



# 2018 Proxy Resolutions and Voting Guide



INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

*Inspired by Faith, Committed to Action*



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# 2018 Executive Summary

Members of the Interfaith Center on Corporate Responsibility are investors and fiduciaries who believe focused attention and action on environmental, social and governance (ESG) practices helps to mitigate risks, identify opportunities,

safeguard long-term shareholder value, and build sustainable communities. For nearly 50 years, our members have engaged hundreds of corporations annually in an effort to foster improved corporate responsibility on issues such as human rights, health equity, climate change, corporate water stewardship, sustainable food production, corporate influence through lobbying, and responsible lending.



This guide presents ICCR member-sponsored resolutions — both as lead- and co-filer — for the 2018 proxy season, as of the end of January. If you are an investor, we invite you to read these proposals, 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 practice "active ownership" and to vote all their proxies every year.

ICCR members employ a variety of corporate engagement strategies in addition to the filing of resolutions; thus, the resolutions collected in this guide reflect only a portion of the full scope of our activities. To get a fuller sense of the breadth of our members' work, visit our website, [www.iccr.org](http://www.iccr.org).

## 2018 Proxy Season Overview

Compared with this time last year, **the number of resolutions filed by ICCR members dipped slightly, from 283 to 266**, while the number of companies receiving resolutions this year is **180**, up from 165 in 2017. We expect that a few additional filings will take place over the next several months.

## Resolutions by Issue



For the third consecutive year, the cluster of resolutions citing climate change was the highest, and represented a full third of total filings at 89 resolutions. There was notable growth this year in the number of resolutions seeking greater inclusiveness and diversity which, as a group, became the second most popular category of proposals at 57 filings. The number of resolutions seeking disclosures on lobbying and political spending remained roughly equal to last year, with 45 filings.

### Filings Shows that Climate Remains a Chief Concern

In spite of the U.S. withdrawal from the Paris Climate Agreement and repeal of the Clean Power Plan, ICCR members continued to push for progress to reduce greenhouse gas (GHG) emissions and a transition to sustainable energy sources in an effort to curb climate change.

ICCR members filed **61 resolutions directly addressing climate**. An additional **28** addressed climate change **indirectly**, via lobbying, executive compensation, sustainability, food, water, or environmental health.

Again this year members filed resolutions asking companies to *develop business plans that take into account a 2°C warming scenario and set science-based targets for reducing GHG emissions*. Further, given that it is such a powerful climate change driver, members continued to call for greater oversight of methane production to better *detect and reduce methane leaks*.

Shareholders also filed resolutions addressing the outsized influence of large asset managers such as Bank of New York Mellon, T. Rowe Price and Cohen & Steers on climate-related proposals, asking these companies to *review their proxy voting policies to ensure alignment with their stated positions on climate change*. Until recently, these companies had largely been passive investors that either abstained or voted in favor of management proposals. However, as a result of investor pres-



sure, last year BlackRock supported a shareholder proposal calling on ExxonMobil to develop a business plan for a 2°C warming scenario. BlackRock's support was a major factor in the subsequent majority vote of 62% at Exxon's 2017 annual meeting. Since then, BlackRock's CEO has declared publicly that corporations will have to "contribute to society" or risk losing BlackRock's support.

Investors continued to file resolutions asking companies for enhanced *disclosure of their climate-related lobbying expenditures*. In addition, three resolutions calling for the *separation of the roles of CEO and Chair* at two oil and gas companies and an electric utility company cited climate change concerns. One bank was challenged on its risk of lending and underwriting in *tar sands production*. Investors again filed *sustainability reporting resolutions calling for the setting of specific GHG emissions reduction targets*. Further resolutions targeted the *supply chain impacts (including climate change) of deforestation* due to commodity agriculture, and the climate implications of *food waste*, and of *water impacts*.

of business operations. A resolution on the *public health risks of coal pollution* also spoke to the impacts of climate change.

### Investors Confront Big Pharma on High Drug Prices and Opioid Misuse

ICCR members view health care as a universal right. Their filings on **health-related issues** this year continue a multi-year push for disclosure of drug pricing strategies at U.S. pharma companies, with a goal of increasing affordability. Two resolutions asked pharma companies to report on the *risks they face from rising public pressure to contain drug prices* and five proposals called on pharma companies to *integrate drug pricing risk into senior executive pay packages*. For the first time, faith-based investors also joined with public and union pension funds as part of the newly-formed Investors for Opioid Accountability coalition in asking opioid manufacturers and distributors to account for the financial and reputational risks they face in light of the nation's *growing opioid crisis*. Two additional health resolutions addressed *tobacco*-related concerns. One returning resolution addressed *risks related to obesity*.

### Investors Push for Ethical Labor Recruitment

Today, almost 25 million people are trapped in conditions of forced labor that generate over \$150 billion in profits for other parties. While governments are responsible for labor laws, companies also have a responsibility to ensure ethical labor recruitment practices in their operations and supply chains. Since ICCR's "No Fees" ethical labor recruitment project began in 2014, 46 companies have adopted one or more of the three key "pillars" of an ethical labor recruitment policy, while 20 have adopted all three. This year, eight resolutions called for food and beverage, retailer and technology companies to implement and assess "no fees" *ethical labor recruitment policies*.

Other **human rights**-related resolutions challenged companies on *prison labor in their supply chains*. A second-year resolution that emerged out of ICCR's "Fair Chance Hiring" initiative challenged Amazon to evaluate the risk of racial discrimination that may result from its use of *criminal background checks* in hiring decisions. Four banks were the recipients of resolutions on the impact of Dakota Access Pipeline-related lending on *Indigenous peoples' rights*. Another resolution called on corporations to *stop doing business with the government of Burma*, complicit in genocide committed against the Rohingya. Resolutions were also submitted to gun manufacturers and retailers focused on gun safety.

### Diversity and Gender Issues Emerge as a 2018 Priority

This year, on the anniversary of the first global women's march and at the height of the #MeToo movement, **diversity and inclusiveness resolutions** became the second most popular filing category. Twenty of these dealt with *workplace diversity*, and called for EEO-1 reports across race and gender categories, while another 11 spoke to the lack of *diversity in corporate boardrooms*. For the second year in a row, investors also filed on the *gender and racial pay gap* prevalent in most U.S. workplaces; median income for women working full time remains only 80 percent of that of their male counterparts. Meanwhile, average hourly wages for black men are just 78 percent of those of similarly situated white men. In addition, a new resolution called on three large



## New Topics This Year

- Gun Safety
- Paid Family Leave
- Political Contributions – Cost Benefit Analysis
- Risk of Lending, Underwriting in Tar Sands Production
- Senior Executive Incentives – Integrate Cyber Security Risks
- Report on Board Oversight of Consumer Data Beach
- Risk Oversight Committee (social media)
- Responsible Tax Principles
- Create Board Committee on Human Rights (glyphosate)
- Supply Chain Policy on Prison Labor

national employers to offer their employees *paid family leave*, at a time when only five states mandate some form of paid leave. Eight resolutions addressed *LGBT workplace issues*.

