

zations which respect basic human rights and will encourage managements to respect basic human rights of their employes and clientele in any country, because such conduct is conducive to long run success.

(8) The investment board encourages investment proposals from Wisconsin based companies or proposals which will broaden the Wisconsin economy or provide opportunities for employment by Wisconsin citizens. The proposals shall conform to board policies and staff procedures and practices. Risk and rate of return objectives shall be the same as other proposals.

(9) The investment board will not approve for investment any proposal which would effect a special advantage, gain or rate of return to a sub-group of beneficiaries at the expense of a part or the entire beneficiary group.

(10) The investment board will not approve for investment any proposal which makes or proposes to make any concession to any person or group of persons or which does not offer a competitive rate of return based upon perceived risk compared with other similar investments or proposed investments.

History: Cr. Register, September, 1983, No. 333, eff. 10-1-83.

IB 2.03 Equity ownership evaluation of management and voting of proxies. (1) **DEFINITIONS.** In this section:

- (a) "Board" means the investment board.
- (b) "Management" means the board of directors and officers of a corporation.
- (c) "Proxy" means the granting of the power to vote at a shareholders meeting with written directions on how to vote.
- (d) "Resolution" means a formal statement of opinion proposed for adoption at a shareholders meeting.
- (e) "Shareholder" means a person owning an equity interest in a corporation.
- (f) "Shareholders meeting" means a regular or special meeting of the equity owners of a corporation.

(2) **PREAMBLE TO GUIDELINES FOR VOTING PROXIES.** The function of the board is to invest and manage assets under its management and control pursuant to law. Investment objectives involving equity ownership are of a long term nature. The long term profitability and survival of a corporation depends in part upon responsiveness to changing societal demands. The board, as a shareholder, should be aware of new ideas which may reflect a change in societal attitudes and values through proxy resolutions submitted by shareholders other than management. The board of directors and officers of a corporation should be cognizant of and responsive to resolutions submitted by shareholders. Management of the corporation in its evaluation of these resolutions will have the most detailed knowledge of and the responsibility to evaluate their impact and long term effect on the corporation and its profitability and survival.

(3) **GUIDELINES FOR VOTING PROXIES.** In voting proxies:

Register, September, 1983, No. 333

(a) The board shall support management if management's position appears reasonable, is not detrimental to the long term equity ownership of the corporation and reflects consideration of the impact of societal values and attitudes on the long term viability of the corporation.

(b) The position of management on any resolution will not be supported if it:

1. Would enrich management excessively.
2. Would entrench incumbent officers or members of the board of directors. Due regard shall be given, however, to the need for corporate boards to have a reasonably stable situation to permit concentration on long term corporate affairs.
3. Would dispose of substantial assets or merge without the approval of a majority of the shares entitled to vote.
4. Does not reflect consideration of short and long terms costs and gains, including effects on the basic human rights of its employees and goodwill both in the United States and in the foreign countries in which the company operates.
5. Would result in unreasonable costs.
6. Would disadvantage the corporation relative to other corporations.
7. Opposes a proposal to have the shareholders approve the selection of an independent auditor.
8. Does not support equal and fair employment practices for all employees including non-segregation of the races and ethnic groups in all eating, comfort and work facilities.

(c) The board shall support requests for additional disclosure if the requested information is on a subject relevant to the corporation's business, is of value to a majority of shareholders in evaluating the corporation or its managers, the costs of disclosure are reasonable and the information to be disclosed will not disadvantage the corporation either competitively or economically.

(4) **REVIEW FOR SALE.** If the board finds that management's position on resolutions cannot be supported consistently, the board shall review the quality of management and the projected future of the corporation to determine whether the board should sell its equity interest in the corporation.

History: Cr. Register, September, 1983, No. 333, eff. 10-1-83.