	People for the Ethical Treatment of Animals	withdrawn
Dillard's Inc	Implement ILO standards and third-party monitoring	New York City Pension Funds	awaiting tally
Disney (Walt) Co	Ensure political balance in news programs	# Perlman, Matthew S.	not in proxy
Disney (Walt) Co	Take steps against tobacco promotion in films	# Sinsinawa Dominicans	omitted
Disney (Walt) Co	Link executive pay to social criteria	# St. Joseph Health System	omitted
Disney (Walt) Co	Review labor standards in China operations	New York City Pension Funds	8.9
Dollar General Corp	Link executive pay to social criteria	Calvert Asset Management Co.	withdrawn
Dominion Resources Inc	Report on/reduce greenhouse gas emissions	Trillium Asset Management	8.3
Dominion Resources Inc	Obtain power supply from clean, renewable sources	# Naylor, Bart	omitted
Dow Chemical	Report on toxics phaseout plan	## Trillium Asset Management	7.7 ?
Dow Chemical	Report on environmental impact and plans	# Boston Common Asset Management	omitted
Dow Chemical	Report on gene-engineered plants	## Adrian Dominican Sisters	withdrawn
Dow Chemical	Report on/reduce greenhouse gas emissions	# GBPHB-United Methodist Church	withdrawn
Dow Chemical	Use non-animal test methods	# People for the Ethical Treatment of Animals	withdrawn
Du Pont (E I) de Nemours	Use non-animal test methods	People for the Ethical Treatment of Animals	2.7
Du Pont (E I) de Nemours	Link executive pay to social criteria	International Brotherhood of Du Pont Workers	8.6
Du Pont (E I) de Nemours	Report on PFOA expenses	## Kimmerle, John	8.7
Du Pont (E I) de Nemours	Implement ILO standards	# PACE Workers International Union	withdrawn
Du Pont (E I) de Nemours	Report on gene-engineered plants	Christian Brothers Investment Services	6.1
Du Pont (E I) de Nemours	Implement ILO standards and third-party monitoring	New York City Pension Funds	7.9
Du Pont (E I) de Nemours	Disclose prior government service	Davis, Evelyn Y.	3.1
EchoStar Communications Corp	Adopt sexual orientation anti-bias policy	New York City Pension Funds	withdrawn

