

Co-op America Quarterly

CELEBRATING 21 YEARS OF BUILDING ECONOMIC ALTERNATIVES

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Shareholders in **Action**

Investing in a Responsible Economy:
Our guide to shareholder action helps you speak out against corporate abuses and vote for corporate responsibility.



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Shareholders in Action

AP/Wide World



A shareholder addresses company management during the question and answer segment of the annual Level 3 shareholders meeting in Omaha, Neb., in May 2003.

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Co-op America is dedicated to creating a just and sustainable society by harnessing economic power for positive change. Co-op America's unique approach involves working with both the consumer (demand) and business (supply) sides of the economy simultaneously.

Co-op America's programs are designed to:

- 1) Educate people about how to use their spending and investing power to bring the values of social justice and environmental sustainability into the economy,
- 2) Help socially and environmentally responsible businesses emerge and thrive, and
- 3) Pressure irresponsible companies to adopt more responsible practices.

Here's what you can do:

Reduce, reuse, and recycle to conserve and protect the Earth's resources. Read *Co-op America Quarterly* for sustainable living tips for you and your community.

Reallocate the purchases you make from irresponsible companies to socially and environmentally responsible businesses. Turn to Co-op America's *National Green Pages™* to find green businesses.

Reinvest in the future through socially responsible investing. Turn to Co-op America's *Financial Planning Handbook* for a how-to guide. Use the financial services of Co-op America business members.

Co-op America's programs are supported almost entirely by contributions from our members. Individual memberships begin at \$20, business memberships at \$60. All members receive our publications and access to our services. Business membership, pending approval, also includes a listing in Co-op America's *National Green Pages™*. As a national nonprofit 501(c)(3) membership organization, all contributions to Co-op America are tax-deductible. We welcome your membership and contributions.

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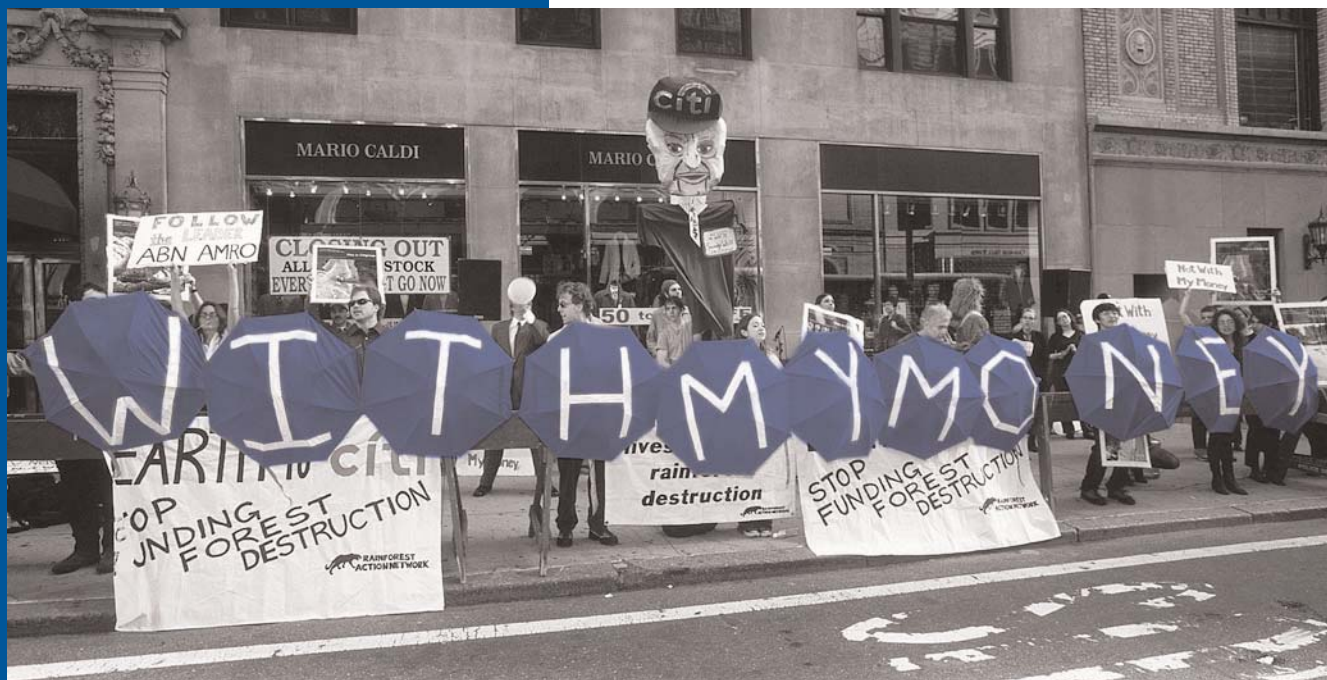
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While protesting in front of Citigroup's annual shareholder meeting against the destruction of old-growth forests and wildlife habitats, shareholder activists remind Citigroup whose money the company uses to fund its business ventures.

From dismantling apartheid in South Africa to encouraging equal treatment for gay and lesbian workers, from convincing corporations to address climate change to pressuring financial institutions to drop their predatory lending practices, shareholders around the world are using their economic power to encourage corporate responsibility.

For the past 20 years, Co-op America has played a leadership role in mobilizing people in their roles as investors to insist on corporate responsibility. Our guide to shareholder action shows you how you can get involved, using your investments to build a better world.

Shareholders in Action

APARTHEID. AN UGLY WORD THAT CONJURES UP EVEN UGLIER IMAGES OF POLICE BRUTALITY, RACIAL SEGREGATION, TORTURE OF DISSIDENTS, FORCED RELOCATION ... EVERYTHING A DEMOCRATIC society stands against. Formally enacted in 1948, when the Afrikaner National Party officially gained power in South Africa, the doctrine of racial "apartness" turned the country into an Orwellian nightmare for more than four decades. But as time marched on, and many felt helpless in the face of this insidious form of institutionalized racism, small groups of individuals started dismantling the system brick by oppressive brick. Key among them, to the surprise of many, were concerned citizens in America and elsewhere who in the early 1980s joined a US-led movement to divest their stock portfolios from companies doing business with South Africa.

"Divestment from apartheid South Africa was fought by ordinary people at the grassroots," wrote Nobel laureate Archbishop Desmond Tutu in a 2002 article about shareholder campaigns. "Faith-based leaders informed their followers, union members pressured their companies' stockholders, and consumers questioned their store owners. Students played an especially important role by compelling universities to change their portfolios. Eventually, institutions pulled the financial plug, and the South African government thought twice about its policies."

TWENTY YEARS OF SUCCESSES

Since the shareholder success against apartheid 20 years ago, more and more Americans have come to recognize the power of their investments, including their mutual funds, retirement plans, and inherited stock. The Social Investment Forum (SIF) estimates that by 2003, shareholder activists exercised control over more than \$400 billion in investment capital,



Scientists in Bolivia examine how much the Chacaltaya tropical glacier has shrunk in the past decade, a phenomenon they attribute to global warming. Shareholders have filed resolutions with the biggest corporate climate change offenders in order to address global warming issues.

leveraging their position as part-owners in large corporations to create positive social and environmental change.

