

ICCR'S 2020 PROXY RESOLUTIONS AND VOTING GUIDE





Welcome and some housekeeping

Contact for further questions:

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2020 Proxy Resolutions and Voting Guide

AGENDA

Proxy Book Overview

Julie Wokaty, ICCR Staff: Overview of ICCR's 2020 Proxy Resolutions and Voting Guide

2020 ICCR Member Initiatives

- **Beth Young, Shareholder Initiatives Counsel:** Impact of proposed SEC rule changes
- **Timothy Smith, Boston Trust Walden:** Climate change & proxy voting / corporate lobbying
- **Amina Rubin, Azzad Asset Management:** Human rights risks in the tech sector
- **Nicholas Lusiani, Oxfam America:** Drug pricing risk, allocation of corporate tax savings
- **Caroline Boden, Mercy Investment Services:** Forced labor & human rights due diligence



Julie Wokaty, Associate
Communications Director

Proxy Guide Overview

Background: Full texts of shareholder resolutions across 10 areas (climate change, corporate governance, enviro. health/sustainability, financial practices, food, health, human rights/trafficking, inclusiveness, lobbying, water. Filing trends and context. Sponsors and contact details.

History: Published annually by ICCR since 1974 (46 years).

Scope: Resolutions filed by ICCR's member organizations as of February 21 (non-member filings excluded). Lead-filings and co-filings.