## Calling for a More Sustainable Food System and Improved Water Stewardship

The overuse and misuse of antibiotics in the meat industry is contributing to the rise of antibiotic-resistance in the U.S. and across the world. This serious public health issue is responsible for 2 million U.S. infections and 23,000 deaths each year. As part of ICCR's multi-year campaign to encourage responsible antibiotics use, three resolutions this year called on companies to phase out *medically important antibiotics in animal agriculture* in an effort to preserve their efficacy for human health.

Last year's proposal calling on companies to limit *corporate food waste* returned for another year. Another **food**-related resolution dealt with the use of neonicotinoids, an insecticide broadly used in agriculture. Studies have found that neonicotinoids are adversely affecting the pollinators upon which our food supply depends. Still other resolutions called for better oversight of the herbicide *glyphosate* due to reports linking its use to cancer.

ICCR members filed 7 resolutions on **water-related topics** this year. Five resolutions addressed the *water impacts of corporate operations*. Investors also filed a *human right to water resolution* with the U.S.'s largest publicly traded water utility, taking issue with its exorbitant rate increases, and shutting off of service to vulnerable communities.

## Managing Financial Risk

As part of our members' continuing engagement with the **financial services sector**, and in response to CFPB penalties for widespread fraud in its lending practices, Wells Fargo again this year received a resolution asking for a report on its *business standards and risk management* practices. In the wake of the Equifax data hack scandal impacting over 145 million people, a new resolution asked the consumer credit reporting agency to report on board oversight of its consumer data breach.

## Shining a Spotlight on Corporate Lobbying

After inclusiveness, filings addressing **corporate lobbying and political contributions disclosure** formed the third major stream of ICCR member filings, with 45 resolutions. Investors sought to highlight corporate lobbying on a multitude of issues, including anti-smoking laws, benzene pollution, fracking bans, net neutrality, coal ash rules, the Clean Water Act, workers' comp, initiatives to lower drug prices, and membership in the Chamber of Commerce and ALEC.

## In the End, it's all About Corporate Governance

This year there were 25 resolutions dealing with risks related to **corporate governance**, the same as last year. Eight proposals called for *separation of CEO and Chair roles* at companies in the healthcare, oil & gas, and energy sectors. Stressing the importance of preserving an open dialogue between shareholders and board/management,

two resolutions asked companies to *prohibit virtual, or online-only annual general meetings of stockholders*. Equifax and McKesson received resolutions asking them to adopt *GAAP financial metrics for determining executive compensation*. On the data security front, Verizon was asked to *integrate cyber security risks into senior executive compensation*. Nike received a *responsible tax principles* resolution asking it to limit its offshore, tax-avoidance activities. A resolution asking for the *right to call a special meeting* at Chevron cited that company's poor environmental and human rights record in Ecuador. A similar resolution at DowDupont addressed the lingering impacts of the 1984 Bhopal gas disaster.

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 Voluntary Withdrawals

When shareholders file a resolution, companies may reach out to the filers and request a dialogue to discuss aspects of the proposal. If an agreement between both parties is reached that satisfies the main requests of the proposal – such as issuing a report or amending a policy – filers may choose to voluntarily withdraw the resolution and it will not appear on the company's proxy statement. Every year ICCR members negotiate dozens of these successful agreements. 2017 was a particularly strong year for the ICCR coalition, as we negotiated over 100 corporate commitments on a range of issues. At the time of this publication we are only able to report a small number of successful withdrawals, however, based on 2017 commitments in late January, we expect the number of withdrawals to be consistent with last year. Our website will provide an update on these withdrawal agreements and of vote results in early summer when the proxy season comes to a close. At the time of publishing, ICCR members

had **withdrawn 31** resolutions in exchange for substantive agreements with companies related directly to their resolutions.

## And 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.

In an update from our editorial policy last year, we moved a handful of resolutions regarding financing of the DAPL project (which last year appeared in the water section) into the *human rights* section due to their shift away from water and a greater focus on community rights and consent. Obesity- and nutrition-related resolutions have moved out of the Food section and into Health. Sustainability reporting resolutions with a strong emphasis on climate change remain in the *climate change* section of this book, in acknowledgement of the growing importance of the climate change issue to investors.

Note: filings received after the January closing date are not included in this Guide but will be made available on [www.iccr.org](http://www.iccr.org). In addition, over the next few months, some resolutions published here will 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.

### Climate Change

In spite of a fast-changing and regressive regulatory environment on climate-related concerns, investors continued to press companies to stay the course and set targets to bring their GHG emissions in line with goals set as part of the Paris Climate Agreement. ICCR encourages corporations to help build a clean energy economy by adopting science-based GHG reduction targets through improved energy efficiency and the adoption of renewable energy.

Without strong national climate policies in place, the U.S. will not be able to achieve the deep de-carbonization targets necessary to satisfy the goals of the Paris Agreement. For this reason, investors are once again urging companies in their portfolios to rethink their climate lobbying, and instead, to actively raise their voices in support of solutions to climate change.

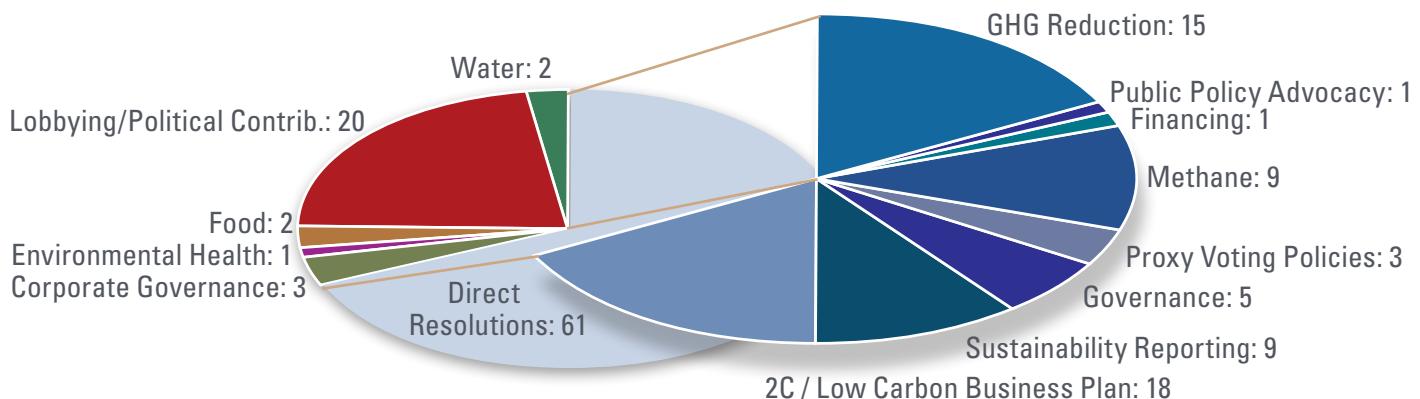
This season ICCR members filed **61 resolutions** directly addressing climate change, which are discussed in this section. An additional 28 addressed climate change indirectly or in combination with other concerns and are discussed in separate sections. These resolutions are covered under Corporate Lobbying & Political Contribu-