As part-owners of companies, shareholders have a right to voice concerns and recommend changes to company policies, including those related to social and environmental issues. For example, shareholders concerned about deforestation convinced the Staples office

supply chain to increase the post-consumer content of the papers it sells, and shareholders attacking climate change influenced both Gillette and Reebok to establish baselines for greenhouse gas emissions. Years of pressure from union


pension funds concerned about human rights violations in Burma recently culminated in Unocal (a California-based oil and gas company that's done business with that country's repressive regime) agreeing to adopt company-wide policies based on International Labor Organization principles that prohibit forced labor and grant all workers the right to unionize and bargain collectively. (For more shareholder success stories, see p. 19).

By using their economic clout to promote these kinds of forward-thinking policies, shareholders help set the agenda for the important issues that companies need to address. For instance, shareholders are currently uniting around the issue of climate change and gaining crucial momentum as they insist that major corporations address it.

In 2003, more than 20 percent of shareholders in companies like ExxonMobil, American Electric Power, Chevron Texaco, General Electric, and Texas Utilities Company voted in favor of

CORPORATE HALL OF SHAME

Why do some companies' ballots list several shareholder resolutions year after year?

According to Tracey Rembert, coordinator of Co-op America and the Social Investment Forum's  Shareholder Action Network, there are two reasons for this: "Shareholder activists tend to try and change companies that have widespread operations affecting billions of people's lives. Also, these companies often have egregious practices in more than one area—for example, with environmental as well as labor violations."

Below are three companies whose proxy ballots regularly feature proposals on issues from renewable energy to human rights. If you own stock in any of these companies, your proxy votes can be an especially powerful force for improving their policies and practices:

ExxonMobil—The resounding message from shareholders is that this company needs to respond to climate change and respect the rights of workers and communities. According to institutional investors at Campaign ExxonMobil, the company lags far behind its "supermajor" oil counterparts in taking steps to address climate change. For the past four years, a resolution urging the company to develop renewable energy alternatives has been drawing an impressive percentage of the vote (more than 20 percent in 2002 and 2003), despite management's public relations offensive aimed at convincing shareholders that global warming isn't really a threat. Resolutions asking for reports on controversial project plans—including drilling in the Arctic National Wildlife

Refuge and constructing a Chad-Cameroon oil pipeline—have highlighted the risks that ExxonMobil's operations can pose in the communities where it extracts oil, while proposals regarding executive compensation and equal employment opportunities have pushed the company to improve its workforce policies at home. As the only one of the Fortune 10 companies to refuse to include sexual orientation in its nondiscrimination policy (in fact, when Exxon and Mobil merged, the company rescinded Mobil's inclusion of sexual orientation in its policy), ExxonMobil is under particular pressure from activists on this issue.

In 2004, ExxonMobil shareholders will have a chance to vote on resolutions addressing climate change, renewable energy, and the distribution of stock options to women and minorities.

General Electric (GE)—Though GE claims to "bring good things to life," shareholders consistently target the company for its role in injuring humans and the environment. The company has long been singled out by the nonprofit Human Rights Watch for failing to commit to a policy of not manufacturing antipersonnel landmines, and resolutions asking it to take this pledge have appeared on the ballot frequently over the past few years. Proposals that GE report on the impacts of its nuclear power production, greenhouse gas emissions, and long delay in cleaning up its toxic PCB waste in the Hudson River have drawn attention to the environmental and human health risks posed by the company's operations;

last year, the PCB and greenhouse gas resolutions both garnered more than 20 percent of the vote. Another 2003 resolution asked GE to report on its ties to Iran, a country whose government, according to the US State Department, actively supports and funds terrorist operations.

In 2004, shareholders will rally support for resolutions on PCB cleanup costs, greenhouse gas emissions, and the adoption of a workplace human rights code of conduct.

Wal-Mart—Shareholders have converged on the issue of worker rights at Wal-Mart, targeting the company on both its domestic and overseas operations. Following the 2001 filing of a lawsuit in which female employees accused Wal-Mart of favoring men over women in promotions and pay, resolutions asking the company to issue an Equal Employment Opportunity (EEO) report to shareholders have been among the top vote getters. In response to concerns about the possibility of Wal-Mart products originating in sweatshops, shareholder activists have also asked the company to implement a corporate code of conduct based on International Labor Organization (ILO) standards for its own international production facilities and its international suppliers, and to commit to a program of third-party independent monitoring for the standards.

In 2004, Wal-Mart's shareholders will once again urge the company to take action on labor standards and an EEO report. (See related story on p. 25.)

—Liz Borkowski

climate change resolutions that focused on reducing greenhouse gas emissions and increasing investments in renewable energy. Companies that once kept silent on the issue of global warming now take public stands on the problem and describe what steps they're taking to address their roles in this global threat.

YOU CAN GET INVOLVED

If you're concerned about climate change, labor rights, renewable energy, non-discrimination, or other social and environmental issues, shareholder advocacy can be a powerful tool for you. Whether you invest individually, hold shares through mutual funds or pension plans, or have ties to an institutional investor (such as a university or house of worship), you can join the shareholder advocacy movement to encourage corporate accountability and social and environmental change.

We designed this guide to shareholder action to provide easy-to-understand advice on what shareholder activism is, how it works, and how you can get involved. To get started, see our frequently asked questions section on pp. 12-14. Then find out about the top eight ways you can get involved on pp. 15-18. Finally, refer to our list of resources on page 22 to find organizations dedicated to

shareholder activism.

As Robert K. Massie, senior fellow at the Coalition for Environmentally Responsible Economies (CERES) and published author on the subject of apartheid, said, "The main criticism of people who tried to take steps against apartheid was, 'What difference will it make if you sell your stocks, vote your shares, don't buy this product, go down and wave a sign? Your individual actions can't have any impact.'"

The critics were wrong. These individual actions did have an impact, and in 1994 anti-apartheid activist Nelson Mandela was elected president of South Africa. Later that year, Mandela's finance minister traveled to the US to thank Co-op America and others for their support of the divestment campaign, which he named as one of the five key factors in toppling apartheid.

"Apartheid," as Massie went on to say, "was undone by the collective refusal to accept it around the world."

Today, shareholders around the world are refusing to accept discrimination, environmental degradation, human rights abuses, exacerbated climate change, and a host of other corporate ills. You can join us, and make the impact we're already having even stronger. ✓

—Liz Borkowski,
Andrew Korfhage, Tracy Fernandez Rysavy



TRUE TALES



How Sister Pat Daly and her coalition helped pioneer shareholder activism.

SISTER PAT DALY, CALDWELL, NJ

As each new year approaches and many companies' deadlines for filing shareholder resolutions draw near, Sister Pat Daly goes into high gear. Since 1977—the early days of contemporary shareholder activism—Daly, a Dominican nun, has been representing Roman Catholic investors in the boardrooms and annual meetings of corporations from General Electric to ExxonMobil. Her goal is to advance ethical corporate behavior, and over the years, she's had a hand in shaping many corporations' policies.

"Fifteen years ago, management didn't want to listen to us," explains Daly, whose Tri-State Coalition for Responsible Investment concentrates the shareholder power of approximately 40 mission and retirement funds of dioceses and congregations from Connecticut, New York, and New Jersey. The coalition coordinates its activities with those of the Interfaith Center on Corporate Responsibility (ICCR). "ICCR members have established serious working relationships with dozens of Fortune 500 companies," explains Daly. "We believe that long-term financial health requires superior social and environmental performance. While we rely on support from some environmental and human rights groups, executives know that our retirement funds are invested in their companies, and we need them to be profitable."

