

**DARTMOUTH COLLEGE  
ADVISORY COMMITTEE ON INVESTOR RESPONSIBILITY  
ANNUAL REPORT TO THE DARTMOUTH COMMUNITY  
2008**

**MARCH, 2009**

## TABLE OF CONTENTS

<b>I.</b>	<b>Executive Summary</b> .....	<b>4</b>
1.	<b>Overview</b> .....	<b>4</b>
2.	<b>ACIR Recommendations on the Voting of Proxy Resolutions</b> .....	<b>4</b>
3.	<b>Screens to Prevent College Ownership of Shares of Certain Companies with Operations in Sudan</b> .....	<b>6</b>
4.	<b>Access to Information about Dartmouth's Holdings</b> ...	<b>7</b>
5.	<b>Executive Summary Conclusion</b> .....	<b>8</b>
<b>II.</b>	<b>Membership 2008</b> .....	<b>9</b>
<b>III.</b>	<b>Policies Adopted</b> .....	<b>9</b>
1.	<b>Abstention Policy</b> .....	<b>9</b>
2.	<b>Political Contributions Transparency Policy</b> .....	<b>10</b>
3.	<b>Sustainability Reporting Policy</b> .....	<b>12</b>
<b>IV.</b>	<b>2008 Proxy Season – Social Issues Area Proxy Resolutions</b> .....	<b>12</b>
1.	<b>Animal Welfare</b> .....	<b>12</b>
2.	<b>Banking Issues</b> .....	<b>14</b>
3.	<b>Bio-Engineering</b> .....	<b>16</b>
4.	<b>Charitable Contributions</b> .....	<b>18</b>
5.	<b>Defense Contracting</b> .....	<b>19</b>
6.	<b>Disclose Prior Government Service</b> .....	<b>21</b>
7.	<b>Environment Issues: Global Climate Change</b> .....	<b>21</b>
8.	<b>Environment Issues: Miscellaneous</b> .....	<b>26</b>
A.	<b>Right to Water</b> .....	<b>26</b>
B.	<b>PepsiCo and Recycling</b> .....	<b>27</b>
C.	<b>Oil Drilling and Extraction Issues</b> .....	<b>28</b>
D.	<b>Dow Chemical and Asthma Triggers</b> .....	<b>29</b>
E.	<b>Dow Chemical and Remediation</b> .....	<b>30</b>
F.	<b>Reporting on Community Hazards</b> .....	<b>31</b>
G.	<b>Exxon Mobil and Alternative Energy Issues</b> .....	<b>32</b>
H.	<b>Host Country Laws</b> .....	<b>33</b>
9.	<b>Equal Employment Opportunity and Fair Labor In Northern Ireland</b> .....	<b>34</b>
10.	<b>Global Labor Standards</b> .....	<b>36</b>

11.	Health Care Issues .....	36
12.	Human Rights .....	37
13.	Link Executive Pay to Social Criteria .....	44
14.	Miscellaneous .....	46
	A. Du Pont and Plant Closings .....	46
	B. Avon Products and Nanomaterials .....	47
	C. J.P. Morgan and Public Policy.....	47
	D. Kroger and Product Toxicity.....	48
15.	Political Contributions .....	48
16.	Sustainability Reporting .....	49
17.	Tobacco .....	51
V.	Update on Activities Relating to Companies with Operations In Sudan .....	53
VI.	Conclusion .....	55

## APPENDICES

Appendix I:	Proxy Resolutions Listed by Company .....	56
Appendix II:	Proxy Resolutions Listed by Subject Matter .....	59
Appendix III:	Proxy Resolutions upon Which ACIR Made Recommendations in 2007.....	63

## **I. EXECUTIVE SUMMARY**

### **1. Overview**

In 2008, the Dartmouth College Advisory Committee on Investor Responsibility (“ACIR”) completed its fifth full year of operation since it was convened by President James E. Wright in 2003. The principal mission of ACIR is to review proxy resolutions relating to important social issues and to make recommendations to Dartmouth – through the College’s Investment Office – on how it should vote specific shareholder-initiated proxy resolutions for publicly traded companies in which Dartmouth directly holds shares. In addition, ACIR is charged with making recommendations to Dartmouth regarding: the desirability of disclosing information regarding Dartmouth’s investment portfolio to its constituents; the process by which Dartmouth determines its position with respect to proxy resolutions, and the practices Dartmouth employs to express its positions; the guidance, if any, that Dartmouth’s investment advisors should be given to avoid selection of investment positions that could be deemed inconsistent with Dartmouth’s mission; and the possibilities for education of students and other interested parties regarding the goals and constraints of Dartmouth’s investment portfolio.

### **2. ACIR Recommendations on the Voting of Proxy Resolutions**

In keeping with prior practice, ACIR met several times in early 2008 to prepare for the so-called “proxy season,” the period between March and May when the vast majority of companies with shares trading on U.S. exchanges hold their annual meetings. Beginning on March 27 and ending in late May, ACIR met on a weekly basis to review proxy resolutions and make recommendations on the voting of those resolutions.

During the 2008 proxy season, ACIR continued to employ several voting policies. ACIR continued its previous policy of recommending that the College vote in favor of all proxy resolutions requesting companies to issue reports to shareholders on their web sites detailing political contributions and that it vote to oppose resolutions requesting companies to publish this information in newspapers. Pursuant to these policies, ACIR made recommendations on seventeen proxy resolutions. ACIR also adopted a voting policy to recommend

support for all proxy resolutions requesting sustainability reporting absent unusual circumstances. Pursuant to this policy, ACIR recommended votes in favor of seven such resolutions and recommended abstention on one such resolution.

Consistent with the prior practice of increasing efficiency and remaining true to its mission of advising Dartmouth on the responsible exercise of its shareholder rights, ACIR agreed to continue its policy of recommending that Dartmouth vote to abstain on all social issue proxy resolutions for companies in which Dartmouth directly held shares if ACIR was unable to review and make recommendations upon such resolutions.

In 2008, ACIR made recommendations to the Dartmouth College Investment Office on the voting of 102 proxy resolutions. These proxy resolutions dealt with the following social issues subject areas: animal welfare, banking issues, bio-engineering, charitable contributions, defense contracting, disclosing prior government service, global climate change, miscellaneous environmental issues, equal employment opportunity and fair employment in Northern Ireland, global labor standards, health care and pharmaceutical company issues, human rights, linking executive compensation to social criteria, political contributions, sustainability reporting, tobacco sales and advertisement, and several resolutions that are best characterized as miscellaneous. Every single ACIR recommendation was accepted by the Investment Office and voted upon accordingly. The chart below provides a summary of the recommendations made by ACIR in 2008.

Issues	Proxy Resolutions Voted	Proxy Resolutions Recommendations		
		Support	Oppose	Abstain
Animal Welfare	4	4	0	0
Banking Issues	4	1	2	1
Bio-Engineering	2	0	1	1
Charitable Contributions	2	2	0	0
Disclose Prior Government Service	2	0	2	0
Defense Contracting	3	2	1	0
Environmental Issues: Global Climate Change	14	5	6	3
Environmental Issues: Miscellaneous	14	13	1	0
Equal Employment Opportunity (Including Fair Employment in Northern	6	5	1	0

Ireland)				
Global Labor Standards	1	0	1	0
Health Care and Pharmaceutical Company Issues	2	2	0	0
Human Rights	12	8	2	2
Linking Executive Compensation to Social Criteria	2	2	0	0
Miscellaneous Social Issues	4	2	1	1
Political Contributions	17	16	1	
Affirm Non-Partisanship and Prior Government Service	2	0	1	1
Sustainability Reporting	8	7	0	1
Tobacco	3	0	0	3
Total Recommendations Made	102	69	20	13

Section IV of this Annual Report contains a narrative summarizing the rationale behind ACIR's recommendations. Appendices I – III contain specific information about the proxy resolutions reviewed by ACIR, including the results of shareholder votes on the resolutions and the language of those resolutions.

### **3. Screens to Prevent College Ownership of Shares of Certain Companies with Operations in Sudan**

Acting on recommendations from ACIR, in November 2005 the Board of Trustees of Dartmouth College announced that it would bar College ownership of shares in six publicly traded companies with operations in Sudan because their activities amounted to direct complicity in the genocidal activities of the government of Sudan in the Darfur region. Those companies included ABB Ltd., Greater Nile Petroleum Operating Company Ltd., PetroChina, Sudanese White Nile Petroleum Company, Petronas, and Sinopec. Pursuant to the Board of Trustee's direction, Dartmouth College's Investment Office created a Sudan No Hold List containing the names of these companies and created a mechanism with which to notify its managers as to the identity of companies on the Sudan No Hold List.

After the creation of the Sudan No Hold List, ACIR recognized that it bore the onus to ensure that the companies on the List continued to meet the criteria set by the Board of Trustees and to recommend new companies for inclusion on

the Sudan No Hold List when necessary. Using a variety of resources, a subcommittee of ACIR meets at least annually to review the operations of companies on the Sudan No Hold List and to also review the operations of other publicly held companies with operations in Sudan. The subcommittee then forwards its recommendations for revisions to the Sudan No Hold List to ACIR for approval. If ACIR accepts the subcommittee's recommendations, ACIR forwards them to the Investment Office for action.

Pursuant to this process, ACIR forwarded additional recommendations to the College's Investment Office on February 2, 2009. These recommendations requested that three companies be added to the No Hold List and that two companies be removed from it. The Investment Office accepted ACIR's February recommendations. As of this date, the following thirteen companies are on the Sudan No Hold List: AREF Investment Group, AviChina Industry and Technology Company, China National Petroleum Company, Kejuruteraan Samudra Timor Berhad, Kencana Petroleum Berhad, Lundin Petroleum AB, Muhibbah Engineering Berhad, Oil & Natural Gas Company Limited, PetroChina, Petronas (Petroleum Nasional Berhad), Ranhill Berhad, and Sinopec Group (China Petrochemical Corporation).

ACIR will continue to monitor the situation in the Darfur region of Sudan and of publicly traded companies with operations in Sudan's oil sector or that supply military equipment to the Sudan government. Absent any significant improvement in the human rights situation in Sudan, ACIR anticipates that the College will continue to maintain the Sudan No Hold List. The warrant for the arrest of Sudanese President Hassan al-Bashir, issued by the International Criminal Court on March 4, 2009, suggests that changes in Sudan are, if anything, moving in the wrong direction.

#### **4. Access to Information about Dartmouth's Holdings and to ACIR's Meetings**

ACIR continues to make available to the Dartmouth community a listing of Dartmouth's direct holdings of publicly traded equities. This listing is updated on a quarterly basis and is available for review during normal business hours at Dartmouth's Investment Office, which is located at 7 Lebanon Street, Hanover, New Hampshire. In addition, members of the Dartmouth community are welcome to attend ACIR's regular weekly meetings in the spring.

## **5. Executive Summary Conclusion**

Individual shareholders, foundations, unions, religious organizations, social investment funds, pensions and special interest groups filed more social issue proxy resolutions at public companies in 2008 than in any prior year. More than 400 such shareholder-initiated resolutions were filed in 2008, and over 200 of those resolutions came to votes. In addition, discussions of issues relating to socially responsible investment continue from college campuses to Fortune 500 board rooms. Despite the dramatic downturn in the economy, ACIR believes that the notion of the shareholder as a responsible investor continues to gain traction. ACIR accomplished much in 2008, both with regard to the 102 recommendations it made on the voting of proxy resolutions and its continuing review of the activities of companies operating in Sudan. ACIR will be joined by several new members in 2009, and it looks forward to continuing its work in the coming year.

## **II. Membership 2008**

There were thirteen voting members of ACIR for the 2008 year. All ACIR members are appointed by President James E. Wright. In 2008, ACIR members came from the College's faculty, administration, undergraduate and graduate schools, and alumni.

In 2008, John M. Carey, Professor of Government, John Wentworth Professor in the Social Sciences, served as Chair of ACIR. ACIR's other members included: Laura Adcock, Investment Analyst, Office of Investments, Dartmouth College; Erik B. Anderson, Dartmouth College '02, Tuck School of Business '07, Alumni Representative; Joshua R. Keith, Tuck School of Business '09; Daniel R. Lynch, MacLean Professor, Thayer School of Engineering; Kathleen E. Moriarty, Dartmouth College '09; Kevin D. O'Leary, Associate General Counsel, Dartmouth College; Eric Ramsey, Associate Director of Collis Center & Student Activities; Paul A. Schned, Dartmouth College '03, Tuck School of Business '09; Niral T. Shah, Dartmouth College '08; Christopher S. Sneddon, Assistant Professor, Environmental Studies and Geography; Nykia Wright, Tuck School of Business '09; and Lora G. Wise, Executive Assistant to Executive Vice President for Finance and Administration. Finally, for the fifth year Allegra B. Lubrano continued to serve as ACIR's Executive Administrator.

## **III. Policies Adopted**

### **1. Abstention Policy**

While companies hold their annual meetings throughout the calendar year, ACIR only meets weekly during the peak of the proxy season – from late March through the end of May. ACIR meets during this limited period of time because, as noted above, the vast majority of companies with shares traded on U.S. exchanges hold their annual meetings during this timeframe.

In recognition of its limited resources and its aspiration to accomplish as much as possible throughout the year, ACIR agreed in 2008 to continue its policy of recommending that Dartmouth vote to abstain on social issues area proxy resolutions in cases when ACIR was unable to review the resolutions in question and, therefore, unable to make reasoned recommendations to Dartmouth. If a shareholder fails to vote its shares, those shares are generally counted as having

been voted in support of management. Since all of the social issues proxy resolutions ACIR reviews are brought by shareholders and, in all but the rarest of cases, are opposed by management, ACIR is uncomfortable allowing Dartmouth's shares to be voted as supporting management by virtue of the fact that Dartmouth's shares might not be voted. ACIR continues to believe that its existence signifies that Dartmouth wishes to take a position on proxy issues and that ACIR's inability to provide specific advice with regard to a proxy resolution should not be construed as a vote in favor or against a given proxy resolution. In 2008, ACIR reaffirmed its commitment to its abstention policy. ACIR's Abstention Policy is posted on ACIR's web site at <http://www.dartmouth.edu/~finance/committees/acir-disclosure.html>.

## **2. Political Contributions Transparency Policy**

The second set of voting policies ACIR adopted related to its recommendations on proxy resolutions which requested disclosure of political contributions. These policies were consistent with similar policies adopted by ACIR in 2007.

Since 2004, ACIR has reviewed scores of resolutions requesting transparency of political contributions by publicly held companies. There are generally two types of such resolutions: those requesting companies to issue reports to shareholders detailing the company's political contributions and those requesting companies to publish in newspapers with national circulation information detailing the company's political contributions. In 2004, ACIR unanimously voted to recommend that Dartmouth support all such resolutions. This policy was continued in 2005.

In 2006, ACIR revised its voting policy due to concerns that the political contributions transparency resolutions requesting disclosure by newspaper publication. ACIR determined that this resolution was unreasonable and that the resolution requesting disclosure by internet was preferable. Therefore, in 2006 ACIR revised its previous voting policy to recommend support for all resolutions requesting disclosure by internet report and recommending abstention on all resolutions requesting disclosure by newspaper publication.

In 2007, ACIR again revisited the policies it had adopted regarding recommendations for the voting of political contributions transparency resolutions and again revised its voting policies. In 2007, ACIR unanimously

adopted a voting policy under which it would recommend support for resolutions requesting companies to post political contributions information on their web sites, but to recommend opposition to resolutions requesting companies to publish such information newspapers with national circulation.

During its February 28, 2008 meeting, ACIR discussed the pros and cons of recommending support for political contributions transparency resolutions. Concerns that had been raised in the past were revisited, including the potential burden being imposed on companies asked to track funds used by trade associations, requesting public disclosure of the identities of individuals with decision-making authority regarding political contributions, and whether certain resolutions were primarily designed to embarrass by publishing political contributions information in newspapers when doing so in a report to shareholders on the internet appeared to be a much more sensible and cost-effective approach. Regardless of the concerns raised about each of the types of political contributions resolution, there was consensus in ACIR that transparency of political contributions by publicly held companies is extremely important due to the money-driven nature of the U.S. political election and legislative processes and election cycles.<sup>1</sup>

Based on its discussions, ACIR voted unanimously to recommend that Dartmouth vote to support resolutions requesting disclosure of information relating to political contributions on-line during 2008. ACIR also unanimously agreed that it would recommend that Dartmouth vote to oppose all resolutions requesting disclosure by newspaper publication during 2008, just as it had done in 2007. Pursuant to this policy, ACIR recommended that Dartmouth vote in favor of sixteen resolutions and to oppose one resolution in 2008.

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<sup>1</sup> The RiskMetrics Group Background Report on Political Contributions and Related Issues, dated February 27, 2008, provides a great deal of information on these issues. In addition, the Center for Political Accountability, a nonprofit that advocates for transparency and accountability in corporate political spending, has numerous articles and statistics posted on its web site at <http://www.politicalaccountability.net/>. Its Report entitled "*The Green Canary: Alerting Shareholders and Protecting Their Interests*", dated February 2005, together with its Contributions Fact Sheet are particularly helpful in understanding the scope of political contributions and shareholder and management support of transparency in recent years. According to the Center for Political Accountability, thirty-three major companies now report their political contributions on their web sites, in large part due to the shareholder campaign for transparency of such contributions. Corporate Governance Newsletter (January 14, 2008). *The Wall Street Journal*, p. R4.

### **3. Sustainability Reporting Resolutions Policy**

In 2008, ACIR revisited the voting policy it had adopted in 2007 to recommend support for proxy resolutions requesting sustainability reporting. ACIR noted that it has generally recommended support for such resolutions unless unusual circumstances were present, such as when a proponent seems to have ulterior motives. ACIR discussed the Global Reporting Initiative (“GRI”) guidelines, which were identified and recommended by proponents to companies to use in a majority of the resolutions before the committee. ACIR discussed the short and long-term benefits of sustainability reporting. ACIR also noted the benefits of using the standard methodology proposed by the GRI as a tool for comparison and to reduce compliance costs. ACIR agreed that there were some shortcomings in the GRI guidelines, but was overall supportive of the use of the GRI guidelines as a positive first step in achieving uniformity in sustainability reporting. ACIR also discussed whether it was more prudent to review these resolutions on a case-by-case basis. Ultimately, ACIR was unanimous in recommending that the College vote in favor of all sustainability reporting resolutions absent unusual circumstances to be identified by ACIR’s Executive Administrator. Pursuant to this voting policy, ACIR recommended support for seven proxy resolutions and abstention on one such resolution.

## **IV. 2008 Proxy Season – Social Issues Area Proxy Resolutions**

This Section of the Annual Report describes the proxy resolutions reviewed by ACIR and provides an explanation for the recommendations made by ACIR with respect to these resolutions.

### **1. Animal Welfare**

ACIR reviewed four animal welfare-related resolutions in 2008, down from eight resolutions in 2007 and twelve in both 2005 and 2006. All but one of these resolutions was brought by People for Ethical Treatment of Animals (PETA), an animal rights organization.

The first PETA resolution ACIR reviewed was proposed to shareholders of Amgen Inc. and requested the company to report on measures it had taken to resolve, correct and prevent further violations of U.S. Department of

Agriculture's Animal Welfare Act. ACIR agreed that action requested by the resolution appeared to be reasonable. ACIR did, however, question whether the subject company had indeed violated the Animal Welfare Act or its own animal welfare policies and whether, if not, the resolution was moot. Because ACIR felt that the resolution itself was reasonable and that complying with it would be neither excessively burdensome nor expensive, ACIR was unanimous in recommending support for it.

