

ICCR's 2017 Proxy Season Successes

Shareholders achieve new corporate commitments on a range of ESG topics



This proxy season ICCR members filed 300 shareholder proposals at 177 companies on a wide range of topics, in an effort to promote improved corporate responsibility. So far, resolutions at ExxonMobil and Occidental received majority votes, 21 received votes between 40-50% and 71 received votes 25% or greater. In addition, 90 resolutions were withdrawn by the proponents as a result of corporate commitments that responded to the resolution asks. Below, we highlight important votes and resolution withdrawals achieved through productive engagement with management.



CLIMATE CHANGE

Exxon Adds Climate Expert to Board of Directors, Acknowledging Climate Risk

After a multi-year campaign, the Capuchin Franciscans this year convinced oil & gas giant Exxon Mobil to add climate change expert Dr. Susan Avery to its board of directors.

Business Planning for the 2C Warming Scenario

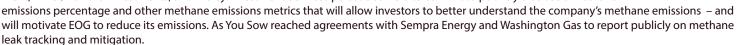
Citing the Paris agreement, investors targeted 17 companies in the power and oil & gas sectors with resolutions asking them to develop business plans addressing the new 2degree challenge. Ten Business Plan for 2C Warming Scenario resolutions received exceptionally high votes: Occidental Petroleum won 67% (this year's highest vote), ExxonMobil 62%, PNM Resources, 49.9%, Dominion Resources 47.83%, Ameren 47.53%, Duke 46.43%, Southern 45.7%, DTE 44.97%, First Energy 41.5%, AES 40.1%, Marathon Petroleum 40.1%, and Entergy 34.95%. As You Sow also persuaded Anadarko Petroleum to implement analysis and disclosure regarding the climate change risk its business faces.

Setting Science-Based Targets to Reduce Greenhouse Gases

This year ICCR members asked companies in a range of industries to adopt time-bound, quantitative, company-wide, science-based goals for reducing their total GHG emissions. At Emerson Electric, the resolution won 33.98% of the vote, at Nucor 33.90%, and at Danaher, 30.06%.

Lowering Methane Emissions

Methane emissions are a dangerous greenhouse gas and a powerful contributor to climate change. Several companies received a resolution asking them to report how they intend to reduce their climate risk by controlling their methane emissions; Occidental's resolution won 45.77% of the vote, Kinder Morgan's 40.59%, and and ExxonMobil's 38.7%. Trillium Asset Management, Miller/Howard Investments, and Mercy Investment Services persuaded EOG to commit to publicly disclose a methane





Investors are challenging companies to combat climate change. At Emerson, a climate lobbying resolution won 40.0% of the vote, at Traveler's 37.4%, at Disney 36.8%, AT&T 35.47%, Cisco, 34.9%, Duke Energy 33.3%, Motorola Solutions 33.3%, Calpine 27.5%, and at IBM 26.54%.

Mitigating Climate Risk

An investor resolution on transitioning to low-carbon energy sources won 27% of the vote at Chevron, while a resolution addressing the risk of stranded fossil fuel assets won 39.87% at PNM Resources. Investors meanwhile, pushed Xcel Energy to undertake action to reduce its climate risk and report data.







SUSTAINABLE FOOD & WATER

Protecting the Human Right to Water

SRI firm NorthStar Asset Management moved two California-based water utilities, California Water Service Group and American States Water, to adopt policies confirming a commitment to support the human right to water (HRTW). Sparked by shareholder proposals filed last fall, these two HRTW policies are the first such policies at California water utilities.

Respecting Communities & Their Right to Water -- The Dakota Access Pipeline

The Presbyterian Church convinced Phillilps 66 -- which has a significant investment in the DAPL project -- to work on strengthening its human rights and Indigenous rights policies, a necessary part of respecting the Standing Rock Sioux tribe's human

right to water. As You Sow persuaded Morgan Stanley and Goldman Sachs — which provide capital to the oil, gas and mining sectors and provided financing for the DAPL project – to review their due diligence processes for financing projects with potential community impacts. Enbridge was asked to report on the due diligence processes it uses when reviewing potential acquisitions to identify and address social and environmental risks. The resolution won 30% of the vote.



Energy utility AMEREN disposes of its coal ash waste in coal ash ponds in the Missouri River flood plain. Coal ash waste contains arsenic, mercury, lead and other heavy metals and toxins. Shareholders asked the company to identify and reduce the environmental and health hazards associated with its past, present and future handling of coal combustion residuals. The resolution won 46.44% of the vote.