In the 1990s, for example, the Tri-State Coalition and other ICCR members were instrumental in convincing Ford, GM, and other companies that it was in their best interest to withdraw from the Global Climate Coalition (GCC), an industry-funded lobbying group devoted to casting doubt on the problem of global warming and opposing policies to limit greenhouse gas emissions. Through several months of dialogue, the shareholders and other organizations convinced the companies that since they were beginning to address the responsibilities and liabilities associated with climate change, continued association with the GCC would only set them back.

Daly's faith is one thing that motivates her to persist through the often-lengthy dialogues and negotiations that are required to achieve corporate change: "People of faith believe we have a vocation to live not just with ourselves and our families in mind. We have an obligation to address problems like climate change, hunger, and poverty that affect billions of people."

There's much left to be done, she says, but the work is paying off. "We're seeing incredibly different policies at some of the biggest corporations, things like fair labor standards that used to be unthinkable," says Daly of the progress the shareholder movement has made. "And I'm also heartened to see that more shareholders are getting involved, that there's a growing number of people saying we have to choose sustainability."

—Liz Borkowski

Responsible Investing: The Basics of Shareholder Action

Dialogues ... proxy voting ... resolutions. ... What does it all mean? How can you use your investments to join shareholder advocacy for corporate responsibility? Below, we answer these and other questions on how shareholder action works, and how you can get involved.

Q: What is shareholder action?

A: Shareholder action, also known as shareholder advocacy or shareholder activism, describes the efforts of a growing number of investors to use their status as part-owners of companies to influence corporate behavior. As one of the three main strategies of socially responsible investing (SRI), shareholder action is a powerful tool for encouraging corporations to improve their social and environmental records.

Shareholder activists employ the following strategies:

- **Dialogues**—Often, the first step a coalition of investors will take to change corporate behavior is to request a dialogue with management on issues of concern.

For example, SRI firms like Calvert[™] often work with environmental groups, religious investors, nonprofit organizations, and other investment companies to persuade corporations to engage in dialogue. “In most cases, dialogue is open, frank, and constructive,” says Dr. Julie Gorte, Calvert’s director of social research. “SRI firms can act as catalysts for expanding existing programs or launching new initiatives. Shareholder dialogue with company management about social and environmental responsibility has sparked problem-solving, and helped to drive improvement behind many boardroom doors.”

Individual investors often participate in the dialogue process by writing letters to corporate management in support of shareholder campaigns.

- **Shareholder resolutions**—If dialogues yield no progress, or if a company refuses to discuss issues with shareholders in the first place, concerned investors will often introduce shareholder resolutions, or written requests to company management. As owners of a corporation, shareholders have the right to participate in annual meetings—and to file resolutions to be voted on at these meetings. These resolutions can request reports from management or propose that the company consider changes in practices or policies.

Here’s where the power of the individual comes in: *All* shareholders who have held at least one share of company stock for around two months or more may vote on resolutions either in person at the company’s annual meeting or via a proxy ballot that is mailed or e-mailed to all investors before the annual meeting. Proxy ballots arrive together with the proxy statement, which is a booklet that presents the details of the proposals that must come to shareholders for a vote. Proxy voting is the primary forum where management seeks affirmation of what it is doing, and where shareowners weigh in on important issues.

“Shareholder resolutions focus public, media, and corporate management’s attention on a particular issue, from diversity and environmental practices to labor standards and auditors,” says Tracey Rembert, coordinator of Co-op America and the Social Investment Forum’s Shareholder Action Network (SAN). “Since no company wants unhappy investors or bad publicity, shareholder resolutions often result in managers who were formerly reluctant to hold discussions with investors agreeing to come to the table. Or, the company may simply make the changes shareholders are seeking.”

- **Divestment campaigns**—If dialogues and resolutions fail to get results, shareholders may divest, or sell off, their stock in the company in protest. Divestment campaigns were key in persuading corporations with a stake in South Africa to pull out of the country as a means of pressuring the government to abolish apartheid. Even the merest hint of a divestment campaign being launched against it can make a corporation sit up and take notice, as divestment represents a potential drop in share price and loss of revenue. However, divestment is used as a last resort of shareholders, since it signals an end to attempts to negotiate.

AP/Wide World



An investor speaks out on a ballot proposal at an annual shareholders’ meeting.

ICCR



Shareholders participate in a dialogue with BP Amoco management over the company’s decision to name an oil rig after Crazy Horse, the revered Lakota spiritual leader.

Q: I get proxy ballots in the mail (or e-mail). What do I do with them?

A: Your proxy ballot will arrive before a company's annual meeting, which generally takes place in the spring of each year, so look carefully at any correspondence from the companies in which you hold stock, or from your financial adviser. Remember, if you invest in mutual funds, you automatically delegate your proxy voting rights to the fund managers.

You vote your proxy simply by filling out the form you receive and mailing it back before the due date; phoning your results in, if there is a call-in option listed on your ballot; or voting on the Internet using special voting Web sites like www.proxyvote.com. Be sure to mark your votes on your ballot, even if the instructions don't specifically tell you to do so; ballots returned unmarked count as votes for

management's position. For a look at a sample ballot, see below.

Q: I heard that some shareholder resolutions get less than 10 percent of the vote. How can these low numbers trigger corporate change?

A: Historically, very few social resolutions achieve majority votes at corporate annual meetings. In fact, many votes come in at the 5–25 percent range. However, even those seemingly low numbers represent a significant number of unhappy shareholders. And, since shareholder action campaigns are often accompanied by coordinated consumer and media campaigns, resolutions represent damage to a company's reputation and branding, and a potential loss of revenue through negative publicity, consumer boycotts, and loss of investor

ANATOMY OF A PROXY BALLOT

Using the fictional Fizzy Cola Company, we walk you through a shareholder proxy ballot.

Name of company and time/date of shareholder meeting—This information tells you when the annual meeting of the company in which you own stock will take place.

Voting instructions—In addition to marking the ballot and mailing it in, Fizzy Cola allows you to vote your shares by phone or Internet.

Your Vote—Carefully consider and vote on each proposal. (Note that if you return an unmarked proxy ballot, your vote will default to management.) To see if any of the proposals on the ballot are the result of a shareholder campaign, look up the proposal in the company's proxy statement. It usually lists the sponsor (or "filer") of each resolution.

<p>FIZZY COLA MEETING TO BE HELD ON 5/07/2004 AT 10:00 A.M. PDT FOR HOLDERS AS OF 3/10/04 757814 136-0971</p>	
<p>You may enter your voting instructions at 1-810-555-1212 or www.proxyvote.com up until 11:59 p.m. Eastern Time the day before the cut-off or meeting date.</p>	
<p>CUSIP: 123456789 CONTROL NO.: 1234 4576 8910</p>	
<p>DIRECTORS: 1—Directors recommend: a vote for election of the following nominees: 01—Joe Jones 02—Martha Brown 03—John Smith 04—Chris White</p>	<p>DIRECTORS: MARK "X" FOR ONLY ONE BOX</p> <p><input type="checkbox"/> For all nominees</p> <p><input type="checkbox"/> Against all nominees</p> <p><input type="checkbox"/> Withhold authority to vote for any individual nominee. Write numbers of the nominees below: _____</p>
<p>PROPOSALS:</p> <p>2—Shareholder proposal requesting indexed options ----->>></p> <p>3—Shareholder proposal requesting adoption of a safe chemicals policy ----->>></p> <p>4—Shareholder proposal requesting recycled plastic target----->>></p> <p>*NOTE* SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT THEREOF.</p>	<p>DIRECTORS RECOMMEND:</p> <p>AGAINST ---->>></p> <p>AGAINST -->>></p> <p>AGAINST ---->>></p> <p>PROPOSALS:</p> <p>2— For Against Abstain <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>3— For Against Abstain <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>4— For Against Abstain <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Please indicate your voting selection by firmly placing an "X" in the appropriate box with blue or black ink only.</p> <p>Place an "X" here if you plan to attend and vote your shares at the meeting. <input type="checkbox"/></p>

Board-driven and shareholder proposals—Here is where you find proposed changes in company policy or operations, which come from either the board of directors or shareholders. The first proposal is generally reserved for changes to the board of directors.