The resolution garnered 5.9% shareholder support. PETA has re-filed this resolution in 2009.

ACIR then reviewed two proxy resolutions filed by PETA at The Kroger Company. These resolutions addressed Kroger's selection of poultry and egg providers. The first resolution requested Kroger to give purchasing preference to providers of chicken that used controlled atmosphere killing ("CAK") instead of traditional poultry slaughter methods. The second resolution asked Kroger to report on the feasibility of requiring its egg suppliers to phase in cage-free chicken practices within a reasonable period of time.

ACIR agreed that the language of each of the resolutions was reasonable. With regard to the first resolution, ACIR felt that the company stood very little to lose by investigating the pros and cons of using suppliers that employed CAK. ACIR agreed that the market would determine whether using such suppliers was economically feasible and desirable enough by consumers to justify higher prices. Similarly, ACIR agreed that Kroger would not be exposing itself to any significant costs or risks by simply issuing a report on the feasibility of requiring its egg suppliers to use cage-free methods. With regard to the second resolution, ACIR noted that all eggs used by Dartmouth Dining Services on campus use cage-free suppliers. ACIR was unanimous in recommending support for both resolutions.

The first Kroger animal welfare resolution, regarding CAK suppliers, received shareholder support of 3.9%; the second Kroger resolution addressing a phase-in of cage-free chicken eggs received shareholder support of 4.1%. PETA has re-filed the CAK resolution with Kroger for a 2009 vote.

Finally, ACIR discussed a PETA resolution filed at SUPERVALU Inc., the grocery store chain, which asked the company to examine the feasibility using egg suppliers employing cage-free methods. ACIR felt that this resolution was

similar enough to the Kroger resolution regarding cage-free suppliers to merit ACIR's support, and ACIR recommended that the College vote in favor if it.

This resolution received 5.3% shareholder support. PETA has also resubmitted this resolution in 2009.

## **2. Banking Issues**

ACIR reviewed four resolutions in 2008 that addressed banking issues.

The first two banking resolutions ACIR reviewed were filed by Action Fund Management, a conservative political activist group, at Citigroup Inc. and Bank of America Corporation. The resolutions asked the companies to prepare reports on the Equator Principles and to discuss in these reports how the companies' implementation of the Equator Principles had resulted in improved environmental and social outcomes in their project finance transactions.

ACIR noted that this particular resolution was new in 2008. ACIR discussed the Equator Principles, principles voluntarily adopted by financial institutions under which the institutions examine social and environmental issues in the hope of mitigating or avoiding negative impacts on project-affected eco-systems and communities. ACIR also noted the difference in the number of projects financed by Citigroup and Bank of America that might justify review under the Equator Principles. Specifically, ACIR noted that Citigroup financed a significantly larger number of such projects. ACIR noted that RiskMetrics Group research materials indicated that the proponent was not supportive of the Equator Principles and did not subscribe to the popularly held belief that global climate change is occurring and, indeed, has suggested that global climate change might be a positive event. Moreover, ACIR noted that the proponent appeared to disapprove of companies examining potential social or environmental issues when assessing whether to finance projects. ACIR was unanimous in recommending opposition to both resolutions.

The Citigroup resolution garnered 4.9% shareholder support, and the Bank of America resolution garnered 3.8% shareholder support. The proponent has not re-filed either of the resolutions in 2009.

ACIR reviewed a resolution filed by Christian Brothers Investment Services at Cash America, a self-described financial services company that

specializes in non-recourse loans, commonly referred to as pawn loans or payday loans. This resolution asked the company to form an independent board committee to amend its policies to prevent predatory lending practices and to report to shareholders on progress and enforcement of such a policy.

ACIR noted that it had in the past supported resolutions that requested information on predatory lending practices. ACIR discussed the process of payday lending and the punishingly high interest rates that result from such lending. ACIR noted that payday lending has been prohibited in many states, but not in New Hampshire. ACIR felt that there was no way for the company to actually check the credit-worthiness of applicants based on its present procedures to assess the credit-worthiness of loan applicants, which include and are sometimes limited to examining a pay check stub. ACIR agreed that the type of lending targeted by the resolution was unquestionably predatory. However, ACIR questioned what the resolution would accomplish if embraced by Cash America. Predatory lending is the company's business. ACIR questioned whether its role was to question the business of a company, particularly when the College owns shares in that business. ACIR could not achieve a consensus on its recommendation. ACIR, therefore, voted to recommend a vote to abstain.

The resolution received shareholder support of 9.0%, which is a significant level of support for a first time resolution.

Finally, ACIR reviewed a resolution proposed to shareholders of Wells Fargo & Co. by Northstar Asset Management, a social investment fund. The resolution asked the company to report to shareholders on racial and ethnic disparities in the cost of loans provided by Wells Fargo and requested that the report include responses to several specific questions.

ACIR noted that this proposal received shareholder support of 8.3% in 2007, and that ACIR had recommended support for it. There was little disagreement among ACIR members that African-Americans and Latinos are regularly charged more for loans from many banks, including Wells Fargo. ACIR did note that Wells Fargo had recently received a Community Reinvestment Act rating of outstanding with regard to its community involvement and credit provision in lower income areas. ACIR discussed the importance of Home Mortgage Disclosure Act factual data. ACIR also noted the Federal Reserve's comments suggesting that besmirching Wells Fargo's involvement in low income, high risk areas was dangerous because it was

possible that no other banks would fill the needs being met by Wells Fargo. ACIR discussed former New York Attorney General Elliot Spitzer's investigation into lending to minorities and the investigation's preliminary findings that Wells Fargo had disproportionately higher loan rates to minorities than J.P. Morgan or HSBC. ACIR questioned the language of the resolution.<sup>2</sup> Some members felt that the first part of the resolution was reasonable, but queried whether the latter portions of the resolutions, which asked the company to opine on such issues as "wealth-building" and the "racial wealth divide" in the U.S., were too broad. ACIR also noted that this resolution raised some of the questions as the Cash America resolution had raised. ACIR agreed that the resolution was flawed in some ways, but overall worthy of its support. Therefore, ACIR voted unanimously to recommend a vote in favor of the resolution. Finally, ACIR agreed to send a letter to the proponent, Northstar Asset Management, describing its concerns about the language of the resolution.

The Wells Fargo resolution garnered 6.4% shareholder support. Northstar Asset Management has re-filed the resolution in 2009.

### **3. Bio-Engineering**

ACIR reviewed two resolutions that addressed bio-engineering issues in 2008, down from four such resolutions in 2007.

The first bio-engineering resolution reviewed by ACIR was filed by the Adrian Dominican Sisters, a religious order, at PepsiCo, Inc. The resolution asked the company to create an independent board committee to review and report on the company's policies and procedures for monitoring genetically engineered ("GE") products. The resolution asked that this report also include specific information regarding "(i) the potential of GE product contamination to effect Company product integrity; (ii) evidence of independent long-term safety testing of GE crops, organisms or products thereof; [and] (iii) contingency plans for removing GE ingredients from the Company's products should circumstances so require."

ACIR discussed at length the issues raised by GE crops and food products. ACIR noted its mixed history of supporting and opposing bio-engineering resolutions and how it had in the past speculated that the actions requested by

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<sup>2</sup> See page 89 of Appendix III for the full text of the resolution.

such resolutions would potentially create unfair competitive disadvantages to companies receiving similar resolutions. ACIR noted that bio-engineered plants are regulated by the U.S. Department of Agriculture (“USDA”), the Federal Drug Administration (“FDA”) and the Environmental Protection Agency (“EPA”). ACIR questioned whether this resolution was in fact requesting PepsiCo to perform a risk assessment. ACIR noted that if bio-engineered corn were banned, there would be a massive impact on the U.S. economy and on PepsiCo. ACIR discussed whether there was reasonable disagreement over the health or environmental effects caused by GE crops and food products. Some ACIR members felt that the more information provided, the better, but queried whether this was the company’s responsibility as opposed to the responsibility of one of the several federal regulatory agencies with jurisdiction over bio-engineering issues. ACIR noted that section (ii) of the resolution seemed to ask for a scientific report, a request that ACIR has repeatedly objected to. Some ACIR members felt that they could support that section if it asked for “evidence of independent long-term safety testing of *the company’s* GE crops, organisms, or products thereof” rather than GE crops in general. Most ACIR members felt that they could support sections (i) and (iii) of the resolution, but several members stated their objection to section (ii). Ultimately, ACIR could not reach a consensus on its recommendation. Therefore, ACIR recommended that the College vote to abstain on the resolution. In addition, ACIR agreed to send a letter to the proponent explaining ACIR’s discomfort with the language in section (ii) of the resolution.

The PepsiCo bio-engineering resolution received 8.4% shareholder support. The proponent has re-filed the resolution in 2009.

The second bio-engineering resolution ACIR reviewed was filed at The Dow Chemical Company also by the Adrian Dominican Sisters. This resolution differed slightly from the PepsiCo resolution in that it also asked Dow to review and report on post-marketing monitoring systems and on risk management processes for different environments and agricultural systems, which amounted to a request for greater action on the part of the company.

ACIR noted that it had opposed this resolution in 2007, and that the resolution had in that year received shareholder support of 7%. ACIR discussed the propriety of asking the company to assess and report on the adequacy of post-marketing monitoring. Several ACIR members felt that if the proponent was concerned about the safety of GE seeds, crops or food products, then it

should be asking the appropriate government regulatory agency for such reviews and reports, not Dow. ACIR again discussed the efficacy and cross-agency regulation of GE products. Finally, ACIR noted that the proponent appeared to have submitted the resolution in part because it did not agree with the company's position on seed saving rights. A vast majority of ACIR members agreed that the resolution was unreasonable. Therefore, ACIR recommended that the College vote to oppose it.

The resolution ultimately received 7.8% shareholder support. As of this date, it appears that Adrian Dominican Sisters have not resubmitted the resolution even though it received enough support under Securities and Exchange Commission ("SEC") rules to be re-filed.

#### **4. Charitable Contributions**

ACIR only reviewed two resolutions seeking company transparency of charitable contributions, down from six such resolutions in 2007. These resolutions were filed at General Electric Company and J.P. Morgan Chase & Co. by National Legal and Policy Center, a public policy advocacy group, and Thomas Strohbar, an individual investor, respectively.

ACIR noted that it has in the past recommended support for and opposition to charitable contributions transparency resolutions. In fact, in 2007 ACIR adopted a policy to recommend support for all charitable contribution transparency resolutions. The charitable contributions resolution filed at General Electric in 2007 had received 8.2% shareholder support, and the one filed at J.P. Morgan Chase had received 12% shareholder support.

ACIR agreed that the companies could both improve upon their descriptions of how and where they contributed money and services. ACIR questioned whether these resolutions would prevent the companies from making gifts to charities with conflicting or opposing missions. ACIR agreed that the underlying motive of the resolutions was to remind the companies that their money belongs to the shareholders, and it is not for them to freely give away without some disclosure. If the companies cannot justify how they are making charitable contributions, they shouldn't be making them. ACIR discussed the benefits of anonymous giving, but most members agreed that the benefits of transparency outweighed those benefits. Finally, ACIR questioned whether the reporting requested by the resolutions was too onerous. Members generally

agreed that the companies had the capacity to report in the manner requested. ACIR voted unanimously to recommend that the College vote in favor of both resolutions.

The General Electric Co. resolution received shareholder support of 7.2%. The proponent withdrew the resolution from J.P. Morgan Chase's annual meeting after favorable negotiations with the company convinced it that J.P. Morgan was making strides to become more transparent in this area. Neither resolution has been re-filed in 2009.

## **5. Defense Contracting**

ACIR reviewed three shareholder-initiated proxy resolutions dealing with military defense contracting issues.

The first two resolutions were identical and were proposed by Sisters of Charity of the Blessed Virgin Mary, a religious order, to shareholders of Textron Corporation and Northrop Grumman. The resolutions asked the subject companies to report to shareholders on their foreign sales of weapons-related products and services.

ACIR noted that this resolution received shareholder support in 2007 of 7.9% at Textron and of 6.2% at Northrop Grumman and that ACIR had recommended that the College vote in favor of these resolutions. ACIR discussed U.S. government regulation of arms sales. No one questioned the companies' compliance with applicable governmental regulations. ACIR did note that the RiskMetrics Group's SIS Proxy Reports suggested that there used to be a greater level of transparency with respect to foreign sales of military weapons and services and queried why this has changed. ACIR agreed that transparency of company activities is beneficial in many cases, and certainly in the case of military equipment and services sales. ACIR voted to recommend that the College support both resolutions.

The Textron resolution garnered 7.3% shareholder support, and the Northrop Grumman resolution garnered 6.6% shareholder support. Both resolutions have been re-filed.

ACIR also reviewed a defense contracting resolution filed at Caterpillar by the Jewish Vote for Peace, Mercy Investment Program and Sisters of Mercy of

Caldwell, New Jersey. This resolution also asked the company to report on its foreign sales of weapons-related products and services, but it also asked for the report to cover the previous ten years of sales and to identify the countries of destination for all such products and services.

ACIR noted that the proponent has filed resolutions at Caterpillar in the past targeting the company's production and sale of bulldozers to Israel in large part due to the death of a woman protesting the razing of homes. The woman was crushed by a Caterpillar D9 bulldozer. ACIR members questioned the reasonableness of asking the company to be responsible for the use of its equipment post-sales. ACIR noted that the RiskMetrics Group research materials suggest that the U.S. government purchases the bulldozers from Caterpillar and then gives them to Israel as a form of aid. ACIR discussed whether Caterpillar actually modifies or retrofits the equipment with armor or grenade launchers and decided that it appears that the IDF does all of the retrofitting. ACIR noted that the sale of the D9 bulldozer represents a miniscule portion of Caterpillar's revenue – roughly .01% - and queried whether the resolution's requests were unduly burdensome in light of this fact. ACIR members also objected the resolution's request for 10 years of information. ACIR noted that it had supported a similar resolution at Textron, but ACIR noted that Textron derives a large portion of its revenues from military sales and is ranked #19 in military sales by the U.S. Department of Defense. The Textron resolution did not request 10 years of information. Some ACIR members felt that a publicly traded company should report in whether its products were being used for military purposes, regardless of what percentage of its products were used for those purposes. ACIR also discussed divestment issues, including the divestment recently threatened by the United Methodist Church. ACIR discussed whether the resolution was too vague and whether the proponents' real agenda was relevant. ACIR noted that any person could purchase a D9 bulldozer on eBay at this moment. Most ACIR members agreed that there were better ways to craft a resolution to obtain the disclosure desired by the proponents. ACIR was unable to reach a consensus on its recommendation. Therefore, ACIR recommended that the College vote to abstain on the resolution.

The resolution received 5% shareholder support, and it has been resubmitted for a 2009 shareholder vote.

## **6. Disclose Prior Government Service**

ACIR reviewed two resolutions requesting companies to disclose any prior government service or employment by certain higher level officers of the recipient companies. The proponent of both of these resolutions was an individual shareholder named Evelyn Y. Davis, who has been proposing transparency resolutions in the areas of prior government service, political contributions, and executive compensation for more than twenty years. Specifically, the resolutions asked Citigroup Inc. and J.P. Morgan Chase & Co. to disclose to shareholders annually a report detailing the identities and roles of all employees with the rank of vice president or higher who served in any governmental capacity during the previous five years. The resolutions also asked for specific information about such roles.<sup>3</sup>

ACIR noted that it has reviewed and made recommendations on this identical resolution numerous times since 2004. In 2004, 2005 and 2007, ACIR recommended that the College vote to oppose this resolution at two companies, one of which was Citigroup. Last year, that resolution received 5.7% shareholder support. ACIR discussed the purpose of the resolution, recent scandals at Boeing, Enron and Southwest involving current or former government employees and how these conflicts of interest are federally regulated. ACIR recognized that the resolution sought transparency – a concept it generally supports – but noted that it is quite common for individuals to move back and forth between the public and private sectors. All members agreed that such movement was in the great majority of cases totally appropriate and indeed should be encouraged. A solid majority of ACIR voted to recommend that the College vote to oppose this resolution.

The prior government service resolution filed at Citigroup received 7.6% shareholder support, and the one at J.P. Morgan Chase & Co. received 4.6% shareholder support. Ms. Davis has re-filed both resolutions in 2009.

## **7. Environment Issues: Global Climate Change**

As has been the case for the past several years, there were a significant number of shareholder initiated resolutions in the global climate change arena in 2008. ACIR reviewed fourteen resolutions dealing with global climate change

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<sup>3</sup> Please see the of the resolution in Appendix III on pages 68 and 81.

issues. It is interesting to note that ACIR recommended votes in opposition of six of these resolutions, votes in favor of five of these resolutions, and votes to abstain on three of these resolutions. It merits noting that this inconsistency is more a reflection of the different types of resolutions than ACIR's inability to maintain a stable voting position.

ACIR has long objected to resolutions that request companies to prepare scientific reports or express opinions on scientific issues. In 2008, ACIR was faced with several resolutions in the global climate change area that made such requests. Action Fund Management filed resolutions at General Electric Company, Alcoa Corporation, ConocoPhillips, E.I. Du Pont NeMours, PepsiCo Inc. and The Dow Chemical Company asking the companies to prepare reports discussing scientific data and studies related to global climate change, the extent to which the companies believe that human activity would or could alter global climate, and whether the companies believed that global climate change was indeed undesirable, among other things.

ACIR noted that Action Management Fund filed this resolution at General Electric and at other companies in 2007. ACIR has in the past recommended opposition to this and other similar resolutions filed by the proponent and similar resolutions filed at companies by other proponents. ACIR agreed that requesting companies to prepare scientific reports and present value analysis and cost-benefit analysis of speculative and intangible events was inherently unreasonable and incredibly burdensome. ACIR noted the proponent's continuing disbelief in climate change science and its position that many of these companies were doing too much in response to global warming threats. Specifically, ACIR discussed General Electric's assumption of a leadership role in the green corporate movement. ACIR members felt that voting in favor of these resolutions would amount to disapproval of corporate leadership in a very important area. ACIR also opposed the language of the resolution, which requested a scientific report, value analysis and cost-benefit analysis. ACIR felt that the requests contained in these six resolutions were highly unreasonable. Therefore, ACIR voted unanimously to recommend that the College vote to oppose them.

The foregoing resolutions received the following shareholder support:

**Company****Shareholder Support**

Alcoa Corporation	5.2%
ConocoPhillips	29.4%
E.I. Du Pont NeMours	3.3%
General Electric Co.	3.6%
PepsiCo Inc.	2.7%

The SEC omitted the proposed resolution at The Dow Chemical Company after the company challenged it.

As is normal, Exxon Mobil was on the receiving end of numerous resolutions relating to environmental issues, including global climate change. ACIR reviewed three resolutions filed at Exxon Mobil that specifically addressed global climate change. Two other resolutions that were filed at Exxon Mobil are related to global climate change, but they have been included in the Miscellaneous Environment section of this report as they raise other issues as well.

The first global climate change resolution filed at Exxon Mobil was proposed by an individual shareholder, Mario Lallane, and requested the company to start posting specific information about carbon dioxide (“CO2”) emissions at pumps. This information was to include data on total CO2 emissions from extraction up to and including consumption by automobiles.

