

## SUMMARY OF WALDEN'S 2010 SHAREHOLDER RESOLUTIONS

*Much of Walden's success in advocating for greater transparency and corporate social responsibility comes from constructive dialogues with companies over many years, entirely outside of the resolution process. Yet sponsoring shareholder resolutions remains an important avenue for investors to influence company practices. These resolutions can be an important tool for change, as illustrated in this summary of 2010's shareholder resolutions.*

### CORPORATE GOVERNANCE

#### Board Diversity

Corporate governance research increasingly documents the added value that comes with gender and racial/ethnic diversity on corporate boards. Resolutions requesting **Expeditors International\*** and **Watts Water Technologies** to take steps to diversify their boards were withdrawn after both companies added language explicitly addressing gender and racial/ethnic diversity in the director nomination processes.

#### Executive Compensation

A shareholder advisory vote on executive compensation, also known as "Say on Pay," is expected to be included in pending U.S. financial reform legislation. Until such a mandate exists, Walden continues to advocate for this reform. Walden withdrew resolutions at **Colgate-Palmolive\*** and **Procter & Gamble** after they agreed to provide the advisory vote. Those that went to ballot received a high level of shareholder support: **Johnson & Johnson** (48 percent), **Walt Disney** (51 percent), and **IBM\*\*** (45 percent).

#### Political Contributions

In the aftermath of the January 2010 U.S. Supreme Court decision in *Citizens United vs. Federal Election Commission*, transparency on corporate political spending is even more important. Yet the SEC permitted the resolution asking **AT&T\*\*** to expand such disclosure to be omitted from the company proxy.

#### Separation of Chair and CEO

Separating the positions of chair and CEO strengthens board independence and management oversight and is considered "best practice" corporate governance. A resolution requesting this board structure at **State Street** received support of 17 percent of votes cast.

#### Sustainability/ESG Reporting

Encouraging greater disclosure of ESG progress, challenges, and results through ESG or "sustainability" reporting remains a central focus of Walden's engagement, particularly at small cap companies where such reporting is much less common. Sustainability reporting resolutions were withdrawn at **Baldor Electric**, **Credo Petroleum**, and **Time Warner Cable** after they agreed to develop or expand public reporting. **Team** improved its corporate social responsibility policies as a foundation for future reporting. Resolutions that went to a vote garnered significant shareholder backing: **C.R. Bard** (32 percent); **Gentex** (33 percent), **Layne Christensen** (60 percent) and **St. Jude Medical** (43 percent). The latter resolution was re-submitted for 2010, after being withdrawn in 2009, because St. Jude Medical failed to act on its commitment to develop a report. These high vote totals signify that investor desire for greater transparency on ESG performance is becoming mainstream.

### ENVIRONMENTAL IMPACT

#### Climate Risk

Walden re-filed a resolution asking industry giant **ExxonMobil\*\*** to adopt quantitative goals on reducing greenhouse gas emissions from its products and operations. The resolution received voting support of 27 percent.

#### Oil Sands

A repeat resolution requesting **ConocoPhillips\*\*** to prepare a report on the environmental damage that would result from the company's expanding oil sands operations in the Canadian boreal forest received 27 percent support.

#### Recycling

Building on years of engagement as co-leader, Walden's resolution asking **PepsiCo\*** to adopt publicly stated, quantitative goals for U.S. beverage container recovery and recycling was successfully withdrawn. PepsiCo announced publicly its goal to increase industry-wide U.S. beverage container recycling rates to 50 percent by 2018, from 32 percent today.

### COMMUNITY IMPACT

#### Human Rights

For the second year, Walden filed a resolution addressing freedom of association and privacy concerns associated with **Cisco Systems\*\*** operations in countries with poor human rights records. Pending a fall annual meeting, the proposal asks for an assessment of steps the company could reasonably take to mitigate the likelihood of complicity in violations of human rights.

*To strengthen our influence, Walden often collaborates with other concerned investors.*

*\*In order, Walden co-led with clients or other investors these resolutions: United Methodist Church, Needmor Fund, As You Sow*

*\*\*In order, these shareholder resolutions co-filed by Walden were led by: Boston Common Asset Management, Domini Social Investment, Sisters of Saint Dominic of Caldwell, NJ, CalSTRS, Boston Common Asset Management*