

Socially Responsible Investors, Labor, Pension Funds Weigh In: 14 Bank Bailout Recipients Facing Say-on-Pay Resolutions Should Commit Now to Adopt Policy

Events of Recent Days, Weeks Pushing Executive-Compensation Reform to Critical Mass In 2009; American Express, Intel, Hewlett-Packard and Occidental Latest to Get On Say-on-Pay Bandwagon

WASHINGTON, Feb. 24 /PRNewswire/ -- The concerted effort by socially responsible investors, labor unions, pension funds, religious investors and others for "say-on-pay" executive compensation advisory votes at major U.S. corporations is now coming to a head during 2009 much more quickly than originally expected. Of the record 100 companies facing say-on-pay shareholders resolutions this year, five have recently agreed to schedule advisory votes.

The list of 100 companies (<http://hastingsgroup.com/SOP2009.pdf>) includes 14 companies that will be required under the new federal stimulus bill to put such binding votes in place within one year, according to the Social Investment Forum. In the last 10 days, two of the 14 banking bail-out recipients -- American Express (AXP) and Huntington Bancshares (HBAN) -- already have come to an agreement with say-on-pay resolution sponsor Calvert Group to proceed on an advisory vote. On February 20th, American Express committed to implement the executive-compensation vote as required by President Barack Obama's signing of the American Recovery and Reinvestment Act into law on February 17, 2009. Huntington Bancshares did the same on February 23, 2009. The early action by American Express and Huntington Bancshares is expected to put pressure on other bailout fund recipients -- and, more broadly, leading non-banking companies -- to embrace the say-on-pay advisory vote as standard corporate practice.

In fact, the intent of the stimulus bill amendments successfully introduced by Senator Dodd is to require a say-on-pay vote in the **2009** proxy season for those companies that have not yet submitted their proxy materials to the Securities and Exchange Commission (SEC). Investors intend to press the balance of the 14 companies -- South Financial Group (TSFG), CoBiz Financial (COBZ), State Street (STT), Wells Fargo & Company (WFC), Capital One Financial (COF), Zions Bancorporation (ZION), Bank of America (BAC), Goldman Sachs (GS), Bank of New York (BK), Morgan Stanley (MS), Fifth Third Bancorp (FITB), American International Group (AIG) -- to also agree to pledge to implement such votes as soon as possible. Any such early movement would be considered a new wave of support for say-on-pay resolutions by the resolution filers, who then might withdraw the pending resolutions.

Other major progress in recent months on say-on-pay resolutions includes:

- In addition to American Express and Huntington Bancshares, new agreements have been announced in the last few weeks by Occidental Petroleum (OXY), Intel (INTC) and Hewlett-Packard (HPQ) to hold say-on-pay votes. These corporations made the move in recent weeks after extensive discussions with proponents who had filed say-on-pay resolutions. The latest companies agreeing to say-on-pay follow the past decisions by Verizon (VZ), Aflac (AFL), Blockbuster (BBI), Motorola (MOT), MBIA (MBI) and Ingersoll Rand (IR) to do the same. To date, 18 companies have pledged to or are implementing say-on-pay votes.
- On January 24, 2009, new SEC Chair Mary Schapiro's endorsed say-on-pay votes as she responded to questions from her confirmation hearing. "Executive compensation has been a concern of mine for some time now. I believe that it's an appropriate measure to give shareholders an advisory vote on these matters," she stated.
- The record 100 say-on-pay resolutions filed for the 2009 proxy season follows an active 2008 engagement season, where resolutions went to a vote at over 80 companies and averaged 42 percent support, including 11 companies which received majority votes. In 2007, similar resolutions were filed at more than 50 companies which also averaged about 42 percent support including eight companies where the proposal received over 50 percent of the vote.
- The ARRA stimulus bill signed into law by President Obama earlier this month will require say-on-pay votes at a total of 400 companies receiving banking bailout funds. The stimulus bill provision is widely expected to boost the prospects for 2009 passage of a say-on-pay vote bill that already received strong support in the U.S. House of Representatives in 2008.

Social Investment Forum CEO Lisa Woll said: "**The say-on-pay movement shows what concerned investors can do when they put their financial clout to work together. This unique investor network started in 2007 -- comprised of many socially responsible investors, public pension funds, labor funds, asset managers, foundations and**

religious investors. It is organized by the American Federation of State, County and Municipal Employees (AFSCME) Employees Pension Plan and Walden Asset Management, a division of Boston Trust & Investment Management Company."

Richard Ferlauto, director of corporate governance and pension investment at the American Federation of State, County, and Municipal Employees (AFSCME), said the legislation is **"another step in creating a market-wide standard for 'say-on-pay.'"** He added: **"We expect to be working with regulators to design specifics for how 'say-on-pay' will be applied."**

Tim Smith, senior vice president, Environment, Social and Governance Group, Walden Asset Management, said: **"We are clearly moving toward say-on-pay votes for all companies. We believe that with SEC Chairwoman Schapiro's and Commissioner Walter's support, the strong 2-to-1 vote in the House in the last Congress, the movement by company leaders and the intense public sentiment on executive pay, it is virtually inevitable that companies will soon be required to implement this policy. The smart thing for corporations to do now is to step forward and voluntarily adopt the say-on-pay advisory vote."**

"TIAA-CREF has always felt that executive compensation is one of the most important oversight responsibilities of boards," said Stephen L. Brown, director, Corporate Governance, TIAA-CREF. **"As long-term investors, we believe that executive compensation policies should promote and reward the creation of long-term shareholder value."**

Say-on-pay vote proponents are seeking a management-sponsored non-binding advisory vote on executive compensation presented in the annual proxy statement. The resolutions have been submitted at a wide range of companies, including but not limited to those where pay has been excessive or where there has been a perceived misalignment between pay and performance over the past three to five years.