ACIR noted that a similar resolution in 2007 garnered 7.1% shareholder support. ACIR noted the unusual nature of the resolution in that it requested CO2 emissions information to be placed at gas pumps at Exxon Mobil stations. ACIR noted that the proponent felt that customers should know what they are buying and the effects these products have on the environment. An analogy to cigarette labeling was discussed. ACIR questioned whether the resolution raised issues of competitive disadvantage. ACIR also questioned what responsibility the company should have to label and wondered whether this should more appropriately come from the EPA or another regulatory agency. ACIR noted that the proponent is clearly targeting Exxon Mobil because it is the biggest energy company in the world. ACIR discussed whether creating a system of standardized labeling at the pumps could actually generate competition between oil and gas companies if they were able to distinguish themselves as more energy efficient/less dirty than the others. While some ACIR members felt that this was a possibility, all agreed that if Exxon Mobil was the only company

required to report this information pump-side, then incentives to present more favorable information would exist. ACIR discussed whether the resolution was in fact an attempt to get people to discuss the impacts of CO<sub>2</sub> and whether ethanol was an appropriate alternative. ACIR also discussed the feasibility of the oil and gas industry creating common standards for reporting such information without skewing it and whether the resolution was seeking transparency, a goal often encouraged by ACIR. Ultimately, ACIR could not reach a consensus on its recommendation. Therefore, ACIR recommended that the College vote to abstain on the resolution.

The resolution received 7.0% shareholder support.

ACIR also reviewed two identical resolutions filed by the Sisters of St. Dominic of Caldwell, New Jersey at Exxon Mobil Corporation and Chevron Corporation. These resolutions asked the companies to adopt quantitative goals for reducing greenhouse gas emissions from products and operations and to report to shareholders on their plans to achieve those goals.

ACIR discussed the Exxon Mobil and Chevron resolutions at the same time. ACIR noted that the proponent of the Chevron resolution had commended the company on reducing its greenhouse gas emissions and in setting goals for reduction, although noting that Chevron has not created a long term strategy. The RiskMetrics Group research materials indicated that Chevron has also been transparent in reporting its emissions. On the other hand, ACIR noted that Exxon Mobil has not created any kind of quantitative emissions reduction goals. ACIR again observed that Exxon Mobil appeared to be lagging behind its peers in the global climate change area. While some ACIR members felt that Chevron's efforts should be rewarded with a vote to abstain, others thought that the resolution should be supported in spite of Chevron's efforts to send the message that shareholders remain concerned about this issue. With regard to Exxon Mobil, however, a vast majority of ACIR agreed that the company needed to start to set GHG emissions reductions goals and create some transparency. Although some members felt that the different efforts of the companies should be rewarded by different votes, ultimately ACIR agreed to recommend that the College vote in favor of both resolutions.

The Exxon Mobil resolution received 30.9% shareholder support, and the Chevron resolution received 10.4% shareholder support. Both resolutions have been resubmitted in 2009.

Sisters of St. Dominic of Caldwell, New Jersey also filed this resolution at General Motors Company. For the same reasons above, ACIR recommended that the College vote in favor of the resolution.

That resolution received 15% shareholder support. It has also been resubmitted.

Finally, the New Covenant Fund, a social investment fund, filed the identical resolution at ConocoPhillips. While ACIR noted all of the issues it had discussed with regard to the Exxon, Chevron and General Motors resolutions, several members felt that ConocoPhillips should be rewarded for being a leader in certain respects regarding global climate change recognition and in requesting guidance from the government in setting emissions reductions. ACIR members were unable to reach a consensus with regard to this resolution. Thus, ACIR recommended that the College vote to abstain on it.

This resolution garnered 3.7% shareholder support.

ACIR reviewed another resolution filed at Exxon Mobil by descendants of Mobil's founder, John D. Rockefeller, that asked the company to investigate and report on the likely consequences of global climate change between now and 2030 for emerging countries, and poor communities in those countries and developed countries, and to compare these outcomes with scenarios in which the company assumed leadership in developing sustainable energy.

ACIR noted that this was a new resolution. ACIR discussed whether the resolution raised issues of environmental justice and questioned how to deal with places that bear a disproportionate amount of negative global climate change effects but do not share in benefits created by resources extracted from their locations. ACIR questioned whether the proponent was asking the company to take a leadership role with regard to identifying and perhaps ameliorating the consequences of global climate change on "emerging" and "developing" countries. Some members were uncomfortable with the use of the foregoing terms. ACIR suggested that some of the countries that will bear the brunt of global climate change impacts will likely become large Exxon clients, such as China and India, and that, therefore, it behooved the company to make the requested investigation and report. ACIR agreed that the company probably had the information on hand. Several ACIR members felt that the Exxon needed

to become a more responsible and responsive actor in the global climate change area. Several members took issue with the language of the resolution, feeling that the information requested was too speculative. For example, asking the company to report on “likely consequences” was viewed by several ACIR members as unreasonable. Ultimately, ACIR could not reach a consensus on what recommendation to make. Therefore, it recommended that the College vote to abstain on the resolution.

The resolution received shareholder support of 10.4%. The proponents have re-filed the resolution in 2009.

ACIR reviewed a resolution filed at The Kroger Company by the Nathan Cummings Foundation. This resolution asked the company to develop a comprehensive program to address global climate change and to reduce its greenhouse gas emissions.

ACIR has reviewed this resolution in the past and generally recommended support for it. ACIR noted that Kroger is a company that consumes massive quantities of electricity and gas in an energy-intensive industry. ACIR was unanimous in agreeing that the resolution requested reasonable action and, thus, recommended that the College vote in favor of it.

The resolution garnered shareholder support of 39.6%, which made it one of the most successful resolutions for the 2008 year. Surprisingly, the proponent has not as yet re-filed the resolution for a 2009 vote.

## **8. Environment Issues: Miscellaneous**

Every year ACIR reviews numerous shareholder-initiated proxy resolutions that address a variety of different environmental management and reporting issues. ACIR made recommendations on the voting of fifteen such resolutions in 2008.

### **A. Right to Water**

ACIR reviewed two resolutions proposed by Northstar Asset Management to shareholders of American International Group (“AIG”) and

PepsiCo Inc. The resolutions asked the companies to create policies articulating their “respect for and commitment to the Human Right to Water.”

ACIR discussed the resolutions together, while noting distinctions between the two companies’ operations. ACIR noted that a human right to water is included in the Universal Declaration of Human Rights and is becoming somewhat of an international rallying cry. ACIR also noted that a water crisis exists and is getting worse, exacerbated by global climate change and population growth. ACIR also noted that the action requested by the resolution – to create a policy – would create minimal economic costs to both companies. With regard to PepsiCo, ACIR noted that its efforts in supporting conservation were impressive. Several ACIR members felt that the right to water for human use was in fact a basic human right and has been since World War II. ACIR noted that water is an economic good, but that certain aspects of access to water trump economic uses. ACIR agreed that the human right to water was different than a human right to seed saving, which the committee had also reviewed in connection with a different resolution.<sup>4</sup> ACIR questioned whether the resolution was asking PepsiCo and AIG to think about where they were locating their plants and facilities with respect to how that will affect customers and individuals. For a variety of reasons, ACIR was unanimous in recommending support for this resolution.

The resolution at AIG received shareholder support of 18.7%; the resolution at PepsiCo received shareholder support of 7.2%. The proponent has resubmitted the resolution at PepsiCo in 2009.

## **B. PepsiCo and Recycling**

ACIR reviewed a second resolution filed at PepsiCo by As You Sow Foundation. This resolution asked the company to review its container recycling program and report to shareholders on a strategy that would include quantitative goals for increased container recovery and recycling.

ACIR discussed the information provided in the RiskMetrics Group SIS Proxy Report detailing the efficacy of different types of recycling methods, including curbside versus deposit return methods. ACIR also discussed the

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<sup>4</sup> See discussion on pages 40-41 of this report relating to a resolution filed at E.I. Du Pont NeMours.

controversy over which method of recycling – or whether to recycle at all – was best to deal with used beverage containers from an environmental perspective. ACIR noted that PepsiCo supports mandatory bottle deposits, but the data suggests that curbside recycling is much more effective in raising recycling rates. ACIR noted that Coca-Cola has committed to recycling 100% of its PET bottles, and that the proponent would like PepsiCo to do the same. ACIR questioned whether asking the company to increase its recycling was appropriate if there was disagreement over what the best form of recycling is from a sustainability viewpoint. Several ACIR members felt that the company should be responsible for dealing with the debris that its products created. A majority of the committee felt that the action requested by the resolution was reasonable. Therefore, ACIR recommended that the College vote in favor of the resolution.

The resolution garnered 6.9% shareholder support. The proponent has re-filed it in 2009.

### **C. Oil Drilling and Extraction Issues**

ACIR reviewed several resolutions that addressed concerns about oil drilling and extraction methods. Some of these resolutions were repeats, others were new.

ACIR reviewed a resolution filed by Green Century Capital Management at ConocoPhillips that asked the company to report on potential environmental damage that would result from drilling for oil and gas in the area inside the National Petroleum Reserve-Alaska (“NPR-A”), including the implications to the company of refraining from drilling in that area.

ACIR has reviewed this and similar resolutions in the past. ACIR noted that it had recommended support for this resolution in 2007 and that the resolution had received 16.7% shareholder support. ACIR noted that ConocoPhillips is the largest producer of oil in Alaska and discussed the extent to which the company should be advising its shareholders about its Alaskan operations and the environmental impacts of those operations. ACIR discussed the benefits that might accrue from the company describing how it could responsibly operate in environmentally fragile areas. ACIR also discussed the amount of available oil in the NPR-A versus the environmental benefits of preserving the area. ACIR generally agreed that the company currently

possesses the information requested by the resolution. ACIR was unanimous in recommending support for the resolution.

ACIR noted that a very similar resolution was pending at ExxonMobil in which the company was asked to assess its operations in the Arctic National Wildlife Preserve. ACIR was unanimous in recommending that the College vote to support that resolution as well.

The ConocoPhillips and Exxon Mobil resolutions received 26.6% and 8.4% shareholder support, respectively.

ACIR reviewed two new resolutions filed by Trillium Asset Management at ConocoPhillips and Chevron Corporation in which the companies were asked to report on the environmental damage that would result from the companies' expanding oil sands operations in the Canadian boreal forest, including the implications of discontinuing the operations.

ACIR discussed the process of oil sands operations and the tremendous energy required to extract oil in this fashion, including intensive water usage. ACIR felt that regulation of such oil sands operations was inevitable given the enormous release of GHG emissions during the process and the additional environmental impacts associated with it. ACIR also discussed the impact on Canadian boreal forests of such large scale operations. ACIR was unanimous in agreeing that the resolutions requested reasonable reports, which would be risk assessments of sorts. Therefore, ACIR recommended that the College vote in favor of both resolutions.

The ConocoPhillips resolution received shareholder support of 27.5%; the Chevron resolution received shareholder support of 28.6%. This represents an enormously high level of support for first year resolutions. Both resolutions have been re-filed in 2009.

#### **D. Dow Chemical Company and Asthma Triggers**

For the third year, ACIR reviewed a resolution proposed to shareholders of Dow Chemical by Trillium Asset Management and Trinity Health asking the company to report on the extent to which its product categories may cause or exacerbate asthma, as well as on public policy initiatives to phase out or restrict materials linked with such effects.

ACIR noted that a similar proposal brought by the same proponent in 2006 garnered shareholder support of 5.8%, and the identical proposal received shareholder support of 6.8% in 2007. ACIR recommended a vote to oppose this resolution in 2007. ACIR noted that the science of asthma and what causes it is fraught with uncertainty. There may be many causes of asthma and pesticides may indeed be a cause, but the science is uncertain. ACIR discussed precautionary principles and the burden of proof. Members were troubled that the resolution asked Dow to analyze all of its products. If the proponents were really concerned about 2,4-d and chlorpyrifos, then why must Dow analyze its thousands of products? ACIR members were also concerned that the resolution asked Dow to make scientific conclusions. ACIR has consistently objected to proponents asking companies to prepare scientific reports and reach scientific conclusions. ACIR members also felt that there are federal agencies with jurisdiction over pesticides and that the company should not be preparing the requested report. ACIR unanimously recommended that the College vote to oppose the resolution.

This resolution received 9.1% shareholder support. Despite a relatively high level of shareholder support, the proponent may not re-file the resolution for three years as it did not obtain the 10% level of shareholder support required by the SEC for a third year submission.

#### **E. Dow Chemical and Remediation at Midland, Texas Site**

ACIR reviewed another resolution that has been filed at Dow Chemical for several years by Sisters of Mercy, a religious order, requesting the company to summarize the pace and efficacy of the environmental remediation process being undertaken by the company in the vicinity of and downstream from its Midland headquarters.

ACIR noted that it had recommended support for this resolution in 2007, and the resolution received 22.2% shareholder support. ACIR discussed the uncertainty and complexity surrounding the issue of dioxin safety. ACIR noted that Dow has improved its environmental performance dramatically over the last few decades. ACIR agreed that the resolution was really only asking for a report on remediation efforts at Midland, and not asking for a scientific report or analysis of dioxin contamination and health effects. ACIR was unanimous in

agreeing that the resolution was making a reasonable request and, thus, recommended that the College vote in favor of the resolution.

The resolution received shareholder support of 22.8%, up slightly from the previous year. Sisters of Mercy has re-filed the resolution for vote in 2009.

## **F. Reporting on Community Hazards**

ACIR reviewed two resolutions brought by several religious orders affiliated with the Interfaith Center on Corporate Responsibility (“ICCR”) to shareholders of ConocoPhillips and ExxonMobil Corporation. These were also repeat resolutions. They asked the companies to describe how they ensure for accountability for environmental impacts in all of the communities where they operate. Characterizing communities as the “forgotten stakeholders,” the proponents asked the companies to provide communities with information on its emissions to land, water, and soil—both within its permits and in emergency situations. The requested reports would also discuss how the companies integrate community environmental accountability into their codes of conduct, and the extent to which their activities have negative health effects on individuals living in low-income areas.

ACIR noted that it had recommended votes in favor of similar resolutions in 2006 and in 2007 in spite of concerns regarding the breadth of the request for reporting. Some ACIR members objected to section (3) of the resolution<sup>5</sup> on the grounds that it requested a scientific report or analysis. Members also felt that this resolution could have been better written. ACIR questioned whether the resolution was aimed at U.S. communities in which the company operated, or whether it was asking for reports on every location in, for example, the 40 different countries in which ConocoPhillips operates. ACIR members generally felt that the reports requested were geared to promoting transparency in economically disadvantaged communities in the U.S. A majority of ACIR members felt that the companies should respond to these resolution and had the information on hand to do so. ACIR recommended that the College vote in favor of both resolutions.

The ConocoPhillips resolution received 8.6% shareholder support. The Exxon Mobil resolution received shareholder support of 10.8%. Both resolutions

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<sup>5</sup> See Appendix III on pages 71 and 74 for the complete text of the resolutions.

were re-filed in 2009, but the Exxon Mobil resolution has been withdrawn by the proponent, presumably as a result of productive negotiations with management.

### **G. Exxon Mobil and Alternative Energy Issues**

ACIR reviewed a resolution filed for the second year by Stephen Viederman, former President of the Jessie Smith Noyes Foundation, at Exxon Mobil Corporation. This resolution asked the company to adopt policy of significantly increasing renewable energy sourcing globally. A similar resolution filed in 2007 had received 7.3% shareholder support.

ACIR noted that Exxon Mobil appears to be dragging its feet in the area of developing renewable energy sources and noted the company's apparent disdain for entering that field. ACIR agreed that the RiskMetrics Group SIS Proxy Report was not entirely objective in suggesting that Exxon Mobil was somewhat of a pariah in the alternative energy research and development field. ACIR noted that the RiskMetrics Group research materials indicate that oil companies are now advertising themselves as energy companies, but that Exxon Mobil appears not to be adopting that approach. ACIR noted that Exxon Mobil's peers have made some strides to try to enter the renewable energy area. ACIR agreed that Exxon Mobil appears to lack motivation to displace its reliance on the sale of oil and gas because the company can dominate any new technologies that are developed given its bottomless coffers. ACIR agreed that Exxon Mobil is perfectly capable of at least making preliminary investments in renewable energy technologies and felt that it should. ACIR unanimously recommended that the College vote in favor of the resolution.

The resolution received impressive shareholder support of 27.5%. It has been resubmitted by Mr. Viederman for vote in 2009.

In addition, ACIR reviewed another resolution filed at Exxon Mobil by the Province of St. Joseph, Capuchins, a religious order, asking the company to report on how it could "become an industry leader within a reasonable period in developing and making available the technology needed (such as sequestration and engineered geothermal) to enable the U.S.A. to become energy independent in an environmentally sustainable way."

ACIR noted that this was also a new resolution and that Exxon Mobil had unsuccessfully challenged the inclusion of the resolution with the SEC. ACIR members commented that the resolution was requesting a vague report. ACIR noted the resolution's emphasis on geothermal energy and again noted what the company's peers were doing with regard to alternative energy sources. ACIR discussed the 10 year old shareholder movement to try to get the company to be more responsive to environmental issues and the company's apparent lack of responsiveness to this campaign. ACIR noted the company's periodic preparation of reports to try to prevent global climate change-type resolutions from making it into the company's proxy reports. ACIR members agreed that the resolution was in some regards flawed, yet all members agreed that Exxon Mobil could improve its record and its image by taking some of the steps requested by the resolution. ACIR recommended that the College vote in favor of the resolution.

The resolution garnered 9.4% shareholder support. This resolution has not been re-filed.

## **H. Host Country Laws**

Last in the miscellaneous environmental subject area, ACIR reviewed a resolution filed at Chevron Corporation by New York City Pension Funds, School Sisters of Notre Dame and Trillium Asset Management asking the company to prepare a report on the policies and procedures that guide Chevron's assessment of host country laws and regulations with respect to their adequacy to protect human health the environment and the company's reputation.

ACIR noted Chevron's claims that it adhered to and endorsed numerous human rights-related principles and programs. However, ACIR also noted that there are two other resolutions pending at Chevron this year that address human rights issues, including one that simply asks the company to adopt a human rights policy. This suggested to ACIR that many shareholders are concerned about the company's human rights records. ACIR also agreed that Chevron operates in numerous countries where it is difficult to determine who is responsible for human rights abuses and where human rights abuse claims are frequent. ACIR agreed that asking Chevron to perform the assessment and asking for Chevron to set forth its views on host country laws as requested by the

resolution was not unreasonable. ACIR unanimously recommended that the College vote in favor of the resolution.

The resolution received 8.3% shareholder support, and it has been re-filed in 2009.

## **9. Equal Employment Opportunity and Fair Labor In Northern Ireland**

ACIR reviewed six resolutions in 2008 that addressed issues of equal employment opportunity and discrimination. One of these resolutions actually addressed fairness in employment in Northern Ireland. ACIR's recommendations were consistent with its prior recommendations.

ACIR reviewed equal employment opportunity-related resolutions proposed at Verizon Communications, Idacorp Inc., Exxon Mobil Corporation and Wal-Mart Stores, Inc. These resolutions all asked for the subject companies to prohibit discrimination on the basis of sexual orientation and gender identity. The Idacorp resolution also sought protection from discrimination on the basis of gender expression.