Fast Food Restaurants Commit to Responsible Antibiotics Use

Green Century Fund and As You Sow spearheaded a shareholder coalition that secured commitments from Jack in the Box, Restaurant Brands (Burger King), Starbucks, and KFC to phase out medically important antibiotics in their chicken supply chains. A Sanderson Farms antibiotics resolution won 30% of the vote, and at McDonald's, 30.97%.

Hormel Mitigates Water Risk by Adopting a Sustainable Agriculture Policy

The American Baptist Home Mission Society led a group of investors in encouraging meat company Hormel to assess its water risks, improve its water management practices & adopt a sustainable agriculture policy that applies to its direct suppliers, industrial farming operations, and feed grain growers.

Reducing Pesticide Use

Pesticide exposure is strongly correlated with increased cancer. Investors asked Dr. Pepper Snapple to report on its strategies to protect public health and pollinators through reduced pesticide usage in its supply chain; the resolution won 31.6% of the vote. An As You Sow and Maryknoll Sisters resolution led Kellogg's to investigate pre-harvest glyphosate use in its supply chain, and the company's subsequent commitment to work with investors to develop quantitative metrics for its sustainable agriculture program.

Big Box Retailers Reduce their Food Waste to Fight Hunger, Cut GHG Emissions

Trillium Asset Management filed shareholder resolutions to press Costco and Target into beginning to seriously address their food waste disclosure, the first step on the road to better food waste management and prevention. A resolution on cutting corporate food waste won 30.4% of the vote at Whole Foods.

Tyson Invests in Sustainable Protein, Reducing its Carbon Footprint

Responding to increasing consumer preference for plant-based protein which has a lower GHG footprint, and in response to pressure from Green Century Capital Management, Tyson Foods has made a substantial investment in the popular plant-based protein producer, Beyond Meat.





DIVERSITY & INCLUSIVENESS

Making Progress on Pay Equity for Women

Pax World Management moved five companies in the financial services, technology and telecom sectors -- Goldman Sachs, BNY Mellon, Verizon, AT&T and Qualcomm -- to address the gender 'pay gap' by enhancing their pay equity disclosure practices.



FRACKING



Equal Employment Opportunity

Responsible investors consider workplace diversity to be a core component of sound governance policy. This year they filed resolutions asking companies to publish charts identifying their employees according to gender and race in major EEOC-defined job categories, and to provide descriptions of policies/ programs focused on increasing gender and racial diversity in the workplace. A workplace diversity resolution filed at T. Rowe Price Associates won 36.80%, at Travelers, 36.4%, Home Depot 33.65%, and at First Republic Bank, 32.8%.

Committing to Board and Workforce Diversity

NorthStar Asset Management convinced eight companies -- Badger Meter, CVS Health, Costco, IDEX, IBM, Johnson & Johnson, A.O. Smith Corporation, and Whole Foods -- to step up their efforts to diversify their senior leadership and boards of directors, and set time-bound benchmarks to measure progress.

Trillium Asset Management persuaded an additional four companies -- F5 Networks, Fifth Third Bancorp, Jones Lang LaSalle and Visa -- to commit to expanding their workplace diversity by moving towards setting targets.

Expanding LGBT Workplace Protections

Through the filing of shareholder resolutions, Trillium Asset Management raised enough pressure to convince Dentsply, EOG and Verisk Analytics to update their workplace non-discrimination policies to prohibit discrimination based on sexual orientation and gender identity and expression. NorthStar Asset Management also persuaded Johnson Outdoors to similarly prohibit workplace LGBT discrimination.

Responsible Water Use in Fracking Operations

A Miller/Howard Investments resolution led Pioneer Natural Resources to disclose the intensity of its water use for each of its hydraulic fracturing plays. As You Sow moved Whiting Petroleum to take steps to minimize the adverse impacts of its hydraulic fracturing operations.



SUSTAINABILITY

Dunkin Donuts Gets Serious about Recycling

As You Sow reached an agreement with Dunkin Donuts which commits the company to assessing its recycling programs, reporting to shareholders on progress, and working with investors on a potential pilot project for reusable containers.

Seven Companies Commit to Sustainability Reporting

Seven companies -- Ameriprise Financial, A.O. Smith, Chipotle, Emerson, Nordson, Oceaneering and Torchmark -- agreed to improve their ESG performance by tracking and reporting on issues of environmental and social sustainability, thereby enhancing shareholder value. Five investors -- Friends Fiduciary, Domini Impact Investments, Mercy Investment Services, Trillium Asset Management and Walden Asset Management -- negotiated the wins.

