Shareholder Proposals on Worker Rights 2023
KEY ARGUMENTS FOR SUPPORTING THESE PROPOSALS

Good For Business
- Great Resignation: increased turnover felt by restaurant and retail industry (U.S. BLS)
- Financial precarity leads to poor attendance, high turnover and operational problems that undermine sales and profits (HBR)
- “Our research shows that companies who forged strong bonds with their employees have seen lower levels of turnover and higher returns through the pandemic.” (Blackrock Larry Fink)

Economic Inequality
- U.S. income inequality has been increasing steadily since the 1970s, and now has reached levels not seen since 1928 (Pew Research Center)
- 75-85% of Americans believe companies should be taking concrete steps to create a more equitable future (JUST Capital)

Racial & Gender Inequity
- The racial wealth gap, which grew by over 50% from 1990 to 2016, will cost US economy between $1-1.5 trillion between 2019 and 2028—4-6% of projected GDP in 2028. (McKinsey)
- Corporate leaders have been called to acknowledge systemic racism and commit to concrete initiatives to remedy it. Wage increases are the most direct route to more racially equitable pay practices. (Ford Foundation President Darren Walker)

Reputational Risk
- SEC rule-making on human capital management disclosure.
- Congressional and media attention (The Guardian)
KEY CONCERNS AND COST TO BUSINESS

Workers’ Rights Concerns:

● High rates of injury and illness due to insufficient health and safety protections
● Typically low-wage hourly jobs paying below a living wage
● Limited eligibility for benefits like paid sick leave and insurance, or long wait times to qualify
● High proportion of part-time workers, often without a path to full-time work
● Work schedules may be unpredictable/made available on short notice

Costs:

● To companies and investors:
  ○ High rates of employee turnover, decreased productivity, increased recruitment costs
  ○ Costly fines for violations and litigation risks
  ○ Negative impacts on brand reputation and consumer trust
● Broader economic and societal impacts
  ○ Negative public health outcomes
  ○ Negative economic impacts associated with low wages
WORKER VOICE
Proponent: Oxfam America

**Hourly Associate on Board of Directors:** Shareholders of Amazon.com, Inc. (“Amazon”) urge the board to adopt a policy of promoting significant representation of employee perspectives among corporate decision makers by requiring that the initial list of candidates from which new board nominees are chosen (the “Initial List”) by the Nominating and Governance Committee include (but need not be limited to) hourly employees. The policy should provide that any third-party consultant asked to furnish an Initial List will be requested to include such candidates.

- **Why was the proposal filed at Amazon?**
  - Horrific conditions: employees call workplace “hellish,” “grueling and unsafe” and note they’re on food stamps in high-profile media
  - Disturbing workplace surveillance tactics and aggressive anti-union activities receive consistent coverage
  - Repeated lawsuits, NLRB complaints from employees

- **What are the gaps in their practice/policies?**
  - Aggressive anti-union activities, workplace injuries and surveillance ensure continued labor violations
  - No organizational route for hourly wage associates to flag concerns to management = press, litigation, strikes as only options

- **How does company compare to peers?**
  - 80% higher workplace injury rate than peers
  - Staggering 150% annual employee turnover. Internal memos reveal they will churn through US workforce by 2024
  - Consistent NLRB rulings against Amazon

- **What is the financial implications and impact of the issue on shareholder value?**
  - **Legal challenges:** frequent lawsuits, NLRB complains, DOJ investigations
  - **Operational damage:** Strikes, poor employee retention & recruitment
  - **Reputational damage:** NY Times: Amazon “burns through workers;” Bloomberg: “Amazon Illegally Threatened Intimidated, & Surveilled staff; Business Insider reports on “horror stories of shop working conditions”
  - **28% higher shareholder returns** for companies w/ workers on boards
WORKER HEALTH AND SAFETY
KEY ARGUMENTS FOR SUPPORTING WORKER HEALTH AND SAFETY

Good For Business
- Prevent workplace injuries, illnesses, and deaths
- Improve overall worker well being and job satisfaction, which increases worker productivity
- Reduce turnover rates and associated costs of recruiting and training new employees
- Strengthen worker engagement and integrate worker-driven solutions to health and safety concerns

Economic & Racial Inequality
- Improving workplace health and safety in retail would positively impact women and people of color who make up the majority of the retail workforce

Reputational, Regulatory, & Public Health Risks
- Increase compliance with labor laws - reduce violations, fines, and litigation risks
- Prioritizing worker health and safety improves public health outcomes for both workers and consumers
Workplace Health and Safety Audit: RESOLVED: Shareholders request that the Board of Directors commission an independent audit and report of the working conditions and treatment that Amazon warehouse workers face, including the impact of its policies, management, performance metrics, and targets. This audit and report should be prepared at reasonable cost and omit proprietary information.