ACIR did not require lengthy discussion in order to issue its recommendations on the voting of these four resolutions. ACIR has consistently recommended support for resolutions seeking non-discrimination. Moreover, Dartmouth College's own Non-Discrimination Policy specifically includes the prohibition of discrimination on the basis of sexual orientation and gender identity.<sup>6</sup> ACIR was unanimous in recommending that the College vote in favor of all five resolutions.

The preceding resolutions received the following shareholder support:

<b><u>Company</u></b>	<b><u>Shareholder Support</u></b>
Verizon Communications Inc.	16.6%
Idacorp Inc.	resolution withdrawn
Exxon Mobil Corporation	39.6%
The Wal-Mart Stores, Inc.	6.3%

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<sup>6</sup> See <http://www.dartmouth.edu/~ide/policies/nondiscrim.html>.

On the other hand, ACIR reviewed a resolution filed by an individual investor, Christina McCarthy, at Wells Fargo & Company that ACIR did not support. This resolution asked Wells Fargo to develop an equal employment opportunity policy that complying with federal, state and local regulations, but not specifically referencing “any matters related to sexual interests, activities or orientation.” ACIR has consistently recommended opposition to similar resolutions, and it did so in this case.

The Wells Fargo resolution garnered 6.1% shareholder support, and it has not been resubmitted in 2009.

Finally, ACIR only reviewed one resolution that addressed religious discrimination in Northern Ireland in 2008. This resolution was proposed by New York City Pension Funds to Manpower Inc. The resolution is identical to dozens filed over the years by this proponent, and it requested the company to “make all possible lawful efforts to implement and/or increase activity on each of the nine MacBride Principles.”

ACIR noted that this proposal had received 13.8% shareholder support in 2007, and that ACIR had recommended a vote in favor of it. ACIR discussed the history of the MacBride Principles, consisting of nine fair employment and affirmative action principles that are a corporate code of conduct for U.S. Companies doing business in Northern Ireland. ACIR discussed the available data on the constitution of Manpower’s workforce in terms of Protestant and Catholic employees. The data was pretty convincing that Protestants are substantially underrepresented in Manpower’s labor pool. ACIR also noted that unemployment is one of Northern Ireland’s most pressing problems, and social progress – if it means getting rid of religious discrimination – should be supported. ACIR unanimously recommended that the College vote in favor of the resolution.

The resolution received 13.2% shareholder support. The resolution is pending again for a vote at Manpower’s annual meeting in 2009.

## **10. Global Labor Standards**

ACIR reviewed and made recommendations on only one resolution that directly addressed global labor standards in 2008. There has been an enormous decrease in the filing of global labor standards resolutions. Only thirteen resolutions were filed at public companies in 2008, down from 21 in 2007 and 28 in 2006.

The resolution ACIR reviewed in 2008 was filed at Wal-Mart Stores, Inc. by F & C Management, As You Sow Foundation and European institutional holders First Swedish National Pension Fund, Fourth Swedish National Pension Fund, Mn Services NV, PGGM and DnB NOR Asset Management. It requested the company to issue a report on the “negative and reputational impacts of reported and known cases of management non-compliance with International Labor Organization (ILO) conventions and standards on workers’ rights and the company’s legal and regulatory controls.”

ACIR noted that it had previously recommended that the College vote to abstain on this resolution due to objections to the resolutions language and legal implications raised by the resolution.<sup>7</sup> ACIR noted that Wal-Mart had objected to the resolution on numerous grounds, including that it appeared to be asking for an admission of guilt. Most ACIR members agreed that the resolution’s language was confusing and objectionably leading. Several ACIR members voiced the opinion that such a report prepared by the company would be meaningless because Wal-Mart would surely not admit to any violations. ACIR agreed that a better resolution would have been one asking for a report on the company’s compliance with ILO standards and conventions. ACIR recommended that the College vote to oppose the resolution.

The proponents withdrew the resolution prior to Wal-Mart’s annual meeting and has not been re-filed in 2009, which suggests that the company has made progress in meeting the proponents’ requests.

## **11. Health Care Issues**

ACIR reviewed two resolutions that dealt with health care and pharmaceutical company issues in 2008.

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<sup>7</sup> See Appendix III at page 87 for the full text of the resolution.

The first resolution ACIR reviewed was proposed to shareholders of Altria Group Inc. by Trinity Health, the fourth largest Catholic health care system in the U.S. The resolution asked Altria to adopt principles for health care reform based upon principles reported by a 2004 report from the Institute of Medicine, an arm of the National Academy of Sciences, including the principles that health care should be universal, continual and affordable, among others.

ACIR noted that this particular resolution has been challenged by several companies this year and that the SEC has created an inconsistent record in responding to those challenges. In some cases, the SEC has allowed companies to omit the resolution; in others, it has not permitted omission. Altria Group did not challenge the resolution. ACIR noted that the proponent believes that Altria has a responsibility to promote universal health care, particularly in light of the products it sells. Several ACIR members suggested that an argument could be made that the company would ultimately benefit if universal health care was available due to the large number of its employees and the retirees that the company must provide benefits to. ACIR agreed that the resolution was asking the company to adopt an advocacy position rather than asking for specific changes in its insurance programs. ACIR unanimously recommended that the College vote in favor of the resolution. ACIR also noted that the same resolution was pending at General Motors, and ACIR recommended that the College vote in favor of that resolution.

The Altria resolution received shareholder support of 4.9%; the General Motors resolution received shareholder support of 4.0%. Both resolutions have been re-filed.

## **12. Human Rights**

ACIR reviewed twelve resolutions that raised human rights issues in 2008, up from seven in 2007. The actions requested in these resolutions ranged from asking companies to adopt basic human rights policies to reporting on laws protecting human rights in foreign countries and reporting on specific circumstances that implicated human rights abuses. Several new human rights resolutions were filed in 2008. A new resolution was filed at several companies requesting that they create board committees to review human rights issues. In addition, a new type of human rights resolutions was filed at various financial

institutions asking those companies to examine their investment policies to determine whether policies or procedures should be applied to investments in countries where human rights atrocities or mass genocide had been documented.

ACIR reviewed a resolution filed by William Wardwell, an individual investor, at The Coca-Cola Company asking the company to amend its by-laws to create a board committee specifically charged with reviewing and receiving public input on human rights issues.<sup>8</sup>

ACIR noted that this is a new resolution and that a variety of shareholder-advocates have proposed this resolution to shareholders of several large investment banks for 2008. It also noted that this resolution is a binding by-law resolution, which means that if a majority of shareholders support it, it will result in a mandatory by-law amendment. ACIR noted that it has not reviewed any such binding resolutions in the past. ACIR noted that the supporting statement and materials forwarded to it by the proponent contain allegations of inappropriate behavior on the part of the company in Colombia (failure to protect union workers from paramilitary violence), China (use of prison labor) and India (water usage leading to environmental damage). ACIR did not feel that these materials provided actual proof of bad corporate behavior or illegal activities. ACIR questioned whether this resolution more appropriately fell under corporate governance since it involved a by-law change or whether it was indeed a social issues resolution. ACIR's mission is arguably limited to reviewing proxy resolutions dealing with social issues. ACIR noted that The Coca-Cola Company already embraces the United Nation's Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and is a member of the United Nations Global Compact and the Business Leaders Initiative on Human Rights (1 of 14 members). ACIR members questioned whether the resolution was asking the company to take a step beyond what was reasonable. ACIR also discussed the expense of the action requested, and it agreed that no significant expenses would be incurred if the company did in fact change its bylaws as requested. ACIR also noted that there is really very little question that the company is paying attention to human rights issues in light of all of the negative publicity it has received in connection with its operations in Colombia, China and India. Ultimately, the committee did not feel that the action requested by the resolution was the most effective way to get the company to look at human rights issues

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<sup>8</sup> The language of the resolution can be found in Appendix III on page 85.

and respond appropriately to them. ACIR recommended that the College vote to oppose the resolution.

This resolution received 3.7% shareholder support, which is enough for it to be re-filed in 2009. As of the date of this report, the resolution has not been re-filed.

ACIR reviewed the same resolution filed by Harrington Investments, an asset management group, with shareholders of Bank of America. ACIR recognized that at Bank of America there is no explicit oversight of human rights issues by committee or department, as there is at Coca-Cola. However, ACIR also noted that nothing in the resolution or the background materials hinted at human rights violations by the company, also in stark contrast to the materials supporting the Coca Cola resolution. ACIR again noted its discomfort with the binding nature of this resolution and noted that Bank of America does have a public affairs committee that could oversee human rights issues. Finally, ACIR noted that the company is a signatory to the Equator Principles, described briefly above on page 14. Although its vote was not unanimous, ACIR recommended that the College vote to oppose the resolution.

This resolution garnered 6.1% shareholder support, nearly double the support received by the Coca-Cola resolution. The resolution was not re-filed in 2009.

ACIR also reviewed the same resolution as filed by Harrington Investments at International Business Machines (“IBM”). ACIR noted that it has twice recommended a vote to oppose this resolution at The Coca-Cola Company and at Bank of America. ACIR discussed the proponent’s position that IBM does not sufficiently recognize or elevate the issue of human rights because it has not delegated oversight of human rights issues to a specific committee, although IBM does have a Corporate Governance Committee. ACIR noted the proponent’s history of drawing attention to human rights issues in China and the company’s stake in Lenovo. There was some discussion about whether IBM was assisting the Chinese government in surveillance activities pre-Olympics and with regard to dissident activity. One ACIR member opined that IBM has demonstrated a thoughtful approach to human rights and labor issues. Its main business is now mainframe, services and implementation. ACIR discussed the resolution’s request that IBM take steps beyond those required legally and the notion of corporate social responsibility in the human rights realm. Some members objected to requiring the company to create a board committee to deal with

human rights issues. Dartmouth does not have a board committee that does this, although there was general recognition that IBM and Dartmouth's missions are different. There was considerable disagreement regarding how the committee should make its recommendation. ACIR ultimately recommended that the College vote to abstain on the resolution.

The resolution received 5.9% shareholder support. The proponent has not resubmitted the resolution for a 2009 vote.

Finally, ACIR reviewed the same resolution that was filed at Wal-Mart Stores, Inc. also by Harrington Investments. ACIR noted that it had previously voted to recommend opposition to the resolution at Bank of America and The Coca-Cola, and ACIR had voted to recommend abstention at IBM. The different votes were due to the subject companies' different human rights policies and records. ACIR noted that the proponent seemed to be targeting Wal-Mart's immense trade with China, the amount of which exceeds many countries' Gross National Product. ACIR agreed that the cost of creating such a committee would be quite minimal in light of the company's size. ACIR also discussed the various lawsuits pending against the company, some based on human rights issues. On the other hand, ACIR noted that the company has taken various measures over the past few years to address human rights issues, and the company does audit its third party supplier sites. One ACIR member took offense at the proponent's reference on its website to the Chinese government as a terrorist government. ACIR questioned again whether the proponent's agenda mattered or whether ACIR should focus on the literal language of the resolution. Most ACIR members agreed that it was important for the company to elevate the importance of its compliance with national and international human rights norms and further agreed that the Board should be responsible for focusing on human rights issues. ACIR noted that Wal-Mart is the world's largest employer with over 2 million employees. ACIR was unanimous in agreeing that the resolution and the principles for which it stands for should be supported. ACIR recommended that the College vote in favor of the resolution.

This resolution received shareholder support of only 2.1%, meaning it cannot be filed again in 2009.

ACIR reviewed a human rights resolution filed by Sisters of Charity and several religious orders affiliated with ICCR at E.I. Du Pont NeMours that requested the company to amend its human rights policy to make provision for seed saving rights in traditional agricultural communities.

ACIR noted that this was also a new resolution. ACIR discussed the company's commitment to biodiversity and its gifts to the Global Crop Diversity Trust. ACIR noted that Du Pont is the major bio-engineering company in the world. ACIR discussed what it was the proponent was really asking for. Many members felt that the language and concepts contained in the resolution were both vague and undefined. Is seed saving a "right"? Under what laws is it a right? The committee also discussed the protections from infringement (replanting or saving) provided by patent laws in some countries and, conversely, the lack of protections in others. There was considerable discussion about what obligations or responsibilities, if any, Du Pont owes to poor farmers in the Southern Hemisphere. ACIR noted that the resolution asked for 2 things: (1) amendment of Du Pont's human rights policy; and (2) a report to shareholders. Many members felt that this resolution had not been properly classified under the human rights heading and would have more appropriately been placed under bio-engineering or miscellaneous. Some members did feel that Du Pont owed some responsibility to poor farmers. One ACIR member suggested that ACIR should be guided by the overall social message contained in the resolution. Another disagreed, positing that proponents need to be held to a high standard lest shareholder proposed social issues resolutions lose their credibility. It was suggested that requesting a report might be reasonable, but asking the company to recognize an undefined right might not be. ACIR was unable to reach consensus on a recommendation. Therefore, ACIR recommended that the College vote to abstain on the resolution.

The resolution received shareholder support of 3.5%. The proponent has resubmitted the resolution in 2009.

ACIR reviewed a resolution filed by Church of the Brethren Benefit Trust with ConocoPhillips asking the company to report on its policies and practices to obtain consent from indigenous peoples affected by its operations and on its practices and policies regarding avoiding contact with indigenous people living in voluntary isolation.

ACIR noted that this resolution received 10% shareholder support in 2007 and that ACIR had recommended a vote in favor. ACIR discussed ConocoPhillip's purchase of Burlington Resources, which owned leases on enormous quantities of land in the Ecuadorian and Peruvian Amazon, and the enormous controversies surrounding oil and gas exploration and drilling in

those areas. ACIR noted the current strained relationship between Ecuador and the U.S., and Ecuador's decision in April 2008 to suspend all mineral leases. ACIR noted Ecuador's likelihood of expropriating leases as the Venezuelan government has done, and the effect that this would have on the company's revenues. ACIR discussed the historic tensions between indigenous tribes and foreign extractors of resources. ACIR noted that the resolution did not tell the company how to deal with indigenous peoples, but rather asked it for its policies and procedures for doing so. ACIR also discussed the effects that exploration and drilling might have on intentionally isolated indigenous tribes. ACIR agreed that what the resolution asked for wouldn't necessarily hurt the company and would probably promote transparency. ACIR recommended that the College vote in favor of the resolution.

The resolution garnered 9.0% shareholder support, and it has been re-filed in 2009.

ACIR reviewed two human rights resolutions filed at Chevron Corporation. The first was filed by Society of Jesus – Wisconsin Province and twenty-one co-filers affiliated with the ICCR. The resolution asked the company to adopt a “comprehensive, transparent, verifiable human rights policy” and to report to shareholders on its implementation.

ACIR has consistently supported resolutions requesting the adoption of human rights policies. ACIR noted that the resolution had received 26.9% support in 2007, and ACIR had recommended support for it. ACIR recommended that the College vote in favor of the resolution.

This resolution received 27.9% shareholder support. The resolution is again pending for a vote in 2009.

The second human rights resolution at Chevron was filed by International Brotherhood of Teamsters, United Steelworkers, The Clean Yield Group and an individual investor, Adelaide Gomer. This resolution asked Chevron to develop guidelines for selecting countries in which to operate. The guidelines would take into consideration governmental violations of human rights, legitimacy, economic sanctions, and risks of negative publicity to the company, among other issues.

ACIR noted that this is a new resolution in 2008. ACIR noted the similarities between this resolution and the previous human rights resolution pending at Chevron. ACIR also compared the resolution to that proposed to various banking institutions this year. ACIR felt that regardless of what guidelines Chevron could create in response to this resolution, it would not cause the company to withdraw from the oil-rich locations where human rights abuses are common. Several ACIR members felt very strongly that the language of the resolution was flawed. For example, members objected to the use of the term illegitimate government as there is no way to achieve a consensus as to what that term means. ACIR also briefly discussed the current Right To Protect (R2P) movement and its relevance to the resolution. Although many ACIR members were uncomfortable with the wording of the resolution, a majority felt that its mission – greater transparency and more elevated corporate responsibility with regard to human rights abuses were worthy of support. ACIR recommended that the College vote in favor of the resolution.

The resolution received 8.9% shareholder support. The resolution has been re-filed in 2009.

ACIR reviewed four resolutions filed at financial institutions by various different proponents. As mentioned above, these resolutions asked the subject companies to examine their investment policies to determine whether policies or procedures should be applied to investments in countries where human rights atrocities or mass genocide had been documented.

The first of these resolutions ACIR reviewed was filed by Trillium Asset Management at Morgan Stanley. ACIR discussed the background of this resolution. It noted that Morgan Stanley currently owns shares of China National Petroleum Company, Oil & Natural Gas Company Ltd. and Sinopec, or publicly traded subsidiaries of these companies, all of which are on Dartmouth College's Sudan No Hold List. ACIR noted that Morgan Stanley objects to the resolution in part because including human rights standards in its investment policies will conflict with its fiduciary responsibility to clients. The company also objects to the resolution because it already has policies that address the environment, responsible business practices and community reinvestment. However, ACIR noted that Morgan Stanley does not have a specific human rights policy. ACIR also noted that this resolution has been filed at five other investment banks, and that two of them – T. Rowe Price and Merrill Lynch – have taken enough action to persuade the proponents to withdraw the resolutions. ACIR discussed parallels between what this resolution requests and

what the College has done through its creation of a Sudan No Hold List. It also noted that Morgan Stanley is making investments on behalf of its shareholders as well as its clients, and, therefore, its argument that it cannot make investment decisions on behalf of its clients falls flat. In addition, ACIR agreed that the action requested by the resolution was neither terribly significant nor expensive for the company to implement. ACIR agreed that the resolution was reasonable. ACIR unanimously recommended that the College vote in favor of it.

ACIR also recommended that the College vote in favor of the identical resolutions filed at Citigroup, J.P. Morgan Chase & Co. and Well Fargo & Company.

These resolutions received the following shareholder support:

<u>Company</u>	<u>Shareholder Support</u>
Citigroup Inc.	9.6%
J.P. Morgan Chase & Co.	9.5%
Morgan Stanley	resolution withdrawn
Wells Fargo & Co.	7.7%

None of the proponents of the foregoing resolutions have re-filed them in 2009.

### **13. Linking Executive Pay to Social Criteria**

In 2008, ACIR reviewed only two resolutions requesting that executive compensation be linked to social criteria or questioning executive compensation or benefits. Both were filed at Exxon Mobil Corporation. This is an increase by one proposal from 2007, but a reduction from five such resolutions in 2006 and eight in 2005.

The first resolution was filed by Northstar Asset Management. It was a repeat resolution requesting that Exxon Mobil report on disparities between the compensation of its CEO and its lowest paid workers, an evaluation of top compensation packages, and an explanation of whether the issue of layoffs or lower pay levels should result in adjustments of executive pay, among other things.