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Company	Resolution	Lead Filer/Coordinator	Mtg Date/Status
Emerson Electric Co	Adopt sexual orientation anti-bias policy	Domini Social Investments	38.9
Emulex Corp	Commit to/report on board diversity	Calvert Asset Management Co.	withdrawn
Everest Re Group Ltd	Commit to/report on board diversity	Calvert Asset Management Co.	withdrawn
Exelon Corp	End political donations	# not available	omitted
Expeditors International of Washington	Commit to/report on board diversity	Calvert Asset Management Co.	withdrawn
Exxon Mobil Corp	Implement ILO standards	AFL-CIO	withdrawn
Exxon Mobil Corp	Report on, protect key natural & cultural sites	## Green Century Capital Management	8.1
Exxon Mobil Corp	Affirm political nonpartisanship	Davis, Evelyn Y.	7.2
Exxon Mobil Corp	Review security arrangements in Indonesia	New York City Pension Funds	7.6
Exxon Mobil Corp	Adopt sexual orientation anti-bias policy	New York City Employees' Retirement	29.5
Exxon Mobil Corp	Use non-animal test methods	People for the Ethical Treatment of Animals	withdrawn
Exxon Mobil Corp	Report on Kyoto compliance plans	## Capuchin Province of St. Joseph	28.4
Exxon Mobil Corp	Report on climate change science	## Christian Brothers Investment Services	10.3
Federal Home Loan Mortgage Corp	Review community investment policies	Mercy Investment Program	not in proxy
First Data Corp	Review job cuts and relocations	United Association Fund	not presented
FirstEnergy Corp	Report on/reduce greenhouse gas emissions	Presbyterian Church USA	withdrawn
FirstEnergy Corp	Report on political donations and policy	Central Laborers' Pension Fund	8.5
Fluor Corp	Implement ILO standards and third-party monitoring	New York City Pension Funds	withdrawn
Fluor Corp	Review job cuts and relocations	Laborers' International Union of NA	omitted
Ford Motor Co	Report on lobbying against tighter fuel economy	## Green Century Capital Management	6.2
Ford Motor Co	Report on climate change science	# Olson, Carl (State Dept. Watch)	omitted
Ford Motor Co	Report on/reduce greenhouse gas emissions	Sisters of St. Dominic, Caldwell, NJ	withdrawn
Ford Motor Co	Link executive pay to social criteria	not available	5.3
Freeport McMoRan Copper & Gold	Review security arrangements in Indonesia	New York City Pension Funds	6.6 ?
General Dynamics Corp	Report on foreign military sales	Sisters of Loretto	6.2
General Electric Co	Use non-animal test methods	+ People for the Ethical Treatment of Animals	3.3 ?
General Electric Co	Report on ties to state sponsors of terror	# New York City Pension Funds	withdrawn
General Electric Co	Don't run ads in certain media outlets	# not available	omitted
General Electric Co	report on TV public interest obligations	# Trillium Asset Management	omitted
General Electric Co	Disclose costs of PCB cleanup delay	Sisters of St. Dominic, Caldwell, NJ	27.5 ?
General Electric Co	Report on waste storage at nuclear plant	Sierra Club	7.7 ?
General Electric Co	Link executive pay to social criteria	# St. Joseph Health System	omitted
General Electric Co	Take steps against tobacco promotion in films	# Interfaith Center on Corporate Responsibility	omitted
General Electric Co	Issue sustainability report	Oblates of Mary Immaculate	7.9 ?
General Electric Co	Review job cuts and relocations	# United Association Fund	omitted
General Electric Co	Report on political donations and policy	Trillium Asset Management	10.5 ?
General Motors Corp	Report on/reduce greenhouse gas emissions	Sisters of St. Dominic, Caldwell, NJ	5.6
General Motors Corp	Report on climate change science	# Seidenberg, Mark	omitted
General Motors Corp	Review AIDS pandemic's impact on company	St. Joseph Health System	withdrawn
Gentex Corp	Adopt sexual orientation anti-bias policy	Walden Asset Management	withdrawn
GEO Group	Link executive pay to social criteria	Capuchin Province of St. Joseph	3.1
Gilead Sciences Inc	Review AIDS pandemic's impact on company	Camilla Madden Charitable Trust	31.7
Halliburton Co	Link executive pay to social criteria	Christus Health	withdrawn
Halliburton Co	Report on ties to state sponsors of terror	New York City Pension Funds	withdrawn
Harrah's Entertainment Inc	Adopt sexual orientation anti-bias policy	New York City Pension Funds	withdrawn
Hasbro Inc	Implement ILO standards and third-party monitoring	New York City Pension Funds	10.2
Health Care Property Investors Inc	Report on/reduce greenhouse gas emissions	Harrington Investments	8.9
Health Management Associates	SP-Misc. health/animal proposal	Sheet Metal Workers	3.3
Home Depot Inc	Implement ILO standards and third-party monitoring	# New York City Pension Funds	omitted