- **Why was the proposal filed at Amazon?**
  - Amazon does not provide employees with a workplace free from recognized hazards that are likely to cause musculoskeletal disorders and serious injuries.
  - Numerous OSHA safety citations regarding Amazon’s dangerous workplaces, including a citation for 10 separate violations classified as “Willful,” the most serious finding OSHA can issue; only 0.4 percent of citations in OSHA’s 50-year history have been classified as willful.

- **What are the gaps in their practice/policies?**
  - Unattainable productivity targets and surveillance technology impacting workers’ health, with 51.7% of workers surveyed saying monitoring of work has a negative impact on physical health and 57.35% on mental health. Furthermore, workers reported that high productivity targets led to more injuries and accidents.

- **How does the company compare to peers?**
  - Amazon employees are injured more frequently and more severely than elsewhere in the industry - more than twice as high as Walmart workers.
  - Amazon has a 150% turnover rate, almost double that of the retail and logistics industry.
  - Amazon’s goal is to cut incident rates by 50% by 2025, but Amazon’s injury rate rose 20% from 2020 to 2021, and, while Amazon employed 33% of all U.S. warehouse workers, Amazon was responsible for 49% of all injuries.

- **What are the financial implications and impacts of the issue on shareholder value?**
  - Poor working conditions result in Amazon having a high turnover rate, increasing costs for hiring and training new employees.
  - Amazon’s turnover rate is projected to cost $8 billion annually for Amazon and its shareholders.
Proponent: Cyndi Murray

Workplace Safety Policy Assessment - Gun Violence: RESOLVED: Shareholders urge Walmart Inc. ("Walmart" or the "Company") to conduct a third-party, independent review of the impact of Company policies and practices on workplace safety and violence, including gun violence. A report on the review, prepared at reasonable cost and omitting proprietary information, should be published on Walmart’s website. At company discretion, the proponents recommend the audit and report include: (1) Evaluation of management and business practices that contribute to an unsafe or violent work environment, including staffing capacity and the introduction of new technologies; and (2) Recommendations that will help Walmart create safer work environments and prevent workplace violence.

● Why was the proposal filed at Walmart
  ○ The company’s track record on gun violence, most notably the recent mass shooting in Chesapeake, Va., perpetrated by a Walmart Associate.
  ○ The impact of the company’s poor COVID response on associates is becoming more evident
  ○ Continued concerns about worker health & safety

● How does company compare to peers?
  ○ Walmart leads its peers in the number of gun incidents and gun deaths by a wide margin.
  ○ COVID-19 infection rates at Walmart increased in 2021 while the average private sector rate decreased; Associates in supercenters are 75% more likely to experience work related injuries and illnesses than other retail workers

● What are the gaps in their practice/policies?
  ○ Inadequate workplace safety and violence prevention plans.

● What is the financial implications and impact of the issue on shareholder value?
  ○ Employers and their health insurers bear a substantial financial burden from firearm injuries each year.
  ○ Workplace injuries cost U.S. businesses billions of dollars every year.
**Proponent: Achmea Investment Management**

**Report on Driver Health and Safety:** Shareholders of Uber Technologies, Inc. (“Uber”) request that the Board of Directors commission an independent third-party audit on driver health and safety, evaluating the effects of Uber’s performance metrics and ratings and its policies and procedures on driver health and safety. The audit should be conducted with input from drivers, workplace safety experts, and other relevant stakeholders and consider legislative and regulatory developments and adverse media coverage. A report on the audit, prepared at a reasonable cost and omitting confidential and proprietary information, should be publicly disclosed on Uber’s website.

**Why was the proposal filed at Uber?**
Uber drivers are experiencing a health and safety crisis. Drivers face considerable issues with violence, harassment, assault, and robbery and are even being killed while working. Uber’s safety issues have been the source of lawsuits and regulatory action and even prompted federal elected officials to press Uber to address the safety crisis. Considering the severity of the issue, investors felt it was critical to understand the systemic causes of the safety crisis.

