



**OFFICE OF  
STATE TREASURER  
DENISE L. NAPPIER**

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# **NEWS**

**FOR IMMEDIATE RELEASE**

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## **Nappier Says Safeco Agrees to Permit Unfiltered Communication Between Independent Directors and Shareholders**

*Resolution on Corporate Governance Issue Will Be Withdrawn in Response;  
Connecticut Had Co-Filed with NYC Pension Fund*

Connecticut State Treasurer Denise L. Nappier announced today that Safeco Corporation has agreed to permit unfiltered communication between non-management members of its board of directors and shareholders. The decision comes in response to a shareholder proposal that the Connecticut Retirement Plans and Trust Funds (CRPTF) co-sponsored with the New York City Pension Funds that was to be considered by shareholders at the company's 2003 annual meeting in May.

"Direct and unimpeded communication between independent directors and shareholders is critical if we are to restore investor and public confidence," said Nappier, principal fiduciary of the \$17 billion Connecticut pension fund. "I would urge other corporations to follow suit and eliminate barriers to open communication between directors and the shareholders they represent."

The procedures in Safeco's new policy include the establishment of special e-mail and post office addresses specifically created to facilitate shareholder communication with non-management directors. The correspondence sent to these special addresses will be monitored by the corporation's Lead Director, who will ensure that it reaches the appropriate board committee or board member(s) and facilitate an appropriate response. The new mechanism will also allow for face-to-face meetings between directors and shareholders.

Safeco, based in Seattle, Washington, is engaged in property and casualty insurance, surety, life insurance and asset management. The CRPTF owns 198,500 shares of Safeco, worth approximately \$6.9 million.

The Safeco shareholder resolution is one of a nearly a dozen resolutions sponsored or co-sponsored by the Connecticut pension fund on a range of corporate governance issues this year, including annual election of all members of the Board of Directors, climate change, reincorporation in the U.S. of companies that have incorporated in Bermuda,

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executive compensation, expensing of stock options, board diversity, global labor standards and implementation of the Sarbanes-Oxley law (particularly related to audit committee oversight).

Under Treasurer Nappier's leadership, the Connecticut Treasury has become one of the nation's most active institutional investors on issues of corporate responsibility and shareholder rights. A year ago, Treasurer Nappier was a leading advocate urging the separation of auditing and consulting work by accounting firms and opposing the off-shore re-incorporation of American companies, such as Connecticut-based Stanley Works. Nappier's office also achieved majority shareholder votes at Reebok, Great Lakes Chemical and Waste Management, on the issue of annual election of all directors, as well as Disney's agreement to no longer use the same firm for auditing and consulting services.

As a result of Safeco's decision, the funds have agreed to withdraw their proposal that called for the board to enable direct communications, including meetings, between non-management directors and shareholders, based on the applicable standard adopted by the New York Stock Exchange Board of Directors.

New York City Comptroller William C. Thompson, Jr. said "I am pleased that as a result of the New York City Pension Funds' initiative, Safeco has not only recognized the need for but taken action to increase direct communication between its shareholders and board of directors. The adoption of this important corporate governance policy will serve to increase the board's responsiveness to the shareholders and enable the board to benefit from shareholder input."

Treasurer Nappier has also been a leading proponent for increasing the number of independent members on boards, and is working with business, community and statewide organizations in Connecticut to increase the number of women and minorities on corporate boards in an unprecedented "Board Diversity Project." The Connecticut Treasury also is the first public pension fund in the nation to introduce a shareholder resolution on the issue of global warming.

"As a public pension fund, we are long-term investors and firmly believe that solid corporate governance and responsiveness to shareholders are in the best interest of both the bottom line and the beneficiaries whose retirement funds we invest," Nappier said.