Company	Resolution	Lead Filer/Coordinator	Mtg Date/Status
Home Depot Inc	Report on EEO	Walden Asset Management	29 ?
Home Depot Inc	Affirm political nonpartisanship	## Davis, Evelyn Y.	awaiting tally
Honeywell International Inc	Review job cuts and relocations	# United Brotherhood of Carpenters and Joiners	omitted
Hormel Foods Corp	Issue sustainability report	## Adrian Dominican Sisters	15.7
Illinois Tool Works	Adopt code of conduct for China operations	Harrington Investments	withdrawn
Intel Corp	Review job cuts and relocations	United Association Fund	withdrawn
International Business Machines Corp	Adopt code of conduct for China operations	# Harrington Investments	omitted
International Business Machines Corp	Report on risk to image of globalization strategy	Saville, Michael L.	9.4
International Business Machines Corp	Report on product responsibility/recycling	Walden Asset Management	withdrawn
Johnson & Johnson	Use non-animal test methods	## People for the Ethical Treatment of Animals	withdrawn
Johnson & Johnson	Review AIDS pandemic's impact on company	Oblates of Mary Immaculate	withdrawn
Johnson & Johnson	Report on political donations and policy	Service Employees International Union	withdrawn
JPMorgan Chase & Co	Report on global climate change risk	# As You Sow Foundation	omitted
JPMorgan Chase & Co	Review/increase microfinance funding	# Mercy Investment Program	withdrawn
JPMorgan Chase & Co	Review job cuts and relocations	# United Association Fund	omitted
Kellogg Co	Report on gene-engineered food	Sisters of Mercy	4.8
Key Energy Services Inc	Commit to/report on board diversity	Calvert Asset Management Co.	withdrawn
Kimberly-Clark Corp	Implement ILO standards and third-party monitoring	New York City Pension Funds	8.5
Kimberly-Clark Corp	Ensure 50% of board nominees are minority/female	Rossi Family	withdrawn
Kinder Morgan Inc	Issue sustainability report	New York City Pension Funds	withdrawn
Kraft Foods Inc	Report on gene-engineered food	Oblates of Mary Immaculate	0.1
Kroger Co	Review suppliers' animal slaughter methods	People for the Ethical Treatment of Animals	awaiting tally
Kroger Co	Issue sustainability report	New York City Pension Funds	omitted
LandAmerica Financial Group	Adopt sexual orientation anti-bias policy	New York City Pension Funds	withdrawn
Lennar Corp	Report on/reduce greenhouse gas emissions	Nathan Cummings Foundation	2.3 ?
Liberty Property Trust	Report on/reduce greenhouse gas emissions	New England Yearly Meeting of Friends	7.5
Lilly (Eli) & Co	Report on policy on drug reimportation	Minnesota State Board of Investment	13.9
Lilly (Eli) & Co	Use non-animal test methods	People for the Ethical Treatment of Animals	1.2
Lilly (Eli) & Co	Report on political donations and policy	Sisters of Mercy	6.5
Lilly (Eli) & Co	Report on, don't oppose drug reimports	AFSCME	3.8
Lockheed Martin Corp	Review/develop broad social standards	Sisters of Mercy	4.2
Loews Corp	Support smoking bans in public spaces	Sinsinawa Dominicans	2.1
Loews Corp	Make fire-safe cigarettes	Sisters of Charity of the Incarnate Word	2
Loews Corp	Report on political donations and policy	Central Laborers' Pension Fund	3.4
Lowe's Companies Inc	Issue sustainability report	# New York City Pension Funds	omitted
Lucent Technologies Inc	Disclose political contributions in newspapers	Davis, Evelyn Y.	23.4
Mattel Inc	Report on implementation of global principles	Hessler-Grisel, M.	8 ?
Mattel Inc	Review job cuts and relocations	# United Association Fund	withdrawn
Maytag Corp	Review job cuts and relocations	Trowel Trades S&P Index Fund	11.8
Maytag Corp	Implement ILO standards and third-party monitoring	New York City Pension Funds	not presented
McCormick & Co	Adopt code of conduct for China operations	Harrington Investments	not in proxy
McDonald's Corp	Review suppliers' animal slaughter methods	People for the Ethical Treatment of Animals	withdrawn
McDonald's Corp	Report on gene-engineered food	Camilla Madden Charitable Trust	7.6
McDonald's Corp	Report on plans to answer obesity concerns	Real Assets Investment Management	withdrawn
Medtronic Inc	Use non-animal test methods	People for the Ethical Treatment of Animals	not in proxy
Medtronic Inc	Disclose all political/charitable giving	not available	not in proxy
Men's Wearhouse Inc	Implement ILO standards and third-party monitoring	# New York City Pension Funds	withdrawn
Merck & Co	Report on policy on drug reimportation	Minnesota State Board of Investment	24.5
Merck & Co	Use non-animal test methods	People for the Ethical Treatment of Animals	2.8