**What are the gaps in their practice/policies?**
Uber’s business model invites safety issues. The company also has poor disclosure. Their safety reports are not comprehensive, only focuses on the US market and fails to report all instances of harm drivers face and report-from harassment to robbery and verbal abuse. Additionally, Uber's safety features are not harm-prevention tools.

**How does company compare to peers?**
Uber is the largest rideshare company in the world and has, like it’s main competitor in the US, has released insufficient safety reports.

- Between 2017-20, Uber created 24,000 safety incident reports involving assaults perpetrated on drivers.
- Uber drivers comprise at least 1% of US job-related deaths.
- Since 2017, 52 app workers have been murdered on the job.

**What is the financial implications and impact of the issue on shareholder value?**

- Bad press and public scrutiny impacting the brand
- Potential for lawsuits & agency claims
- Increased regulatory action and security by elected officials.
- High driver turnover, increased driver acquisition cost
Proponent: CommonSpirit Health

Workplace Health and Safety Audit: Shareholders of Dollar Tree request that the Board of Directors commission an independent third-party audit on the impact of the company’s policies and practices on the safety and well-being of workers. A report on the audit, prepared at reasonable cost and omitting proprietary information, should be made available on the company’s website.

- **Why was the proposal filed at Dollar Tree?**
  - The company has a history of worker safety violations that include safety hazards, insufficient staffing and significant issues with violence within their stores. Evidenced in OSHA violations and press. While the company has indicated a willingness to improve, investors felt actions were not expeditious enough, considering the gravity of the issues.

- **What are the gaps in their practice/policies?**
  - Poor business model that invites safety issues
  - History of inattentiveness to safety issues and disregard for addressing worker concerns (poor disclosure)
  - Poor implementation of their own policies
  - New staff and organizational “refresh” not seasoned yet

- **How does company compare to peers?**
  - Compared to Dollar General, the company has always been more willing to dialogue, to listen to investors and to agree to changes - but there has not always been sufficient follow through

- **What is the financial implications and impact of the issue on shareholder value?**
  - Significant OSHA violation fines
  - Poor press impacting reputation (violence and other hazards)
  - Potential for lawsuits
HUMAN RIGHTS
KEY ARGUMENTS FOR SUPPORTING HUMAN RIGHTS

Good For Business
- Human rights due diligence is an effective tool for proactive risk management. Stakeholder engagement, including worker engagement, is critical to the effectiveness of any corporate due diligence exercise.
- Freedom of association and collective bargaining can foster meaningful engagement and resolution of conflict between employers and workers.

Economic & Racial Inequality
- Freedom of association and collective bargaining rights are enabling rights, opening the door for workers to collectively bargain for a living wage and benefits, which would positively impact the retail workforce, predominantly people of color and women.

Reputational, Regulatory, & Public Health Risks
- The UNGPs establish a corporate responsibility to respect human rights and set out clear expectations for corporate human rights due diligence for direct operations and in the supply chain.
- Companies have a responsibility to respect worker organizing rights under the ILO Freedom of Association and Protection of the Right to Organise Convention, (No. 87) 1948 and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98).
- Failure to abide by international human and labor rights standards presents legal, financial, and reputational risks.
- Through the collective bargaining process, unionized workers have the ability to secure improved health and safety practices, paid sick leave, and other benefits that can contribute to improved health outcomes for workers.
- Most recently, companies - and in fact the country - saw what can happen when a company fails to implement sufficient human rights due diligence when the NY Times broke its front page story uncovering child migrant labor in the US supply chains of a number of major retail and other companies, including Walmart.
Human Rights Due Diligence: RESOLVED, that the shareholders of Walmart Inc. (“Walmart”) hereby request that the Walmart Board of Directors (the “Board”) prepare a report, at reasonable cost and omitting proprietary information, on Walmart’s human rights due diligence (“HRDD”) process to identify, assess, prevent and mitigate actual and potential adverse human rights impacts in its domestic and foreign operations and supply chains.

