



PRESS RELEASE: CERES

Contact: Meg Wilcox, Ceres 617-247-0700 x 148 | 617-319-6457 (cell) | wilcox@ceres.org

Oil, Coal and Power Companies See 50% Increase in Climate and Energy-Related Shareholder Resolutions in 2011 Proxy Season

Shareholders Urge Energy Companies to Tackle Risks from Climate Change, Water Scarcity and Other Environmental Threats

February 16, 2011

[Download a complete list of resolutions here](#)

BOSTON - Affirming the financial risks that climate change and other environmental concerns pose to leading energy companies, investors announced today the filing of 66 climate and energy related shareholder resolutions with 41 coal, electric power and oil companies in the 2011 proxy season, making 2011 a record for shareholder engagement in the energy sector, even in the face of Congressional inaction on climate change.

The surge in resolutions represents a 50 percent increase over the 44 resolutions filed with 31 coal, oil and electric power companies last year.

The announcement comes a day after the consulting group Mercer released a report finding that climate change could increase portfolio risk by 10 percent over the next 20 years.

A total of 96 climate and energy-related resolutions have been filed thus far with U.S. companies, including businesses with less direct, though still significant, exposure to climate-related business trends such as building, real estate, financial services and food firms. (See a complete list of resolutions filed at <http://www.incr.com/resolutions>)

The resolutions press companies on a wide range of issues, including the risks and opportunities from oil sands extraction in Canada, hydraulic fracturing in the U.S., global water scarcity, sustainable palm oil sourcing, overall greenhouse gas (GHG) emissions and usage of renewable energy. This year, investors have also filed 11 resolutions requesting that executive compensation be directly linked to sustainability metrics.

“Challenges facing the energy sector are greater and more complex than ever,” said **Mindy S. Lubber**, director of the Investor Network on Climate Risk (INCR) and president of Ceres,

which helps to coordinate the filings. "Investors are concerned that companies are placing too much emphasis on higher-risk, carbon-intensive strategies and too little focus on viable clean energy opportunities, such as renewable energy, energy efficiency and cleaner fuels."

"With increasing global awareness of the risks and opportunities posed by climate change, energy producers must respond to the demands of their investors and the public by taking steps to reduce their carbon emissions and other environmental pollutants, while seizing opportunities for sustainable growth and prosperity," said **New York City Comptroller John C. Liu**, whose office filed resolutions with **International Coal Group, Dynegy** and **Genon**, among others. "Companies that continue the same outdated practices put both the environment and their shareholders at risk." The NYC Comptroller manages pension fund assets worth \$108.5 billion.

The resolutions were filed by some of the nation's largest public pension funds, foundations and religious, labor and other institutional investors. Many of the investors are members of Ceres' Investor Network on Climate Risk (INCR), which has more than 90 members managing over \$9 trillion in assets.

Electric Power and Coal

The electric power sector saw the largest increase in resolutions filed. Investors filed 29 resolutions with 19 electric power companies, including **Dominion, Dynegy, Southern** and **Xcel**. Eleven resolutions were filed with eight power companies last year.

With the U.S. Environmental Protection Agency moving forward with plans to issue greenhouse gas rules targeting the electric power sector, many of the resolutions ask the companies to set GHG reduction goals. Others focus on the financial risks of water-scarcity concerns, usage of renewable energy and risks from mountain top removal.

The electric power sector uses enormous amounts of water, accounting for approximately 41 percent of the nation's total freshwater use. Power providers in drier regions of the country are starting to face water scarcity risks, in part driven by population shifts and climate change. Resolutions have been filed thus far with **Dominion** (withdrawn), **PPL Corp**, and **Southern Company** asking the companies to disclose plans to mitigate risks of water use and disposal, including low flows, thermal impacts, and emerging regulations.

In a first, a handful of resolutions ask **FirstEnergy, MDU** (withdrawn) and **Sempra Energy** to link executive compensation with sustainability metrics.

Coal companies, including **Peabody, Arch** (withdrawn) and **International Coal Group**, received resolutions seeking reports on their response to rising pressure to reduce CO2 and other emissions from their products.

Oil Sands and Hydraulic Fracturing

Investors filed resolutions with **ConocoPhillips** and **ExxonMobil** calling on the companies to address and reduce the business and environmental risks from their significant investments in oil

sands production in Canada. Investors want the oil companies to report on the environmental damage caused by oil sands operations and to examine the impact that environmental rules, such as low carbon fuel standards in the U.S., or lawsuits in Canada will have on them. A resolution was also filed with **Royal Bank of Canada**, asking the bank to report on the financial risks of oil sands investments.

“Companies that fully integrate environmental, social and governance considerations into the way they do business are simply better positioned to create the type of value that lasts for decades to come,” said **Jack Ehnes, CEO of CalSTRS**, which filed the resolution with ConocoPhillips and manages \$146.4 billion in assets. “We expect our companies to play both defense and offense: they need to minimize risks, while implementing plans to innovate and compete.”

Investors filed nine resolutions with oil and gas companies requesting information about their plans to mitigate the risk associated with their fast-increasing natural gas hydraulic fracturing practices in the U.S. (see <http://www.ceres.org/Page.aspx?pid=1325>).