A sustainability resolution emphasizing greenhouse gas emissions tracking won 44.6% of the vote at Middleby. A resolution calling on Texas Roadhouse to publish a sustainability report won 28.5% of the vote. A Mondelez resolution asking the company to report on the environmental impacts of its non-recyclable packaging won 27.5% of the vote, while a resolution calling on Duke Energy to address the public health risks of coal pollution won 27.1% of the vote.









GOVERNANCE

Splitting the Roles of Chair/CEO for Better Checks and Balances

Investors call for separation of a corporation's CEO and Chair positions as a matter of good corporate governance, and to ensure a stronger system of checks and balances. Resolutions requesting separation of the two positions received votes of 47.01% at Express Scripts, 42.79% at Johnson & Johnson, 42% at Emerson, 39% at Chevron, 34.50% at Abbvie, and 25.81% at Pfizer. The Needmor Fund pressed Wells Fargo to separate its CEO and Chair positions following a series of high-profile banking scandals, and the bank complied by amending its bylaws, helping bring greater accountability and independence to the two roles.

Disclosing Lobbying Expenditures to Enhance Accountability

Investors are calling on companies to fully disclose their lobbying expenditures as lobbying can have a distinct impact on who gets elected and what laws and regulations are put in place. This year, resolutions challenged companies to be more transparent about their policies and procedures governing lobbying. A lobbying resolution won 42.3% of the vote at Royal Bank of Canada, at First Energy, 41.5%, at Emerson, 40.0%, at Nucor, 37.8%, Traveler's 37.4%, Disney 36.8%, AT&T 35.47%, Cisco, 34.9%, Duke Energy 33.3%, Motorola Solutions 33.3%, CenturyLink 29.2%, Chevron 29%, Monsanto 28.3%, ExxonMobil 27.6%, Calpine 27.5%, and at IBM 26.54%, and AbbVie 26.6%.

In addition, a group of investors led by the Daughters of Charity - Province of St. Louise, Mercy Investment Services and the Christopher Reynolds Foundation pushed Johnson & Johnson, Pfizer and Walgreens Boots Alliance to increase their disclosure of how much they spend each year on lobbying, shining more light on the influence of "dark money" in the U.S. political process.



Increasing Oversight of Corporate Political Spending

Disclosure of corporate political contributions is in the best interest of companies, their shareholders and the general public, and enables the electorate to make informed decisions and give proper weight to different speakers and messages. A resolution calling for disclosure of Emerson's political contributions won 40.25% of the vote, Wyndham Worldwide's 37.7%, Range Resources' 36.38%, and AT&T's 30%.

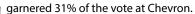
Sparked by resolutions filed by As You Sow and Trillium Asset Management, PNC Financial Services and Pinnacle West made progress by agreeing to publicly disclose their corporate political spending on candidates and political parties, and to increase the degree of board oversight.

Taking a Stand through Proxy Voting

The Center for Community Change, Trillium Asset Management and Walden Asset Management challenged the proxy voting records of large portfolio managers on ESG issues like climate change, by filing resolutions requesting a review of their proxy voting. These firms have voted against virtually every social and environmental resolution in recent years. This pressure led BlackRock and JPMorgan Chase to publish new positions on the urgency of addressing climate risk, opening the door to vote in favor of specific climate-related shareholder resolutions, and on workplace LGBT inclusion.

Protecting Shareholder Democracy

Investor Voice pressed Simon Property Group via a shareholder resolution to adopt a simple-majority formula for tabulating the results of votes on shareholder proposals, and the company agreed, ensuring that investors' voices are heard and respected in major management decisions. In a dialogue with Alexion Pharmacuticals, Investor Voice used the potentiality of filing a resolution as leverage to convince the company to change its voting policies to adopt a simple-majority standard. It also filed a resolution defending shareowners' right to call a special corporate meeting, which





After public outrage over its aggressive drug price increases, and after receiving a resolution filed by members of ICCR's domestic health care team, Valeant Pharmaceuticals agreed to "claw back" some of its executive incentive pay, and include provisions for misconduct beyond what is currently mandated in Dodd Frank.

DRUG PRICING

ICCR is a coalition of over 300 institutional investors working together to promote more just and sustainable corporate practices.

If you are interested in learning more about membership, contact contact Kyle Cheseborough at kcheseborough@iccr.org.