- **Why was the proposal filed at Walmart?**
  - Significant labor concerns in domestic operations, forced labor allegations in Walmart’s supply chain:
  - NY Times reports on alarming conditions during COVID, punishing workers for using sick time
  - Time Magazine: over half Walmart employees earn less than $29,000 annually, not a living wage
  - Walmart sources high-risk goods (Thai seafood supply chain), subjected to lawsuits over importing goods produced with forced labor
- **What are the gaps in their practice/policies?**
  - Only piecemeal initiatives; lacks comprehensive and transparent HRDD process, a low-cost way to mitigate these harms
  - Company declines to adopt robust HRDD in line with UNGPs

- **How does company compare to peers?**
  - Lagging behind peers including Kroger, Jumbo, Tesco, Nestle
- **What is the financial implications and impact of the issue on shareholder value?**
  - Reputational risk - consistent negative press
  - Legal risk - sued by domestic employees for labor violations, foreign forced laborers for profiting off trafficking. Must comply with new EU regulations
RACIAL EQUITY AUDIT
KEY ARGUMENTS FOR SUPPORTING RACIAL EQUITY AUDIT PROPOSALS

Good For Business
● Third-party racial equity audits help companies identify discriminatory policies, practices, and/or impacts of business activities and implement corrective actions to root out those practices and provide remedy to impacted stakeholders.

Economic & Racial Inequality
● Dismantling systemic racism and economic inequality requires active participation and intentional investment from the private sector, including companies and shareholders, as the U.S. economy is rooted in a history of exploitation of BIPOC communities.

Reputational, Regulatory, & Public Health Risks
● Companies have a responsibility to comply with Title VII of the Civil Rights act which prevents discrimination on the basis of race and other protected characteristics, and failure to do so may result in enforcement actions by the EEOC.
● Companies that adopted racial equity commitments post-2020 without taking meaningful actions to implement them have faced public criticism and reputational harm for such commitments being performative. Conducting an REA demonstrates the company is taking proactive steps towards a more equity-centered approach.
● Investors are looking to company benchmarks assessing racial equity criteria, such as those developed by As You Sow and JUST Capital, to inform shareholder engagements and due diligence. Publishing the findings of a third-party REA can help companies strengthen their policies, practices, and disclosures to better align with peer best practices and increase transparency to investors and the public.
Proponent: United for Respect

Racial Equity Audit: Shareholders request Walmart Inc. ("Walmart" or the "Company") conduct a third-party, independent racial equity audit analyzing Walmart’s adverse impacts on Black, Indigenous and People of Color (BIPOC) communities, and to provide recommendations for improving the company’s racial equity impact. Input from employees, customers, and racial justice, labor, and civil rights organizations should be considered in determining specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential and proprietary information, should be published on Walmart’s website.

- **Why was the proposal filed at Walmart?**
  - Given the size and demographic of Walmart’s hourly workforce, shareholders want to ensure Walmart is not contributing to or exacerbating broader racial inequities.

- **What are the gaps in their practice/policies?**
  - Claims of discrimination in hiring, recruitment, and promotion; as well as pay disparities between white and non-white workers.

- **How does company compare to peers?**
  - At WMT, people of color comprise 49% of its U.S. workforce but make up only 27% of its U.S. Officers and 18% of its Board of Directors.

- **What is the financial implications and impact of the issue on shareholder value?**
  - Failure to effectively address racial inequities in its operations exposes Walmart to risks that may affect shareholder long-term value.
KEY CONCERNS AND COST TO BUSINESS

Workers’ Rights Concerns:

● High rates of injury and illness due to insufficient health and safety protections
● Typically low-wage hourly jobs paying below a living wage
● Limited eligibility for benefits like paid sick leave and insurance, or long wait times to qualify
● High proportion of part-time workers, often without a path to full-time work
● Work schedules may be unpredictable/made available on short notice

Costs:

● To companies and investors:
  ○ High rates of employee turnover, decreased productivity, increased recruitment costs
  ○ Costly fines for violations and litigation risks
  ○ Negative impacts on brand reputation and consumer trust
● Broader economic and societal impacts
  ○ Negative public health outcomes
  ○ Negative economic impacts associated with low wages
**Proponent: CommonSpirit Health**

**Workplace Health and Safety Audit:** Shareholders of Dollar Tree request that the Board of Directors commission an independent third-party audit on the impact of the company’s policies and practices on the safety and well-being of workers. A report on the audit, prepared at reasonable cost and omitting proprietary information, should be made available on the company’s website.

- **Why was the proposal filed at Dollar Tree?**
  - The company has a history of worker safety violations that include safety hazards, insufficient staffing and significant issues with violence within their stores. Evidenced in OSHA violations and press. While the company has indicated a willingness to improve, investors felt actions were not expeditious enough, considering the gravity of the issues.