Note that board nominees are almost always board and management peers and insiders—nominees almost never come from shareholders.

Directors recommend—Here is where company managers try to sway you to vote in their favor. They usually recommend voting AGAINST social, environmental, and other shareholder proposals.

If you plan to attend the annual shareholders' meeting, you can check this box and vote on the proposed resolutions in person, rather than voting on this proxy ballot. Be sure to check the box and send in the ballot, however, and call investor relations before the meeting if you change your mind.

confidence.

Often, a 10 to 20 percent vote—representing thousands of shareholders—is enough to convince management to act on a proposal. With most insiders and professional mutual fund managers voting with company management, even a 20 percent vote for a resolution conveys the message that growing numbers of shareholders want change on a particular issue. In fact, the mere act of filing a proposal has prompted some companies to amend their policies. When a resolution succeeds even before it comes to a vote, investors will usually withdraw it from the ballot.

If a resolution comes to a vote and the company doesn't respond, shareholder activists will often keep the pressure on by re-filing the proposal the following year. According to the rules of the Securities and Exchange Commission (SEC), a resolution must receive three percent of the vote the first year it is filed, six percent the second year, and ten percent every year thereafter to be included on the proxy ballot.

Q: I own stock, but I never see my proxy ballots. Why?

A: Your money manager or financial adviser may be receiving your proxy ballots and voting on your behalf. When you first hired your money manager or financial adviser, you may have signed paperwork saying you didn't want to receive these materials. Ask your money manager or financial adviser if you can get the proxy ballots so you can vote—or if you can give instructions on how you want the votes cast and let him or her do the paperwork. Warning: Many money managers or advisory groups have policies dictating that they automatically vote with corporate management. If this is the case, you'll have to get guarantees from your financial adviser that s/he will follow your instructions, or take voting into your own hands, since corporate managers almost always recommend voting against social and environmental concerns.

If you invest in mutual funds, you automatically delegate your voting rights to fund managers. To find out how your mutual fund is voting on proxy resolutions, call the fund's investor relations department, request this information, and express your views on the position you want the fund to take. Thanks to a recent SEC ruling, mutual funds are required to disclose how they vote their proxies as of August 31, 2004.

Q: Is it better to have stocks of irresponsible companies and take up shareholder action, or to just screen them out of my portfolio?

A: You can do both. Many people screen their portfolios—kicking out the most irresponsible companies and seeking the better players. They then buy or hold onto a few shares of the more egregious companies to be part of the shareholder voice encouraging those companies to clean up their acts.

If you hold or inherit stocks that would be financially problematic to sell, or have a trust agreement that won't allow you to sell certain stocks, you can take full advantage of your shareholder position to be a voice for corporate change.


Other people choose to invest in socially responsible





mutual funds, which do shareholder activism on behalf of clients. SRI funds typically refuse to invest in the worst actors, seek the best actors—and for all the others in the murky middle (companies with a mix of good and bad records), use shareholder activism to encourage improvements.

Both shareholder activism and portfolio screening are strong social investment strategies and can be used together for the greatest force behind corporate responsibility.

Q: Why does my socially responsible mutual fund invest in companies with questionable practices? Is it engaging in shareholder action?

A: Most likely, yes. As noted above, socially responsible mutual funds promote corporate responsibility by targeting exceptional companies for investment, by avoiding the most irresponsible companies, and by putting their considerable investment clout behind shareholder campaigns targeting borderline companies.

Karina Litvack, director of governance and socially responsible investment for ISIS Asset Management (formerly Friends, Ivory & Sime) , says she sees “profound and consistent results” from the borderline companies that make it into the ISIS funds. “Thanks to all the individual investors in our funds, we have access to these companies’ CEOs, because we’re a multi-billion-dollar investment firm,” says Litvack. “We come in confidentially and suggest ways that they could improve their environmental or human rights records, for example. And because of our size, they listen.”

Thanks to a recent SEC ruling mandating transparency in mutual fund proxy voting (see p. 17), all mutual funds are now required to provide investors with information about how they are voting all their proxy ballots, starting August 31, 2004. (Many socially responsible funds, like Calvert , Domini Social Investments , Pax World Funds , and Trillium Asset Management , have been doing so since before the ruling.)

If you have a particular concern about a company included in your mutual fund, call the fund's investor relations department and ask for its proxy voting information.

Q: Can I introduce a shareholder resolution?

A: Any shareholder who owns \$2,000 worth of a company's stock for a year or more can introduce a proposal. However, it's often best for individual investors to team up with investor coalitions or organizations like SAN and ICCR.

Often, the first thing a company will do upon receiving a resolution is to take it before the SEC and ask that it be thrown out; groups with experience introducing shareholder resolutions have the resources and legal backing to ensure that their proposals make it onto the ballot and are written correctly. An easier way to get involved in filing a proposal is to join an existing group of filers and be a co-filer, lending your shares to the coalition, being updated on its progress, and providing input on negotiations within the company.

Remember, a failed resolution does nothing to help your cause, so it's important to ensure that the proposal is airtight before attempting to put it on the proxy ballot, as well as that it has enough support to make the efforts worthwhile.


So how exactly do you take shareholder action? Here are eight simple steps to help you get started.

8 Ways to take Shareholder Action


If you're wondering how to put your investments to work for shareholder advocacy, look no further. These eight steps provide the tips, resources, and information to get you started.

VOTE YOUR PROXIES

One of the most basic actions you can take as a shareholder activist is to watch your investment-related mail carefully and vote your proxies when you receive them.

Unfortunately, notes Amy Domini, president of Domini Social Investments'  Equity Fund, many individual investors don't bother to return or even read their proxy ballots, passing up a valuable opportunity to make their voices heard. "We believe that ... investors, given the choice, would not vote their proxies for non-diverse, self-perpetuating boards; excessive CEO compensation; or substandard environmental, labor, or human rights practices," she says.

To underscore that message to corporate managers, it's important to vote your proxies whenever the opportunity presents itself. The more votes a social proposal receives, the better the chance that corporate managers will take notice and, ultimately, improve their policies.

If you want to be more forward-thinking about your proxy votes, you can check in advance to see if social investors have placed resolutions on the proxy ballots of the companies in which you are invested. One resource you can use is the Web site of Co-op America and the Social Investment Forum's  Shareholder Action Network (SAN)—www.shareholderaction.org—which acts as an online clearinghouse of information on all things related to shareholder activism. And www.iccr.org features a comprehensive database of current social resolutions, along with voting results for each.

WRITE LETTERS

As an individual investor, you can bolster current shareholder campaigns through the simple, yet effective, method of writing letters to company management, communicating your concerns.

In fact, you can support existing shareholder campaigns by writing letters even if you aren't

an investor with the target company. When consumers and citizens join shareholder activists to pursue corporate reform, the combined pressure can achieve far more than either group would separately. For example, in the recent successful anti-predatory lending campaign that Co-op America and the Social Investment Forum (SIF) led, letters and e-mails from consumers played a key role.