Proposal Topic	Quantity
<b>Climate Change</b>	<b>61</b>
Business Plan for 2C Warming Scenario	15
Greenhouse Gas Reduction - Science-Based Targets	9
Methane Emissions - Measure Leakage & Disclose	9
Sustainability Reporting - GHG Emphasis	9
Board Oversight of Climate Change Policies	4
Proxy Voting Policies - Climate Change	3
Greenhouse Gas Reduction - Energy Efficiency	2
Low-Carbon Business Model	2
Report on GHG Emissions and CAFE Fuel Economy Standards <b>NEW</b>	2
Greenhouse Gas Reduction - Renewable Energy	1
Net Zero GHG Emissions by 2030	1
Oil and Gas Reserve Additions as a Metric in Executive Comp	1
Review Public Policy Advocacy on Climate	1
Risk of Lending, Underwriting in Tar Sands Production <b>NEW</b>	1
Stranded Assets Due to Climate	1

tion activities, Food, Corporate Governance, and Environmental Health & Sustainability.

### Climate Change Resolutions:

#### 2018's Differing Approaches to Addressing Climate Change, by Resolution Strategy



## Proxy Resolutions: Climate Change



"Investors are increasingly focused on methane because it is the primary component of natural gas and has an intense, short-term climate forcing impact

(at least 84 times that of CO<sub>2</sub> over a 20-year period). Natural gas is often promoted as a bridge fuel to help move the global economy away from high carbon energy sources like coal. But while natural gas burns more cleanly than coal, uncontrolled methane emissions from across the natural gas and oil value chain have the potential to significantly erode this benefit.

Importantly, reducing methane emissions in natural gas systems is not only possible, but generally cost effective over the long term. Existing detection and monitoring technologies are improving rapidly and new technologies are coming on-line as companies work to decrease emissions and avoid escaped natural gas product.

Significant inconsistencies in companies' methane management disclosures have made it challenging for investors to obtain a clear sense of company-by-company methane risk. To address this shortcoming and enable accountability in this evolving field, *As You Sow* has filed resolutions with Chevron, Dominion, DTE Energy, and Exelon to request more comprehensive disclosures regarding methane management at multiple stages of the natural gas value chain. Since many companies have to some degree expressed willingness to engage and listen to investor feedback, an excellent opportunity exists for investors to urge companies to proactively manage risk through enhanced disclosures and implementation of effective methane reduction solutions."

**Lila Holzman, Energy Program Manager —  
As You Sow**



### **Methane Emissions – Measure Leakage & Disclose**

Methane is an extremely potent greenhouse gas (GHG) and a powerful contributor to climate change, responsible for one quarter of today's global warming. Leaks during U.S. oil and gas production are responsible for 31 percent of the country's methane emissions; controlling methane emissions from upstream oil and gas production is imperative to maintain a below 2° Celsius temperature increase.

Investors called on companies to monitor and minimize methane emissions and leaks, filing resolutions with 9 companies, including Anadarko, Chevron, EQT, Exelon, Kinder Morgan and Range Resources.

### Business Plan for 2C Warming Scenario

Despite the U.S. Administration's decision to withdraw from the 2015 Paris Climate Agreement, the American business community remains broadly supportive of the Agreement as an effective mechanism for driving the global GHG emissions reductions needed to curtail climate change. Companies and their investors are increasingly accepting the need to formally integrate 2-degree goals into their business planning decisions, believing that doing so will help them maintain their competitiveness and protect their operations and supply chains from climate impacts. Forward-looking companies are already transitioning to clean, renewable energy in recognition of the clear business benefits it affords: a reduction in climate-related business risk, cheaper energy sources and the prospect of participating in the market-expanding opportunities of a new green economy

Investors challenged 15 companies — including Anadarko Petroleum, CMS Energy, Dominion Resources, ExxonMobil, First Energy, and Valero — to report on the long-term impacts on their portfolios of scenarios consistent with limiting global warming to no more than two degrees Celsius over pre-industrial levels. The companies were further asked to describe the resilience of their reserves and resource portfolios.

*The Valero and ExxonMobil resolutions were successfully withdrawn after both companies agreed to issue a report.*

### Set Science-Based Targets for Greenhouse Gas Reduction

In order to prevent the worst impacts of climate change, the world will need to reduce GHG emissions globally by 55 percent by 2050, which translates to a U.S. reduction target of nearly 80 percent. Reduction targets are "science-based" when they are consistent with the pace recommended by climate scientists to stay below a 2-degree C rise in global temperature. Companies can achieve this by reducing their energy demand (through energy conservation and efficiency) and/or by sourcing low-carbon, renewable energy. Specific sectors can reduce their carbon footprints in other ways: agricultural companies can pledge no-deforestation, while chemical companies can work to develop "green chemistry" products. Manufacturing companies can adopt new processes that use fewer materials or that reduce GHG emissions.

This year ICCR members asked 9 companies, including Emerson, Illinois Tool Works and United States Steel to adopt time-bound, quantitative, company-wide goals for reducing total GHG emissions.



## Proxy Resolutions: Climate Change



### Report on GHG Emissions and CAFE Fuel Economy Standards

Transportation accounts for an estimated 23 percent of global carbon dioxide emissions. Even as governments around the world have begun adopting transportation policies requiring stricter fuel economy standards, the Trump Administration is taking steps to roll back standards in the U.S. In 2012, the EPA issued new rules that would have mandated 36 miles per gallon for new cars and light trucks, up from the current 25 mpg. Arguing that these corporate average fuel economy ("CAFE") standards are overly aggressive and costly to meet, Ford and General Motors are lobbying EPA Administrator Pruitt to roll them back.

Investors asked Ford and General Motors to report on whether and how their fleets' GHG emissions through 2025 will increase given their planned change in fleet mix and the administration's proposed rollback of CAFE standards or, conversely, how they plan to retain emissions consistent with, or better than, CAFE standards to ensure their products are sustainable in a rapidly decarbonizing vehicle market.

### Proxy Voting Policies – Climate Change

Many asset managers are responsible for proxy voting for large rosters of their investor clients and, therefore, can have tremendous influence over the results of the many proposals put forward at annual shareholder meetings. Several large asset management firms publicly acknowledge the material risks presented by climate change, and yet have historically voted against the majority of climate-related resolutions sponsored by shareholders.

Investors asked Cohen & Steers, Bank of New York Mellon, and T. Rowe Price to bring their voting practices in line with their stated positions on climate change, and explain the rationale for any incongruence.