ACIR engaged in a lengthy discussion about Exxon Mobil's former CEO's severance package of \$400 million and also discussed the ratio of CEO pay to the average worker's pay. ACIR noted that Exxon Mobil's CEO is paid significantly less than the CEO's of ConocoPhillips and Chevron. One member urged the committee to put the resolution in perspective by comparing CEO pay at other companies, suggesting that Exxon Mobil's CEO is not paid a disproportionately larger amount than others. ACIR noted its historical support for this type of resolution based on ACIR's prior position that corporate compensation is simply grossly out of step with what it should be. ACIR noted that Exxon Mobil's CEO is paid 760 times the salary of the average U.S. worker and 1844 times the salary of the average minimum wage employee in the U.S. ACIR noted that Exxon Mobil does have a very active compensation committee that uses benchmarks and comparisons. However, ACIR noted that the compensation committee did not make its deliberations transparent, and several members felt that doing so would be productive. ACIR agreed that the report asked for by the resolution should be relatively simple and inexpensive to write. Some members expressed the belief that all public companies should be forced to report the information asked for by the resolution. ACIR recommended that the College vote in favor of the resolution.

The resolution garnered 10.9% shareholder support. Northstar has re-filed the resolution for another vote in 2009.

The second resolution was also a repeat resolution filed by an individual, Martha Burk, co-founder of the Center for Advancement of Public Policy and Director of the Corporate Accountability Project for the National Council of Women.<sup>9</sup> The resolution asked the company to report on corporate sponsorships and executive perks, such as country club memberships and entertainment at or in connection with institutions that discriminate. The resolution also asked if the company would sponsor events at venues barring African Americans, Jews or homosexuals from membership.

As it had in the past, ACIR agreed that this resolution was reasonable. The resolution was primarily directed at the company's sponsorship of the Master's Golf Tournament held at the Augusta Country Club, which does not

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<sup>9</sup> This resolution could have been categorized as falling under the Equal Employment Opportunity section of this report as it does raise issues of discrimination. However, since the resolution also deals with compensation in the form of perquisites, ACIR has placed in this section of the report.

allow female memberships. Dartmouth College certainly wouldn't sponsor an event like this. ACIR recommended a vote in favor of the resolution.

The resolution received shareholder support of 9.7%, and Dr. Burk has resubmitted it for 2009.

#### **14. Miscellaneous**

Every year ACIR reviews at least a few resolutions that are best categorized as miscellaneous. In 2008, ACIR reviewed four such resolutions.

##### **A. E.I. Du Pont NeMours and Plant Closings**

For the second year in a row, ACIR reviewed a resolution filed by the International Brotherhood of Du Pont Workers at Du Pont asking the company to create a committee, with members drawn from the employee work force of DuPont, the union leadership of DuPont, the management of DuPont, and any necessary independent consultants, to report to the Board of Directors regarding (1) the impact to communities as a result of DuPont's action in laying off mass numbers of employees, selling its plants to other employers, and closing its plants and (2) alternatives that can be developed to help mitigate the impact of such actions in the future.

ACIR noted that this resolution had received shareholder support of 4.2% in 2007, and that ACIR had recommended a vote to oppose the resolution, in part, because several members had felt that the resolution raised ordinary business considerations. ACIR recognized the enormous impact that plant closings have on communities. ACIR expressed concern that a meaningful response to the resolution would be very expensive. The issue of whether the resolution related to ordinary business considerations was also discussed. Although many members were uncomfortable with the requests made by the resolution, most found it difficult to recommend opposition to it. Therefore, ACIR recommended that the College vote in favor of the resolution.

The resolution received 3.9% shareholder support. Because the second year resolution failed to garner at least 6% shareholder support, an SEC requirement for resubmission, the proponent may re-file it in 2009.

## **B. Avon Products and Nanomaterials**

ACIR reviewed a resolution filed by Calvert Asset Management at Avon Products asking the company to report on nanomaterial product safety, to identify Avon product categories that currently contain nanomaterials, and to discuss how the company was responding to public concern about the safety of nanomaterials.

ACIR noted that it had not previously reviewed resolutions addressing nanomaterial safety. ACIR discussed nanomaterials, the relatively new science surrounding nanomaterials, the federal agencies with overlapping jurisdiction over nanomaterials, and the treatment of nanomaterials in Europe. ACIR noted that the resolution asked the company to detail how it was responding to concerns about nanomaterials and why they believe nanomaterials are safe. This falls far short of requesting labeling or other more expensive and potentially competitively disadvantaging actions. ACIR unanimously agreed to recommend a vote in favor of the resolution.

The resolution received shareholder support of 25.4%, which is nothing short of remarkable for a first year resolution. Calvert Asset Management has resubmitted the resolution for 2009.

## **C. J.P. Morgan Chase & Co. and Public Policy**

ACIR reviewed a resolution filed by the Action Fund Management at J.P. Morgan Chase asking the company to review its public policy priorities.

ACIR noted that it had reviewed a similar resolution in the past and had voted to recommend opposition. The proponent's background materials suggested that it objected to the company's support or membership in various climate change groups. ACIR agreed that it is important for publicly held companies to take positions on social issues. In addition, ACIR did not feel that the language of the resolution was reasonable and disagreed with the proponent's underlying intent. ACIR was unanimous in recommending that the College vote to oppose the resolution.

The resolution garnered 3.1% of shareholder support. As of the writing of this report, the resolution has not been re-filed for 2009.

#### **D. Kroger and Toxicity**

Catholic Healthcare West filed a proposal at The Kroger Company asking it to report on emerging product safety issues, particularly regarding products it stocks that contain bisphenol-A, polyvinyl chloride and perfluorooctonic acid.

Because ACIR was unable to access the RiskMetrics Group SIS Proxy Report or review the RiskMetrics Group background materials on the issues raised by the resolution, ACIR recommended that the College vote to abstain on the resolution.

The resolution received 38.3% shareholder support, another remarkable level of support for a first year resolution.

### **15. Political Contributions**

As noted on pages 10 to 11 above in this report, ACIR adopted two policies on recommending the voting of proxy resolutions seeking political contributions transparency. Under the first policy, ACIR recommended that the College vote in favor of political contributions transparency resolutions requesting disclosure via internet report at the following companies, which received the shareholder support indicated or which were withdrawn following successful negotiations between the proponents and the companies:

<b><u>Company</u></b>	<b><u>Shareholder Support</u></b>
American International Group	20.4%
AT&T Inc.	31.9%
Avon Products	resolution withdrawn
Citigroup Inc.	resolution withdrawn
ConocoPhillips	28.2%
Computer Sciences Group	resolution withdrawn
CVS Caremark Corp.	38.5%
Devon Energy	resolution withdrawn

Eli Lilly & Co.	7.1%
Exxon Mobil Corp.	27.6%
Ford Motor Company	10.0%
General Motors Company	16.0%
J.P. Morgan Chase & Co.	28.5%
Prudential Financial Inc.	resolution withdrawn
Wal-Mart Stores, Inc.	11.7%
Wyeth Inc.	27.4%

Proponents of the preceding resolutions included pension funds, socially responsible investment funds, charitable foundations, unions, and religious orders.

Pursuant to the second voting policy on recommendations on political contributions transparency resolutions, ACIR recommended that the College vote to oppose a resolution filed by Evelyn Y. Davis at General Motors Company, which resolution asked the company to make similar disclosures in newspapers with national circulation. That resolution garnered 6.1% support, a much lower amount of support than the average for the first type of political contributions transparency resolution. Mrs. Davis has re-filed this resolution for 2009.

The shareholder movement requesting disclosure of political contributions will continue to be very active in 2009. As of the writing of this report, 57 such resolutions had already been filed, and there is no doubt that more will follow. In addition, given that the Treasury Department has disbursed \$1 billion to troubled financial institutions under the Troubled Asset Recovery Plan (“TARP”), there can be little doubt that shareholders and members of the public will be pushing for greater transparency from recipient companies.<sup>10</sup>

## 16. Sustainability Reporting

As noted on page 12 above in this report, ACIR adopted a policy on recommending the voting of proxy resolutions seeking sustainability reporting.

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<sup>10</sup> For example, the Center for Political Accountability has sent a letter to 19 financial institutions that received money under TARP requesting the companies to adopt political contributions disclosure measures. The letters were also signed by 23 shareholder advocates, including union, religiously affiliated nonprofits, asset management firms, and others. Center for Political Accountability. “Shareholder Advocates Want Political Disclosure.” February 23, 2009.

Pursuant to that policy, ACIR recommended that the College vote in favor of sustainability resolutions pending at the following companies:

Capital One Financial  
Hasbro Inc.  
Norfolk Southern  
Regions Financial Corp.  
The Hartford Financial Services  
Tyco International  
Waters Corp.

Remarkably, every single one of the above companies was able to reach agreement with the proponents under which the proponents withdrew the resolution.

There was one sustainability reporting resolution that ACIR did not recommend support for. This was a resolution filed by Action Fund Management at The Goldman Sachs Group. ACIR had previously charged its Executive Administrator with recommending support for sustainability reporting resolutions absent unusual circumstances. ACIR's Executive Administrator recommended a vote to abstain on the resolution filed at Goldman because the proponent had previously targeted the company and its former CEO over the company's donation of land in Chile to the Wildlife Conservation Society, to which the son of Goldman's CEO served as an adviser. Because ACIR's Executive Administrator determined that the motives behind the proponent's resolution were unusual, she determined that unusual circumstances existed.

This resolution received 6.1% support. The proponent has not re-filed the resolution in 2009.

The average amount of shareholder support received by the relatively few sustainability resolutions filed in 2008 that actually came to a vote exceeded 20%. And only eight of thirty-one resolutions filed in 2008 came to votes as the vast majority of resolutions were withdrawn after fruitful negotiations between proponents and recipient companies. Shareholders remain extremely interested and active in this area. In addition, companies have become increasingly more responsive to requests for sustainability reports, which has in turn led to the remarkably high number of withdrawals. Looking ahead, as of March 2009,

nearly thirty sustainability reporting resolutions have been submitted for shareholder votes.

## **17. Tobacco**

ACIR reviewed just three resolutions dealing with tobacco sales and advertising in 2008. They were all filed at Altria Group Inc. by religious organizations.

Sisters of Charity of St. Elizabeth filed a resolution asking Altria to voluntarily adopt the provisions contained in the U.S. master Settlement Agreement for all of its tobacco products and marketing and advertising on a global basis.

It was apparent that this resolution was intended to urge the company to take a stricter approach to the sales and advertising of tobacco products abroad. ACIR noted that Altria had recently sold its Philip Morris International tobacco business and that, thus, that this resolution had been rendered moot. ACIR recommended a vote to abstain.

The resolution received shareholder support of 3.9%

The second tobacco resolution was filed by Adrian Dominican Sisters and asked Altria to immediately find ways to implement a “two cigarette” approach globally and with respect to all of its brands.

The so-called “two cigarette” approach involves selling two different kinds of cigarettes: one containing nicotine, the other without. ACIR discussed the merits of Altria focusing its attention on developing and marketing a nicotine-free cigarette to youthful smokers. ACIR questioned how limiting the sale of cigarettes containing nicotine could be accomplished and whether vendors would actually be able or willing to enforce such a limit. ACIR questioned whether adopting such an approach would put the company at a competitive disadvantage because younger smokers would potentially switch to brands containing nicotine. ACIR noted that management claims it is taking numerous varied approaches to limit youth smoking, a tactic it referred to as “adjacent approaches” to the issue. Several ACIR felt that the concept of discouraging addiction in younger smokers was a good one, but that the

approach called for in the resolution was flawed. Some ACIR members questioned whether this approach could send the message that nicotine-free cigarettes are a healthier alternative when cigarettes contain hundreds of carcinogens other than nicotine. A large majority of ACIR agreed that this was an ineffective strategy for a worthy goal. ACIR recommended that the College vote to abstain on the resolution.

The resolution received shareholder support of 3.7%.

Finally, the third tobacco resolution was filed at Altria Group by Capuchin Province of St. Joseph and asked the company to “stop within one week of the 2008 annual meeting all Company-sponsored ‘campaigns’ allegedly oriented to inform youths about smoking’s dangers and/or prevent youth from smoking because of its dangers unless management can produce peer-reviewed data refuting contrary findings such as those above showing this Company’s campaigns geared to minors are ineffective in reducing teen smoking.”

ACIR discussed the language of the resolution and noted its discomfort with the one week deadline contained in the resolution. ACIR discussed Altria’s various anti-smoking campaigns including “Talk. They’ll listen.” and “Think. Don’t Smoke.” ACIR discussed whether it made sense for Altria to leave the campaigning to other non-profits, although ACIR recognized that under the Master Settlement Agreement Altria must spend a certain amount of money every year on anti-smoking campaigns. ACIR noted that some people have concluded that Altria’s campaigns have led to youths believing that the dangers of smoking have been exaggerated. ACIR also questioned why some of the company’s campaigns had been discontinued – was this because the company admits that they are ineffective? Several members felt that Altria could become more of a leader and more proactive in running anti-youth smoking campaigns. On the other hand, ACIR recognized that there is an inherent conflict of interest in asking Altria to run an effective anti-smoking campaign. Several members were bothered by the language of the resolution, noting the reference to “peer-reviewed data,” as well as the one week deadline. ACIR also discussed the issue of the College owning Altria stock. Does the College own the stock to support the company and its products and/or because it wants the company to become more profitable? ACIR noted that the College itself does not make investment decisions and such decisions are left to managers. Again, ACIR felt that the concept articulated by the resolution was good, but that the methodology of achieving it failed. ACIR recommended that the College vote to abstain on the

resolution and agreed to write a letter to the proponents expressing ACIR's support for the concept but discomfort with the resolution's language.

The resolution received shareholder support of 5.1%.

None of the three previous tobacco-related resolutions have been re-filed at Altria in 2009. However, Altria continues to be targeted for shareholder resolutions by religious groups and others. At least two tobacco-related resolutions are pending at Altria in 2009.

## **V. Update on Activities Relating to Companies with Operations In Sudan**

On November 11, 2005, the Board of Trustees of Dartmouth College voted to accept the recommendations of ACIR and Dartmouth's Investment Committee and forego direct investment in the six companies that ACIR had identified as being directly complicit in the genocidal activities occurring in the Darfur region on Sudan. Those companies included ABB Ltd., Greater Nile Petroleum Operating Company Ltd., PetroChina, Sudanese White Nile Petroleum Company, Petronas, and Sinopec. In effect, the Board placed these companies on a "No Hold List." The Board authorized Dartmouth's Investment Office to issue instructions to Dartmouth's outside investment managers and stock custodians to ensure avoidance of direct College investment in the above companies. The Board also authorized the Investment Committee to instruct the Investment Office to take such steps as maybe necessary to avoid direct Dartmouth investments in other companies that may be identified in the future as being directly complicit in the genocidal activities in the Darfur region of Sudan.

In 2006 and 2007, ACIR charged a subcommittee comprised of its members with at a minimum annually confirming that companies on the Sudan No Hold List should, as a result of their activities in Sudan, remain there. In addition, the subcommittee was charged with recommending, where appropriate, the inclusion of additional companies on the Sudan No Hold List if the companies were deemed to: (1) have operations in Sudan that are either directly involved in or substantially related to and supportive of oil and mineral extraction or production; or (2) provide military equipment to the government of Sudan. As approved by Dartmouth College's Board of Trustees in November 2005, to be eligible for divestment or screening, a company operating in Sudan must meet one of these criteria. In both 2006 and 2007, the subcommittee made

recommendations to remove and to add publicly held companies from the Sudan No Hold List. All such recommendations were accepted by ACIR and then forwarded to Dartmouth's Investment Office, where the recommendations were implemented.

In 2008 and into early 2009, ACIR continued to review the operations of companies in Sudan. Primarily using information provided by the Sudan Divestment Task Force, ACIR's standing subcommittee made further recommendations to ACIR in January 2009. ACIR adopted its subcommittee's recommendations, which were to add three companies and to remove two companies from the Sudan No Hold List. ACIR forwarded these recommendations to Dartmouth's Investment Office in February 2009 for implementation. The Investment Office accepted ACIR's recommendations, and, thus, the Sudan No Hold List currently bars the College from owning shares in the following companies: AREF Investment Group, AviChina Industry and Technology Company, China National Petroleum Company, Kejuruteraan Samudra Timor Berhad, Kencana Petroleum Berhad, Lundin Petroleum AB, Muhibbah Engineering Berhad, Oil & Natural Gas Company Limited, PetroChina, Petronas (Petroleum Nasional Berhad), Ranhill Berhad, and Sinopec Group (China Petrochemical Corporation).

Little of promise has occurred in Sudan to suggest to ACIR that the College should alter its treatment of companies operating in the mineral extraction and arms supplying businesses in Sudan. In spite of promises of peace treaties and discussion of placing upwards of 20,000 United Nations peacekeeping forces on the ground in the Darfur region of Sudan, approximately 12,000 peacekeeping forces are active in Sudan at this time. On March 4, 2008, the International Criminal Court issued an arrest warrant for Sudanese President Hassan al-Bashir charging that he directed the mass murder of tens of thousands of Sudanese civilians in Darfur. Whether the existence of the warrant will further undermine negotiations aimed at ending the conflict in Darfur remains to be seen. According to all available news sources, humanitarian conditions have only worsened since Dartmouth instituted its so-called No Hold List in 2005. ACIR recognizes that Dartmouth has acknowledged a responsibility to decline to hold shares of companies whose activities in Sudan – primarily those involving the extraction of oil and gas, but also the provision of military products or equipment to the Sudan government – amount to direct complicity with the genocidal activities that continue to occur in Darfur. ACIR will continue to monitor the activities of public companies operating in Sudan in 2009.

## **VI. Conclusion**

ACIR accomplished much again in 2008. ACIR made recommendations to Dartmouth as to how it should vote on 102 different proxy resolutions for companies in which Dartmouth directly held shares. The issues raised by these resolutions spanned roughly seventeen extraordinarily important and complicated social issues subject areas. For the fifth year running, Dartmouth College – through its Investment Office – accepted every single one of ACIR’s recommendations and voted its resolutions accordingly. ACIR is grateful for Dartmouth’s continuing support and endorsement of its work.

ACIR continues to seek out means with which to reach out to the Dartmouth community to seek input and involvement. ACIR has had mixed successes in hosting public forums. In 2009, ACIR will continue to try to identify ways that it can constructively engage the Dartmouth community and further its mission, which includes providing for the possibilities for education of students and other interested parties.

Last, in 2009 ACIR will continue to monitor the activities of companies operating in Sudan. Given Dartmouth’s decision to create a No Hold List for companies deemed to be directly complicit in the genocidal activities in the Darfur region of Sudan, ACIR is responsible for monitoring the operations of various companies active in Sudan, including those companies currently on Dartmouth’s Sudan No Hold List, as well as every publicly traded company ACIR can identify as operating in Sudan. As a result of an ACIR subcommittee’s work, ACIR expects to again submit additional recommendations to Dartmouth College regarding additions to and removal from the Sudan No Hold List in 2009.

As always, ACIR wishes to thank its members for the enormous amount of time and effort they have given to support the committee’s important mission. ACIR also wishes to thank the following departing ACIR members for their service to the community: Chris Sneddon, Errik Anderson, and Niral Shah. Finally, ACIR also wishes to acknowledge the leadership and guidance provided by ACIR’s Chair, Professor John M. Carey. ACIR looks forward to Professor’s Carey’s continued leadership in 2009.