Here's what happened: Predatory lenders target people—often women, minorities, and the elderly—who need loans and have homes to back them up. The lenders trick borrowers into accepting loans that have exorbitant rates or fees attached, and borrowers who are unable to make the outsized

TRUE TALES




How Andrew became a shareholder activist.

ANDREW CAMERON, BURLINGTON, VERMONT

Soon after the Enron scandal broke, Andrew Cameron received a newsletter from one of the mutual funds in which he invests his IRA money. The newsletter assured investors about the trustworthiness of its operations, but their claims made Andrew think about something he'd heard from the Shareholder Action Network about the need for mutual funds to disclose their proxy votes. (See p. 17 for more information on this issue.)

Andrew wrote to the fund and asked them if they made that information available to investors, and they replied that they were working on a list of guidelines for publication.

Having realized that his mutual fund companies might not be representing his interests at the companies in which they held stock, Andrew decided to move some of his IRA money to a socially responsible mutual fund. He obtained a copy of Co-op America's *Financial Planning Handbook* and requested prospectuses from several of the mutual funds listed there—and then compared the fees that they charged and the advocacy they practiced. "For me, it's important that a fund does shareholder advocacy," explains Andrew. "Screening is good, but advocacy really makes changes happen at companies." He finally chose to invest in Domini Social Investments  because their fees were low and he was impressed with their advocacy efforts.

Learning more about shareholder advocacy has also made Andrew pay attention to the proxy ballots he gets in the mail. "I used to throw out the ballot mailings, but now I make sure to read them and vote," he says. "I appreciate the ability to vote in favor of shareholders resolutions on issues that are important to me."

—Liz Borkowski



payments (which can total five or six times the amount of the original loan) lose their homes.

In attacking predatory lending, Co-op America and SIF focused on single premium credit insurance, a high-premium, low-payout product that predatory lenders often attach to loans. They began with a focus on Citigroup, whose subsidiary CitiFinancial offered single premium credit insurance. Co-op America mobilized its members to contact the company to communicate consumers' outrage at predatory lending practices, while SIF members used their shareholder leverage to dialogue with the company about the benefits of reform.

Thanks to the combined clout of consumers and shareholders, CitiFinancial dropped its abusive lending product—and two other companies, Household International and American General Corporation, were quick to follow suit.

3 HOLD MUTUAL FUNDS ACCOUNTABLE FOR THEIR VOTING PRACTICES

Thanks to the recent Securities and Exchange Commission (SEC) ruling mandating that mutual funds disclose how they vote on all proxy resolutions

(and thanks to the combined pressure of concerned shareholders and advocacy organizations like SAN), your mutual funds will be required by law to disclose

their voting records by August 31, 2004. (See the "victory" box on the next page for more.)

Since the managers of most traditional mutual funds tend to vote in line with corporate management—meaning they seldom support social resolutions—the current secrecy means that fund investors are often unaware of the damaging social and environmental recommendations managers are making to companies in their names.

Check the Web sites of your funds or call their investor relations department to see if they're disclosing their voting records. (Many socially responsible funds started doing so well before the SEC ruling.) If not, let investor relations know that you'd like to see this information sooner rather than later.

After the August 31 deadline, do the following to encourage managers of your mutual funds to vote in the most responsible ways possible:

- Keep track of social resolutions voted on by your mutual fund managers. Let investor relations know how you feel about their votes. If fund managers have voted against a resolution you supported, tell investor relations you're disappointed, and explain why.
- If you know of a social resolution at a company that's about to come up for a vote—and your fund is invested in that company—contact the investor relations department before the vote. Recommend that fund managers support the social resolution, and explain why.
- If your fund is unresponsive to your concerns and continues to vote against social resolutions, consider switching to funds that vote in ways that support your values—and be sure to let the fund's investor relations department know why you're firing their fund.

TIPS FOR SPEAKING UP AT AN ANNUAL SHAREHOLDERS' MEETING

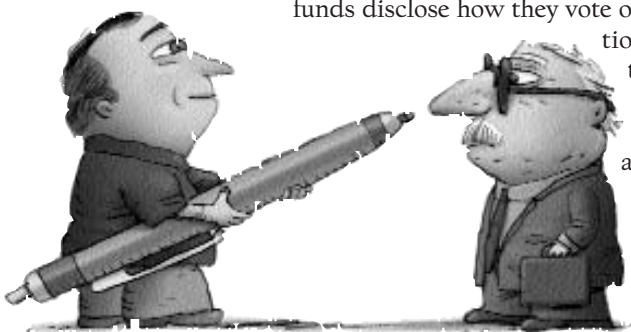
If you plan to voice your opinion at a corporate annual meeting, use these tips to make your message as effective as possible:

- **Know the rules**—Don't let yourself be shut out by a procedural misunderstanding. Call ahead so you know if you need to sign up in advance (or at the door) in order to speak. If you have questions about the format of the meeting when you arrive, double-check at the door.
- **Address the board of directors**—The board takes responsibility for making company decisions, and the CEO is their employee.
- **Be respectful**—A polite and respectful delivery of your confident message can impress the board with the seriousness of your concern.
- **Speak with authority**—You don't have to be an expert to speak at a shareholder meeting, but you can prepare yourself to speak with authority by studying the resolutions ahead of time. Describe the damages to people, communities, and the environment caused by the company, and how this hurts the company's reputation and business. If possible, tell a personal story about the damage. Provide information about how concern around the issue is growing among investors, consumers, the media, and the public.
- **Use empowering language**—Remember that as a shareholder, you have both a right and a responsibility to monitor the actions of the company. Use language that conveys your sense of urgency and personal involvement with the company's policies, such as the phrase "our company," which makes it clear that, as part-owner, you are concerned about the future of the company.

4 ATTEND AN ANNUAL MEETING

As you become more involved with shareholder activism, you may want to make a more direct effort to voice your opinions to the companies in which you invest. As a shareholder, you have the right to present your views on current shareholder resolutions at the companies' annual meetings—all it takes is motivation and transportation.

Companies hold their annual meetings all over the country, so no matter where you live, there may be a meeting held near you. When you receive your proxy statement by mail, you also should receive information detailing the location, date, and time of the company's annual meeting, along with instructions for how to attend. Be sure to ask your broker or adviser for this information if you don't receive your proxy statement at home, or call the company's investor relations department for information if it's not mailed to you.



Before you go, be sure to double-check the rules for your particular meeting (in your proxy statement or by calling investor relations), because every meeting is different. For example, some meetings will allow you to bring a spouse or other visitor, the identification required for admittance may vary between meetings, and some meetings may place restrictions on who may speak, and for how long. In addition, many annual meetings will offer a question and answer session, during which you may bring an issue to the board's attention even without a scheduled resolution.

Your presence can make a difference. Other shareholders in attendance may change their votes based on the speakers at a meeting, and large turnouts for particular resolutions attract the attention of corporate management, other shareholders, and the media.


"It's really effective when individual shareholders speak out at an annual meeting," says Rembert. "Corporate management needs to hear from fresh voices, so they get a sense that more than just a small group cares about the resolutions—particularly when there are multiple resolutions on the table."

ENCOURAGE YOUR PENSION FUNDS TO GET INVOLVED

Managers of large pension funds have millions of dollars at their fingertips—that's millions in potential social change capital that could be encouraging corporations to be more responsible. In fact, it was religious pension holders who were among the pioneers of shareholder activism, putting their formidable investment capital behind resolutions they filed on issues from board diversity to labor standards in the earliest days of the movement.