*The T. Rowe Price resolution was withdrawn in light of progress; the company has hired a new responsible investing official and improved its ESG disclosures.*

### Review Public Policy Advocacy on Climate Change

Oil and gas companies often mount expensive campaigns to oppose legislation and regulation seeking to enforce climate change or renewable energy targets. Consequently, company political spending and lobbying on climate or energy policy, including through third party trade associations, is increasingly scrutinized by stakeholders seeking greater transparency around how these resources are being used to influence public policy. Of particular concern is corporate membership in and contributions to the U.S. Chamber of Commerce, which often opposes progress on climate-related legislation and has sued the EPA to halt the Clean Power Plan.

Investors asked Devon to initiate a review and assessment of organizations in which the company is a member or otherwise supports financially for lobbying on legislation at federal, state, or local levels.

### Methane Emissions - Measure Leakage & Disclose

Anadarko Petroleum Corp.

*Similar resolutions were submitted to EQT Corporation, Energen Corporation, Range Resources Corporation*

WHEREAS, We believe that reporting on environmental risk management increases company responsiveness to shareholders who are seeking information about the company's response to current and evolving regulation, as well as to increasing public awareness of how corporate behavior can impact the environment; Companies in the oil and gas industry face multiple types of risk from emissions of methane gas from their operations, including environmental and reputational risk. According to the Environmental Protection Agency (EPA), the oil and gas sector in the U.S. is the largest industrial source of methane emissions, contributing to 31% of U.S. methane emissions;

Methane gas emissions are a significant contributor to climate change. According to the Environmental Defense Fund, methane is a climate pollutant 84 times more powerful than carbon dioxide over a 20 year period and is responsible for one quarter of today's global warming;

The International Energy Agency has identified minimizing methane emissions from upstream oil and gas production as one of four key global greenhouse gas mitigation opportunities to keep the world below a 2° Celsius temperature increase;

Because of their potency, unmanaged emissions of methane can undermine the positive environmental profile of natural gas and therefore harm its ability to play a positive role in solving climate change. Consequently, methane emissions can damage the product reputation of natural gas' cleaner-burning fuel. This has negative long-term implications for demand, particularly when considering the growing competition from renewable energy;

Low-cost solutions to achieve methane emission reductions exist, including leak detection and repair technologies (LDAR). The World Energy Outlook 2017 analysis finds reduction potentials globally of 75%, with 40-50% of this reduction at net zero costs. The reduction of oil and gas methane emissions remains a cost-efficient way of reducing greenhouse gas emissions;

We believe a strong program of measurement, mitigation, target-setting, and disclosure supports continued market share, maximizes gas for sale, preserves natural gas' favorable environmental profile, and bolsters shareholder value; and

Anadarko Petroleum Corporation (Anadarko Petroleum) has not provided adequate disclosure in public filings, on its website, or through a report, of the Company's strategies to mitigate risk associated with the emission of methane gas from its operations.

**RESOLVED:** Shareholders request that Anadarko Petroleum report annually to shareholders (at reasonable cost, omitting proprietary information) and include quantitative indicators, the company's policies and practices beyond regulatory requirements to monitor and minimize methane emissions, particularly leakage, from the company's operations.

**Supporting Statement:** We believe the report should include the leakage rate as a percentage of production, throughput, and/or stored gas, management of high risk infrastructure; best practices, worst performing assets; environmental impact; reduction targets and methods to track progress over time.

### Methane Emissions - Measure Leakage & Disclose

Chevron Corp.

WHEREAS: Methane emissions contribute significantly to climate change, with an impact of roughly 86 times that of carbon dioxide over a 20 year period. Emissions of this potent gas from the oil and gas sector – via venting, flaring, and leaking – has the potential to erase the potential climate benefits of burning oil or gas instead of coal.

The oil and gas industry is the largest U.S. source of methane emissions.<sup>1</sup> The 2017 International Energy Agency's World Energy Outlook finds that methane emissions from the oil and gas value chain are among the cheapest to abate of all anthropogenic emissions.

Cost effective technological solutions exist and can be deployed immediately to substantially reduce methane emissions in the oil and gas industry. A small number of "super-emitter" leaks may produce a disproportionately large portion of emissions. With advances in infrared, drone, and leak detection technology, as well as more efficient equipment, it is well within the ability of companies to find and dramatically reduce their methane leaks.

As an indication of the importance of methane emissions, peers including Exxon, Shell, and BP recently committed to a set of guiding principles to reduce methane emissions and improve transparency.<sup>2</sup> The American Petroleum Institute announced the formation of an "Environmental Partnership" to voluntarily reduce methane emissions from U.S. oil and gas operations.<sup>3</sup> A number of oil and gas companies have previously announced adoption of methane reduction targets as part of the ONE Future Coalition.

A 2016 study ranked Chevron as 17th out of the 100 highest methane emitters from onshore production.<sup>4</sup> Although Chevron provides broad and generalized statements about its methane reduction activities, it fails to disclose the information necessary to allow investors to assess its leak detection and repair practices based on objective, quantitative information. In a 2017 special methane edition of "Disclosing the Facts" Chevron scored only two out of thirteen points on its methane leak detection and emission reduction management-related disclosures for its U.S. operations. Chevron's reporting substantially lags that of its peers.

Given the intense and growing public scrutiny of methane emissions, Chevron must demonstrate to investors that it is taking action to reduce its methane risk. Disclosure of specific management practices and their impacts, especially with respect to leak detection, is the primary means by which investors can assess how our company is managing this important risk.

**RESOLVED:** Shareholders request that Chevron provide a report (at reasonable cost, omitting proprietary information) using quantitative indicators, on the company's actions beyond regulatory requirements to minimize methane emissions, particularly leakage, from the company's hydraulic fracturing operations.

**Supporting Statement:** Proponents request the report include:

- Identifying how frequently leak detection methodologies, beyond visual inspections, are used at facilities such as well pads, compressors, etc., including equipment inspected
- repair times for identified leaks
- status of reducing high bleed pneumatic devices
- methane emission rates from drilling, completion, and production operations
- methane emissions reduction targets

1 <https://www.epa.gov/ghgemissions/overview-greenhousegases#methane>

2 <https://www.wsj.com/articles/exxon-shell-bp-to-join-group-to-cut-emissions-from-natural-gas-1511360150>

3 <https://www.platts.com/latest-news/oil/washington/amid-deregulatory-push-api-launches-push-tolimit-26851288>

4 <https://cdn.americanprogress.org/wp-content/uploads/2016/06/17113709/MethanePollutionreport.pdf>

### Methane Emissions - Measure Leakage & Disclose

DTE Energy

*A similar resolution was submitted to Exelon*

WHEREAS: The long term interests of shareholders are best served by companies that operate their businesses in a sustainable manner, focused on long term value creation. This is particularly important in the context of climate change.