## APPENDIX I

### INDEX TO ACIR RECOMMENDATIONS ON 2008 PROXY RESOLUTIONS BY COMPANY

**KEY:** F = Recommended a vote in favor of resolution  
 O = Recommended a vote to oppose resolution  
 A = Recommended a vote to abstain on resolution  
 W = Withdrawn by proponent

Company	Subject Area	Rec.	Support
Alcoa Corp.	Environmental: Global Climate Change	O	5.2%
Altria Group	Health Care	F	4.9%
Altria Group	Tobacco (USMSA)	A	3.9%
Altria Group	Tobacco (two cigarette approach)	A	3.7%
Altria Group	Tobacco (ad campaign)	A	5.1%
Amgen Inc.	Animal Welfare	F	5.9%
American International Group	Environment: Right to Water	F	18.7%
American International Group	Political Contributions	F	20.4%
AT&T Inc.	Political Contributions	F	31.9%
Avon Products	Miscellaneous: Nanomaterials	F	25.4%
Avon Products	Political Contributions	F	W
Bank of America	Banking Issues	O	3.8%
Bank of America	Human Rights	O	6.1%
Capital One Financial	Sustainability Reporting	F	W
Cash America	Banking Issues (predatory lending)	A	9.0%
Caterpillar	Military/Defense Contracting	A	5.0%
Chevron Corp.	Environment: Boreal Forest	F	28.6%
Chevron Corp.	Environment: Global Climate Change	F	10.4%
Chevron Corp.	Environment: Host Country Laws	F	8.3%
Chevron Corp.	Human Rights	F	27.9%
Chevron Corp.	Human Rights	F	8.9%
Citigroup Inc.	Banking Issues	O	4.9%
Citigroup Inc.	Disclose Prior Government Service	O	7.6%
Citigroup Inc.	Environment: Global Climate Change	F	3.9%
Citigroup Inc.	Human Rights	F	9.6%
Citigroup Inc.	Political Contributions	F	W
Coca-Cola Co.	Human Rights	O	3.7%
ConocoPhillips	Environment: Boreal Forest	F	27.5%
ConocoPhillips	Environment: Global Climate Change	O	29.4%
ConocoPhillips	Environment: Global Climate Change	A	3.7%

ConocoPhillips	Environment: NPR-Alaska	F	26.6%
ConocoPhillips	Human Rights	F	9.0%
ConocoPhillips	Environment: Community Report	F	8.6%
ConocoPhillips	Political Contributions	F	28.2%
Computer Sciences Group	Political Contributions	F	W
CVS Caremark Corp.	Political Contributions	F	38.5%
Devon Energy	Political Contributions	F	W
E.I. Du Pont DeMours	Environmental: Global Climate Change	O	3.3%
E.I. Du Pont DeMours	Human Rights	A	3.5%
E.I. Du Pont DeMours	Miscellaneous	F	3.9%
Eli Lilly & Co.	Political Contributions	F	7.1%
Exxon Mobil Corp.	Environment: ANWR	F	8.4%
Exxon Mobil Corp.	Environment: Community Report	F	10.8%
Exxon Mobil Corp.	Environment: Global Climate Change	A	10.4%
Exxon Mobil Corp.	Environment: Global Climate Change	F	30.9%
Exxon Mobil Corp.	Environment: Post at Pump	A	7.0%
Exxon Mobil Corp.	Environment: Report on Sustainable Energy	F	9.4%
Exxon Mobil Corp.	Environment: Renewable Energy	F	27.5%
Exxon Mobil Corp.	Equal Employment Opportunity	F	39.6%
Exxon Mobil Corp.	Link Executive Pay	F	10.9%
Exxon Mobil Corp.	Link Executive Pay (review perks)	F	9.7%
Exxon Mobil Corp.	Political Contributions	F	27.6%
Ford Motor Company	Political Contributions	F	10.0%
General Electric Co.	Charitable Contributions	F	7.2%
General Electric Co.	Environment: Global Climate Change	O	3.6%
General Motors Co.	Disclose Political Contributions in Print	O	6.1%
General Motors Co.	Environmental: Global Climate Change	F	15.0%
General Motors Co.	Health Care	F	4.0%
General Motors Co.	Political Contributions	F	16.0%
Hasbro Inc.	Sustainability Reporting	F	W
Idacorp Inc.	Equal Employment Opportunity	F	W
Int'l Business Machines	Human Rights	A	5.9%
J.P. Morgan Chase & Co.	Charitable Contributions	F	W
J.P. Morgan Chase & Co.	Disclose Prior Government Service	O	4.6%
J.P. Morgan Chase & Co.	Human Rights	F	9.5%
J.P. Morgan Chase & Co.	Miscellaneous (public policy)	O	3.1%
J.P. Morgan Chase & Co.	Political Contributions	F	28.5%
Manpower Inc.	Fair Employment in Northern Ireland	F	13.2%
Morgan Stanley	Human Rights	F	W
Norfolk Southern	Sustainability Reporting	F	W
Northrop Grumman	Military/Defense Contracting	F	6.6%
PepsiCo Inc.	Bio-Engineering	A	8.4%
PepsiCo Inc.	Environmental: Global Climate Change	O	2.7%
PepsiCo Inc.	Environment: Recycling	F	6.9%
PepsiCo Inc.	Environment: Right to Water	F	7.2%
Prudential Financial Inc.	Political Contributions	F	W
Regions Financial Corp.	Sustainability Reporting	F	W

SUPERVALU Inc.	Animal Welfare	F	5.3%
Textron Corp.	Military/Defense Contracting	F	7.3%
The Dow Chemical Co.	Bio-Engineering	O	7.8%
The Dow Chemical Co.	Environment: Global Climate Change	O	*
The Dow Chemical Co.	Environment: Midland Site Contamination	F	22.8%
The Dow Chemical Co.	Environment: Report on Asthma	O	9.1%
The Goldman Sachs Group	Sustainability Reporting	A	4.6%
The Hartford Fin. Services	Sustainability Reporting	F	W
The Kroger Co.	Animal Welfare	F	4.1%
The Kroger Co.	Animal Welfare	F	3.9%
The Kroger Co.	Environment: Global Climate Change	F	39.6%
The Kroger Co.	Miscellaneous (review/reduce toxicity)	A	38.3%
Tyco International	Sustainability Reporting	F	W
Verizon Communications	Equal Employment Opportunity	F	16.6%
Wal-Mart Stores, Inc.	Equal Employment Opportunity	F	6.3%
Wal-Mart Stores, Inc.	Global Labor Standards	O	*
Wal-Mart Stores, Inc.	Human Rights	F	2.1%
Wal-Mart Stores, Inc.	Political Contributions	F	11.7%
Waters Corp.	Sustainability Reporting	F	W
Wells Fargo & Co.	Banking Issues	F	6.4%
Wells Fargo & Co.	Equal Employment Opportunity	O	6.1%
Wells Fargo & Co.	Human Rights	F	7.7%
Wyeth Inc.	Political Contributions	F	27.4%

## APPENDIX II

### INDEX TO ACIR RECOMMENDATIONS ON 2008 PROXY RESOLUTIONS BY SUBJECT AREA

**KEY:** F = Recommended a vote in favor of resolution  
O = Recommended a vote to oppose resolution  
A = Recommended a vote to abstain on resolution  
W= Withdrawn by proponent  
\* = Omitted or not presented at annual meeting after ACIR recommendation made

#### Animal Welfare

Company	Recommendation	Support
Amgen Inc.	F	5.9%
SUPERVALU Inc.	F	5.3%
The Kroger Co.	F	4.1%
The Kroger Co.	F	3.9%

#### Banking Issues

Company	Recommendation	Support
Bank of America	O	3.8%
Cash America	A	9.0%
Citigroup Inc.	O	4.9%
Wells Fargo & Co.	F	6.4%

#### Bio-Engineering

Company	Recommendation	Support
PepsiCo Inc.	A	8.4%
The Dow Chemical Co.	O	7.8%

#### Charitable Contributions

Company	Recommendation	Support
General Electric Co.	F	7.2%
J.P. Morgan Chase & Co.	F	W

#### Disclose Prior Government Service

Company	Recommendation	Support
Citigroup Inc.	O	7.6%
J.P. Morgan Chase & Co.	O	4.6%

#### Environment: Global Climate Change

Company	Recommendation	Support
Alcoa Corp.	O	5.2%

Chevron Corp.	F	10.4%
Citigroup Inc.	F	3.9%
ConocoPhillips	O	29.4%
ConocoPhillips	A	3.7%
E.I. Du Pont NeMours	O	3.3%
Exxon Mobil Corp.	A	10.4%
Exxon Mobil Corp.	F	30.9%
Exxon Mobil Corp. (Post at Pump)	A	7.0%
Exxon Mobil Corp. ( Sustainable Energy)	F	9.4%
General Electric Co.	O	3.6%
General Motors Co.	F	15.0%
PepsiCo Inc.	O	2.7%
The Dow Chemical Co.	O	*
The Kroger Co.	F	39.6%

### Environment: Miscellaneous

Company	Recommendation	Support
AIG (Right to Water)	F	18.7%
Chevron Corp. (Boreal Forest/Oil Sands)	F	28.6%
Chevron Corp. (Host Country Laws)	F	8.3%
ConocoPhillips (Boreal Forest/Oil Sands)	F	27.5%
ConocoPhillips (NPR-Alaska)	F	26.6%
ConocoPhillips (Community Report)	F	8.6%
Exxon Mobil Corp. (ANWR)	F	8.4%
Exxon Mobil Corp. (Community Report)	F	10.8%
Exxon Mobil Corp. (Renewable Energy)	F	27.5%
PepsiCo Inc. (Recycling)	F	6.9%
PepsiCo Inc. (Right to Water)	F	7.2%
The Dow Chemical Co. (Midland Site)	F	22.8%
The Dow Chemical Co. (Asthma Triggers)	O	9.1%

### Equal Employment Opportunity

Company	Recommendation	Support
Exxon Mobil Corp.	F	39.6%
IDACORP Inc.	F	W
Verizon Communications	F	16.6%
Wal-Mart Stores, Inc.	F	6.3%
Wells Fargo & Co.	O	6.1%

### Fair Employment in Northern Ireland

Company	Recommendation	Support
Manpower Inc.	F	13.2%

## Global Labor Standards

Company	Recommendation	Support
Wal-Mart Stores, Inc.	O	*

## Health Care

Company	Recommendation	Support
Altria Group	F	4.9%
General Motors Co.	F	4.0%

## Human Rights

Company	Recommendation	Support
Bank of America	O	6.1%
Chevron Corp.	F	27.9%
Chevron Corp.	F	8.9%
Citigroup Inc.	F	9.6%
Coca-Cola Co.	O	3.7%
ConocoPhillips	F	9.0%
E.I. Du Pont DeMours	A	3.5%
International Business Machines	A	5.9%
J.P. Morgan Chase & Co.	F	9.5%
Morgan Stanley	F	W
Wal-Mart Stores, Inc.	F	2.1%
Wells Fargo & Co.	F	7.7%

## Link Executive Pay

Company	Recommendation	Support
Exxon Mobil Corp.	F	10.9%
Exxon Mobil Corp. (review perks)	F	9.7%

## Military/Defense Contracting

Company	Recommendation	Support
Caterpillar	A	5.0%
Northrop Grumman	F	6.6%
Textron Corp.	F	7.3%

## Miscellaneous

Company	Recommendation	Support
Avon Products (Nanomaterials)	F	25.4%
E.I. Du Pont DeMours	F	3.9%
J.P. Morgan Chase & Co. (Public Policy)	O	3.1%
The Kroger Co. (Review/Reduce Toxicity)	A	38.3%

## Political Contributions

Company	Recommendation	Support
American International Group	F	20.4%

AT&T Inc.	F	31.9%
Avon Products	F	W
Citigroup Inc.	F	W
ConocoPhillips	F	28.2%
Computer Sciences Group	F	W
CVS Caremark Corp.	F	38.5%
Devon Energy	F	W
Eli Lilly & Co.	F	7.1%
Exxon Mobil Corp.	F	27.6%
Ford Motor Company	F	10.0%
General Motors Co. (Disclose in Print)	O	6.1%
General Motors Co.	F	16.0%
J.P. Morgan Chase & Co.	F	28.5%
Prudential Financial Inc.	F	W
Wal-Mart Stores, Inc.	F	11.7%
Wyeth Inc.	F	27.4%

### Sustainability Reporting

Company	Recommendation	Support
Capital One Financial	F	W
Hasbro Inc.	F	W
Norfolk Southern	F	W
Regions Financial Corp.	F	W
The Goldman Sachs Group	A	4.6%
The Hartford Fin. Services	F	W
Tyco International	F	W
Waters Corp.	F	W

### Tobacco

Company	Recommendation	Support
Altria Group (USMSA)	A	3.9%
Altria Group (Two Cigarette Approach)	A	3.7%
Altria Group (Ad Campaign)	A	5.1%

## INDEX III

### TEXT OF RESOLUTIONS REVIEWED BY ACIR IN 2008

1. **Company:** Alcoa Corp.
- a. **Resolution:** “[S]hareholders request that the Board of directors prepare by October 2008, at reasonable expense and omitting proprietary information, a Global Warming Report. This report may describe and discuss how action taken to date by Alcoa to reduce its impact on global climate change may:
1. Have affected global climate to date; and may
  2. Affect global climate in the foreseeable future
- The report may include discussions of Alcoa’s impact on global climate in terms of any changes in mean global temperature and any undesirable climatic and weather-related events and disasters avoided.”

**Proponent:** Action Fund Management

2. **Company:** Altria Group
- a. **Resolution:** “Shareholders urge the Board [] to adopt principles for health care reform based upon principles reported by the Institute of Medicine:
1. Health care coverage should be universal.
  2. Health care coverage should be continual.
  3. Health care coverage should be affordable to individuals and families;
  4. The health insurance strategy should be affordable and sustainable for society.
  5. Health insurance should enhance health and wellbeing by promoting access to high-quality care that is effective, efficient, safe, timely, patient-centered and equitable.”

**Proponent:** Trinity Health

- b. **Resolution:** “[S]hareholders request that Altria’s board of Directors voluntarily adopt globally for all its tobacco products the marketing and advertising provisions of the U.S. Master Settlement Agreement. The shareholders request that, where there are inconsistencies, the stricter interpretation leading to less harm shall be endorsed.”

**Proponent:** Sisters of Charity of St. Elizabeth

- c. **Resolution:** “Shareholders request the Board [] to begin immediately to find ways to implement a “two cigarette” approach globally with all its various cigarette brands and to report such to the shareholders and its publics within six months of the annual meeting.”

**Proponent:** Adrian Dominican Sisters

- d. **Resolution:** “Shareholders request the Board to stop within one week of the 2008 annual meeting all Company-sponsored “campaigns” allegedly oriented to inform youths about

smoking's dangers and/or prevent youth from smoking because of its dangers unless management can produce peer-reviewed data refuting contrary findings such as those above showing this Company's campaigns geared to minors are ineffective in reducing teen smoking."

**Proponent:** Capuchin Province of St. Joseph

3. **Company:** Amgen Inc.

a. **Resolution:** "[Shareholders request] that the Board report to shareholders on the measures it has undertaken to resolve, correct and prevent further U.S. Department of Agriculture ("USDA") citations for violations of the Animal Welfare Act. "

**Proponent:** People for the Ethical Treatment of Animals

4. **Company:** American International Group

a. **Resolution:** "[S]hareholders request the Board of Directors to create a comprehensive policy articulating our company's respect for and commitment to the Human Right to Water."

**Proponent:** Northstar Asset Management

b. **Resolution:** "the shareholders of American International Group, Inc. ("Company") hereby request that the Company provide a report, updated semi-annually, disclosing the Company's:

1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.

2. Monetary and non-monetary political contributions and expenditures not deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:

a. An accounting of the Company's funds that are used for political contributions or expenditures as described above;

b. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and

c. The internal guidelines or policies, if any, governing the Company's political contributions and expenditures.

This report shall be presented to the Board of Directors' audit committee or other relevant oversight committee, and posted on the company's website to reduce costs to shareholders."

**Proponent:** Boston Common Asset Management

5. **Company:** AT&T Inc.
- a. **Resolution:** "[S]hareholders of AT&T ("Company") request that the Company provide a report, updated semi-annually, disclosing the Company's:
1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.
  2. Monetary and non-monetary political contributions and expenditures not deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:
    - a. An accounting of the Company's funds that are used for political contributions or expenditures as described above;
    - b. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and
    - c. The internal guidelines or policies, if any, governing the Company's political contributions and expenditures.

This report shall be presented to the Board of Directors' audit committee or other relevant oversight committee, and posted on the company's website to reduce costs to shareholders."

**Proponent:** Domini Social Investments

6. **Company:** Avon Products
- a. **Resolution:** "Shareholders request that the Board publish a report to shareholders on Avon's policies on nanomaterial product safety, at reasonable expense and omitting proprietary information, by November 1, 2008. This report should identify Avon product categories that currently contain nanomaterials, and discuss any new initiatives or actions, aside from regulatory compliance, that management is taking to respond to this public policy challenge."

**Proponent:** Calvert Asset Management

7. **Company:** Avon Products

a. **Resolution:** Report on political contributions. (Withdrawn.)

**Proponent:** Mercy Investments.

b. **Resolution:** "Shareholders request that the Board publish a report to shareholders on Avon's policies on nanomaterial product safety, at reasonable expense and omitting proprietary information, by November 1, 2008. This report should identify Avon product categories that currently contain nanomaterials, and discuss any new initiatives or actions, aside from regulatory compliance, that management is taking to respond to this public policy challenge."

**Proponent:** Calvert Asset Management

8. **Company:** Bank of America

a. **Resolution:** "[S]hareholders request that the Company provide a report updated annually [] containing the following information:

1. Policies and practices regarding the issuance of credit cards to individuals without Social Security numbers;
2. Policies and practices regarding the opening of financial accounts by persons using the Mexican government-issued Matricula Consular as identification.
3. Policies and practices to ensure that the Company's so-called SafeSend program is not used to facilitate money laundering, human smuggling, and/or other criminal activities.
4. Policies and practices regarding the lending of mortgage funds to individuals without Social Security numbers, and the extent to which such mortgages may be categorized as 'subprime.'
5. The amounts of financial support provided to 501(c)(3) and 501(c)(4) organizations."

**Proponent:** National Legal and Policy Center

b. **Resolution:** "[S]hareholders request that the Company prepare by October 2008 [] an Equator Principles Report. The report should describe and discuss how Citigroup's implementation of the Equator Principles has led to improved environmental and social outcomes in its project finance transactions."

**Proponent:** Action Fund Management

c. **Resolution:** "Shareholders amend the Bylaws, by adding the following new section at the end of Article III: *Section 4. Board Committee on Human Rights*. There is established a Board Committee on Human Rights, which is created and authorized to review the implications of company policies, above and beyond matters of legal compliance, for the human rights of individuals in the US and worldwide. The Board of Directors is authorized in its discretion consistent with these Bylaws, the Articles of Incorporation and applicable law to (1) select the

members of the Board Committee on Human Rights, (2) provide said committee with funds for operating expenses, (3) adopt regulations or guidelines to govern said Committee's operations, (4) empower said Committee to solicit public input and to issue periodic reports to shareholders and the public, at reasonable expense and excluding confidential information, including but not limited to an annual report on the implications of company policies, above and beyond matters of legal compliance for the human rights of individuals in the US and worldwide, and (5) any other measures within the Board's discretion consistent with these Bylaws and applicable law. Nothing herein shall restrict the power of the Board of Directors to manage the business and affairs of the company. The Board Committee on Human Rights shall not incur any costs to the company except as authorized by the Board of Directors."