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Company	Resolution	Lead Filer/Coordinator	Mtg Date/Status
Merck & Co	Review AIDS pandemic's impact on company	Unitarian Universalist Service Committee	9
Merck & Co	Report on ethics policy and record	# Treiber, Laszlo	omitted
Merck & Co	Report on political donations and policy	Nathan Cummings Foundation	8.8
Met-Pro	Commit to/report on board diversity	Clean Yield Group	awaiting tally
Microsoft Corp	Report on political donations and policy	Calvert Asset Management Co.	pending
Monsanto Co	Report on pesticides banned in U.S.	Harrington Investments	13.3
Monsanto Co	Adopt comprehensive human rights policy	Jesuit Province/Missouri	8.4
Monsanto Co	Use non-animal test methods	People for the Ethical Treatment of Animals	2.1
Monsanto Co	Report on gene-engineered plants	School Sisters of Notre Dame	7.6
Morgan Stanley	Report on political donations and policy	Trillium Asset Management	withdrawn
Morgan Stanley	Review job cuts and relocations	# United Association Fund	omitted
Motorola Inc	Review job cuts and relocations	United Association Fund	withdrawn
Nabors Industries Ltd	Commit to/report on board diversity	# Episcopal Church	omitted
NCR Corp	Don't extend benefits to domestic partners	## Arbagi, Martin	4.2
New York Community Bancorp Inc	Commit to/report on board diversity	Calvert Asset Management Co.	withdrawn
Newell Rubbermaid Inc	Report on/reduce greenhouse gas emissions	Calvert Asset Management Co.	withdrawn
Newmont Mining Corp	Review waste disposal in Indonesia	# New York City Pension Funds	omitted
Nucor Corp	Report on/reduce greenhouse gas emissions	Presbyterian Church USA	withdrawn
Nucor Corp	Adopt sexual orientation anti-bias policy	Trillium Asset Management	withdrawn
Office Depot Inc	Issue sustainability report	GBPHB-United Methodist Church	withdrawn
OfficeMax Inc	Report on political donations and policy	Osborn, John	withdrawn
Omnicare Inc	Adopt sexual orientation anti-bias policy	Calvert Asset Management Co.	withdrawn
Owens-Illinois Inc	Adopt sexual orientation anti-bias policy	New York City Pension Funds	withdrawn
PepsiAmericas Inc	Increase container recycling/recycled content	Domini Social Investments	4.5
PepsiCo Inc	Increase container recycling/recycled content	Walden Asset Management	withdrawn
PepsiCo Inc	Disclose political contributions in newspapers	Davis, Evelyn Y.	8.1
Pfizer Inc	Report on political donations and policy	International Brotherhood of Teamsters	13.6
Pfizer Inc	Don't promote animal testing	# People for the Ethical Treatment of Animals	omitted
Pfizer Inc	Report on policy on drug reimportation	Minnesota State Board of Investment	28.5
Pfizer Inc	Review AIDS pandemic's impact on company	Sisters of Charity of St. Elizabeth	withdrawn
Pfizer Inc	Report on, don't oppose drug reimports	AFSCME	11
Pfizer Inc	Report on drug price restraint efforts	Trinity Health	11.1
PG&E Corp	Take steps against nuclear accident risk	Rattner, Ron	3.9
Plum Creek Timber Co Inc	Report on political donations and policy	Newground Social Investment	56.2
Primus Telecommunications Group Inc	Implement ILO standards and third-party monitoring	New York City Pension Funds	awaiting tally
Procter & Gamble Co	Review job cuts and relocations	# McGovern, James	omitted
Progress Energy Inc	Report on/reduce greenhouse gas emissions	Boston Common Asset Management	withdrawn
Raytheon Co	Implement MacBride principles	New York City Pension Funds	9.8
Raytheon Co	Develop military contracting criteria	Sisters of St. Joseph of Nazareth	withdrawn
Reliant Energy Inc	Adopt sexual orientation anti-bias policy	Trillium Asset Management	withdrawn
Republic Bancorp Inc (KY)	Take steps to prevent predatory lending	Community Reinvestment Assn. of North Carolina	1.5
Reynolds American Inc	Make fire-safe cigarettes	Sinsinawa Dominicans	2.4
Reynolds American Inc	Ensure no cigarette sales to youth by internet	Sisters of Mercy, St. Louis	1.6
Reynolds American Inc	Submit "light" cigarettes for FDA approval	Capuchin Province of St. Joseph	1
Rite Aid Corp	Commit to/report on board diversity	GBPHB-United Methodist Church	47
Ryland Group Inc	Report using GRI guidelines	# Calvert Asset Management Co.	omitted
Ryland Group Inc	Report on/reduce greenhouse gas emissions	## Nathan Cummings Foundation	7.9
Safeway Inc	Review suppliers' animal slaughter methods	People for the Ethical Treatment of Animals	withdrawn
Safeway Inc	Ensure 50% of board nominees are minority/female	# Wubbolding, Katrina	omitted

