Ceres
Mobilizing Business Leadership for a Sustainable World

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Shareholders seeking stronger responses from companies as climate change concerns deepen

Record high climate-related resolutions seek improvements on issues like greenhouse gas reductions, flaring cutbacks and increased sustainable palm oil sourcing

BOSTON – March 7, 2014 – Motivated by mounting scientific evidence that human activity is a leading cause of climate change, major institutional investors are pushing for stronger actions from companies in climate-related shareholder resolutions in the 2014 proxy season.

Led by Walden Asset Management, the New York State Comptroller's Office, the California State Teachers' Retirement System, Calvert Investments, the Connecticut Treasurer's Office, Trillium Asset Management, Mercy Investments and Green Century Capital Management, 35 institutional investors have filed 142 resolutions in a coordinated effort to spur action by 118 companies – including Chevron, ConocoPhillips, Kinder Morgan, Lowes and several electric utilities – on a wide range of climate-related issues such as greenhouse gas (GHG) emissions, energy efficiency and sustainable palm oil.

"The combined package of 2014 resolutions demonstrate a common urgency that investors and companies alike need to 'raise the bar' and expand our actions to address climate change," said Timothy Smith, Senior Vice President and Director of Environmental Social and Governance Shareholder Engagement at Boston-based Walden Asset Management. "The range of resolutions shows how investors are broadening their outreach to more companies and deepening their message to other companies on difficult climate issues such as lobbying on climate by fossil fuel companies."

This year's record number of climate-related resolutions demonstrates that investors are paying more attention than ever to risks and opportunities that climate change and environmental issues pose to companies in their portfolios. The investors – many of which are members of the Investor Network on Climate Risk coordinated by the sustainability advocacy group, Ceres, and members of the Interfaith Center on Corporate Responsibility (ICCR) – request specific actions from companies such as adopting and achieving company-wide goals for reducing GHG emissions from operations.

"Investors are not standing still as the climate crisis worsens. These wide-ranging resolutions reflect a deepening concern that stronger actions from companies are needed," said Mindy Lubber, president of Ceres and director of the Investor Network on Climate Risk, which helped coordinate the filing of the resolutions.

Investors filed 23 resolutions asking companies, including Exxon Mobil and Dish Network, to set GHG reduction targets and increase transparency on how they are managing climate risks. They

also filed resolutions with companies including Kraft Foods and PepsiCo requesting assessments of the company's supply chain impact on deforestation and plans to mitigate these risks.

Recent analysis shows that many U.S. businesses, including numerous Standard & Poor's 500 index firms, have reported a higher rate of return on investments in carbon-reduction technologies than on overall corporate capital investments. In response to resolutions by Trillium Asset Management, Church & Dwight has agreed to set GHG emissions reduction goals and increase disclosure of the companies' approaches to managing climate risk. Advance Auto Parts, Denbury Resources, Cabot Oil and Gas, and Lincoln Electric Holdings agreed to increase public disclosure to investors of how they are managing climate risk following engagements with Walden Asset Management. Meanwhile, a shareholder resolution filed by Mercy Investments at BorgWarner prompted an enterprise-wide commitment to assess not only GHG emissions, but also other waste streams from manufacturing, such as water waste. After dialogue with Calvert and Mercy Investments, PACCAR – one of the world's largest manufacturers of medium and heavy-duty trucks – agreed to improve its reporting on climate change and the steps the company is taking to minimize its impacts.

The impact of these resolutions is already becoming clear on other issues as well. Last month, in response to a shareholder proposal filed by the Green Century Capital Management, the Kellogg Co. announced an industry-leading commitment to purchase only deforestation-free palm oil. Palm oil, which is a $50 billion-a-year commodity used in about half of all packaged goods, is a key driver of deforestation that accounts for more than 15 percent of worldwide carbon emissions. At least 30,000 square miles of tropical forest – an area bigger than Massachusetts, Vermont and New Hampshire combined – has been cleared to accommodate oil palm plantations in the past two decades. Green Century also coordinated 40 investors representing $270 billion AUM to successfully lobby the world's largest palm oil trader, Wilmar, to adopt a zero deforestation policy- a move estimated to save the 1.5 gigatons of CO2 by 2020, the equivalent of annual CO2 emissions from all of Central and South America. Investors have filed with a number of other companies calling for sustainable sourcing of palm oil, including Panera Bread and Safeway. As one of the world's largest food processing companies, Kellogg's commitment is a critical development.

"Kellogg's commitment to only purchase palm oil from responsible sources positions it as company working to curb climate change instead of one accelerating it," said Leslie Samuelrich, President of Green Century Capital Management. "We hope that Kellogg's commitment encourages other companies to listen to shareholder concerns and develop sustainable palm oil supply chains that protect rainforests, which act as the 'lungs' of our earth to reduce carbon pollution."

Kellogg's commitment is just the latest example of shareholder impact. In 2013, Ceres worked with INCR member Mercy Investments to file a resolution with Continental Resources, the largest company operating in North Dakota's Bakken region, to save energy and curb carbon pollution by reducing flaring. Three months later, the company set an aggressive goal to reduce flaring, setting an important precedent for shale energy production across the U.S. On January 29, 2014, the entire industry in North Dakota pledged to significantly reduce flaring while advocating for stricter regulations moving forward.

Topics covered by the 2014 resolutions include:

- comprehensive sustainability reporting
- greenhouse gas reduction goals
- methane emissions
- carbon asset risk

- energy efficiency
- deforestation and sustainable agriculture
- spending on political lobbying related to climate and energy
- greenhouse gas emissions financed by banks
- plans to source renewable energy
- and adding a board member with environmental expertise

For more information and to view these shareholder resolutions, visit http://www.ceres.org/investor-network/resolutions.

About Ceres
Ceres is a nonprofit organization mobilizing business and investor leadership on climate change, water scarcity and other sustainability challenges. Ceres directs the Investor Network on Climate Risk (INCR), a network of over 100 institutional investors with collective assets totaling more than $11 trillion. Ceres also directs Business for Innovative Climate & Energy Policy (BICEP), an advocacy coalition of nearly 30 businesses committed to working with policy makers to pass meaningful energy and climate legislation. For more information, visit http://www.ceres.org or follow on Twitter @CeresNews.

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