If you have money invested in a public, labor, or private pension fund, encourage your fund managers to get involved with shareholder activism. Write letters or call and ask them to disclose how they are voting their proxies. When you're not pleased with their votes, be sure to let them know. Gather support of coworkers or others who are invested in the same fund and approach fund managers together, asking them to support social and environmental resolutions. Remember to point out that ethical practices and good corporate governance are not only good for people and the planet—they're often good for a company's bottom line, which means a financial boost for fund investments.

WORK WITH ORGANIZATIONS

Co-op America and the Social Investment Forum  launched the Shareholder Action Network in 2000 in order to provide information for investors who want to join with organized groups to amplify their voice in shareholder concerns. Recent SAN

campaigns have helped shareholders call for AOL/Time Warner to address excessive executive compensation, for Wal-Mart to clean up labor violations by its suppliers, and for ExxonMobil to acknowledge the risks of climate change and to invest in renewable energy.


"Joining coalitions not only empowers individual investors, it magnifies the impact of a resolution, attracting the attention of corporate management and the media spotlight," says Rembert. "Also, it's important for shareholders to coordinate their efforts, because variations in similar resolutions can allow management to toss one of them out."

If you belong to other issue-oriented nonprofits or activist groups, suggest that they implement shareholder activism as part of their action campaigns. For example, Friends of the Earth , a nonprofit with a focus on protecting the environment, has used shareholder activism successfully for more than a decade to persuade corporate polluters to change their policies.




VICTORY: GREATER TRANSPARENCY IN 2004!


Socially and environmentally conscious mutual fund investors scored a major victory in January of 2003, when the Securities and Exchange Commission (SEC) voted 4-to-1 to approve the Mutual Funds Proxy Voting Rule, requiring all mutual funds to make their resolution voting results public.

The Shareholder Action Network (SAN), a joint program of Co-op America and the Social Investment Forum , co-led a national campaign that lobbied the SEC for the rule change, and also mobilized thousands of investors to tell the SEC that shareholders deserve full voting disclosure from their mutual funds. The campaign resulted in the largest volume of investor comments for a proposed rule change in the SEC's 27 years of tracking comments.

Before the change, the SEC did not require mutual funds to inform investors how they voted on shareholder resolutions, preventing concerned shareholders from closely monitoring the social and environmental impact of their investment dollars. Now, all mutual funds must comply with the SEC ruling to disclose their voting record—retroactive to July of 2003—by August 31, 2004.

Socially responsible mutual funds that have long adhered to transparent-voting policies also lobbied for the rule change and greeted it with praise.

"The mutual fund industry owns approximately 19 percent of the publicly traded securities in the US and casts votes...on behalf of 90 million individual investors," said Amy Domini, founder and CEO of Domini Social Investments . "Until now, these investors had no way of finding out how their fund managers were voting on executive compensation, board diversity, offshore tax havens, and other issues with broad social and environmental impact."

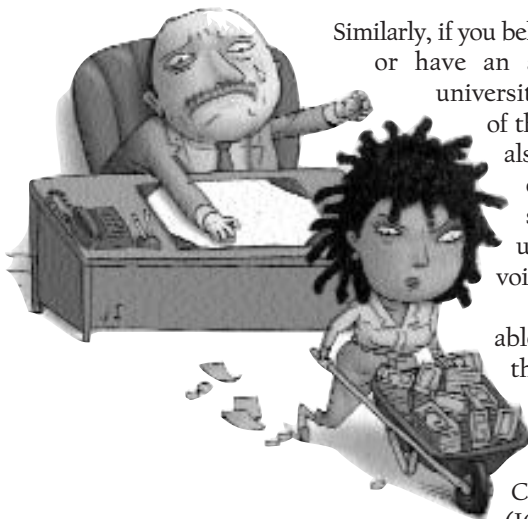
In 1999, Domini Social Investments became the first mutual fund manager in America to publicly disclose its proxy votes. Other SRI leaders soon followed, such as Pax World Funds , which began posting its votes on the Internet in 2000 but had made its record available upon request since 1971.

Later this year, SAN will utilize the enhanced disclosure as the basis of a new section of the SAN Web site devoted to identifying mutual funds with the least and most responsible voting records. The site will provide sample letters to send to executives of the ten largest mutual fund families in the country, encouraging more responsible fund voting.

Visit www.shareholderaction.org to learn more.

—Andrew Korfhage

Shareholders in Action



Similarly, if you belong to a house of worship, or have an affiliation with a large university, the investment dollars of these large institutions can also be leveraged to improve corporate behavior. Consider organizing a group to use these investments for a voice in shareholder matters.

Alternatively, you may be able to become involved with the larger holdings of your religious denomination as a whole if it belongs to the Interfaith Center on Corporate Responsibility (ICCR). Bringing together

activists across many faiths (Catholic, Episcopalian, Jewish, Mennonite, and more), ICCR members leverage the combined \$100 billion of their investment portfolios to sponsor shareholder resolutions targeting tobacco advertising, the use of sweatshops, weapons proliferation, and other ills. To check whether your denomination is a part of ICCR, visit www.iccr.org.

LOAN YOUR SHARES TO OTHERS

If you own one or more shares in a company and can't attend its annual meeting, you can let someone else go in your place and speak up on the issues that are important to you. "It's important to get as many advocates as possible to companies' annual meetings," says Rembert. "Different speakers can address different issues, and it's good for corporate boards to see that the people coming out in support of resolutions aren't only the same committed activists who do this for a living."

If someone you know would like to attend an annual meeting, you can make arrangements with

that person directly. If you don't have someone in mind, but still want to lend your shares, you can contact SAN for help. SAN often gets requests from nonprofits that want to lend their expertise at an annual meeting but need a way to attend.

Once you're matched up with an advocate who wants to attend the meeting, you'll need to send that person a letter stating that you're giving permission for him or her to attend the meeting in your place (two sentences giving your name, the person's name, and the date and place of the meeting is sufficient), plus proof of your share ownership. This is usually a photocopy of a statement from your broker or online stock-trading account showing that you own shares and purchased them within the required time frame. If you work with a financial planner, s/he should be able to fax you the necessary proof of ownership. The person who's attending in your place will need to bring these documents to the meeting, along with a valid photo ID. You can either send your proxy ballot by mail prior to the meeting or give it to him or her to deliver.

If you bought the shares recently and the meeting is coming up soon, it's a good idea to check with the company's investor relations department to find out if there's a specified amount of time for which shares must be owned prior to the annual meeting (requirements generally range from 30 to 90 days).

DIVEST

If dialogues and proposals fail to work when persuading a corporation to adopt a social or environmental policy, shareholder activists may turn to divestment—or selling off their shares—as a means of getting their message across. Divestment demonstrates to a corporation that socially or environmentally irresponsible actions and policies are going to negatively affect the company's bottom line. "Divesting is a last resort when you throw up your hands," said Alan Hevesi, comptroller of New York State. "Divestment means, 'I'm taking my ball and going home.' And [hopefully] the company takes another ball and plays with you."

