2017 Executive Summary

Celebrating its 46th year, ICCR is the pioneer coalition of shareholder advocates who view the management of their investments as a catalyst for social change. ICCR members engage hundreds of corporations annually in an effort to foster greater corporate accountability on questions such as climate change, corporate water stewardship, sustainable food production, human trafficking and slavery in global supply chains and increased access to financial and health care services for communities in need. As investors, our vision is that ethical business practices are in the best long-term interests of corporations.

This guide presents ICCR member-sponsored resolutions — whether as lead or co-filer — for the 2017 proxy season, as of January 27. If you are a shareholder, we invite you to read through it, review our members’ argumentation and support those resolutions you can. Bearing in mind that any abstention is counted as a vote for management by default, we strongly urge investors to be active shareholders and vote all their proxies as an important exercise of shareholder rights, whenever possible.

Throughout the year, our members engage corporations in various ways on a multitude of topics; thus, the resolutions collected in this guide only partially reflect the scope of ICCR members’ corporate engagement activities. To get a fuller sense of the breadth of our work, visit our website, www.iccr.org.

2017 Proxy Season Overview

In a continuation of a trend for the last 5 years, the number of resolutions filed by ICCR members for the 2017 AGM season rose, to 283. The total number of companies receiving resolutions this year is 165, down slightly from 182 in 2016.

At the time of publishing, ICCR members had withdrawn 28 of these resolutions in exchange for substantive agreements with companies related directly to their resolutions. A few examples of these successes are:

- Exxon’s appointment of a climate scientist to its board of directors
- Restaurant Brands International’s (Burger King and Tim Hortons) commitment to curb medically important antibiotics used in chicken
- Wells Fargo’s revision of its bylaws to separate its CEO and Board Chair roles

In terms of the concentration of resolutions by topic, proposals continue to reflect investor concerns about climate change, and corporate influence through lobbying and political spending.

This year filings increased significantly related to climate change, health and inclusiveness/diversity issues.
Climate Remains a Top Concern for ICCR Members

In response to mounting anxiety about climate risks to business, ICCR members filed a record 104 resolutions addressing climate-related topics, 13 more than in the previous year. As the chart above illustrates, 66 of these dealt primarily with climate change, while an additional 38 addressed climate change indirectly, via lobbying, executive compensation, sustainability, food, water, or the environment.

ICCR members are pursuing a broad campaign that seeks to promote the transition to a clean energy economy by asking companies to develop business plans that take into account a 2C warming scenario and are calling for corporations to make GHG emissions reductions using science-based targets. In terms of companies, investors are prioritizing heavy emitters such as electric utilities and power companies, 13 of which received resolutions this year.

Resolutions on Other ICCR Priority Issues

After climate change, filings addressing corporate lobbying and political contributions disclosure formed the second major stream of ICCR member filings, with 48 resolutions.

As part of a campaign related to ICCR’s food work, 6 resolutions called on meat companies to end the non-therapeutic use of antibiotics in animal agriculture, in an effort to preserve antibiotics’ efficacy for human health. Last year’s proposal calling on companies to join the Fair Food Program returned for a second year, as did a resolution on corporate food waste.

Filings on health-related issues were up sharply as a result of an investor push on drug pricing transparency with major U.S. pharma companies. Responding to rising prescription drug costs, this new crop of resolutions asked pharma companies to disclose their rationale for annual price increases in excess of 10% for their top drugs.
Filings on water-related topics doubled this year, due to concern over water impacts and indigenous people’s rights as a result of the attempted construction of the Dakota Access Pipeline. Investors also filed human right to water resolutions with water utilities, highlighting leaking pipes, high contaminant levels, and failing infrastructure, in an effort to prevent the ongoing crisis in Flint, Michigan.