- **What are the gaps in their practice/policies?**
  - Poor business model that invites safety issues
  - History of inattentiveness to safety issues and disregard for addressing worker concerns (poor disclosure)
  - Poor implementation of their own policies
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  - Potential for lawsuits
FREEDOM OF ASSOCIATION
KEY ARGUMENTS FOR SUPPORTING FREEDOM OF ASSOCIATION

Good For Business
● Firms with workers who have a voice through trade unions have higher productivity
● Unions improve worker health & safety, training, and employee retention
● Companies face legal and reputational risk from anti-union activity

Economic & Racial Inequality
● Trade unions reduce economic inequality including racial and gender pay gaps
● Collective bargaining provides an accessible workplace grievance procedure by providing low wage workers with an effective remedy for harassment and discrimination

International law
● All businesses have the responsibility to adhere to international law and societal expectations
● Freedom of association and collective bargaining are recognized as international human rights by the UN Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, and ILO Declaration on Fundamental Principles and Rights at Work

Proponent: AFL-CIO

Freedom of Association and Collective Bargaining: RESOLVED: Shareholders urge the Board of Directors of Wells Fargo & Company (“Wells Fargo”) to adopt and publicly disclose a policy on its commitment to respect the international human rights of freedom of association and collective bargaining.

● Why was the proposal filed at Wells Fargo and Activision?
  ○ Unions have filed unfair labor practices charges with the NLRB against Wells Fargo and Activision alleging intimidation and coercion of workers who were engaged in protected concerted activity
  ○ Similar proposals have been filed at more than a dozen companies for 2023 in recognition of workers’ seeking to exercise their freedom to come together in unions to negotiate fair wages and benefits

● What are the gaps in their practice/policies?
  ○ Wells Fargo’s Human Rights Statement, Code of Ethics and Business Conduct, and Supplier Code of Conduct are silent on freedom of association and collective bargaining
  ○ Activision believes “that a direct relationship between managers and team members” is preferable to workers’ exercising their freedom to of association and collective bargaining

● How does company compare to peers?
  ○ Citigroup’s human rights statement embraces freedom of association, the right to organize and bargain collectively
  ○ Microsoft has announced that it would remain neutral and will not interfere if its employees express interest in joining a union

● What is the financial implications and impact of the issue on shareholder value?
  ○ Respecting labor rights is good for business, reduces employee turnover, and increases employee productivity.
WAGES
KEY ARGUMENTS FOR SUPPORTING WAGES AND EQUITY

Good For Business
- Paying workers a living wage can contribute to improved retention rates, worker productivity, and job satisfaction; help companies build a more positive brand reputation; and increase consumer and investor trust.

Economic & Racial Inequality
- Wage increases have not kept up with the rate of inflation in the U.S., reducing consumer purchasing power and slowing economic growth.
- A living wage can help reduce the racial wealth gap, which is projected to boost economic growth in the U.S.

Reputational, Regulatory, & Public Health Risks
- Companies found in violation of wage and hour laws may be subject to litigation, enforcement action, and fines.
- Investors are increasingly encouraging companies to consult living wage frameworks such as the MIT Living Wage Calculator and Living Wage for US framework to ensure worker wages reflect real costs of living.
- JUST Capital’s 2022 priorities survey found that the American public, across demographic groups, ranked paying workers a living wage as the number one issue for companies to prioritize.
Proponents: SHARE

Competitive Employment Standards, Including Wages and Benefits: That shareholders of Restaurant Brands International (“RBI”) ask the board of directors to analyze and report on how its business strategy will be resilient in the face of increasing labour market pressure while sustaining shareholders’ financial return and long-term value. The report should, at minimum, (1) explain how the Company’s strategy, programs and incentives enable franchisees to adopt competitive employment standards, including wages and benefits and (2) demonstrate the effectiveness of its strategy through the disclosure of aggregated human capital performance indicators and information.

- **Why was the proposal filed at this company?**
  - “Human capital is a key production input necessary for the development of goods and services that drive individual firm performance as well as the larger economy”.
  - HCM disclosure allows shareholders to understand how companies navigate shifting environment, including labour market conditions.
  - The restaurant sector in North America and RBI restaurants is hit by lasting labour market constraints and competitive working conditions are a differentiator. Without data, shareholders can’t assess the extent of the workforce difficulties corporate owned and franchise restaurants face.

- **What are the gaps in their practice/policies?**
  - No disclosure of key human capital management data at corporate owned and franchise level restaurants that may impact important aspects of RBI’s business (e.g. turnover rate, wage...)