Methane is the main chemical component of natural gas. Methane emissions are a significant contributor to climate change, with a global warming impact roughly 86 times that of carbon dioxide over a 20 year period according to the IPCC. Methane leaks from DTE Energy's aging infrastructure create significant climate risk at a time when global warming concerns are growing among the public and regulators. Importantly, research indicates that methane leaks of only 3.2 percent across the entire natural gas supply chain — from production through distribution — could fully erase the climate benefits of replacing coal with gas. Leaked methane is also a loss of product, representing 30 billion dollars of lost revenue for industry (3 percent of gas produced) according to a 2015 Rhodium Group study.

DTE's methane leaks expose the company to climate change related regulatory risk. In recent years state-level regulations on methane emissions have become increasingly stringent. States like California and Massachusetts now require local distribution companies to submit plans to achieve methane emissions reductions from actions like leak-prone pipeline replacement, and other states are likely to follow.

Methane leaks are also a safety hazard. DTE's aging pipeline infrastructure puts its over 1.3 million gas customers at risk of becoming victims of a catastrophic explosion. Recently, 1,500 residents had to evacuate their homes in the middle of the night due to a crash that ruptured a DTE natural gas line, causing an explosion and fire. Between 2005 and 2015, the Pipeline and Hazardous Materials Safety Administration reports that the nation's natural gas distribution system was responsible for incidents resulting in 118 fatalities and 553 injuries.

DTE's 25-year plan to upgrade its leak-prone pipeline inventory falls far short of the urgent action needed to protect shareholders from material climate and regulatory risk and the risk of catastrophic explosions. Further, the company has not adequately disclosed information as to its leak detection, quantification, or mitigation practices to address shareholder concerns. Despite available, cost-effective technology allowing increased frequency and accuracy of monitoring, DTE has not provided details on needed improvements in its leak detection and monitoring or other methane emissions reduction practices.

RESOLVED: As You Sow requests the company report annually to shareholders (at reasonable cost, omitting proprietary information), and using quantitative indicators, the company's actions beyond regulatory requirements to monitor and minimize methane leakage, including adopting a quantitative methane intensity reduction target for its operations.

Supporting Statement: Investors request the report specifically include a description of its methane reduction program including:

- Leak detection and repair, in terms of facilities monitored, and frequency and technology used
- Amount of methane emissions reduced annually (and how emissions are calculated)
- Company plans to replace leak prone pipeline or implement other emission reduction practices



## Proxy Resolutions: Climate Change

### Methane Emissions - Measure Leakage & Disclose

Dominion Resources, Inc.

*A similar resolution was submitted to Kinder Morgan, Inc*

WHEREAS: Research indicates methane leaks from gas operations could erase the climate benefits of reducing coal use. Methane emissions are a significant contributor to climate change, with an impact on global temperature roughly 84 times that of carbon dioxide over a 20 year period. Leaked methane represented 30 billion dollars of lost revenue (3 percent of gas produced) in 2012 according to a 2015 Rhodium Group study. Yet, an October 2016 study published in Nature indicates methane emissions from the oil and gas sector are 20 to 60 percent higher than previously thought.

While utilities are increasingly reliant on the safe, reliable, and efficient delivery of gas along the value chain, the 2015 failure of a gas injection well at Southern California Gas Company's Aliso Canyon Storage Field in Los Angeles revealed major vulnerabilities in the maintenance and safety of natural gas storage facilities. The incident exposed both a lack of oversight and contingency planning for a well blowout.

The casing failure of well SS-25 precipitated the release of over 100,000 tons of methane into the atmosphere, resulting in the relocation of 8,000 families and jeopardizing California's mitigation objectives under the state's climate law AB-32. Relocation, clean up, well containment, and litigation costs have soared to over 800 million dollars to date, with criminal filings and civil lawsuits still pending against SoCal Gas.

There are over 400 gas storage facilities around the country. According to the Energy Information Administration, over 80 percent of these facilities are also located in depleted oil wells, many drilled decades ago. Dominion has storage facilities that may face similar risks to Aliso Canyon, as it is estimated to hold the third highest volume of natural gas in the country.

In response to Aliso Canyon, the Pipeline and Hazardous Materials Safety Administration has recommended minimum federal safety standards for previously unregulated underground gas storage facilities. A failure by companies to proactively inspect, monitor, and upgrade critical transportation and storage infrastructure with the aim of reducing methane emissions may invite more rigorous regulations, particularly at the state level.

Poor oversight of gas infrastructure, including storage facilities, has a direct economic impact on Dominion, as lost gas is not available for sale. We believe a strong program of measurement, mitigation, target setting and disclosure reduces regulatory and legal risk, maximizes gas for sale, and bolsters shareholder value.

RESOLVED: Shareholders request Dominion issue a report (at reasonable cost, omitting proprietary information) reviewing the Company's policies and plans to measure, monitor, mitigate, and set quantitative reduction targets for methane emissions resulting from natural gas storage assets.

Supporting Statement: We believe the report should include the leakage rate as a percentage of production, throughput, and/or stored gas; management of high risk storage infrastructure; reduction targets; and methods to track progress over time. Best practice strategy would utilize real-time measurement and monitoring.

### Business Plan for 2C Warming Scenario

AES Corporation

*A similar resolution was submitted to AMEREN (Union Electric)*

WHEREAS: To meet the goal of the Paris Agreement of keeping global temperature rise well below 2 degrees Celsius the International Energy Agency estimates that the global average carbon intensity of electricity production will need to drop by 90 percent. As long-term shareholders in the AES Corporation, we would like to understand how AES is planning for the risks and opportunities presented by global efforts to keep global temperatures within acceptable boundaries.

In June 2016, the credit rating agency Moody's indicated that they would begin to analyze carbon transition risk based on scenarios consistent with the Paris Agreement, and noted the high carbon risk exposure of the power sector. In June 2017, the Financial Stability Board's Taskforce on Climate-related Financial Disclosures finalized its guidelines for reporting on climate risk, recommending that companies in the utility sector evaluate the potential impact of different scenarios, including a 2°C scenario, on the organization's businesses, strategy, and financial planning.

Rapid expansion of low carbon technologies including distributed solar, battery storage, grid modernization, energy efficiency and electric vehicles provide not only challenges for utility business models but also opportunities for growth. Although AES has made investments in renewable energy and in battery storage it still has significant investments in carbonintensive projects around the globe. According to the 2015 and 2016 10-Ks, AES and its subsidiaries emitted of approximately 67.7 million metric tons of carbon dioxide in both years, with approximately 30.2 million metric tons emitted in the U.S. in 2016 (an increase from 27.4 tons in 2015). As investors, we are concerned that AES is not properly accounting for the risk of its current high investment in carbonintensive generation and, despite its pledge of no new investments in coal generation, lacks an overall goal to reduce current emissions.