As an individual investor, you don't have to wait for a shareholder action organization to conduct a divestment campaign if you're uncomfortable with a company or mutual fund in your portfolio. If you haven't seen change for the better, you can choose to divest a company's stock on your own. Be sure to write to management and tell them why you've divested. Then, seek out socially responsible investments you can feel good about to help you meet your future financial goals. ✓

—Liz Borkowski,
Andrew Korfhage,
Tracy Fernandez Rysavy

DONATE STOCK TO CO-OP AMERICA

There's another way you can put your investments to work for a better world—donate stock to Co-op America for our shareholder work. We'll use your gift to:

- Participate in shareholder activism (including accessing investor materials, voting proxies, and attending meetings).
- Support our Shareholder Action Network (SAN), a joint program of Co-op America and the Social Investment Forum.

Your stock donation can earn you a tax break while allowing us to expand our shareholder program. If you own stock in a particularly egregious company, such as those listed in the "Corporate Hall of Shame" on p. 10, donating your stock to Co-op America lets you divest from the company while supporting shareholder activism at that company and many others.

To participate in this program, call Co-op America giving programs manager Beth Porterfield at 202-872-5324, and let her know that you'd like to make a gift of stock for SAN. (See ad on p. 25.)

Shareholder Success Stories

Through resolutions and dialogues with corporate management, shareholders have succeeded in preventing the exploitation of native lands, halting workplace discrimination, and keeping dangerous toxins like mercury out of the environment.

Proving that organization, cooperation, and persistence really can change the world, the concentrated shareholder power of concerned investors working together has consistently led corporate America toward a more just and sustainable future for more than 20 years.

When shareholders campaigned against apartheid in the early 1980s, they pioneered a strategy to show how a company's choice to facilitate discrimination can affect that company's bottom line. Today, shareholders continue to repeat and modify that successful strategy to show corporations that conscious investors will not tolerate policies and practices that endanger the environment, exploit workers, or perpetuate discrimination in the workplace—and shareholders are succeeding.

Though a full history of shareholder successes could fill an entire book, we look below at three recent examples of positive change enacted through shareholder activism.

PROTECTING NATIVE LANDS

In April of 2002, Chief John Miswagon of the Pimichikamak Cree took the floor at the annual shareholder meeting of Minnesota's Xcel Energy Company, a reseller of electricity from the Canadian hydropower company Manitoba Hydro. Speaking in favor of a resolution opposing Xcel's profiting from Manitoba Hydro's destructive dams, Chief Miswagon told the shareholders that the Manitoba Hydro partnership perpetuated the flooding of his tribe's land and erosion of their way of life.

"For 30 years, our people have watched dams kill forest, fish, beavers, and people," said Chief Miswagon. "As long as Xcel customers are using power from Manitoba, there is no way for Xcel to disassociate itself from the destruction of our homeland."

Responding to shareholder pressure, Xcel's CEO and senior management agreed to visit the Pimichikamak Cree in Manitoba to begin a dialogue about the tribal impact of Manitoba Hydro's dams. Shareholders withdrew their 2003 resolutions in recognition of Xcel's responsiveness, and Chief Miswagon returned to the annual meeting in 2003 to assess the progress. He told shareholders that



Shareholders and ICCR members Aundria Alexander (from right) and Sister Pat Marshall join with Seth Big Crow, BP Amoco CEO Bob Malone, and Bob Gough, attorney for the estate of Crazy Horse, after a successful shareholder dialogue with BP Amoco management over the naming of an oil rig.

dialogues between the Cree and Xcel (Manitoba Hydro's largest customer) had convinced Manitoba Hydro to rein in the impacts of its projects, under monitoring by Xcel.

"We know that this would not have come about had it not been for the effect of the shareholder resolution," Miswagon said. "This represents responsible corporate behavior—responsibility for the product one buys, uses, and resells."

The success in Manitoba was not the first time shareholders had fought to protect native lands. In the early 1990s, Con-Edison shareholders helped stop a deal with Hydro-Quebec that would have flooded Cree Nation land in Quebec and upstate New York, and other shareholders have targeted strip-mining and logging efforts on native lands.

"When you see shareholder impact on issues of concern to the indigenous community, you see progress on issues involving the environment, land and water use, and natural resources that have an effect on the overall country," says Gary Brouse, a program director at the Interfaith Center on Corporate Responsibility (ICCR). "There's great expertise in the indigenous community on these issues."

Other shareholder actions have influenced not only environmental issues of concern to Native Americans, but also have prevented corporations from exploiting indigenous culture in the promotion of their products. Shareholder dialogues persuaded A & P Grocery Stores, for example, to stop selling the Hornell Brewing Co.'s "Crazy Horse Malt Liquor," a product distinctly offensive to the memory of Crazy Horse, a Lakota leader who

shunned alcohol.

“To the Lakota people, Crazy Horse is still a religious leader,” says Brouse. “His name is still a very sacred name, not to be exploited, and yet that is what non-indigenous people and corporations have done.”

BP, in fact, in early 2000 named a deepwater oil well in the Gulf of Mexico after Crazy Horse, sparking a response from the Lakota and BP shareholders alike. Through dialogues with the tribe and ICCR shareholders, BP learned that the oil well’s name represented an affront to Lakota spirituality and agreed to change it.

In a ceremony on June 28, 2002, BP executives and shareholders met with the Lakota on the Rosebud American Indian Reservation in South Dakota, where BP President Bob Malone delivered culturally appropriate damages, including 32 blankets, sweet grass, and a plaque from BP headquarters that had commemorated the Crazy Horse oil project. Presenting the plaque, Malone said, “With this gift, we give you back the name we took from you.”

In 2004, shareholders continue to press for protection of native lands, filing a resolution with the Calpine Corporation, a San Jose energy company, asking that it cease development of a power plant in the Medicine Lake Highlands, the ancestral homeland of the Pit River Tribe. The resolution calls on Calpine to develop a formal policy on the rights of indigenous people by September 2004.

—Andrew
Korfhage


EQUAL RIGHTS, EQUAL TREATMENT

In 1982, when
W i s c o n s i n


became the first US state to outlaw hiring discrimination based on sexual orientation, workplace equality advocates saw a legal model for extending employment protections across the country.

Unfortunately, a decade later, with other state governments failing to act, companies like Cracker Barrel Old Country Stores still could legally fire their employees for “failing to demonstrate normal heterosexual values”—as the Cracker Barrel company did to 11 employees in 1991. In what effectively became the launch of the shareholder movement for equal workplace treatment, shareholders the very next year called on Cracker Barrel to stop discriminating and began filing similar resolutions all across corporate America.

“We’ve seen a steady increase since the early ’90s in the number of companies that have these

[non-discrimination] policies,” says Shelley Alpern, assistant vice president of Trillium Asset Management Corp. , an early filer of non-discrimination resolutions. “There was resistance from companies when we first started doing this, but times change, and in 2003, a non-discrimination resolution at J.C. Penney garnered the largest vote for a social resolution in history, with 93 percent of the vote.”

Today, because shareholders, activists, and employee groups stepped in where government did not, 338 Fortune 500 companies maintain non-discrimination policies, and 204 offer domestic partner benefits—up from zero 20 years ago. Alpern lists FedEx, Johnson & Johnson, McDonald’s, and DaimlerChrysler as major companies that have adopted non-discrimination policies because of shareholder pressure, and she says that as more and bigger companies have improved, corporate culture has embraced the trend more wholeheartedly.

Margaret Covert, shareholder action coordinator for Northstar Asset Management , agrees, noting that every time Northstar has presented a non-discrimination resolution to a company, it has changed its policy rather than oppose the resolution. After Northstar negotiated with Berkshire Hathaway in 2002, company chairman Warren Buffet wrote in his shareholder letter that “[discriminating based on sexual orientation] would not only be wrong to do, it would be idiotic. We need all of the talent we can find; ... employees and suppliers come from a very wide spectrum of humanity.”

