

Social/Environmental/Economic Sustainability Reporting 2005 (Company Specific)

Whereas, the global economy challenges corporations to create sustainable business relationships by participating in the sustainable development of communities in which they operate. The World Commission on Environment and Development defined sustainable development as "development which meets the needs of the present without compromising the ability of future generations to meet their own needs." (Our Common Future, 1987)

We believe the ability of corporations to continue to provide goods/services in our interdependent world depends on their acceptability to the societies where they do business. Corporate citizenship goes beyond traditional functions of creating jobs and paying taxes, to include corporate practices designed to protect human rights, worker rights, land and the environment.

According to Dow Jones Sustainability Group, sustainability includes: "Encouraging long lasting social well being in communities where they operate, interacting with different stakeholders (e.g. clients, suppliers, employees, government, local communities and non-governmental organizations) and responding to their specific and evolving needs thereby securing a long term 'license to operate,' superior customer and employee loyalty and ultimately superior financial returns." (www.sustainability-index.com; March 2000)

Concerned investors evaluate companies on their financial, environmental and social performance --- the triple bottom line. Leading companies, over ___ in 2004, have published sustainability reports and are taking a long-term approach to creating shareholder value through embracing opportunities and managing risks derived from economic, environmental and social developments. We believe sustainability reporting should be included in our company's annual report.

We believe corporate sustainability includes managing social, environmental, and economic risks. Some of these risks include operating in environmentally fragile and culturally sensitive areas, operating where affected peoples are opposed, and operating where a project's viability is dependent upon threat of military force. We believe that failure to foresee and effectively manage these risks associated with unsustainable projects have, and will lead to project delays and controversies that threaten our company's financial bottom line and reputational capital.

For example, our company's oil projects in the rainforest territories of remote indigenous peoples in the southern Ecuadorian Amazon have been paralyzed for years due to local opposition. The flashpoint projects have attracted major media attention and forced our company to declare *force majeure*. Indigenous communities have organized protests, mounted successful legal challenges, and filed claims before the Organization of American States Human Rights Committee and Court.

In Peru, our company has recently invested in several gas blocks where pristine rainforests and the territories of indigenous peoples with little or no contact with the outside world will be impacted. We believe, proven in Ecuador, that this kind of investment is high risk, little reward, and unsustainable.

Reporting on our company's sustainability can be an important tool in evaluating how, if and where we choose to operate, and guide us in creating effective policies that limit our exposure. While our company produced an Indigenous Communities' Rights Policy in 2004, it has not served to remedy ongoing controversies that continue to impact the company.

We believe efforts to increase corporate sustainability provide opportunities to benefit by positioning the company on the forefront of a growing industry trend. XXX competitors such as _____ and _____ have produced sustainability reports, as well as flagship companies like BP, Royal Dutch

Shell, and Ford Motor Company, all of whom have not only benefited financially from orienting their corporate practices towards sustainability, but from the positive publicity associated with becoming an industry leader.

Resolved: shareholders request the Board of Directors to prepare at reasonable expense a Sustainability Report. A summary of the report should be provided to shareholders by October 2005.

Supporting Statement

We believe the report should include:

1. The company's operating definition of sustainability.
2. A review of current company policies and practices related to social, environmental and economic sustainability.
3. A summary of long-term plans to integrate sustainability objectives throughout company operations.