A 2-degree scenario analysis of AES's current generation and future plans will generate a more complete picture of current and future risks and opportunities than business as usual planning. Scenario analysis will help AES identify both vulnerabilities and opportunities for its business, and reassure investors and markets that AES is poised to manage and take advantage of future regulatory, technological and market changes.

RESOLVED: Shareholders request that AES, with board oversight, publish an assessment (at reasonable cost and omitting proprietary information) of the long-term impacts on the company's portfolio consistent with limiting global warming to no more than two degrees Celsius over pre-industrial levels.

Supporting Statement: This report could include:

- How AES could adjust its capital expenditure plans to align with a two degree scenario; and
- Plans to integrate technological, regulatory and business model innovations such as electric vehicle infrastructure, distributed energy sources (storage and generation), demand response, smart grid technologies, and customer energy efficiency as well as corresponding revenue models and rate designs.

### Business Plan for 2C Warming Scenario

Dominion Resources, Inc.

*Similar resolutions were submitted to CMS Energy Corp., DTE Energy, WEC Energy Group Inc.*

WHEREAS: In November 2016 the Paris Agreement entered into force and its goal of keeping global temperature rise well below 2 degrees Celsius will begin to shape national policy decisions. To meet this goal the International Energy Agency estimates that the global average carbon intensity of electricity production will need to drop by 90 percent. As long-term shareholders, we would like to understand how Dominion Resources is planning for the risks and opportunities presented by global efforts to keep global temperatures within acceptable boundaries.

In June 2016, the credit rating agency Moody's indicated that they would begin to analyze carbon transition risk based on scenarios consistent with the Paris Agreement, and noted the high carbon risk exposure of the power sector.

In June 2017, The Financial Stability Board's Task Force on Climate-related Financial Disclosures recommended the use of scenario analysis and disclosure of climate-related risks and opportunities.

Rapid expansion of low carbon technologies including distributed solar, storage, energy efficiency and electric vehicles provide both challenges for utilities and opportunities for growth. Many large corporations are increasing their commitments to renewable energy, providing a significant market opportunity for electric utilities. The International Energy Agency and the International Council on Clean Transportation forecast that electrification of transport will play a critical role in achieving the necessary greenhouse gas reductions by 2050.

Dominion Resources is the 14th largest CO2 emitter in the U.S. Dominion does not have a GHG reduction goal, and does not provide information on its long-term strategy to decarbonize in ways that are consistent with the Paris Climate Agreement. In its recent Integrated Resource Plan in Virginia, the company proposes by reducing its CO2 emission rate while increasing absolute CO2 emissions, which is inconsistent with the Paris Climate Agreement. As investors, we are concerned that Dominion is not properly accounting for the risk of its current high investment in carbonintensive generation.

A 2 degree scenario analysis of our company's current generation and future plans will generate a more complete picture of current and future risks and opportunities. By assessing the impact of a 2 degree scenario on the company's full portfolio of power generation assets and planned capital expenditures through 2040, including the financial risks associated with such scenarios, the company can better plan for future regulatory, technological and market changes.

RESOLVED: Shareholders request that Dominion Resources, with board oversight, publish an assessment (at reasonable cost and omitting proprietary information) of the long term impacts on the company's portfolio, of public policies and technological advances that are consistent with limiting global warming to no more than two degrees Celsius over pre-industrial levels.

Supporting Statement: This report could include:

- How Dominion could adjust its capital expenditure plans to align with a two degree scenario; and
- Plans to integrate technological, regulatory and business model innovations such as electric vehicle infrastructure, distributed energy sources (storage and generation), demand response, smart grid technologies, and customer energy efficiency as well as corresponding revenue models and rate designs.

### Business Plan for 2C Warming Scenario

#### PNM Resources

WHEREAS: In November 2016 the Paris Agreement entered into force. Its goal of keeping global temperature rise well below 2 degrees Celsius has already begun to shape national policy decisions globally. The International Energy Agency estimates that to meet this goal the global average carbon intensity of electricity production will need to drop by 90 percent, a large target. As shareholders, we would like to understand how Public Service Company of New Mexico's ("PNM") business planning takes into account risks and opportunities presented by global efforts to keep global temperatures within acceptable boundaries.

In June 2016, the credit rating agency Moody's indicated that they would begin analyzing carbon transition risk based on scenarios consistent with the Paris Agreement, and noted the high carbon risk exposure of the power sector.

Rapid expansion of low carbon technologies including distributed solar, battery storage, grid modernization, energy efficiency and electric vehicles provide challenges for utility business models but also opportunities for growth. Many large corporations are actively seeking to increase their use of renewable energy, providing a significant market opportunity for forward-thinking utilities. We believe the energy transition occurring has a significant impact on PNM, and thus we have asked for the company to take proactive steps.

A 2 degree scenario analysis of our company's current generation and future plans will generate a comprehensive picture of current and future risks and opportunities for our company going beyond routine planning. By assessing the impact of a 2 degree scenario on the company's full portfolio of power generation assets and planned capital expenditures through 2040, including the financial risks associated with such scenarios, the company can better plan for future regulatory, technological and market changes.

Numerous companies are doing such an assessment. Resources exist such as Recommendations of the Task Force on Climaterelated Financial Disclosures. <https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Report-062817.pdf> The Task Force is comprised of 32 global members representing a broad range of economic sectors and financial markets.

In 2017, regarding the "2 degree scenario" resolution, PNM argued that such a study would duplicate information they were already required to provide to state and federal regulators. The SEC specifically rejected the company's arguments and the resolutions went ahead to a vote. PNM was confronted with very strong support for the "2 degree scenario" resolution, which received 49.9% of the vote. In a year where 2 degree scenario resolutions were presented at a number of companies and received support nationwide, PNM's percentage in favor was one of the highest, after only Occidental Petroleum (67%) and ExxonMobil (62%).

We believe there is a compelling self-interest for PNM and our shareholders to do the assessment.

RESOLVED: Shareholders request that PNM, with board oversight, publish an assessment (at reasonable cost and omitting proprietary information) of the long term impacts on the company's portfolio, of public policies and technological advances that are consistent with limiting global warming to no more than two degrees Celsius over preindustrial levels.

### Business Plan for 2C Warming Scenario

Anadarko Petroleum Corp.

WHEREAS: In November 2016, the Paris Agreement entered into force. Its goal of keeping global temperature rise well below 2 degrees Celsius is already shaping global policy decisions. Resulting national, state, and local regulations to address climate change, technological innovation, energy efficiency improvements, and consumer preference are leading the way toward a low carbon energy market that will meaningfully reduce demand for carbonbased fuels.

The CEOs of Statoil and Shell have predicted that peak demand for oil may occur as early as the 2020s. The International Energy Agency (IEA) notes that transportation accounts for more than one fifth of global carbon dioxide emissions and forecasts that electrification of transport will play a critical role in achieving required greenhouse gas reductions.