The same applies to Cracker Barrel, which, after a decade of consistent opposition to shareholder resolutions on sexual orientation, finally agreed after its 2002 annual meeting to adopt a non-discrimination policy—proving that, with time, committed shareholders really can bring about social change. Shareholder activists continue to push for change with companies like ExxonMobil, Tyson Foods, and ALLTEL.

—Andrew Korfhage

TACKLING CORPORATE TOXINS

In 2000, when Health Care Without Harm (HCWH), a coalition of medical professionals and advocacy groups, found itself against a wall in its mercury reduction campaign, they called shareholder advocates for help. As part of its campaign to reduce the amount of toxic mercury pollution in the environment, HCWH had gotten the Rite-Aid, Wal-Mart, and Walgreens chains—which represent approximately 40 percent of US pharmacies—to agree to phase out the sale of mercury thermometers. The group was trying to get other national pharmacy chains to drop these dangerous products, too, but found them unresponsive.

“When HCWH contacted us about working on



The Equality Project

Activists display a blimp outside ExxonMobil’s annual meeting telling shareholders “Don’t Fuel Discrimination.” The blimp supported a resolution asking ExxonMobil to adopt a gay and lesbian anti-discrimination policy, which the company has not yet done.

the mercury thermometer issue with them, we knew it was a good opportunity,” says Kenneth Scott, portfolio manager for Walden Asset Management. “Mercury is a big public health issue, so it’s something our clients support us addressing.”

Vapor from broken mercury thermometers poses a health risk to people in the immediate vicinity, but mercury emissions from the incineration of discarded mercury thermometers add toxic pollution to air and water, leading to elevated mercury levels in humans. According to a 2003 Centers for Disease Control and Prevention report, five percent of women between the ages of 16 and 49 have unsafe levels of mercury in their bodies, which puts millions of children at risk for *in utero* exposure to a potent neurotoxin.

Walden teamed up with HCWH and used the group’s medical expertise to make a compelling case to pharmacies about the ease of adopting mercury thermometer alternatives and the tremendous public health benefits that would result. Walden first attempted to sway pharmacies with letters and dialogue, and Safeway and the New York-based chain Duane Reade both agreed to stop selling mercury thermometers after receiving calls from some of Walden’s Wall Street colleagues. Walden also filed shareholder resolutions at CVS, Longs Drug Stores, J.C. Penney (owner of Eckerd), and Kroger, and in all these cases was able to withdraw the resolutions after the companies agreed to phase out the product.

Today, more than 90 percent of US pharmacy chains no longer stock mercury thermometers (HCWH followed up to make sure the companies completed the phase-outs), and Walden has moved on to working with HCWH to get health care providers and distributors to stop using mercury-containing equipment, including certain blood pressure devices. Resolutions filed in 2002 at hospital chain HCA and medical device supplier Cardinal Health were withdrawn after both companies agreed to phase out mercury-containing devices.

Scott credits the campaign’s tremendous success to a strategic partnership and strong momentum. “HCWH is very well-organized and had already gotten some important commitments, so we could step in and deliver an additional push to the other half of the pharmacy sector through media work and shareholder pressure. No one wanted to be the last large chain still selling toxic products.”

Thanks to the efforts of medical and shareholder activists, these toxic products are becoming obsolete. Today, you can walk into most pharmacies knowing that any thermometer you buy won’t pose a danger to you, your family, or future generations. ✓

—Liz Borkowski



AP/Wide World

Shareholders worked with Health Care Without Harm to persuade several major corporations to stop selling mercury thermometers (bottom) in favor of digital versions (top).



TRUE TALES



How New York City employee pensions work for social change and corporate accountability.

PAT DOHERTY, NEW YORK, NEW YORK

It takes a lot of people to run a city like New York. Fire fighters, police officers, teachers, and government workers keep the city functioning, and Pat Doherty, pension fund manager for the New York City Comptrollers office, safeguards their nest eggs for retirement. To Doherty, this means not only investing in the most profitable companies, but also ensuring that bad policies, corporate misdeeds, or exploitative business practices don’t harm those companies’ bottom lines.

That’s why, for more than 20 years, the comptroller’s office has been monitoring company shares owned by the pension funds, filing resolutions, engaging in shareholder dialogues, and divesting shares when necessary.

Always at the forefront of shareholder action, the New York City pension funds in the early 1980s became the first major public funds to divest from South Africa in protest of apartheid. In the early 1990s, Doherty and the pension funds filed the first sexual orientation non-discrimination resolution, and in the early 2000s, they continue to take the lead, sponsoring resolutions against sweatshop labor and corporate business dealings with state sponsors of terrorism.


“With something like child labor, not only is it wrong, but it’s bad for business,” says Doherty. “There’s a negative bottom line

impact arising from bad social and environmental practices. In many cases, it’s because of the bad policies themselves, and in some cases it’s due to the public protest, boycotts, and the bad publicity generated by bad practices.”

In late 2003, for example, the news program *60 Minutes* interviewed Doherty for a segment that ran in early 2004 about his shareholder resolution filed with Halliburton, the Iraq contractor and energy company formerly run by Vice President Dick Cheney. The resolution explains how Halliburton opened a Cayman Islands subsidiary in 2001 in order to do business in Iran, a country where US law forbids corporate trade and investment because of its ties to terrorism. According to the resolution, which asks Halliburton to review the risks of doing business in Iran, the Cayman Islands venture “exposes the company to the prospect of negative publicity, public protests, and a loss of consumer confidence.”


Doherty will file the Halliburton resolution again in 2004 as he builds on 2003—a year he says brought a record number of successes to the pension funds’ shareholder actions. And he plans to continue to protect the investments of his city’s employees and first responders for years to come.


—Andrew Korfhage


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Promotes corporate social responsibility and offers shareholder dialogue and resolution management services to the SRI community.
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Web: www.asyousow.org

Campaign ExxonMobil 87-SAVE-TIGE(R)
611 S. Congress, Ste. 200 • Austin, TX 78704
Promotes corporate responsibility on climate change by focusing a shareholder campaign on the world's largest oil company.
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Web: www.campaignexxonmobil.org


The Corporate Library (877)479-7500
45 Exchange St., Ste. 201 • Portland, ME 04101
Serves as a nonprofit repository for research, study, and critical thinking about the relationship between company management, boards, and shareholders.
E-mail: clients@thecorporatelibrary.com
Web: www.thecorporatelibrary.com

Coalition for Environmentally Responsible Economies (CERES)  (617)247-0700
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Provides a forum for corporations, activists, and shareholders to engage in dialogue on corporations' environmental and social practices.
E-mail: info@ceres.org • *Web:* www.ceres.org


Friends of the Earth's Green Investments Program  (510)848-1155 x315
1847 Berkeley Way
Berkeley, CA 94703
Offers an in-depth guide to filing and defending resolutions, and works on shareholder activism, corporate campaigns, and improved company disclosure.
E-mail: MChan@foe.org • *Web:* www.foe.org


Interfaith Center on Corporate Responsibility (ICCR)  (212)870-2295
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A coalition of more than 275 institutional investors to promote corporate responsibility through dialogue, shareholder resolutions, and screening. (ICCR also assists investors who wish to co-file resolutions.)
E-mail: info@iccr.org • *Web:* www.iccr.org

Institutional Shareholder Services (ISS) (301)556-0500
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