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SHAREHOLDERS SEEK TO HOLD STURM RUGER BOARD ACCOUNTABLE FOR FAILURE TO PROTECT SHAREHOLDER VALUE AND PUBLIC SAFETY

Shareholder advisory calls for investors to vote against two directors

WASHINGTON — Yesterday Majority Action and Interfaith Center on Corporate Responsibility issued an investor [advisory](#) calling on shareholders of Sturm, Ruger & Co. (RGR) to withhold support from the board chairman, Michael Jacobi, and Director Sandra Froman. The advisory raises multiple concerns about the gun manufacturer's refusal to engage with shareholders about risk oversight, governance failures, and loss of shareholder value.

Sturm Ruger has experienced declining sales and profitability two years in a row, and it saw a 12.9% decline in total shareholder return since the November 2016 US election.

In the wake of the 2018 Parkland massacre and the Sandy Hook families' lawsuit against competitive firearm manufacturer, Remington Arms Company, Sturm Ruger and other gun makers have been under increased pressure from investors and gun safety advocates to help provide solutions to mounting episodes of gun violence.

In a 2018 shareholder resolution, investors demanded a report on measures Sturm Ruger has taken to mitigate the business risks of gun violence associated with the company's products: the resolution passed with over two-thirds shareholder support including major funds such as BlackRock, Vanguard and State Street. In its [report responding to the resolution](#), delivered to shareholders on February 8, 2019, the company rejected any corporate responsibility for improving gun safety, refusing to even acknowledge the risks to long-term shareholder value.

"As Chair, Michael Jacobi bears ultimate responsibility for Sturm Ruger's strategy and performance. Instead of playing an independent role on behalf of shareholders, Jacobi has personally joined CEO Christopher J. Killoy in rejecting meaningful dialogue with major shareholders concerned about long-term value creation and corporate responsibility," said Eli Kasargod-Staub, executive director of Majority Action. "In the face of this, shareholders are being forced to take the only logical next step and hold the board accountable."

Investors argue Sturm Ruger has continued to ignore the practical efforts that could be put in place to enhance gun safety — measures widely supported by gun owners that include universal background checks, smart gun technology, and improved monitoring of its distribution channels to help prevent the misuse of its products.

The investors also believe that Sturm Ruger’s leadership is neglecting opportunities to expand its customer base and maximize shareholder value through innovation and competitive differentiation, choosing to instead focus on sales tactics targeted at their existing customer base.

“Sturm Ruger seems more concerned with playing to a particular political constituency than taking a sober look at mitigating the negative impact that the misuse of its products can have on the broader American public,” said Josh Zinner, CEO of the Interfaith Center on Corporate Responsibility. “Ruger believes that innovations in smart gun technology or improved oversight mechanisms would be interpreted by its core customers as going weak on the 2nd amendment. This short-sighted view is driven by fear of the NRA rather than common sense and the strategic, long-term vision befitting a publicly-held company.”

Sturm Ruger has doubled down on its short-term strategy that may be influenced by the extremist views of Director Froman. As a leader of the National Rifle Association, Froman championed the campaign that [nearly bankrupted gun manufacturer Smith & Wesson](#) in 2000 for pursuing technological and policy solutions to improve gun safety. She has also served as an officer on the [Council for National Policy](#), a secretive organization active on gun policy issues that has been associated with extremist, neo-Confederate, anti-immigrant, and anti-Muslim views— a role that was not disclosed to shareholders. Further, she has a troubling history of advocating for [pseudoscientific racist views](#) regarding the supposed genetic inferiority of African Americans. Sturm Ruger has never responded to [questions Majority Action raised](#) about these issues before its 2018 shareholder meeting.

Along with these conflicts of interest, Sturm Ruger also faces increased legal risk along with other gun manufacturers in the wake of the Connecticut Supreme Court’s ruling last month that the Sandy Hook families could pursue their suit against Remington for its reckless marketing of the AR-15-style semi-automatic rifle used in the massacre.

“With its failure to engage or respond constructively to shareholder concerns, Sturm Ruger has made its priorities clear,” said Kasargod-Staub. “In these circumstances, boardroom accountability is the remaining choice for shareholders concerned with long-term value creation, firearm safety, and responsible corporate governance. That’s why we’re calling on Sturm Ruger investors to withhold support from Sturm Ruger Chair Michael Jacobi and Director Sandra Froman.”

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Majority Action is a nonprofit organization dedicated to empowering shareholders of all sizes to hold corporations and their leadership accountable to high standards of long-term value creation, corporate governance, and social responsibility.

www.majorityaction.us

Interfaith Center on Corporate Responsibility (ICCR)

Celebrating its 49th year, ICCR is the pioneer coalition of shareholder advocates who view the management of their investments as a catalyst for social change. Its 300 member organizations comprise faith communities, socially responsible asset managers, unions, pensions, NGOs and other socially responsible investors with combined assets of over \$400 billion. ICCR members engage hundreds of corporations annually in an effort to foster greater corporate accountability. www.iccr.org