The increasing likelihood of public policy action, and the speed of technological advancements to address climate change, make it vital that Anadarko provide investors with more detailed analyses of the potential risks to its business under a range of climate scenarios. This imperative is underscored by Moody's announcement that it will take climate risk into account in establishing bond ratings. Similarly, the Financial Stability Board's Taskforce on Climate-related Financial Disclosures guidelines, issued this year, recommends that the energy sector evaluate the potential impact of different scenarios, including a 2 degree Celsius scenario, on a company's business, strategy, and financial planning.

A recent analysis of oil and gas carbon asset risk found that 20 to 30% of Anadarko's potential capital expenditure is outside the 2 degree budget, creating a risk of stranded assets. (<http://2degreeseperation.com/>).

While Anadarko's website notes that "regulatory changes could significantly increase our capital expenditures and operating costs or could result in delays to or limitations on our exploration and production activities," it has not presented analysis allowing investors to assess the resilience of our company's portfolios under various carbon-constrained scenarios, including a 2 degree scenario.

Uncertainty around future demand growth in light of climate change has led competitors like ConocoPhillips and Total to test capital planning decisions against multiple carbon-constrained scenarios. Others, such as Chevron and Occidental, have begun the process of providing shareholders with disclosure on carbon asset risk.

Accordingly, shareholders seek to understand, through scenario analysis, how our company is adjusting to the increasingly low carbon energy market and planning for the risks and opportunities associated with this accelerating change.

**RESOLVED:** Shareholders request that Anadarko publish with Board oversight, at reasonable cost and omitting proprietary information, an assessment of the impacts to the Company's portfolio of scenarios consistent with limiting global warming to 2 degrees Celsius or below. The assessment should outline the resilience of the company's reserves and resource portfolio in response to multiple demand and price scenarios and explain how capital planning and business strategies incorporate the financial risks posed by such scenarios.

### Business Plan for 2C Warming Scenario

Valero Energy Corporation

WHEREAS: As long-term shareholders in the Valero Corporation, we would like to understand how our company is planning for the risks and opportunities presented by global efforts to keep temperatures within the below 2-degrees Celsius goals of the Paris Climate Agreement.

A 2017 report from Carbon Tracker predicts that in a 2-degree economy global oil demand could decline by as much as 23 percent over a 15-year period. Market and regulatory changes such as adoption of electric vehicles and regulations to increase fuel efficiency hold the potential to reduce demand for petroleum-based fuels permanently, with significant implications for refining margins. The report concludes that in a low-carbon future Valero risks a potential decline in earnings of more than half.

In addition, as climate change brings sea level rise and more frequent and severe storms and droughts, Valero's coastal assets are at risk, as the recent hurricanes in Texas and Florida aptly demonstrate. Valero's ethanol plants use significant amounts of water, as does the corn in its supply chain, and are highly vulnerable to drought conditions and competing demands for water in the Midwestern states.

A 2-degree world will also provide opportunities as, for example, corporations seek to reduce transportation emissions, airlines look to adopt advanced biofuels, and automakers and utilities work to develop electric vehicle charging networks.

Investors are increasingly focused on the need for robust climate disclosure. In June 2017, the Task Force on Climate-related Financial Disclosures finalized its guidelines for reporting on climate risk, recommending that companies evaluate the potential impact of different scenarios, including a 2-degree scenario, on their businesses, strategy, and financial planning. Investors representing over \$25 trillion in assets endorsed the Task Force recommendations, and one of Valero's peers, Marathon Petroleum, recently produced a report using these guidelines to analyze its vulnerabilities to climate risk.

Valero reports in its most recent citizenship report that it has increased energy efficiency and reduced greenhouse gas emissions on a per barrel basis; however, it does not report any goals for reducing overall emissions. While Valero also reports significant investments in biofuel production, initiatives to reduce flaring, and the use of renewable energy and cogeneration to power some of its operations, it has not articulated a clear strategy to position its business for a potential low-carbon future.

**RESOLVED:** Shareholders request that Valero issue a report by December 30, 2018 with board oversight, at reasonable cost and omitting proprietary information, on Valero's strategy for aligning its business plan with the well below 2-degree Celsius goal of the Paris Agreement, while continuing to provide safe, affordable and reliable energy.

**Supporting Statement:** This report could include:

- The impact of a below 2-degree scenario on Valero's current business model, business lines and products;
- Plans to increase the climate resilience of assets and operations; and
- Plans to integrate technological, regulatory and business model innovations such as advanced biofuels, fuel cells, and electric vehicle charging infrastructure.

### Business Plan for 2C Warming Scenario

Kinder Morgan, Inc

**WHEREAS:** As long-term shareholders in Kinder Morgan Inc (KMI), we would like to understand how our company is planning for the risks and opportunities presented by global efforts to keep temperatures within the below-2-degrees Celsius goals of the Paris Agreement.

KMI acknowledged in its 2016 10-K filing with the U.S. Securities and Exchange Commission that “greenhouse gas regulations could have material adverse effects on our business, financial position, results of operations or cash flows.” A brief statement paper on climate change was also issued, but the disclosure did not provide investors with any analysis regarding how KMI’s portfolio of assets or planned capital expenditures perform under potential regulations and other carbon constraints inherent in a 2-degree scenario.

KMI, as one of the largest energy infrastructure companies in North America, has extensive and expanding interests in the transport of energy sources including coal, oil, and natural gas. KMI intends to make significant infrastructure investments in the highest carbon fuels, including oil sands.

KMI intends to invest over \$5 billion to expand its Canadian oil sands export capacity to the West Coast and Asia. This investment is of concern due to strong community and First Nations opposition, particularly in British Columbia. In addition, persistently low prices challenge the breakeven price of new oil sands production that would feed this pipeline, raising questions about the project’s long-term viability. Canada has already begun to implement policies and develop new regulations, including a price on carbon, geared towards meeting its obligations under the Paris Agreement.

Investors are increasingly focused on the need for robust climate disclosure, including scenario analysis. In June 2017, the Financial Stability Board’s Task Force on Climate-related Financial Disclosures finalized its guidelines for reporting on climate risk, recommending that companies in the energy sector evaluate the potential impact of different scenarios, including a 2-degree scenario, on the organization’s businesses, strategy, and financial planning. Investors representing over \$25 trillion in assets publicly endorsed the Task Force recommendations.

A 2-degree scenario analysis of KMI’s future plans will generate a more complete picture of present and future risks and opportunities. Currently, our company only provides business-as-usual planning and risk analysis, which is not sufficient to prepare for a set of risks as large and complex as climate change. The requested report will reassure investors that KMI is poised to manage and take advantage of future regulatory, technological, and market changes.

**RESOLVED:** Shareholders request that by 2019, KMI publish, with board oversight, an assessment of the long-term portfolio impacts of scenarios consistent with the internationally recognized goal of limiting the global increase in temperature to 2 degrees Celsius. The assessment should analyze the impacts on KMI’s portfolio of assets and explain how capital planning and business strategies incorporate analyses of the financial risks of a low-carbon transition. The report should be done at reasonable cost and omit proprietary information.

