

New Study: More U.S. Mutual Fund Companies Supporting Climate Change Resolutions, But Big Firms Still Lagging

BOSTON, Jun. 05 /CSRwire/ - Three large American mutual fund companies – DWS, AllianceBernstein and Oppenheimer, which collectively manage more than \$930 billion in assets – last year supported the vast majority of shareholder resolutions filed with companies on climate change business risks. Until 2011, DWS had never cast a single vote in support of climate-focused resolutions tracked by the study. AllianceBernstein had cast only two votes in support of climate resolutions over the previous 10 proxy seasons, until voting for 21 of the 26 resolutions that came to vote across its portfolio funds in the 2012 proxy season.

This is one of the major positive findings of a new Ceres analysis of proxy votes cast in 2012 by 43 of the largest U.S. mutual fund companies. Six fund families failed to support even a single climate-related resolution in 2012, including BNY Mellon, Franklin Templeton, ING, Pioneer, Putnam and Vanguard.

“Too many mutual fund managers still fail to grasp the risks that climate change poses to companies they invest in,” said Mindy Lubber, president of Ceres, which commissioned the analysis by Jackie Cook of FundVotes.com. “But it’s encouraging to see DWS, AllianceBernstein, and Oppenheimer acting on their fiduciary duty by voting in the best interest of their clients on these resolutions. While shareholder support for climate resolutions averaged around 22 percent last year, 14 votes were above 30 percent, indicating growing awareness of these important risks and opportunities.”

A growing number of institutional investors – many of them members of the Ceres-coordinated Investor Network on Climate Risk (INCR) comprised of 100 institutional investors – have publicly signaled that they view information about climate risks as material to their investment decisions.

Many of these same investors have filed more than 100 climate-related resolutions in each of the past two years with companies in the electric power, oil & gas, insurance and other sectors. The resolutions typically request that companies disclose climate-related risks they are facing and strategies for managing those risks, including greenhouse gas reduction plans. In 2012, 48 resolutions were withdrawn before going to vote after the companies responded affirmatively to the shareholder requests. The Ceres study tracked 46 climate resolutions that went to vote during the 2012 proxy season.

Besides AllianceBernstein and DWS, other fund groups that improved their support for climate resolutions last year are Transamerica and Metropolitan. State Street (SSgA), while still supporting relatively few climate-related resolutions, increased its support from 6 percent in 2011 to 13 percent in 2012. Prior to 2011, State Street had not supported a single climate-related resolution.

Vanguard remains the only fund family to have never cast a single vote in support of a climate-related resolution in the nine years covered by the Ceres survey. Last year it opposed 59 percent of resolutions that came to vote within its portfolio of funds and abstained on 41 percent of resolutions.

The 10 resolutions requesting that companies prepare a sustainability report including mitigation measures for climate-related risks earned an average of 38 percent support and the four resolutions requesting that companies adopt quantitative greenhouse gas emission reduction goals earned an average of 27 percent support from shareholders. These outcomes are clear signals of growing market demand for climate-related corporate disclosure.

In 2010, at the request of INCR members, the U.S. Securities and Exchange Commission issued formal guidance on publicly traded companies' obligations to disclose material climate risks in their financial filings.

“U.S. mutual funds, with their sizeable ownership of domestic corporate stocks, need to consider the merits of shareholder requests on climate change and formalize their proxy voting guidelines accordingly,” Lubber said.

Graphic:

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About Ceres

Ceres is an advocate for sustainability leadership. Ceres mobilizes a powerful coalition of investors, companies and public interest groups to accelerate and expand the adoption of sustainable business practices and solutions to build a healthy global economy. Ceres also directs the Investor Network on Climate Risk (INCR), a network of 100 institutional investors with collective assets totaling more than \$11 trillion. For more information, visit www.ceres.org and www.incr.com.

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