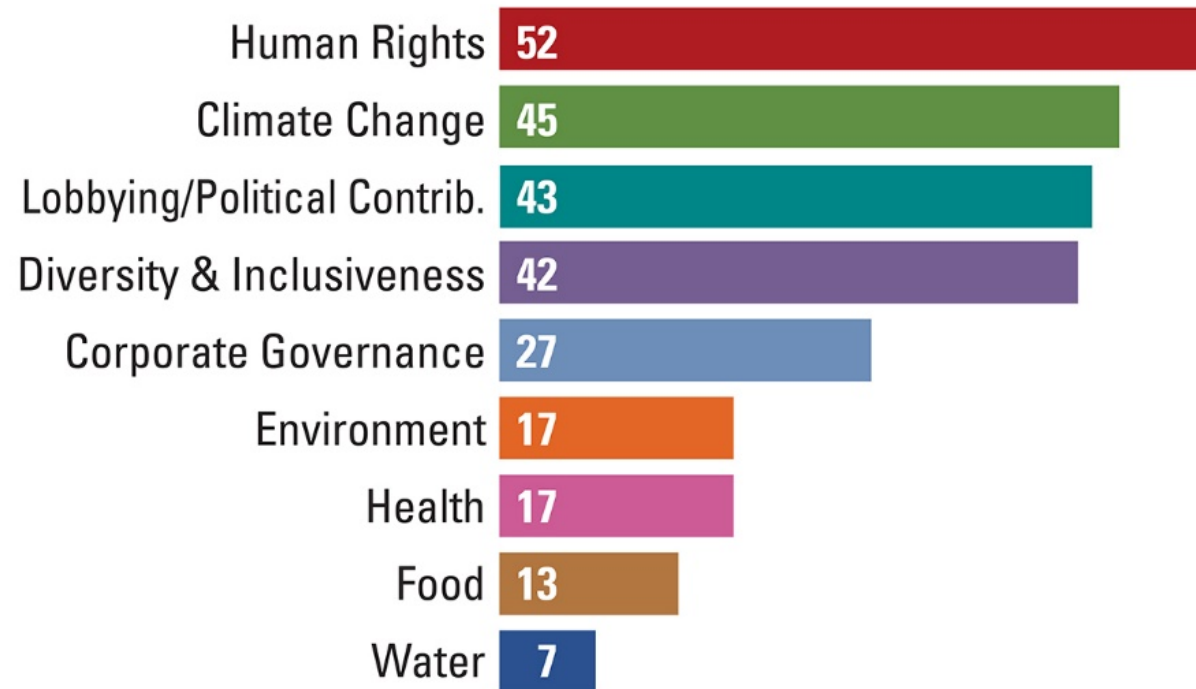
Key Trends this Year

- **254** resolutions filed at **188** companies
- Greater diversification, volume of **human rights-related proposals** and **UNGPs** increasingly invoked as best practice framework
- Concern for the E&S impacts of **tech** giants
- Continued focus on risks related to **private prisons/immigrant** detention
- Focus on banks' **climate-related lending, proxy voting** policies of large asset managers
- **9** resolutions planned for the spring

New Topics this Year

- Change Company Management Systems to Implement BRT's Statement of Purpose
- Human Capital Management Disclosure
- Human Rights Risks Related to US Immigration Policy
- Impact of Plant Closures
- Include Non-Management Employees on the Board
- Offshore Drilling Impacts
- Reboot Facebook to Address Mismanagement around Privacy
- Review Company Policies Relating to Involuntary Transportation

Resolutions by Issue



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Human Rights and Worker Rights		52
Proposal Topic	Quantity	
Adopt a Human Rights Policy	5	
Child Sexual Exploitation Online	4	
Human Capital Management Disclosure	4	
Human Rights Due Diligence	4	
Human Rights Impact Assessment	3	
Recruitment and Forced Labor	3	
Human Rights Disclosure	2	
Human Rights Policy Implementation	2	
Report on Prison Labor in the Supply Chain	2	
Adopt Policy on Prison Labor in Supply Chain	1	
Customer Due Diligence	1	
Director Qualifications : Human Rights Expertise	1	
Evaluate Company Whistleblower Policies and Practices	1	
Executive Compensation ESG Metrics	1	
Gun Sales Risk Reporting	1	
Hate Speech Products	1	
Human Rights Board Oversight	1	
Human Rights Risk Assessment	1	
Human Rights Risk Committee of the Board	1	
Human Rights Risks Related to US Immigration Policy	1	
Human Trafficking Prevention	1	
Impact of Plant Closures	1	
Improving Board Accountability, Standards on Decent Work and Disclosure on Decent Work	1	
Modern Slavery in Company Operations and Supply Chains	1	
No Business with Governments Complicit in Genocide - Burma	1	
Nominate Human/Civil Rights Expert to the Board	1	
Reboot FB to Address Mismanagement around Privacy, Data Collection and Impact on	1	
Report on Government-Mandated Content Removal	1	
Report on Worker Safety Events and Environmental Violations	1	

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Climate Change	45*
Proposal Topic	Quantity
Report on Plans to Align Operations with Paris Agreement	10
Assess Feasibility of Adopting Quantitative Renewable Energy Goals	7
Risks of Stranded Assets	5
Proxy Voting Policies Related to Climate Change	4
Assess Risk of Expanding Operations in Flood-Prone Areas	3
Report on Reducing GHG Emissions Associated with Lending Activities	3
Report on Measuring GHG Footprint of Lending Activities	2
Report on Strategies for Mitigating Carbon Footprint of Vehicle Fleet	2*
Risks Associated with Maintaining Current Levels of Carbon-Intensive Lending	2
Sustainability Reporting - GHG Emphasis	2
Adopt Quantitative Targets for Reducing GHG Emissions from Lending/Underwriting	1
Develop Strategy to Reduce Contribution to Climate Change	1
Oil and Gas Company and Project Financing Related to the Arctic and the Canadian	1
Report on Mitigating Health and Climate Impacts of Coal Use	1
Report on Reducing Methane Emissions	1

* Includes one spring filing

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Lobbying and Political Contributions		43*
Proposal Topic	Quantity	
Lobbying Expenditures Disclosure - Climate	16	
Lobbying Expenditures Disclosure	10*	
Political Contributions	8	
Lobbying Expenditures Disclosure - Pharma	6	
Climate Lobbying Report	2	
Shareholder Rebuke of Political Contributions	1	