Executive Compensation and Sustainability

On the heels of major financial losses from last year’s BP oil spill and Massey Energy coal mine explosion, investors filed over a dozen resolutions aimed at improving corporate governance of environmental and social challenges. Investors focused especially on executive compensation, bolstered by the U.S. Securities and Exchange Commission’s recent Say-on-Pay rule. Resolutions were filed with **Hess, Marathon Oil, Chevron** and **Lowe’s** and seven other companies requesting that executive pay include sustainability-related metrics.

"Aligning executives' incentives with sustainability performance is a common-sense way to promote lasting shareholder value while minimizing risks like major oil spills," said **Scott Zdrazil, First Vice President and Director of Corporate Governance at Amalgamated Bank**. "Linking compensation to sustainability metrics, such as safety practices, enables companies to more clearly see the value of these issues." Amalgamated Bank, which filed resolutions on this topic with **Hess, Marathon Oil, and ExxonMobil**, has \$12 billion in assets under management from labor and public employee pension funds.

Sustainability Reports

Shareholders have also filed 18 resolutions requesting a sustainability report including climate change or GHG reduction strategies. Such resolutions have been gaining traction with investors seeking to analyze companies’ environmental, social, and governance (ESG) risks, and have received record-high votes in support, including a 34% vote with **Emerson Electric** this proxy season, the first such resolution this year to come to a vote. Companies receiving this type of resolution include **CONSOL Energy** (withdrawn), **SunTrust Banks**, and **Tesoro**.

“Our investor members believe that it is incumbent upon corporations to have a prominent role in the sensible transition to a cleaner, more just economy,” noted **Laura Berry, executive director of the Interfaith Center on Corporate Responsibility (ICCR)**, which helps to

coordinate the filings. “The shareholder proposal system has a long-standing record of creating win-win situations, and companies who engage authentically in this process are viewed as leaders by both investors and consumers.”

Climate and Energy Resolutions Filed in the 2011 Proxy Season

Of the 96 resolutions filed thus far, investors have successfully negotiated 12 withdrawals after the companies made specific commitments in response to the resolutions. For example, in response to **Varian Medical Systems’** commitment to develop Global Reporting Initiative (GRI)-based reporting and assign board oversight of sustainability issues, Walden Asset Management withdrew its resolution. The Teamsters withdrew a resolution with **Covanta Energy** after the company issued its first GRI-based sustainability report.

Among the resolutions this year currently expected to go to vote:

Agriculture / Food / Forestry: RR Donnelley (RRD), Yum! Brands (YUM)

Buildings / Real Estate / Energy Efficiency: AMB Property Corporation (AMB), Boston Properties (BXP), CB Richard Ellis (CBG), Equity Residential (EQR), Lennar (LEN), Lowe’s (LOW), The Macerich Company (MAC), MGM Resorts International (MGM), The Ryland Group (RYL), Standard Pacific Corp. (SPF)

Coal: Alpha Natural Resources (ANR), International Coal Group (ICO), Massey Energy (MEE), Peabody Energy (BTU)

Electric Power: Ameren (AEE), Berkshire Hathaway (BRK-B), CMS Energy Corporation (CMS), Dominion (D), Duke Energy (DUK), Dynegy (DYN), Entergy Corp (ETR), FirstEnergy (FE), Genon, NRG Energy (NRG), Portland General Electric (POR), PPL Corp (PPL), Public Service Enterprise Group (PEG), SCANA Corp (SCG), Sempra Energy (SRE), Southern Company (SO), Xcel Energy (XEL)

Finance: Royal Bank of Canada (RY), SunTrust Banks (STI)

Oil & Gas: Anadarko (APC), Cabot Oil & Gas Corporation (COG), Carrizo Oil and Gas (CRZO), Chevron (CVX), ConocoPhillips (COP), El Paso (EP), Energen (EGN), ExxonMobil (XOM), Hess Oil (HES), Marathon Oil (MRO), Occidental Petroleum (OXY), Southwestern Energy Company (SWN), Tesoro (TSO), Ultra Petroleum (UPL), Valero Energy (VLO)

S&P 500 / Other: Amazon (AMZN), C.R. Bard (BCR), Freeport-McMoran (FCX), Nordstrom (JWN), St. Jude Medical (STJ), Time Warner Inc. (TWX)

Small Cap: Gentex Corp (GNTX), Layne Christensen Company (LAYN)

Canadian: Great-West Lifeco (GWO), Scotia Bank (BNS)

About Ceres

Ceres is a leading coalition of investors, environmental groups and other public interest groups working with companies to address sustainability challenges such as global climate change. Ceres also directs the Investor Network on Climate Risk, a network of 90 institutional investors with \$9 trillion of collective assets focused on the business impacts of climate change. For details, visit <http://www.ceres.org>.

About ICCR

For nearly 40 years the Interfaith Center on Corporate Responsibility (ICCR) has been a leader of the corporate social responsibility movement. ICCR's membership is an association of 275 faith-based institutional investors, including national denominations, religious communities, pension funds, foundations, hospital corporations, economic development funds, asset management companies, colleges, and unions. Each year ICCR-member religious institutional investors sponsor over 200 shareholder resolutions on major social and environmental issues. For more information, visit <http://www.iccr.org>.