

## SUMMARY OF WALDEN'S 2014 SHAREHOLDER RESOLUTIONS

*Much of Walden's success in advocating for greater corporate responsibility and transparency comes from constructive dialogues with companies over many years, outside of the shareholder resolution process. Yet sponsoring resolutions remains a primary tool for investors to influence company policies and practices as illustrated below.*

### Corporate Governance

#### Lobbying Disclosure

Comprehensive disclosure of corporate lobbying helps investors assess how a company's lobbying activities align with its expressed goals and commitments on public policy. For the third consecutive year, shareholder proposals requesting better lobbying policies, disclosure, and oversight, including indirect initiatives through trade associations and think tanks, were submitted to **Accenture**, **ConocoPhillips**, **IBM\*\***, **JP Morgan Chase\*\***, and **UPS**. **Google** and **Time Warner Cable** also received lobbying disclosure resolutions for the first year and second year, respectively.

After receiving 31 percent support last year, the 2014 proposal at Accenture was withdrawn with an agreement to publish extensive lobbying information. All the others received varying levels of shareholder support: ConocoPhillips (25 percent), Google (9 percent), IBM (24 percent), JP Morgan Chase (8 percent), and UPS (17 percent). At the time of publication, Time Warner Cable's vote tally was still pending. Lobbying disclosure resolutions continue to garner growing and significant shareholder support, reflecting the supportive recommendations from major independent proxy advisors and increasing shareholder focus on risks related to corporate positioning on public policy.

#### Sustainability/ESG Reporting

For the fifth and fourth year in a row, respectively, Walden filed resolutions requesting comprehensive sustainability reports at **C.R. Bard** and **Emerson Electric**. Despite managements' recalcitrance to expand their reporting, these resolutions continue to gain considerable support from shareholders, receiving approximately 30 percent of the vote or greater each time they have appeared on the ballot. This year, both resolutions received approximately 38 percent support. The resolution at **Cincinnati Financial\*\*** was withdrawn with agreement.

Walden continues its leadership in promoting better sustainability reporting among small cap companies. After multi-year engagements with **Gentex\*** and **Simpson Manufacturing**, the 2014 shareholder proposals were withdrawn with commitments to initiate sustainability reporting. The proposal at **CLARCOR** was backed by 40 percent of shares voted, an unusually high level that should contribute to a constructive dialogue. First-time resolutions at **ESCO Technologies** and **RPC, Inc.** (a closely held company) received 24 percent and 9 percent of the vote, respectively. A unique resolution at **Wolverine Worldwide** focusing on both sustainability reporting and supply chain disclosure was withdrawn with an agreement that the company would collect and disclose more data over the coming year.

### Environmental Impact

#### Climate Change Mitigation

In order to "raise the bar" on corporate responses to climate change, we redoubled our engagement efforts to press portfolio companies to improve disclosure of greenhouse gas (GHG) emissions and set robust reduction goals rooted in climate science. Along with several successful dialogues, Walden was pleased to withdraw its shareholder proposals at **Advance Auto Parts**, **Cabot Oil & Gas**, **Denbury Resources**, **Lincoln Electric Holdings**, and **Mettler-Toledo**, based on a variety of commitments. For example, Mettler-Toledo set a goal to reduce its CO<sub>2</sub> emissions per net sales 20 percent by 2020 compared to a 2010 baseline. The company also agreed to respond annually to the CDP Climate Change survey, the world's largest public repository of corporate responses to climate change. Denbury Resources agreed to develop a comprehensive sustainability report following the Global Reporting Initiative's G4 standards, and is considering setting energy reduction goals. A resolution we supported at **Energen\*\*** related to fugitive methane emissions received 27 percent support.

The second-year proposal at **PNC Financial Services\*\*** asking for a report on the bank's GHG emissions and climate change risk from its lending, investing, and financing activities received shareholder support of 23 percent (unchanged from 2013).

#### Packaging Recycling

Resource efficiency and waste management have a substantial role to play in the efforts to combat climate change and the quest toward environmental sustainability. Walden co-filed resolutions at **General Mills\*\*** and **Procter & Gamble\*\*** to encourage greater use of recyclable materials in product packaging. Both resolutions are proceeding to the proxy statement for a vote.

### Workplace

#### Inclusive Non-Discrimination Policy

Walden's two proposals requesting companies amend their equal employment opportunity policies to include "sexual orientation and gender identity or expression" were successfully withdrawn. **Ross Stores\*** increased the transparency of its existing EEO policy and **O'Reilly Automotive** strengthened its policy and published it on the firm's careers webpage.

*To increase our impact Walden often joins others on collaborative efforts.*

*\*In order, Walden co-led these resolutions with the following investors: Calvert Investments, Horizons Foundation*

*\*\*In order, these shareholder resolutions co-filed by Walden were led by: First Affirmative Financial Network, Sisters of St. Francis, Calvert Investments, Miller Howard, Boston Common Asset Management, As You Sow (GIS and PG)*