- **How does the company compare to peers?**
  - Chipotle discloses turnover rate and yearly salary for different classes of employees and internal promotion data
  - Walmart discloses internal promotion and compensation data

- **What is the financial implications and impact of the issue on shareholder value?**
  - Companies relying on a large and precarious workforce experience higher turnover.
  - High turnover increases labour cost and impacts the quality of service and clients’ experience.
  - Investing in the workforce allows companies to compete in shifting environment where ingenuity and the ability to quickly adapt are the keys to long-term success.
Proponent: United Church Funds

**Wage and Equity Report**: Shareholders ask that the board commission and publish a report on (1) whether Dollar Tree participates in compensation and workforce practices that prioritize Company financial performance over the economic and social costs and risks created by income inequality and racial and gender disparities and (2) the manner in which any such costs and risks threaten returns of diversified shareholders who rely on a stable and productive economy.

- **Why was the proposal filed at Dollar Tree?**
  - Addresses historically ignored Beta - portfolio risk tied to social externalities
  - DT’s low pay practices hit women and minority employees the hardest.

- **What are the gaps in their practice/policies?**
  - Lack of minimum wage commitment. 20 states rely on the Federal minimum wage, $7.25/hr. DT’s median pay is $13,490 which is below the federal poverty rate.

- **How does company compare to peers?**
  - Dollar Tree does not have a minimum wage commitment. Many competitors pay $15+ (Costco, Target, Best Buy, Amazon, IKEA, and Starbucks). $14 at Walmart.

- **What is the financial implications and impact of the issue on shareholder value?**
  - Income inequality slows U.S. economic growth by reducing demand by 2 to 4 percent.
  - Closing wage gaps 20 years ago could have generated $12T in additional income.
Proponent: Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, South Dakota

Wage and Equity Report: Shareholders ask that the board commission and publish a report on (1) whether the Company participates in compensation and workforce practices that prioritize Company financial performance over the economic and social costs and risks created by income inequality and racial and gender disparities and (2) the manner in which any such costs and risks threaten returns of diversified shareholders who rely on a stable and productive economy.

**Why was the proposal filed at Kroger?**
- Largest grocery brand in the US and 7th largest employer and
- 30% vote on wages proposal in 2022. The company did not meet with shareholders after the vote.
- Negative media attention on wages, *(More Perfect Union)* workforce, and proposed merger with Albertsons

**What are the gaps in their practice/policies?**
- There is no disclosure of the number, or demographics, of associates earning at or above the average $17 wage
- Workforce is 50.4% female and 38.5% minority, these groups only make up only 33% and 26% of store leaders.

**How does company compare to peers?**
- Kroger wages vary by region but not made public. Company puts emphasis on benefits but hourly wage well below a living wage. Many competitors pay $15+ (Costco, Target, Best Buy, Amazon, IKEA, and Starbucks).
- Walmart recently announced it will raise its starting wage to $14. Kroger does not have a company set minimum wage.

**What is the financial implications and impact of the issue on shareholder value?**
- Paying a living wage leads to higher profits, higher retention, lower poverty rates among workers.
Worker Pay in Executive Compensation: Shareholders of Walmart Stores, Inc. (“Walmart”) request the adoption of a policy that recommends the Compensation and Management Development Committee (“Committee”) of the Board of Directors to take into consideration the pay grades and/or salary ranges of all classifications of Walmart employees when setting target amounts for chief executive officer (“CEO”) compensation. Compliance with this policy is excused if it violates any existing contractual obligation or the terms of any existing compensation plan.

Why was the proposal filed at these companies?
- Walmart is the largest private sector employer with 2.3 million employees
- Amazon is the second largest private sector employer with 1.6 million employees

What are the gaps in their practice/policies?
- Neither company’s compensation committee considers the company’s overall compensation philosophy for all employees as part of the CEO compensation process
- Both companies rely on peer group benchmarking to set target CEO pay amounts which can lead to pay inflation

How does company compare to peers?
- Amazon’s 2021 pay ratio was 6,474:1 vs. the consumer discretionary sector average pay ratio of 205:1
- Walmart’s 2021 pay ratio was 1,013:1 vs. the consumer staples sector average pay ratio of 206:1

What is the financial implications and impact of the issue on shareholder value?
- High CEO-to-worker pay ratios can erode employee morale and productivity, lead to increased turnover
- Considering how other employees are paid at the company will encourage compensation committees to consider what quantum of CEO pay is appropriate for the company’s own needs
Racial and Gender Pay Disparity
KEY ARGUMENTS FOR SUPPORTING RACIAL & GENDER PAY DISPARITY PROPOSALS