**Proponent:** Harrington Investments

9. **Company:** Capital One Financial
- a. **Resolution:** Issue sustainability report. (Withdrawn.)

**Proponent:** New York City Pension Funds

10. **Company:** Cash America
- a. **Resolution:** "Shareholders request that the board [] form an independent committee of outside directors to (1) oversee the amendment of current policies and the development of enforcement mechanisms to prevent employees or affiliates from engaging in predatory lending practices; and (2) provide a report to shareholders that offers assurances about the adequacy of the policy and its enforcement by May 2009."

**Proponent:** Christian Brothers Investment Services

11. **Company:** Caterpillar
- a. **Resolution:** "Shareholders request that, within six months of the annual meeting, the Board of Directors provide a comprehensive report [] on Caterpillar's foreign sales of weapons-related products, and other equipment and services related to those products for the past 10 years, including the country of destination for the products."

**Proponent:** Jewish Voice for Peace, Mercy Investment Program, Sisters of Mercy of Caldwell, N.J.

12. **Company:** Chevron Corp.
- a. **Resolution:** "Shareholders request that an independent committee of the Board prepare a report (at reasonable cost and omitting proprietary information) on the environmental damage that would result from the company's expanding oil sands operations in the Canadian boreal forest. The report should consider the implications of a policy of discontinuing these expansions and should be available to investors by May 2009."

**Proponent:** Trillium Asset Management

- b. **Resolution:** "Shareholders request that the Board of Directors adopt quantitative goals, based on current technologies, for reducing total greenhouse gas emissions from the Company's products and operations; and that the Company report to shareholders by September 30, 2008, on its plans to achieve these goals."

**Proponent:** Sisters St. Dominic of Caldwell, N.J.

- c. **Resolution:** "Shareholders request that the Board prepare a report by November 2008 on the policies and procedures that guide Chevron's assessment of host country laws and regulations with respect to their adequacy to protect human health the environment, and our company's reputation."

**Proponent:** New York City Pension Funds, School Sisters of Notre Dame, Trillium Asset Management

- d. **Resolution:** "Shareholders request the Board to adopt a comprehensive, transparent, verifiable human rights policy and report to shareholders on the plan for implementation by October 2008."

**Proponent:** Society of Jesus – Wisconsin Province and 21 co-filers affiliated with the Interfaith Center on Corporate Responsibility

- e. **Resolution:** "The shareholders request the Board to review and develop guidelines for country selection and report these guidelines to shareholders and employees by October 2008. In its review, the Board shall develop guidelines on investing in or withdrawing from countries where:

- The government has engaged in ongoing and systematic violation of human rights;
- A government is illegitimate;
- There is a call for economic sanctions by human rights and democracy advocates and/or legitimate leaders of that country; and
- Chevron's presence exposes the company to risk of government sanctions, negative brand publicity and consumer boycotts."

**Proponent:** The International Brotherhood of Teamsters, United Steelworkers, The Clean Yield Group and Adelaide Gomer

13. **Company:** Citigroup Inc.

- a. **Resolution:** "[Shareholders request] the Board of Directors to furnish the stockholders each year with a list of people employed by the Corporation with the rank of Vice President or above, or as a consultant, or as a lobbyist, or as legal counsel or investment banker or director, who, in the previous five years have served in any governmental capacity, whether Federal, City or State, or as a staff member of any congressional committee or regulatory agency, and to disclose to the stockholders whether such person was engaged in any matter

which had a bearing on the business of the Corporation and/or its subsidiaries, provided that information directly affecting the competitive position of the Corporation may be omitted.”

**Proponent:** Evelyn Y. Davis

- b. **Resolution:** “[S]hareholders request that the Company prepare by October 2008 [] an Equator Principles Report. The report should describe and discuss how Citigroup’s implementation of the Equator Principles has led to improved environmental and social outcomes in its project finance transactions.”

**Proponent:** Action Fund Management

- c. **Resolution:** “[T]hat the shareholders of Citigroup, Inc. (“Company”) hereby request that the Company provide a report, updated semi-annually, disclosing the Company’s:

1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.
2. Monetary and non-monetary political contributions and expenditures not deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:
  - a. An accounting of the Company’s funds that are used for political contributions or expenditures as described above;
  - b. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and
  - c. The internal guidelines or policies, if any, governing the Company’s political contributions and expenditures.

This report shall be presented to the Board of Directors’ audit committee or other relevant oversight committee, and posted on the company’s website to reduce costs to shareholders.”

**Proponent:** International Brotherhood of Teamsters

14. **Company:** Coca-Cola Co.

- a. **Resolution:** “Shareholders amend the Bylaws, by adding the following new section at the end of Article III: *Section 4. Board Committee on Human Rights*. There is established a Board Committee on Human Rights, which is created and authorized to review the implications of company policies, above and beyond matters of legal compliance, for the human rights of individuals in the US and worldwide. The Board of Directors is authorized in its discretion

consistent with these Bylaws, the Articles of Incorporation and applicable law to (1) select the members of the Board Committee on Human Rights, (2) provide said committee with funds for operating expenses, (3) adopt regulations or guidelines to govern said Committee's operations, (4) empower said Committee to solicit public input and to issue periodic reports to shareholders and the public, at reasonable expense and excluding confidential information, including but not limited to an annual report on the implications of company policies, above and beyond matters of legal compliance for the human rights of individuals in the US and worldwide, and (5) any other measures within the Board's discretion consistent with these Bylaws and applicable law. Nothing herein shall restrict the power of the Board of Directors to manage the business and affairs of the company. The Board Committee on Human Rights shall not incur any costs to the company except as authorized by the Board of Directors."

**Proponent:** William Wardwell

**15. Company:** ConocoPhillips

**a. Resolution:** "The shareholders request that the Board of Directors prepare by October 2008 [] a global warming report. The report may discuss the:

1. Specific scientific data and studies relied upon to formulate ConocoPhillips' climate policy;
2. Extent to which ConocoPhillips believes human activity will significantly alter global climate, whether such change is necessarily undesirable and whether cost-effective strategy for mitigating any desirable change is practical;
3. Estimates of costs and benefits to ConocoPhillips of its climate policy."

**Proponent:** Action Fund Management

**b. Resolution:** "Shareholders request that the Board of Directors adopt quantitative goals, based on current technologies, for reducing total greenhouse gas emissions from the Company's products and operations; and that the Company report to shareholders by September 30, 2008, on its plan to achieve these goals."

**Proponent:** New Covenant Fund

**c. Resolution:** "Shareholders request that an independent committee of the Board prepare a report (at reasonable cost and omitting proprietary information) on the environmental damage that would result from the company's expanding oil sands operations in the Canadian boreal forest. The report should consider the implications of a policy of discontinuing these expansions and should be available to investors by May 2009."

**Proponent:** Trillium Asset Management

**d. Resolution:** "Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on the potential environmental damage that would result from drilling for oil and gas in the area inside the National Petroleum Reserve-

Alaska originally protected by the 1998 ROD. The report should consider the implications of a policy of refraining from drilling in such areas and should be available to investors by the 2009 annual meeting.”

**Proponent:** Green Century Capital Management

- e. **Resolution:** “Shareholders request that the Board prepare a report by Nov. 1, 2008, at reasonable cost and omitting proprietary information, on ConocoPhillips’s policies, procedures, and practices for obtaining consent of Indigenous Peoples affected by our activities—whether as operator or minority partner—through their recognized and official governance structures; and its policies to avoid contact with Indigenous Peoples living in voluntary isolation.”

**Proponent:** Church of the Brethren Benefit Trust

- f. **Resolution:** “[S]hareholders request the Board of Directors to report to shareholders, at reasonable cost and omitting proprietary information, on how the corporation ensures that it is accountable for its environmental impact in all of the communities where it operates. The report should contain the following information:
1. how the corporation makes available reports regarding its emissions and environmental impacts on land, water, and soil—both within its permits and emergency emissions—to members of the communities where it operates;
  2. how the corporation integrates community environmental accountability into its current code of conduct and ongoing business practices; and
  3. the extent to which the corporation’s activities have negative health effects on individuals living in economically poor communities.

**Proponent:** Episcopal Church

- g. **Resolution:** that the shareholders of ConocoPhillips (“Conoco”) request that the Company provide a report, updated semi-annually, disclosing Conoco’s:
1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.
  2. Monetary and non-monetary political contributions and expenditures not deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax

exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:

- a. An accounting of Conoco's funds that are used for political contributions or expenditures as described above;
- b. Identification of the person or persons in Conoco who participated in making the decisions to make the political contribution or expenditure; and
- c. The internal guidelines or policies, if any, governing Conoco's political contributions and expenditures.

This report shall be presented to the Board of Directors' audit committee or other relevant oversight committee, and posted on the company's website to reduce costs to shareholders."

**Proponent:** Nathan Cummings Foundation

16. **Company:** Computer Sciences Group

a. **Resolution:** Report on political contributions. (Withdrawn.)

**Proponent:** New York City Pension Funds

17. **Company:** CVS Caremark Corp.

a. **Resolution:** "[S] shareholders of CVS Caremark Corporation request that the Company provide a report, updated semi-annually, disclosing the company's:

1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.

2. Monetary and non-monetary political contributions and expenditures not deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:

- a. An accounting of the Company's funds that are used for political contributions or expenditures as described above;
- b. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and

c. The internal guidelines or policies, if any, governing the Company's political contributions and expenditures.

This report shall be presented to the Board of Directors' audit committee or other relevant oversight committee, and posted on the company's website to reduce costs to shareholders."

**Proponent:** Brethren Benefit Trust

18. **Company:** Devon Energy

a. **Resolution:** Report on political contributions. (Withdrawn.)

**Proponent:** New York City Pension Funds

19. **Company:** E.I. Du Pont DeMours

a. **Resolution:** "The shareholders request that the Board of Directors prepare by October 2008 [] a global warming report. The report may discuss the:

1. Specific scientific data and studies relied upon to formulate GE's climate policy;
2. Extent to which GE believes human activity will significantly alter global climate, whether such change is necessarily undesirable and whether cost-effective strategy for mitigating any desirable change is practical;
3. Estimates of costs and benefits to GE of its climate policy."

**Proponent:** Action Fund Management

b. **Resolution:** "Shareholders request the Board to review and amend the DuPont Human Rights Policy, to include respect for and adherence to seed saving rights of traditional agricultural communities. We request the Board to prepare a report to shareholders [] on the above policy and implementation within six months of the annual meeting."

**Proponent:** Sisters of Charity and several religious orders affiliated with the Interfaith Center for Corporate Responsibility

c. **Resolution:** "[T]he stockholders of E. I. DuPont de Nemours and Company, assembled in annual meeting and by proxy, hereby request that the Board of Directors consider the following nonbinding proposal: That it create a committee, with members drawn from the employee work force of DuPont, the union leadership of DuPont, the management of DuPont, and any necessary independent consultants, to report to the Board of Directors regarding (1) the impact to communities as a result of DuPont's action in laying off mass numbers of employees, selling its plants to other employers, and closing its plants and (2) alternatives that can be developed to help mitigate the impact of such actions in the future."

**Proponent:** International Brotherhood of DuPont Workers

20. **Company:** Eli Lilly & Co.

- a. **Resolution:** “[Shareholders request] that the Board report to shareholders on the rationale for increasingly exporting the Company’s animal experimentation to countries which have either nonexistent or substandard animal welfare regulations and little or no enforcement. Further, the shareholders request that the report include information on the extent to which the Company requires adherence to U.S. animal welfare standards at facilities in foreign countries.”

**Proponent:** People for the Ethical Treatment of Animals

b. **Resolution:** “[S]hareholders of Eli Lilly and Company (the “Company”) request that the Company provide a report, updated semi-annually, disclosing the Company’s:

1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.

2. Monetary and non-monetary political contributions and expenditures not deductible under Section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under Section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:

a. An accounting of the Company’s funds that are used for political contributions or expenditures as described above;

b. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and

c. The internal guidelines or policies, if any, governing the Company’s political contributions and expenditures.

This report shall be presented to the Board of Directors’ audit committee or other relevant oversight committee, and posted on the company’s website to reduce costs to shareholders.”

**Proponent:** AFL-CIO

21. **Company:** Exxon Mobil Corp.

- a. **Resolution:** “Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on the potential environmental damage that would result from drilling for oil and gas in the area inside the National Petroleum Reserve-Alaska originally protected by the 1998 ROD. The report should consider the implications of

a policy of refraining from drilling in such areas and should be available to investors by the 2009 annual meeting.”

**Proponent:** Green Century Capital Asset Management

- b. Resolution:** “[S]hareholders request the Board of Directors to report to shareholders, at reasonable cost and omitting proprietary information, on how the corporation ensures that it is accountable for its environmental impact in all of the communities where it operates. The report should contain the following information:
1. how the corporation makes available reports regarding its emissions and environmental impacts on land, water, and soil—both within its permits and emergency emissions—to members of the communities where it operates;
  2. how the corporation integrates community environmental accountability into its current code of conduct and ongoing business practices; and
  3. the extent to which the corporation’s activities have negative health effects on individuals living in economically poor communities.

**Proponent:** Episcopal Church

- c. Resolution:** “[Shareholders request” that ExxonMobil’s Board adopt a policy for renewable energy research, development and sourcing, reporting on its progress to investors in 2009.”

**Proponent:** Steve Viederman

- d. Resolution:** “Shareholders ask ExxonMobil Corporation’s Board of Directors to establish a task force, which should include both (a) two or more independent directors and (b) relevant company staff, to investigate and report to shareholders on the likely consequences of global climate change between now and 2030, for emerging countries, and poor communities in those countries and developed countries, and to compare these outcomes with scenarios in which ExxonMobil takes leadership in developing sustainable energy technologies that can be used by and for the benefit of those most threatened by climate change. The report should be [] made available to shareholders by March 31, 2009.”

**Proponent:** Mary R. Morgan and others

- e. Resolution:** “Shareholders request ExxonMobil’s Board of Directors to establish a Committee to study steps and report to shareholders [] on how ExxonMobil can become an industry leader within a reasonable period in developing and making available the technology needed (such as sequestration and engineered geothermal) to enable the U.S.A. to become energy independent in an environmentally sustainable way.”

**Proponent:** Province of St. Joseph, Capuchins

- f. **Resolution:** “Inform customers about the carbon dioxide (CO<sub>2</sub>) emissions generated by the gasoline or the diesel fuel they buy. The quantitative information would be provided at the pump and based on average well-to-wheels figures, i.e. encompassing all phases from extraction up to and including consumption.”

**Proponent:** Mario Lallane

- g. **Resolution:** “Shareholders request that the Board of Directors adopt quantitative goals, based on current technologies, for reducing total greenhouse gas emissions from the Company’s products and operations; and that the Company report to shareholders by September 30, 2008, on its plans to achieve these goals.”

**Proponent:** Sisters St. Dominic of Caldwell, N.J.

- h. **Resolution:** “[E]stablish a Committee to study steps and report to shareholders... on how ExxonMobil can become the industry leader within a reasonable period in developing and making available the technology needed (such as sequestration and engineered geothermal) to enable the U.S.A. to become energy independent in an environmentally sustainable way.”

**Proponent:** Capuchin Province of St. Joseph

- i. **Resolution:** “Shareholders request that ExxonMobil amend its written equal employment opportunity policy to explicitly prohibit discrimination based on sexual orientation and gender identity and to substantially implement the policy.”

**Proponent:** New York City Pension Funds, Pride Foundation, Trillium Asset Management

- j. **Resolution:** “Shareholders request the Board to initiate a review of our company’s executive compensation policies and to make available, upon request, a report of that review by December 1, 2008. We request the report include:

1. A comparison of the total compensation package of our CEO and our company’s lowest paid U.S. workers in September 1995 and September 2005.
2. An analysis of the relative size of the gap between the two groups and the rationale justifying this trend.
3. An evaluation of whether our top executive compensation package (including, but not limited to, options, benefits, perks, loans, insurance policies and retirement agreements) is excessive and should be modified.
4. An explanation of whether the issue of sizable layoffs or the level of pay of our lowest paid workers should result in an adjustment of executive pay to more reasonable and justifiable levels.”

**Proponent:** Northstar Asset Management

- k. Resolution:** “[S]hareholders request the Board of Directors conduct a special review of ExxonMobil’s antidiscrimination statement as it pertains to corporate sponsorships and executive perks and publish a summary report addressing the following:
- 1) What company funds are presently expended on corporate sponsorships and executive perks, like country club memberships and entertainment at or in conjunction with institutions that discriminate against groups protected by the company’s antidiscrimination statement?
  - 2) Would the company sponsor an event held at a venue barring African Americans, Jews or homosexuals from membership?
  - 3) How is the company’s antidiscrimination statement applied to decisions concerning sponsorships and executive perks?
- The report, prepared at reasonable cost and omitting proprietary information, shall be available to shareholders upon request no later than December 1, 2008.”

**Proponent:** Martha Burk

- l. Resolution:** “[S]hareholders of ExxonMobil request that the Company provide a report, updated semi-annually, disclosing ExxonMobil’s:
1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.
  2. Monetary and non-monetary political contributions and expenditures not deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:
    - a. An accounting of the Company’s funds that are used for political contributions or expenditures as described above;
    - b. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and
    - c. The internal guidelines or policies, if any, governing the Company’s political contributions and expenditures.

This report shall be presented to the Board of Directors’ audit committee or other relevant oversight committee, and posted on the company’s website to reduce costs to shareholders.”

**Proponent:** As You Sow Foundation

- 22. Company:** Ford Motor Company

a. **Resolution:** “[S]hareholders of ExxonMobil request that the Company provide a report, updated semi-annually, disclosing ExxonMobil’s:

1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.

2. Monetary and non-monetary political contributions and expenditures not deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:

a. An accounting of the Company’s funds that are used for political contributions or expenditures as described above;

b. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and

c. The internal guidelines or policies, if any, governing the Company’s political contributions and expenditures.

This report shall be presented to the Board of Directors’ audit committee or other relevant oversight committee, and posted on the company’s website to reduce costs to shareholders.”

**Proponent:** Trillium Asset Management

23. **Company:** General Electric Co.

a. **Resolution:** “[S]hareholders request that the Company provide a report updated semiannually [] disclosing the Company’s:

1. Policies and procedures for charitable contributions (both direct and indirect) made with corporate assets;

2. Monetary and non-monetary contributions made to non-profit organizations operating under Section 501(c)(3) and 501(c)(4) of the Internal Revenue Code, and any other public or private charitable organizations;

3. Rationale for each of the charitable contributions.”

**Proponent:** National Legal and Policy Center

b. **Resolution:** “The shareholders request that the Board of Directors prepare by October 2008 [] a global warming report. The report may discuss the:

1. Specific scientific data and studies relied upon to formulate GE’s climate policy;

2. Extent to which GE believes human activity will significantly alter global climate, whether such change is necessarily undesirable and whether cost-effective strategy for mitigating any desirable change is practical;
3. Estimates of costs and benefits to GE of its climate policy.”