Company	Resolution	Lead Filer/Coordinator	Mtg Date/Status
Safeway Inc	Issue sustainability report	New York City Pension Funds	awaiting tally
Safeway Inc	Report on gene-engineered food	GBPHB-United Methodist Church	withdrawn
Sara Lee Corp	Review job cuts and relocations	# McGovern, James	omitted
SBC Communications Inc	Review executive pay; consider social link	# Harrington Investments	12.7
SBC Communications Inc	Review job cuts and relocations	# United Brotherhood of Carpenters and Joiners	omitted
SBC Communications Inc	Report on political donations and policy	## Domini Social Investments	12.5
Schering-Plough	Use non-animal test methods	## People for the Ethical Treatment of Animals	withdrawn
Schering-Plough	Report on political donations and policy	Adrian Dominican Sisters	withdrawn
Seaboard Corp	Issue sustainability report	## Sierra Club	6.6
Simon Property Group Inc	Report on/reduce greenhouse gas emissions	New England Yearly Meeting of Friends	7.5
Smithfield Foods Inc	Issue sustainability report	Nathan Cummings Foundation	pending
Southern Co	Report on political donations and policy	Trillium Asset Management	11.2 ?
Starbucks Corp	Review coffee sourcing/pricing policy	Shaneyfelt, Garth	not presented
Stericycle Inc	Phase out waste incineration	Hamblin, Martha	awaiting tally
Target Corp	Report on policies on violent video sales	# Trinity Health	withdrawn
TeleTech Holdings Inc	Implement MacBride principles	New York City Pension Funds	4.9
Terex Corp	Issue sustainability report	## New York City Pension Funds	pending
Tesoro Corp	Report on/reduce greenhouse gas emissions	GBPHB-United Methodist Church	withdrawn
Texas Instruments Inc	Review AIDS pandemic's impact on company	# Boston Common Asset Management	omitted
Time Warner Inc	Review executive pay; consider social link	Christian Brothers Investment Services	awaiting tally
Time Warner Inc	Take steps against tobacco promotion in films	# Trinity Health	withdrawn
Time Warner Inc	Link executive pay to social criteria	# Capuchin Province of St. Joseph	omitted
TJX Companies Inc	Review/report on vendor standards	Walden Asset Management	9.3
TJX Companies Inc	Implement ILO standards and third-party monitoring	New York City Pension Funds	8.6
Torchmark Corp	Commit to/report on board diversity	Christus Health	11.6
Toys 'R' Us Inc	Implement Equality principles	# New York City Pension Funds	withdrawn
Toys 'R' Us Inc	Report on policies on violent video sales	# Sinsinawa Dominicans	withdrawn
Tyson Foods Inc	Report on political donations and policy	International Brotherhood of Teamsters	1.4
Tyson Foods Inc	Issue sustainability report	Sierra Club	4.8
Union Pacific Corp	Report on political donations and policy	# Central Laborers' Pension Fund	omitted
United States Steel Corp	Adopt sexual orientation anti-bias policy	New York City Pension Funds	withdrawn
United Technologies Corp	Develop military contracting criteria	Sisters of Charity of St. Elizabeth	3.8
Universal Health Services	Adopt sexual orientation anti-bias policy	New York City Pension Funds	2.9
Unocal Corp	Report on/reduce greenhouse gas emissions	# Christian Brothers Investment Services	withdrawn
UST Inc	Ensure no Internet ads against U.S. law	# Sinsinawa Dominicans	3.1 ?
Verizon Communications	Report on political donations and policy	Domini Social Investments	15 ?
Verizon Communications	Stop funding certain group(s)	# National Legal and Policy Center	omitted
VF Corp	Review/report on vendor standards	New York City Pension Funds	withdrawn
Viacom Inc	Take steps against tobacco promotion in films	# As You Sow Foundation	withdrawn
Viacom Inc	Commit to/report on board diversity	not available	withdrawn
Viacom Inc	Link executive pay to social criteria	# Capuchin Province of St. Joseph	withdrawn
Vintage Petroleum Inc	Report on/reduce greenhouse gas emissions	Nathan Cummings Foundation	25.6 ?
Vishay Intertechnology	Review security measures for female workers	# New York City Pension Funds	withdrawn
Wachovia Corp	Report on global climate change risk	# Service Employees International Union	omitted
Wachovia Corp	Don't make contributions to abortion providers	# Forr, Patricia and Thomas	omitted
Wal-Mart Stores	Consider installing fuel cells	# Weborg, Keith W.	omitted
Wal-Mart Stores	Report on policies on violent video sales	# Boston Common Asset Management	withdrawn
Wal-Mart Stores	Report on political donations and policy	International Brotherhood of Teamsters	9.2 ?
Wal-Mart Stores	Review suppliers' animal slaughter methods	# People for the Ethical Treatment of Animals	omitted