2009 filings at major companies include Apple, Bank of New York Mellon, American Express, Coca-Cola, AIG, Capital One, Hewlett-Packard, Intel, Wells Fargo, AT&T, Exxon Mobil, Raytheon, General Electric, Goldman Sachs, Home Depot, IBM, Merck, UnitedHealth, Time Warner, Citigroup, ConocoPhillips, CVS Caremark, Morgan Stanley, Valero Energy, and YUM! Brands, Occidental Petroleum, Wal-Mart, Rite-Aid, KB Homes, Ryland Group and Charming Shoppes.

Aflac was the first U.S. company to give shareholders a say-on-pay vote in 2008, and it was overwhelmingly supported by over 95 percent of shareholders. Also in 2008, RiskMetrics, H&R Block (HRB), Zale (ZLC) and Littlefield (LTFD) joined Aflac as among the first companies adopting the advisory vote. At RiskMetrics, 94 percent of shareholders supported its compensation approach. At H&R Block, 99 percent of shareholders voted for the proposal, as did nearly 97 percent at Littlefield.

Proponents of the 2009 say-on-pay resolutions cover the gamut of the world of concerned investors:

Labor

AFL-CIO Reserve Fund

AFSCME Employees Pension Plan

Amalgamated Bank LongView Funds

Communications Workers of America

The Firefighters' Pension System of the City of Kansas City

Service Employees International Union Master Trust

Utility Workers Union of America

Asset Management Companies

Boston Common Asset Management

Calvert Group

F & C Asset Management

First Affirmative Financial Network

Friends Fiduciary Corporation

Newground Investors

NorthStar Asset Management

Rockefeller and Co.

TIAA-CREF

Trillium Asset Management

Walden Asset Management

Public Pension Funds

California Public Employees Retirement System (CalPERS)

Connecticut Retirement Plans and Trust Funds (CRPTF)

New York City Pension Funds

Foundations

Christopher Reynolds Foundation

Nathan Cummings Foundation

Funding Exchange

Edward W. Hazen Foundation

Max and Anna Levinson Foundation

Needmor Fund

Tides Foundation

Religious

Adrian Dominican Sisters

Benedictine Sisters of Fort Smith - St. Scholastica Monastery

Benedictine Sisters of Virginia

Benedictine Sisters of Perpetual Adoration

Catholic Health East

Christus Health

Church of the Brethren Benefit Trust

Community Church of New York

Congregation of Benedictine Sisters, Boerne, Texas

Congregation of Divine Province - San Antonio, TX

Congregation of the Sisters of Charity of the Incarnate Word - Houston

Congregation of the Sisters of Charity of the Incarnate Word - San Antonio

Congregation of the Sisters of St. Joseph, Boston, MA

Congregation of the Sisters of Holy Cross, Indiana

Congregation of the Passion - East

Dominican Sisters of Hope

Domestic & Foreign Missionary Society of the Episcopal Church

Episcopal Church Executive Council

Glenmary Home Missioners

Marianist Province of the United States

Mercy Investment Program

Missionary Oblates of Mary Immaculate

Monasterio Pan de Vida

Presbyterian Church (USA)

Providence Trust

Province of St. Joseph of the Capuchin Order (Midwest Capuchins)

Rochester Minnesota Franciscans

Sisters of Mercy Community of Detroit

Sisters of the Holy Names of Jesus and Mary, US Ontario Province

Sisters of St. Agnes

Sisters of Charity of St. Vincent de Paul-NY

Sisters of St. Dominic of Caldwell, NJ

Sisters of St. Francis of Philadelphia

Sisters of St. Joseph of Carondelet, MO

Sisters of St. Joseph, Nazareth

Sisters of St. Joseph of Boston

Sisters of Notre Dame of St. Louis

Sisters of Notre Dame - Toledo

Sisters of Notre Dame de Namur, Boston, MA

Sisters of the Holy Names of Jesus & Mary

Sisters of St. Francis of Philadelphia

Unitarian Universalist Association

United Church of Christ Pension Boards

United Methodist Church - General Board of Pension & Health Benefits

Ursuline Sisters of Tildonk, US Province

Retiree Organizations

Association of Ameritech & SBC Retirees

Association of U.S. West Retires

Non-Profit Institutional Investors

Manhattan Country School

Oneida Tribe of Indians of Wisconsin

ABOUT SOCIAL INVESTMENT FORUM

The Social Investment Forum (<http://www.socialinvest.org>) is the national membership association dedicated to advancing the concept, practice, and growth of socially and environmentally responsible investing. SIF's nearly 500 members include financial planners, banks, mutual fund companies, research companies, foundations, and community investing institutions.

SOURCE Social Investment Forum, Washington, D.C.

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