**Proponent:** Action Fund Management

24. **Company:** General Motors Company

- a. **Resolution:** “[S] stockholders recommend that the Board direct management that within five days after approval by the shareholders of this proposal, the management shall publish in newspapers of general circulation in the cities of New York, Washington, D.C., Detroit, Chicago, San Francisco, Los Angeles, Dallas, Houston and Miami, and in the Wall Street Journal and U.S.A. Today, a detailed statement of each contribution made by the Company, either directly or indirectly, within the immediately preceding fiscal year, in respect of a political campaign, political party, referendum or citizens’ initiative, or attempts to influence legislation, specifying the date and amount of each such contribution, and the person or organization to whom the contribution was made. Subsequent to this initial disclosure, the management shall cause like data to be included in each succeeding report to shareholders. And if no such disbursements were made, to have that fact publicized in the same manner.”

**Proponent:** Evelyn Y. Davis

- b. **Resolution:** “[S] shareholders of General Motors (‘Company’) request that the Company provide a report, updated semi-annually, disclosing the Company’s:
  1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.
  2. Monetary and non-monetary political contributions and expenditures not deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:
    - a. An accounting of the Company’s funds that are used for political contributions or expenditures as described above;
    - b. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and
    - c. The internal guidelines or policies, if any, governing the Company’s political contributions and expenditures.

This report shall be presented to the Board of Directors' audit committee or other relevant oversight committee, and posted on the company's website to reduce costs to shareholders."

**Proponent:** Catholic Healthcare West, Trillium Asset Management

- c. **Resolution:** "[Shareholders request" that the Board of Directors publicly adopt quantitative goals, based on current and emerging technologies, for reducing total greenhouse gas emissions from the company's products and operations; and that the company report to shareholders by September 30, 2008, on its plans to achieve these goals."

**Proponent:** Sisters St. Dominic, Caldwell, New Jersey

- d. **Resolution:** "Shareholders urge the Board [] to adopt principles for health care reform based upon principles reported by the Institute of Medicine:

1. Health care coverage should be universal.
2. Health care coverage should be continual.
3. Health care coverage should be affordable to individuals and families;
4. The health insurance strategy should be affordable and sustainable for society.
5. Health insurance should enhance health and wellbeing by promoting access to high-quality care that is effective, efficient, safe, timely, patient-centered and equitable."

**Proponent:** Trinity Health

25. **Company:** Hasbro Inc.

- a. **Resolution:** Issue sustainability report. (Withdrawn.)

**Proponent:** Camilla Madden Trust

26. **Company:** Idacorp Inc.

- a. **Resolution:** "[S]hareholders request that IDACORP amend its written equal employment opportunity policy to explicitly prohibit discrimination based on sexual orientation and gender identity and expression. Programs and policies developed to implement this policy should be based on identified best practices."

**Proponent:** Walden Asset Management

27. **Company:** International Business Machines

- a. **Resolution:** "[Shareholders request that the company] amend Article IV of the bylaws by adding a new Section 7. Section 7. *Board Committee on Human Rights*. There is established a Board Committee on Human Rights, which is created and authorized to review the

implications of company policies, above and beyond matters of legal compliance, for the human rights of individuals in the US and worldwide. The Board of Directors is authorized in its discretion consistent with these Bylaws, the Articles of Incorporation and applicable law to (1) select the members of the Board Committee on Human Rights, (2) provide said committee with funds for operating expenses, (3) adopt regulations or guidelines to govern said Committee's operations, (4) empower said Committee to solicit public input and to issue periodic reports to shareholders and the public, at reasonable expense and excluding confidential information, including but not limited to an annual report on the implications of company policies, above and beyond matters of legal compliance for the human rights of individuals in the US and worldwide, and (5) any other measures within the Board's discretion consistent with these Bylaws and applicable law. Nothing herein shall restrict the power of the Board of Directors to manage the business and affairs of the company. The Board Committee on Human Rights shall not incur any costs to the company except as authorized by the Board of Directors."

**Proponent:** John Harrington

28. **Company:** J.P. Morgan Chase & Co.

a. **Resolution:** "[S]hareholders request the Board of Directors report to shareholders by October 2008 on the Company's process for identifying and prioritizing legislative and regulatory public policy advocacy activities. The report should:

1. "Describe the process by which the Company identifies, evaluates and prioritizes public policy issues of interest to the Company;
2. "Identify and describe public policy issues of interest to the Company;
3. "Prioritize the issues by importance to creating shareholder value; and
4. "Explain the business rationale for prioritization.

The report should be conducted at reasonable cost and exclude confidential information."

**Proponent:** Action Fund Management

b. **Resolution:** "[Shareholders request] the Board of Directors to furnish the stockholders each year with a list of people employed by the Corporation with the rank of Vice President or above, or as a consultant, or as a lobbyist, or as legal counsel or investment banker or director, who, in the previous five years have served in any governmental capacity, whether Federal, City or State, or as a staff member of any congressional committee or regulatory agency, and to disclose to the stockholders whether such person was engaged in any matter which had a bearing on the business of the Corporation and/or its subsidiaries, provided that information directly affecting the competitive position of the Corporation may be omitted."

**Proponent:** Evelyn Y. Davis

- c. **Resolution:** Disclose charitable contributions.

**Proponent:** Thomas Stobhar

- d. **Resolution:** “[S] Shareowners request that the Board of Directors authorize and prepare a report to shareowners which discusses how our investment policies address or could address human rights issues, at reasonable cost and excluding proprietary information, by October 2008. Such a report should review the current investment policies of the Corporation with a view toward adding appropriate policies and procedures to apply when a company in which we are invested, or its subsidiaries or affiliates, is identified as contributing to human rights violations through their businesses or operations in a country with a clear pattern of mass atrocities or genocide.”

**Proponent:** Trillium Asset Management, Calvert Asset Management

- e. **Resolution:** “[S]hareholders of Eli Lilly and Company (the “Company”) request that the Company provide a report, updated semi-annually, disclosing the Company’s:

1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.

2. Monetary and non-monetary political contributions and expenditures not deductible under Section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under Section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:

a. An accounting of the Company’s funds that are used for political contributions or expenditures as described above;

b. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and

c. The internal guidelines or policies, if any, governing the Company’s political contributions and expenditures.

This report shall be presented to the Board of Directors’ audit committee or other relevant oversight committee, and posted on the company’s website to reduce costs to shareholders.”

**Proponent:** AFL-CIO

29. **Company:** Manpower Inc.

- a. **Resolution:** Asks the company to “make all possible lawful efforts to implement and/or increase activity on each of the nine MacBride Principles.”

**Proponent:** NYC Funds

- 30. **Company:** Morgan Stanley

- a. **Resolution:** “Shareowners request that the Board of Directors authorize and prepare a report to shareowners which discusses how our investment policies address or could address human rights issues, at reasonable cost and excluding proprietary information, by October 2008. Such a report should review the current investment policies of the company with a view toward adding appropriate policies and procedures to apply when a company in which we are invested, or its subsidiaries or affiliates, is identified as contributing to human rights violations through their businesses or operations in a country with a clear pattern of mass atrocities or genocide.”

**Proponent:** Trillium Asset Management

- 31. **Company:** Norfolk Southern

- a. **Resolution:** Issue sustainability report. (Withdrawn.)

**Proponent:** New York City Pension Funds

- 32. **Company:** Northrop Grumman

- a. **Resolution:** “Shareholders request that, within six months of the annual meeting, the Board of Directors provide a comprehensive report, at reasonable cost and omitting proprietary and classified information, of Northrop Grumman’s foreign sales of weapons-related products and services.”

**Proponent:** Congregation of the Passion

- 32. **Company:** PepsiCo Inc.

- a. **Resolution:** “Shareholders request that an independent committee of the Board review Company policies and procedures for monitoring genetically engineered (GE) products and report (at reasonable cost and omitting proprietary information) to shareholders within six months of the annual meeting on the results of the review, including:

- (i) potential of GE contamination to affect Company product integrity;

- (ii) evidence of independent long-term safety testing of GE crops, organisms, or products thereof;

- (iii) contingency plans for removing GE ingredients from the company’s products should circumstances so require ”

**Proponent:** Adrian Dominican Sisters

- b. **Resolution:** “The shareholders request that the Board of Directors prepare by October 2008 [] a global warming report. The report may discuss the:
1. Specific scientific data and studies relied upon to formulate the company’s climate policy;
  2. Extent to which the company believes human activity will significantly alter global climate, whether such change is necessarily undesirable and whether cost-effective strategy for mitigating any desirable change is practical;
  3. Estimates of costs and benefits to the company of its climate policy.”

**Proponent:** Action Fund Management

- c. **Resolution:** “Shareowners of PepsiCo request that the board of directors review the efficacy if its container recycling program and prepare a report to shareholders, by September 1, 2008, on a recycling strategy that includes a publicly stated, quantitative goal for enhanced rates of beverage container recovery and recycling in the U.S.”

**Proponent:** As You Sow Foundation

- d. **Resolution:** “[S]hareholders request the Board of Directors to create a comprehensive policy articulating our company’s respect for and commitment to the Human Right to Water.”

**Proponent:** Northstar Asset Management

34. **Company:** Prudential Financial Inc.
- a. **Resolution:** Report on political contributions. (Withdrawn.)

**Proponent:** Sheet Metal Workers

35. **Company:** Regions Financial Corp.
- a. **Resolution:** Issue sustainability report. (Withdrawn.)

**Proponent:** New York City Pension Funds

36. **Company:** SUPERVALU Inc.
- a. **Resolution:** “[T]o advance both Supervalu’s financial interests and the welfare of animals supplied to its stores, shareholders encourage the board to give purchasing preference to suppliers that use or adopt controlled-atmosphere killing (CAK), the least cruel form of poultry slaughter available.”

**Proponent:** People for the Ethical Treatment of Animals

37. **Company:** Textron

- a. **Resolution:** "Shareholders request that, within six months of the annual meeting, the Board [] provide a comprehensive report [] of Textron's foreign sales of weapons-related products and services."

**Proponent:** Sisters of Charity of Blessed Virgin Mary

38. **Company:** The Coca-Cola Company

- a. **Resolution:** "Shareholders amend the Bylaws, by adding the following new section at the end of Article III: *Section 4. Board Committee on Human Rights*. There is established a Board Committee on Human Rights, which is created and authorized to review the implications of company policies, above and beyond matters of legal compliance, for the human rights of individuals in the US and worldwide. The Board of Directors is authorized in its discretion consistent with these Bylaws, the Articles of Incorporation and applicable law to (1) select the members of the Board Committee on Human Rights, (2) provide said committee with funds for operating expenses, (3) adopt regulations or guidelines to govern said Committee's operations, (4) empower said Committee to solicit public input and to issue periodic reports to shareholders and the public, at reasonable expense and excluding confidential information, including but not limited to an annual report on the implications of company policies, above and beyond matters of legal compliance for the human rights of individuals in the US and worldwide, and (5) any other measures within the Board's discretion consistent with these Bylaws and applicable law. Nothing herein shall restrict the power of the Board of Directors to manage the business and affairs of the company. The Board Committee on Human Rights shall not incur any costs to the company except as authorized by the Board of Directors."

**Proponent:** William Wardwell

39. **Company:** The Dow Chemical Co.

- a. **Resolution:** "[S]hareholders request the board of directors to review and report to shareholders by November 2008, on the company's internal controls related to potential adverse impacts associated with genetically engineered [GE] organisms, including:
- (i) adequacy of current post-marketing monitoring systems;
  - (ii) adequacy of plans for removing GE seed from the ecosystem should circumstances so require;
  - (iii) possible impact on all Dow seed product integrity;
  - (iv) effectiveness of established risk management processes for different environments and agricultural systems."

**Proponent:** Adrian Dominican Sisters

- b. **Resolution:** "The shareholders request that the Board of Directors prepare by October 2008 [] a global warming report. The report may discuss the:

1. Specific scientific data and studies relied upon to formulate GE's climate policy;

2. Extent to which GE believes human activity will significantly alter global climate, whether such change is necessarily undesirable and whether cost-effective strategy for mitigating any desirable change is practical;
3. Estimates of costs and benefits to GE of its climate policy.”

**Proponent:** Action Fund Management

- c. **Resolution:** “Shareholders request that the Board of Directors issue a report to shareholders by April 2009, at reasonable cost and excluding confidential information, summarizing the pace and effectiveness of the environmental remediation process being undertaken by Dow in the vicinity of and downstream from its Midland headquarters.”

**Proponent:** Sisters of Mercy

- d. **Resolution:** “Shareholders request that the Board establish an independent panel, controlling for conflict of interest, to publish by May 2009, at reasonable cost and excluding proprietary information, a report analyzing the extent to which Dow products may cause or exacerbate asthma, and describing public policy initiatives, and Dow policies and activities, to phase out or restrict materials linked with such effects.”

**Proponent:** Trillium Asset Management, Trinity Health

40. **Company:** The Goldman Sachs Group

- a. **Resolution:** Issue sustainability report. (Withdrawn.)

**Resolution:** New York City Pension Funds

41. **Company:** The Hartford Fin. Services

- a. **Resolution:** Issue sustainability report. (Withdrawn.)

**Proponent:** New York City Pension Funds

42. **Company:** The Kroger Co.

- a. **Resolution:** “[Shareholders request that] to advance both Kroger’s financial interests and the welfare of the birds supplied to its stores – and to harmonize the company’s claims with its actions – shareholders encourage the board to give purchasing preference to suppliers that use or adopt controlled atmosphere killing (CAK).

**Proponent:** People for the Ethical Treatment of Ani

- b. **Resolution:** “Shareholders request that the Board of Directors issue a report to shareholders by November 2008 [] on the feasibility of the company requiring its egg suppliers to phase-in cage-free practices within a reasonable timeframe.”

**Proponent:** Humane Society

- c. **Resolution:** “The shareholders request that the company develop a comprehensive policy for addressing climate change and reducing GHG emissions and report to shareholders on its plans for doing so [] by December 31, 2008.”

**Proponent:** Nathan Cummings Foundation

- d. **Resolution:** “Shareholders request that the Board publish a report to shareholders on Kroger policies on emerging product safety issues, at reasonable expense and omitting proprietary information, by March 2009. This report should summarize which, if any, product lines or categories sold in Kroger stores may be affected by the product toxicity concerns described above, and options for new initiatives, above and beyond legal or regulatory compliance that management can or will take to respond to this public policy challenge.”

**Proponent:** Catholic Healthcare West

- 43. **Company:** Tyco International Sustainability Reporting

- a. **Resolution:** Issue sustainability report. (Withdrawn.)

**Proponent:** New York City Pension Funds

- 44. **Company:** Verizon Communications

- a. **Resolution:** “Shareholders request that Verizon Communications amend its written equal employment opportunity policy to explicitly prohibit discrimination based on both sexual orientation and gender identity, and to substantially implement this policy.”

**Proponent:** Unitarian Universalist Association

- 45. **Company:** Wal-Mart Stores, Inc.

- a. **Resolution:** “The Shareholders request that Wal-Mart amend its written equal employment opportunity policy to explicitly prohibit discrimination based on both sexual orientation and gender identity, and to substantially implement this policy.”

**Proponent:** Unitarian Universalist Association

- b. **Resolution:** “The shareholders request the Board of Directors to issue a report to shareholders, by October of 2008, on the negative and reputational impacts of reported and known cases of management non-compliance with International Labor Organization (ILO) conventions and standards on workers’ rights and the company’s legal and regulatory controls. The report should include the Board’s recommendations and actions taken to improve compliance.”

**Proponents:** F & C Management, As You Sow Foundation, and European institutional holders First Swedish National Pension Fund, Third Swedish National Pension Fund, Fourth Swedish National Pension Fund, Mn Services NV, PGGM and DnB NOR Asset Management

- c. **Resolution:** “[Shareholders request the Board t]o amend the Bylaws, by inserting the following new paragraph to Article III Section 10:

*Board Committee on Human Rights.* There is established a Board Committee on Human Rights, which is created and authorized to review the implications of company policies, above and beyond matters of legal compliance, for the human rights of individuals in the US and worldwide. The Board of Directors is authorized in its discretion consistent with these Bylaws, the Articles of Incorporation and applicable law to (1) select the members of the Board Committee on Human Rights, (2) provide said committee with funds for operating expenses, (3) adopt regulations or guidelines to govern said Committee’s operations, (4) empower said Committee to solicit public input and to issue periodic reports to shareholders and the public, at reasonable expense and excluding confidential information, including but not limited to an annual report on the implications of company policies, above and beyond matters of legal compliance for the human rights of individuals in the US and worldwide, and (5) any other measures within the Board’s discretion consistent with these Bylaws and applicable law. Nothing herein shall restrict the power of the Board of Directors to manage the business and affairs of the company. The Board Committee on Human Rights shall not incur any costs to the company except as authorized by the Board of Directors.”

**Proponent:** Harrington Investments

- d. **Resolution:** “[S]hareholders of Wal-Mart (“Company”) request that the Company provide a report, updated semi-annually, disclosing the Company’s:

1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.

2. Monetary and non-monetary political contributions and expenditures not deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:

a. An accounting of the Company’s funds that are used for political contributions or expenditures as described above;

b. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and

c. The internal guidelines or policies, if any, governing the Company's political contributions and expenditures.

This report shall be presented to the Board of Directors' audit committee or other relevant oversight committee, and posted on the company's website to reduce costs to shareholders."

**Proponent:** New York City Pension Funds

**46. Company:** Waters Corp.

**a. Resolution:** Issue sustainability report. (Withdrawn.)

**Proponent:** Walden Asset Management

**47. Company:** Wells Fargo & Co.

**a. Resolution:** "Shareholders request that the Board [] prepare a special report, providing explanations on racial and ethnic disparities in the cost of loans provided by the company. The report shall discuss the following questions:

1. How does Wells Fargo explain the racial and ethnic disparities pertaining to high cost mortgages revealed in the company's Home Mortgage Disclosure Act data?
2. Does Wells Fargo believe that the companies racial and ethnic disparities in high cost loans affect the home affordability or wealth-building benefits of homeownership for their minority customers?
3. Does Wells Fargo believe some of these disparities are explained by the racial wealth divide prevalent in the United States? If so, what does Wells Fargo believe can be done to lessen this divide?"

**Proponent:** Northstar Asset Management

**b. Resolution:** "[S]hareholders request that Wells Fargo form a committee to explore ways to formulate an equal employment opportunity policy which complies with all federal, state and local regulations but does not make reference to any matters related to sexual interests, activities or orientation."

**Proponent:** Christina McCarthy

**c. Resolution:** "[S]hareowners request that the Board of Directors authorize and prepare a report to shareowners which discusses how our investment policies address or could address human rights issues, at reasonable cost and excluding proprietary information, by October 2008.

Such a report should review the current investment policies of the Corporation with a view toward adding appropriate policies and procedures to apply when a company in which we are invested, or its subsidiaries or affiliates, is identified as contributing to human rights violations through their businesses or operations in a country with a clear pattern of mass atrocities or genocide."

**Proponent:** Calvert Asset Management

48. **Company:** Wyeth Co.

a. **Resolution:** “[S]hareholders of Eli Lilly and Company (the “Company”) request that the Company provide a report, updated semi-annually, disclosing the Company’s:

1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.

2. Monetary and non-monetary political contributions and expenditures not deductible under Section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under Section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:

a. An accounting of the Company’s funds that are used for political contributions or expenditures as described above;

b. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and

c. The internal guidelines or policies, if any, governing the Company’s political contributions and expenditures.

This report shall be presented to the Board of Directors’ audit committee or other relevant oversight committee, and posted on the company’s website to reduce costs to shareholders.”

**Proponent:** Camilla Madden Trust, AFL-CIO