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Company	Resolution	Lead Filer/Coordinator	Mtg Date/Status
Wal-Mart Stores	Report on stock options by race/sex	Northstar Asset Management	15 ?
Wal-Mart Stores	Report on EEO	Sisters of Charity of St. Elizabeth	18.8 ?
Wal-Mart Stores	Issue sustainability report	GBPHB-United Methodist Church	16.2 ?
Waste Management Inc	Report on political donations and policy	Central Laborers' Pension Fund	6.2
Wells Fargo & Co	Take steps to prevent predatory lending	Community Reinvestment Assn. of North Carolina	4.9
Wells Fargo & Co	Link executive pay to social criteria	Northstar Asset Management	5.9
Wells Fargo & Co	Report on global climate change risk	Service Employees International Union	omitted
Wendy's International Inc	Report on gene-engineered food	## Sinsinawa Dominicans	5.1
Wendy's International Inc	Issue sustainability report	## Domini Social Investments	withdrawn
Wendy's International Inc	Review suppliers' animal slaughter methods	## People for the Ethical Treatment of Animals	6
Werner Enterprises Inc	Commit to/report on board diversity	Episcopal Church	awaiting tally
Weyerhaeuser Co	Report on ending Natl. Forest timber purchases	Naylor, Bart	4.1
Whole Foods Market Inc	Label gene-engineered food/report to shareholders	Trillium Asset Management	6.8
Wyeth	Report on, don't oppose drug reimports	# Minnesota State Board of Investment	omitted
Wyeth	Report on, don't oppose drug reimports	# AFSCME	23.2
Wyeth	Report on political donations and policy	Camilla Madden Charitable Trust	8.1
Wyeth	Stop Premarin promotion; report on mares	## People for the Ethical Treatment of Animals	1.7
Xerox Corp	Link executive pay to social criteria	# Calvert Asset Management Co.	withdrawn
XTO Energy Inc	Report on/reduce greenhouse gas emissions	Nathan Cummings Foundation	withdrawn
Yum Brands Inc	Report on EEO policies, including for disabled	Citizens Funds	13.2
Yum Brands Inc	Report on gene-engineered food	Sisters of Charity of the Incarnate Word	7.6
Yum Brands Inc	Urge Macbride on franchisee	New York City Pension Funds	14.7
Yum Brands Inc	Issue sustainability report	Center for Reflection, Education & Action	withdrawn
Yum Brands Inc	Review animal welfare standards	People for the Ethical Treatment of Animals	8.8

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and Administration Robert Foose also has expressed strong support for the committee, including agreeing to serve as a committee member. "I have been most impressed with the energy and thoughtful approach that has brought the students to this point," he said in the news release.

Networking

The students say they see themselves joining a "growing movement among institutional investors who are filing and voting on shareholder resolutions." Representing one of these institutional investors is Vermont State Treasurer Jeb Spaulding, who has posted an article about the VLS's Shareholder Advocacy Committee on his website. Spaulding is quite familiar with filing environmental

shareholder resolutions. He is a founding member of the Investor Network on Climate Risk (INCR), a group of major U.S. pension and investment funds whose members joined a campaign to file shareholder resolutions with more than 30 U.S. corporations in 2005. The resolutions asked the companies to assess the impact of climate change and new and proposed greenhouse gas regulations on their financial performance.

Vermont Law School also is a member of the Responsible Endowments Coalition, a national network of students and alumni of 35 institutions (www.sriendowment.org). The coalition's first conference held in the fall of 2004 focused on proxy voting, community investment and conducting a SRI campaign in the university or college setting. The confer-

ence also provided an opportunity for participants to see what other campuses were doing, and VLS students plan to share their filing experiences with coalition members. Mark Orłowski, co-founder of the coalition, "is really hopeful that the Vermont Law model will become more of a trend with other schools," according to *The Valley News*.

VLS's Environmental Law Center notes on its own website that "An environmental professional must understand that sound environmental policy is formed at the intersection of politics, law, science, economics, and ethics." Students participating in the shareholder advocacy group are well on their way to learning this lesson.

—Susan Williams