Good For Business
- Assessing and disclosing unadjusted or median pay gap data helps companies identify gaps in representation in high-paying roles.
- Companies that manage pay equity have greater diversity; diversity associated with superior stock performance.
- Citigroup estimates closing minority and gender wage gaps 20 years ago could have generated $12T in additional income

Economic & Racial Inequality
- Black workers’ hourly earnings represent 64% of white wages; women’s hourly median earnings represent 83% of men’s wages
- Black women earn 63 cents, Native women 60 cents, Latina women 55 cents
- At current rate, women will not reach pay equity until 2059, Black women until 2130, Latina women until 2224

Reputational, Regulatory, & Public Health Risks
- Investor expectations for median pay gap disclosure are increasing
- Several countries already mandate median pay gap disclosures - including UK and Ireland; regulation evolving on mandated pay equity disclosures
Proponent: Arjuna Capital

Racial and Gender Pay Disparity: Shareholders request Company report on both quantitative median and adjusted pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information. Racial/gender pay gaps are defined as the difference between non-minority and minority/male and female median earnings expressed as a percentage of non-minority/male earnings (Wikipedia/OECD, respectively).

- **Why was the proposal filed?**
  - Transparency is crucial for companies’ to manage pay gaps
  - Controversies at several of the companies with allegations of unfair pay
  - Increasingly becoming an expectation from investors

- **What are the gaps in their practice/policies?**
  - Lacking Both Metrics: Kroger, NextEra, Schwab, Boeing, Marriott, Goldman Sachs, and DexCom
  - Lacking Median: Amazon, Intuitive, and Kellogg’s

- **How does company compare to peers?**
  - ~50% of largest 100 US companies report on statistically adjusted pay
  - Over 15% of largest 100 US companies report on median pay
  - Recent commitments to median pay: Microsoft, Visa, Bank of New York Mellon, Best Buy, Chipotle, Disney, Home Depot, Lowe’s, Target, Amalgamated, Thermo Fisher, BlackRock

- **What are the financial implications and impact of the issue on shareholder value?**
  - Economic implications: closing wage gaps 20 years ago could have generated $12T in additional income
  - Actively managing pay equity is associated with improved representation; diversity linked to superior stock performance and ROE
PAID SICK LEAVE
KEY ARGUMENTS FOR SUPPORTING PAID SICK LEAVE PROPOSALS

Good For Business
● Can reduce turnover by at least 25%, which reduces costs, particularly in a tight low-wage labor market (*Journal of Occupational and Environmental Medicine, Work and Occupations*)
● Providing PSL could have saved employers up to $1.88 billion in 2007 alone because of reduced disease spread (*Journal of Occupational and Environmental Medicine*)
● “Presenteeism” (the loss of productivity, averaging 20%, when sick employees come to work) estimated to cost the US economy $234 billion annually—more than absenteeism (*Natl Partnership for Women and Families*)

Economic & Racial Inequality
● Hourly workers without PSL are forced to choose between staying home and a paycheck
● Seven in ten of the lowest wage workers do not have paid sick days (*Natl Partnership for Women and Families*)
● Workers without paid sick leave three times more likely to forgo medical care for themselves (*Health Affairs*)
● Nearly half of Latinx workers and one third of Black workers have no time away from work of any kind (*US Bureau of Labor Statistics*)

Reputational, Regulatory, & Public Health Risks
● Presenteeism poses a danger to public health, even in non-COVID times. PSL is estimated to reduce flu spread by 11% (*Journal of Policy Analysis and Management*). Now-expired mandatory COVID PSL was estimated to have reduced cases by 56% per state (*Health Affairs*)
● 38 jurisdictions, including 14 states, have adopted PSL since 2006; likely to accelerate (*Natl Partnership for Women and Families*) (*Politico*)
● Increased attention on company PSL policies during COVID (*Kaiser Family Foundation, WaPo, CNN*)
Proponents: Trillium Asset Management, Figure 8 Investment Strategies

Adopt Paid Sick Leave Policy: shareholders of TJX and CVS ask the companies to adopt and publicly disclose a policy that all employees, part- and full-time, accrue some amount of PSL that can be used after working at these companies for a reasonable probationary period. This policy should not expire after a set time or depend upon the existence of a global pandemic.

