

## Shareholder Activism, Yes You Can

By [3p Guest Author](#) | February 17th, 2010

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Ever want to just yell, while reading about overpaid CEOs? Ever wish that you could ask the board members at Monsanto if they eat genetically modified corn? Ever want to just stare Larry Ellison in the eye and ask him how much his sailboat costs shareholders? Well, you can. Shareholder activism is the broad term used for ways to advocate for change within a corporation.

To take that a step further, any stock owner who meets the criteria (\$2,000 worth of stock held for a minimum of one year) is able to file something called a shareholder resolution. Shareholder resolutions are simply proposals put forward by the shareholders to raise public awareness of issues and hopefully change egregious corporate behaviors. Granted, most proposals are pushed into the paper shredder by corporations and/or rejected by the SEC. However, if your resolution is placed on the proxy ballot, you will be given a period of time to discuss your proposed resolution and supporting statements at the annual shareholder meeting and, more importantly, voice your issue to millions of shareholders through the proxy. Still, the question remains “is it making a difference?”

Positive change can and does occur through advocacy. For example, Best Buy, the large electronics company, was faced with a shareholder resolution proposed by non-profit As You Sow Foundation on the topic of recycling. Through extensive dialogue, Best Buy agreed to start a recycling take back program at 117 of its stores. Because of the success of this program, months later Best Buy decided to offer the take-back program in all 1000+ of its stores in 2009. And that’s just the start! Resolution topics run the gamut when it comes to addressing corporate behavior. Denny’s Corporation, the family restaurant chain, faced a resolution on the use of cage-free eggs in its stores. ExxonMobil has been asked by shareholders via a resolution to develop renewable energy alternatives. Pepsi is being called out on the recycled plastic content in its bottles. The list continues.

Shareholder advocacy is just one avenue to address corporate misbehavior. The next time you get one of those boring, black and white proxy statements from a company whose stock you own, make sure you read it through to the end, as this is generally where you will see resolutions placed asking for your vote. As part of an investor’s basic fiduciary responsibility, it is here where you can vote on Steve Jobs \$1 dollar a year salary compensation program, Intel’s preposterous water usage or Citigroup’s financing of mountain top removal and coal mining. Clearly, with the growth of socially responsible investing in recent years, corporate management is keeping a close eye on proxy voting along with shareholder advocacy. And for all those times you thought you couldn’t make a difference. Yes, you can!