** Includes one spring filing*

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Diversity & Inclusiveness

42*

Proposal Topic	Quantity
Board Diversity	8
Workforce Diversity Report	8
Gender Identity Non-Discrimination Policy	7
Assess Company Diversity Efforts	6*
Executive Leadership Diversity	6
Gender and Racial Pay Gap	4
Exec. Pay - Incorporate Diversity and Sustainability Metrics	2
Report on Impact of Mandatory Arbitration	1

* Includes one spring filing

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Corporate Governance 27*

Proposal Topic	Quantity
Independent Board Chair	11
Include Non-Management Employees on the Board	6
Change Company Management Systems to Implement BRT Statement of Purpose	2*
Consider Pay Grades When Setting CEO Compensation	2
Give Each Share an Equal Vote	2
Senior Executive Equity Compensation Retention Policy	2
Pay Disparity	1
Say on Pay	1

* Includes one spring filing



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Environmental Health and Sustainability 17

Proposal Topic	Quantity
Increase Scale and Pace of Support for Solutions to Plastic Pollution	4
Report on Plastic Pellet Pollution	3
Assess Environmental Impacts of Consumer Packaging	1
Assess Environmental Impacts of Single-Use Plastic Shopping Bags	1
Board Oversight of ESG Risks of Third-Party Sellers	1
Develop Commitments on Plastic Pollution and Recycling	1
Integrate Community Impacts into Exec Compensation	1
Offshore Drilling Impacts	1
Report on Coal Ash Risks	1
Report on Plans to Reduce Chemical Footprint	1
Step Up Scale and Pace of Sustainable Packaging Initiatives	1
Sustainable Packaging Report	1



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Health	17
Proposal Topic	Quantity
Executive Compensation and Drug Pricing Risks-Feasibility	5
Establish Deferral Period for Senior Executive Bonuses	4
Board Oversight - Risks Related to the Opioid Crisis	3
Senior Executive Incentives - Integrate Drug Pricing Risk	3
Discourage Nicotine Use Among Youth	1
Report on Allocation of Corporate Tax Savings	1

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Food		13*
Proposal Topic	Quantity	
Report Quantitative Metrics on Supply Chain Pesticide Use	4*	
Assess Strategies to Strengthen Supplier Antibiotic Use Standards	2*	
Deforestation	2	
Demonstrate Progress Towards Phasing Out Routine Use of Antibiotics	2	
Curtailing the Climate Impacts of Deforestation in Company Supply Chain	1	
Reduce Food Waste	1	
Reduce Medically Important Antibiotics in Supply Chain	1	

**Includes multiple spring filings*

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Water

7

Proposal Topic

Quantity

Reduce Climate-Related Water Risk

4

Reduce Water Pollution from Supply Chain

1

Report on Water Management Risks

1

Report on Water Risks for the Meat, Poultry
and Dairy Sector

1



Voluntary Withdrawals (Investor Successes)

- ICCR members negotiate many successful corporate commitments each year.
- Over **100 withdrawals** in 2019
- **37** agreements to date (vs. 36 a year ago)
- New agreements include:
 - ☐ **Carnival** agreed to expand its existing policies and practices on **human rights** & develop a more strategic/holistic approach.
 - ☐ **Western Union** announced it is ending its relationship with the **Burmese military**-owned bank.
 - ☐ **Chipotle** committed to address its contribution to **climate change**, including an intention to set emissions reduction targets for its full carbon footprint.
 - ☐ **Nucor** agreed to report on its **climate change** mitigation strategies.

Voluntary Withdrawals (continued)

- ☐ **Tyson** agreed to develop and implement a **no-deforestation** policy.
- ☐ **CVS** agreed to take action to identify the amount & types of **plastic** used in its packaging, as well as their recyclability.
- ☐ **FirstCash** committed to actively seek **diverse candidates** in the board nomination process.
- ☐ **EastGroup** amended its EEO policy to include **gender identity** and expression.