- **Why was the proposal filed?**
  - PSL is both a crucial contributor to public health & important employee benefit for retailers in a tight labor market
  - These companies do not publicly disclose its PSL policy; we know the policy is inconsistent across states & worker status (FT vs PT)

- **What are the gaps in their practice/policies?**
  - No policies exist at TJX
  - CVS provides PSL to FT employees only

- **How do companies compare to peers?**
  - Walmart and Levi’s offer PSL to all workers and disclose policy
  - Successfully w/d at Macy’s, Inc. (will improve disclosure -- hourly regular colleagues averaging and maintaining 15 or more hours per week with six months of service are eligible for Paid Time Off (which can be used for sick leave).

- **What is the financial implications and impact of the issue on shareholder value?**
  - A lack of PSL could pose reputational risk to CVS, whose brand is closely tied with health and healthcare
  - PSL is an attractive benefit and reduces turnover as CVS and TJX competes in a tight labor market
  - TJX’s revenues are primarily from physical stores so lack of PSL poses risks as TJX’s customers wanting a safe shopping experience.
**Proponents:** Trillium Asset Management, Impact Shares

**Adopt Paid Sick Leave Policy:** shareholders of Union Pacific and Norfolk Southern ask the companies to adopt and publicly disclose a policy that all employees, part- and full-time, accrue some amount of PSL that can be used after working at the companies for a reasonable probationary period. This policy should not expire after a set time or depend upon the existence of a global pandemic.

- **Why was the proposal filed?**
  
  Lack of PSL was a key issue in recent labor negotiations. The companies’ refusal to address nearly led to a national rail shutdown which could have cost the U.S. economy more than $2 billion a day

- **What are the gaps in their practice/policies?**
  
  - Does not provide PSL to tens of thousands of employees
  - Employees risk discipline if they need to take unscheduled time off due to sickness.
  - The need for paid sick leave has been exacerbated by the railroad industry’s adoption of “precision scheduled railroading” that has reduced railroad carrier staffing levels by 30 percent over the past six years.

- **How do companies compare to peers?**
  
  - CSX recently signed agreements with the Brotherhood of Maintenance of Way Employes Division (BMWED) union and the Brotherhood of Railway Carmen (BRC) to provide paid sick days for approximately 5,000 rail workers.

- **What is the financial implications and impact of the issue on shareholder value?**
  
  - PSL is an attractive benefit and reduces turnover as the railways compete in a tight labor market, and work to retain staff.
  - The threat of a nationwide strike surfaced systemic risks given the critical role the industry plays in the nation’s supply chain
**Proponents:** Benedictine Sisters of Mount St. Scholastica, United Church Funds

**Report on Paid Sick Leave Policy among Franchise employees:** Shareholders of Denny’s ask the company to issue a report analyzing the provision of paid sick leave among franchise employees and assessing the feasibility of inducing or incentivizing franchisees to provide some amount of paid sick leave to all employees.

- **Why was the proposal filed?**
  - Denny’s: There is no public information on company’s PSL policy nor how they are engaging franchisees on this issue
  - YUM!: There was no public information on company’s PSL

- **What are the gaps in their practice/policies?**
  - Denny’s: No information on PSL to company owned restaurants nor on their franchised operations
  - YUM!: Learned in dialogue that Yum provides PSL to their equity owned restaurants (~1000); however there is no disclosure on this. They do not provide any information on franchised operations.

- **How do companies compare to peers?**
  - Darden offer PSL to all workers and discloses policy
  - McDonald’s offers PSL to workers in corporate owned restaurants, shares practice with franchisees

- **What is the financial implications and impact of the issue on shareholder value?**
  - PSL is an attractive benefit and reduces turnover as these compete in a tight labor market
  - Franchisees are tied to their brand, companies should be encouraging franchised operations to provide PSL to protect brand reputation
Proponent: Sisters of St. Francis of Philadelphia, Unitarian Universalist Association

Disclose Paid Sick Leave Policy: Shareholders of FedEx ask the company to publicly disclose its permanent paid sick leave policies, above and beyond legal requirements. For purposes of this proposal, ‘permanent’ means a sick leave policy that is not conditioned on the existence of a pandemic or other external event.”

- **Why was the proposal filed?**
  - PSL is both a crucial contributor to public health & important employee benefit for retailers in a tight labor market
  - These companies do not publicly disclose its PSL policy; we know the policy is inconsistent across states & worker status (FT vs PT)

- **What are the gaps in their practice/policies?**
  - FedEx's 6 operating companies offer a variety of PSL & other benefits, but do not disclose specifics for each