

**DATA: U.S. MUTUAL FUND INVESTORS “COMPLETELY AT ODDS”  
WITH FUND MANAGERS ON HANDLING OF GLOBAL WARMING**

*First Survey of Mutual Fund Investors on Global Warming Finds Heat on Funds Rising; 2005 Proxy Vote Report Shows Top Funds Give Resolutions Cold Shoulder.*

**BOSTON, MA.//January 26, 2006**///Seven out of 10 U.S. mutual fund investors now want their mutual funds to support global warming shareholder resolutions, but not one of the nation’s largest mutual funds voted in favor of any climate change proxy measures during 2005, according to a major new public opinion survey from the Civil Society Institute (CSI) and a report prepared for the Ceres investor coalition.

The new Ceres report shows that while many of the nation’s institutional investors are routinely supporting global warming resolutions, none of the nation’s 100 biggest mutual funds -- including those managed by Fidelity, Vanguard and American Funds -- supported any of the 33 global warming resolutions filed with US companies in 2005. However, the new CSI survey shows that a clear majority U.S. mutual fund investors want their mutual fund managers to vote in favor of the global warming resolutions and also to actively screen companies linked to climate change woes. (See full Ceres report and CSI survey data below.)

Civil Society Institute President Pam Solo said: **“Mutual fund investors and their funds are completely at odds today on the topic of global warming. Our new survey shows that seven out of 10 American mutual fund investors want their mutual funds to screen companies linked to global warming and also to take action on shareholder resolutions calling on corporations to address climate change issues. The fact that mutual funds are ‘missing in action’ on climate change is an unacceptable situation that investors should insist on changing.”**

Mindy S. Lubber, president of Ceres and director of the Investor Network on Climate Risk, which includes \$3 trillion of institutional investors, said: **“Mutual funds are a critical missing link in the push for better corporate disclosure about climate risks. Mutual funds are ignoring the growing evidence that climate change will have far-reaching fiscal impacts on a wide range of business sectors, whether from rising insurance claims due to hurricanes and other natural disasters or growing worldwide demand for hybrid vehicles and other ‘clean’ technologies.”**

Alisa Gravitz, executive director of Co-op America, said: **“Mutual funds, which are responsible for the retirement investments of millions of investors, should join in with their institutional investor peers – like those leading institutions in the Investor Network on Climate Change representing \$3 trillion. Mutual funds should be at the forefront of investors encouraging companies to address global warming. Instead, all of the largest funds at America’s major mutual fund families – including Fidelity, Vanguard, and American Funds -- failed to vote in favor of any resolutions in 2005 encouraging companies to address global warming. Getting these funds to vote in**

**favor of resolutions to address global warming would make a tremendous difference for investors and the environment.”**

Today, Co-op America unveiled a Web-based action campaign at <http://www.coopamerica.org/takeaction/mutualfunds>, where mutual fund investors can go to urge the three largest U.S. fund families -- Fidelity, Vanguard and American Funds, which collectively manage over \$1 trillion in assets -- to start voting in favor of global warming proxy resolutions.

**KEY CSI SURVEY FINDINGS**

The major new survey conducted by Opinion Research Corporation (ORC) for the Civil Society Institute focused on a sample of 845 U.S. mutual fund investors. The survey found:

- Three out of four mutual fund investors (74 percent) want their "mutual fund to ask questions about the potential impact of global warming on the companies in which they are investing your money." More than four out five women (83 percent) want their mutual funds to ask the tough questions about investing in companies tied to global warming, as opposed to slightly less than two thirds of men (64 percent).
- About seven out of 10 mutual fund investors (71 percent) said "yes" when asked: "Many investors are filing shareholder resolutions with companies requesting that company management pay closer attention to global warming concerns and problems. Do you think your mutual fund should support these resolutions on your behalf?" Just one quarter of the respondents said "no" (including only 11 percent who said "definitely no").
- Roughly seven in 10 mutual fund investors (71 percent) said they would not "invest directly in a company that is a major source of pollution linked to global warming, whether from its operations or the products it produces." Of this group, more than a third (36 percent) responded "definitely no" versus less than a quarter (23 percent) who said "yes" (including just 6 percent "definitely yes"). Female mutual fund owners are considerably more likely than their male counterparts -- by a margin of 82 percent to 60 percent -- to be opposed to investing directly in polluters tied to global warming.
- About four in five mutual fund investors (79 percent) "think that companies should analyze the long-term financial impacts that global warming will have on their businesses and on the potential value of their stock to people who either own shares directly or indirectly through a mutual fund." Well over two-fifths of mutual funds investors (45 percent) responded "definitely yes" versus fewer than one in five (16 percent) who said "no" (including just 6 percent responding "definitely no").