Beth Young, Shareholder Initiatives Counsel Proposed Changes to **SEC Rule 14a(8)**

Ownership Thresholds

- **Current:** Minimum \$2,000 worth of shares held for one year.
- **Proposed:** \$25,000 if shares held for one year; \$15,000 for shares held two years; \$2,000 for shares held for three years.

Resubmission Thresholds

- **Current:** 3% of shares voted in first year; 6% in the second year; 10% in third & subsequent years.
- **Proposed:** 5% of shares voted in first year; 15% in the second year; 25% in third & subsequent years.

Other Proposed changes: No aggregating shares, one-proposal limit, and proxy advisor rule



Tim Smith, Boston Trust Walden Proxy Voting Policies Related to Climate Change, Climate Lobbying Expenditures

Business Case: Discrepancies between a company's stated public position on climate change and its lobbying or proxy voting activities create clear conflicts.

Resolutions:

- Climate Lobbying Expenditures. Companies: **AES, Amazon, BlackRock, Boeing, Cheniere, Chevron, Citigroup Disney, Duke Energy, Exxon Mobil, Ford, General Motors, Nucor United Airlines, UPS.**
- Proxy Voting Policies Related to Climate Change. Companies: **BlackRock, JPMorgan Chase, T. Rowe Price, Vanguard Funds**



Amina Rubin, Azzad Asset Management Human Rights Risks in the Tech Sector

Government-Mandated Content Removal Requests

Business Case: Direct contribution to negative privacy/human rights impacts. Business relationships with companies whose conduct is widely condemned in society pose severe reputational risks, and risks from lawsuits.

Resolutions:

Government censorship and surveillance, data privacy. Companies: **Alphabet, Amazon, Facebook, Verizon**

Sexual exploitation of children online. Companies: **Alphabet, AT&T, Facebook, Verizon**

Board oversight on human rights. Company: **Alphabet**

Hate speech and products that promote it. Company: **Amazon**

Company treatment of whistleblowers. Company: **Alphabet**



Nicholas Lusiani, OxFam America Drug Pricing Risk and Corporate Tax Allocation

Business Case: Popular and bipartisan efforts are underway to drive down abnormally high U.S. drug prices, posing serious material risk to those pharma companies dependent on price for growth. Concern remains that senior executive incentives may exacerbate these risks.

Similarly, how pharma companies choose to deploy their financial savings from the Tax Cut and Jobs Act is a strategic as well as an important public policy issue, with significant impacts on long-term value creation.

Resolutions:

- Drug Pricing Risks and Executive Compensation – Feasibility Report. Companies: **AbbVie, Biogen, Eli Lilly, Pfizer**
- Drug Pricing Risks and Executive Compensation – Disclosure: **Merck, Vertex**
- Report on Allocation of Corporate Tax Savings - **Merck**

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Caroline Boden, Mercy Investment Services Forced Labor & Human Rights Due Diligence

Ask: Conduct human rights impact assessments, report on company's human rights due diligence process, ensure effective implementation of company human rights policy.

Business Case: Companies that proactively identify and mitigate human rights abuses avoid costly backlash from communities, customers and government regulators. It helps prevent harm, reduces fines for violations, and preserves a company's social license to operate.

Companies: Amazon, Broadcom, Carnival, CoreCivic, First Horizon, GM, Home Depot, Kroger, Lear, Nucor, Royal Bank of Canada, Royal Caribbean, Skechers, TJX, and Tyson.



Q & A

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Thank you for joining us today.

Questions for panelists not addressed during this webinar can be directed to Susana McDermott at smcdermott@iccr.org or Julie Wokaty at jwokaty@iccr.org.

A link to the 2020 Proxy Resolutions and Voting Guide and the recording will be emailed to all participants after the webinar.

The Guide will also be available on our website, www.iccr.org

...and please vote your proxies!

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