ICCR members filed several human rights and human trafficking resolutions that asked corporations to adopt principles for minimum wage reform. Other resolutions emphasizing ethical labor recruitment called for companies to implement “no fees” policies where employers pay recruitment fees, not workers. A new resolution that emerged out of ICCR’s “Fair Chance Hiring” initiative challenged companies on their use of criminal background checks in hiring decisions, and asked them to evaluate the risk of racial discrimination that may result. Another resolution called attention to the genocide in Burma, committed against the Rohingya minority.

Under the financial practices and risk umbrella and in response to CFPB penalties for widespread fraud in its lending practices, Wells Fargo received three resolutions this year asking for 1) a report on its business standards and risk management practices, 2) separation of its CEO and Chair positions, which was withdrawn when the company modified its bylaws implementing this change, and 3) a resolution requesting that the company tie executive pay to its sustainability performance and ethical business conduct. In addition, Wells Fargo, along with Goldman Sachs and Morgan Stanley received resolutions drawing attention to their financing of the Dakota Access Pipeline.

This year there were 25 resolutions dealing with corporate governance themes, nearly half the volume of last year. A large group called for separation of CEO and Chair roles. Investors also took issue with discrepancies between the proxy voting records of large portfolio managers and their publicly stated positions on ESG issues like climate change, by filing 8 resolutions requesting alignment between proxy voting practices and public positions. Privately held mutual funds like Vanguard are not required to hold an annual stockholder meeting unless they are making significant changes requiring a vote by investors in the fund. Shareholders filed with Vanguard nonetheless to alert the fund that they are questioning its proxy voting practices on climate change.

Resolutions on diversity and inclusiveness, which encompass topics such as board/workplace diversity, gender pay disparity and LGBT issues, also increased this year. A new resolution addressed the business risks of operating in states with anti-LGBT legislation.

New Topics This Year

- DAPL
- Climate Change Impacts of Increased Biomass Use
- Criminal Background Checks in Hiring Decisions
- Gender Pay Gap
- Non-Discrimination Policies in States with Discriminatory LGBT Laws
- Proxy Voting Policies – LGBT issues
- Sustainable Protein

We close with a reminder that ICCR is a large and diverse coalition; as such, the inclusion of a given resolution in the Guide should not be interpreted as its unanimous endorsement by our membership.
A Note on Our Methodology

Much of ICCR’s current work is intersectional, i.e., addressing multiple, overlapping social and environmental issues. For the purposes of reporting, we therefore categorize shareholder resolutions according to their primary focus. For example, resolutions calling for greater disclosure on lobbying and political contributions but indirectly referencing climate policy are considered lobbying resolutions. Likewise, resolutions addressing banks’ financing of the DAPL project, which endangers the Standing Rock Sioux’s water supply, are considered chiefly water resolutions. Similarly, a resolution calling for safe disposal of prescription drugs to prevent water pollution is discussed in the water section of this book.

In an update from our editorial policy last year, we moved a handful of resolutions regarding proxy voting practices which previously appeared in the corporate governance section into the social or environmental issue section they specifically addressed — i.e., proxy voting policies and climate change to the climate change section of the book, and proxy voting policies and LGBT issues to the inclusiveness section of the book. Additionally, executive pay: incorporate diversity metrics moved into inclusiveness, while executive pay tied to resilience to low-carbon scenarios moved to climate change, and executive pay: incorporate sustainability metrics moved into sustainability. In addition, sustainability reporting resolutions with a strong emphasis on climate change moved to the climate change section of this book.

Note: filings received after the 1/21/17 closing date are not included in this Guide but will be made available on www.iccr.org. In addition, over the next few months, some resolutions published here will likely be withdrawn by their filers in exchange for agreements or will be omitted with permission from the SEC, and thus will not appear on corporate proxy ballots. Resolutions that have already been withdrawn are indicated in the ICCR Member Resolutions by Company section, which begins on page 2.

We hope you’ll let us know you’ve voted by tweeting to us at @ICCRonline using the hashtag #VoteYourProxies.