**KEY CERES REPORT FINDINGS**

The Ceres-commissioned report, “Unexamined Risk: How Mutual Funds Voted on 2005 Climate Change Shareholder Resolutions” analyzes how the nation’s 100 largest mutual funds voted their shareholder proxies on 33 climate change resolutions filed at the 2005 corporate annual meetings. The shareholder resolutions asked companies to disclose the financial risks and opportunities posed by climate change and, in some cases, their strategies for controlling greenhouse gas emissions. The report, prepared by the Investor Research Responsibility Center (IRRC), shows the following:

- None of the 100 largest mutual funds whose specific votes were analyzed supported any climate change resolutions in 2005.
- None of the 31 investment management companies routinely supports shareholder proposals seeking more corporate disclosure on climate change.
- 28 of the 31 investment management companies have proxy voting policies that require them to oppose or abstain on all environmental-related resolutions, including climate change resolutions. Among those 28 companies with such policies are mutual fund giants, Fidelity, Vanguard and American Funds, which collectively manage more than \$1 trillion of the assets held in the top 100 mutual funds (equal to 70 percent of the total).
- Only three mutual fund companies—Columbia, Franklin Templeton and Neuberger Berman—have guidelines that even allow some proxy votes to be cast in favor of climate change proposals.

The results come as global warming shareholder resolution have received record high voting supporting from investors in 2004 and 2005, including 28 percent shareholder support for a resolution filed last year with ExxonMobil asking the company to disclose the impacts of the Kyoto Protocol on its business. It was the highest vote ever on a climate resolution filed at ExxonMobil. Three of the nation's largest public pension funds which collectively manage over \$400 billion in assets and the largest private pension fund, TIAA-CREF, all routinely supported global warming resolutions in 2005.

Doug Cogan, deputy director of social issues at IRRC, said: **“This report finds that virtually none of the top 100 U.S. equity mutual funds are addressing climate change through affirmative proxy voting policies. Despite the rising financial stakes and significant actions taken by other institutional investors, mutual funds have shown a near-universal lack of interest in supporting climate change resolutions since the proxy voting disclosure requirements went into effect two years ago.”**

### **SURVEY METHODOLOGY**

The ORC survey results were based on telephone interviews conducted among a sample of 2,034 adults (1,013 men and 1,021 women) age 18 and over, living in private households, in the continental United States. (Of this group, the bulk of the survey

focused on the 845 self-identified mutual fund investors.) Interviewing was completed at ORC's Central Telephone Facilities during the period of January 5-9, 2006. Completed interviews were weighted by four variables: age, sex, geographic region, and race, to ensure reliable and accurate representation of the total adult population. The margin of error at a 95 percent confidence level is plus or minus two percentage points for the sample of 2,034 adults and plus or minus 3 percent for the subset of mutual fund investors. Smaller sub-groups will have larger error margins.

### **ABOUT THE GROUPS**

The nonprofit and nonpartisan Civil Society Institute (<http://www.civilsociety.org>) is a think tank that serves as a catalyst for change by creating problem-solving interactions among people, and between communities, government and business that can help to improve society. Global warming and U.S. energy policy are major policy focuses of CSI, which is the sponsor of the <http://www.40mpg.org> campaign.

Ceres (<http://www.ceres.org>) is a national coalition of investors, environmental groups and other public interest organizations that work with companies to improve their handling of sustainability issues such as global climate change. Ceres also directs the Investor Network on Climate Risk, an alliance of more than 50 institutional investors that collectively manage about \$3 trillion in assets.

Co-op America (<http://www.coopamerica.org>) is a not-for-profit consumer and investor education organization founded in 1982. It harnesses marketplace strategies to solve social and environmental problems, and mobilizes consumers and investors to encourage companies to improve their social and environmental responsibility.

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**EDITOR'S NOTE:** Key CSI survey findings, the full text of the IRRC report, and a streaming audio recording of the Ceres/CSI news event will be available on the Web as of 4 p.m. ET on January 26, 2006 at <http://www.civilsocietyinstitute.org> and <http://www.ceres.org>.