### Business Plan for 2C Warming Scenario

Noble Energy, Inc.

WHEREAS: Moody's has warned that "Carbon transition poses significant risks for the oil and gas industry," and Wood Mackenzie writes that "oil companies risk being left behind."

Chief among these threats is the risk of peak demand for fossil fuels driven by technological innovation, regulation and changes in consumer behavior. The International Energy Agency forecasts that electrification of transport will play a critical role in achieving required greenhouse gas reductions, and Statoil has described electric cars as an "existential threat."

The uncertainty around future demand growth in light of climate change has led competitors like ConocoPhillips to test capital planning decisions against multiple carbonconstrained scenarios to avoid the risk of stranded assets. Shell's CEO has said that "we have to have projects that are resilient in a world where oil has peaked."

Investors are increasingly focused on the need for robust climate disclosure, including scenario analysis. In June 2017, the Financial Stability Board's Taskforce on Climate-related Financial Disclosures finalized its guidelines for reporting on climate risk, recommending that companies in the energy sector evaluate the potential impact of different scenarios, including a 2°C scenario, on the organization's businesses, strategy, and financial planning.

Investors representing over \$25 trillion in assets publicly endorsed the Taskforce recommendations.

Noble admits in its financial filings that changes in "climate policy could have a significant impact on our operations and profitability" and that "we are currently in a period of increasing uncertainty."

A recent analysis by CarbonTracker suggested that 30-40% of Noble's future capital spending is potentially at risk in a low-carbon transition.

As long-term shareholders in Noble Energy, we would like to understand how our company is managing this uncertainty and planning for the risks and opportunities associated with climate change.

A 2-degree scenario analysis of Noble Energy's future plans will generate a more complete picture of current and future risks and opportunities than business-as-usual planning. We are not asking the company to make predictions about the distant future. Scenario analysis simply allows a company to consider multiple potential futures, and design a strategy that is resilient in a world of increasing uncertainty. This report will help Noble identify both vulnerabilities and opportunities for its business, and reassure investors that Noble is poised to manage and take advantage of future regulatory, technological and market changes.

**RESOLVED:** Shareholders request that by 2019, Noble Energy publish, with board oversight, an assessment of the long-term portfolio impacts of scenarios consistent with the internationally recognized goal of limiting the global increase in temperature to 2 degrees Celsius. The assessment should outline the impacts of multiple, fluctuating demand and price scenarios on the company's existing reserves and resource portfolio and explain how capital planning and business strategies incorporate analyses of the financial risks of a low-carbon transition. The report should be done at reasonable cost and omit proprietary information.

### Business Plan for 2C Warming Scenario

Entergy Corp.

WHEREAS: Utilities face unprecedented disruptions to their business model driven by growth in non-carbon-emitting sources of electric power, and by state driven climate policy imperatives working toward the goal of limiting global warming to well below 2 degrees Celsius.

Utility leaders recognize the need for change; a PwC Global Power & Utilities Survey found that 97 percent of international electric power industry representatives expect the power utility business model to experience medium to high levels of disruption by 2020.

The effects are evident. In 2014, Barclays downgraded bonds for the entire United States electric utility sector due to the rapidly declining costs of solar power and energy storage technologies. UBS projects solar systems and batteries will cause a huge disruption, noting, "Large-scale power stations could be on a path to extinction." In 2016, credit rating agency Moody's announced it would begin assessing carbon transition risk based on scenarios consistent with the Paris Accord, noting the high carbon risk exposure of the power sector.

Over half of global utility executives believe distributed generation will cause revenue destruction, according to an Accenture survey. Accenture further noted that those who embrace distributed generation can turn the threat into an opportunity. Moody's stated, "a proactive regulatory response to distributed generation is credit positive as it gives utilities improved rate designs and helps in the long-term planning for their infrastructure." Navigant Research noted, "Utilities that proactively engage with their customers to accommodate distributed generation - and even participate in the market themselves - limit their risk and stand to benefit the most."

Distributed generation of electricity is expanding through residential rooftop solar and corporate installations of renewable power. As of November 2017, 114 major brands had committed to work towards 100 percent renewable energy by signing on to the RE100 Pledge. Utilities must either meet these customers' demand, or risk losing them as they pursue solutions like distributed renewable generation independently.

International growth in distributed energy portends changes in the United States. EY reported approximately half of Germany's installed capacity is distributed generation.

Though Entergy is the 7th largest United States utility, and has the 16th highest level of carbon emissions among United States power producers (Ceres, Benchmarking Utility Air Emissions 2015), the Company is among the lowest ranked investor-owned utilities on clean energy deployment with very little distributed energy. Entergy ranked 26th of 30 on clean energy sales; 28th of 30 on incremental annual energy efficiency; and 29th of 30 on lifecycle energy efficiency. (Ceres, Benchmarking Utility Clean Energy Deployment 2016).

**RESOLVED:** With board oversight, shareholders request that Entergy prepare a report (at reasonable cost and omitting proprietary information) describing how the Company could adapt its enterprise-wide business model to significantly increase deployment of distributed-scale non-carbon-emitting electricity resources as a means of reducing greenhouse gas emissions consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels.

### Business Plan for 2C Warming Scenario

FirstEnergy Corporation

**RESOLVED:** Shareholders request that FirstEnergy, with Board oversight, produce a report, at reasonable cost and omitting proprietary information, assessing the long-term portfolio impacts of a scenario consistent with the internationally recognized Paris Agreement goal of limiting global increase in temperature to 2 degrees Celsius.

**WHEREAS:** Global action on climate change is accelerating. Shareholders seek to understand how FirstEnergy is planning for the risks and opportunities presented by public and private efforts to keep global temperatures within this boundary. The International Energy Agency estimates that the global average carbon intensity of electricity production will need to drop by 90 percent to meet the goal of the Paris Agreement.

The rapid expansion of low carbon technologies, including utility-scale renewables, distributed solar, storage, grid modernization, energy efficiency, and electric vehicles provide challenges for utility business models, but also opportunities.

Large customers are increasingly demanding and publicly committing to adopt low carbon energy initiatives, requiring utilities to meet this demand or lose large customers. (See <http://there100.org/companies>).

In June 2016, Moody's credit rating agency announced it would begin considering carbon transition risk while underscoring the high carbon risk exposure of the power sector. In June 2017, the Financial Stability Board's Taskforce on Climate-related Financial Disclosures recommended that companies in the utility sector evaluate the potential impact of different scenarios, including a two degree Celsius scenario.

In addition to climate risk, fossil fuel emissions, especially from coal, create negative environmental and health impacts. For instance, in addition to air pollution created by burning coal, coal waste, known as "coal ash", can leach and spill from disposal sites, contaminating water supplies and adding to coal's costs and risks.

Across the country, market forces have caused coal assets to lose value. FirstEnergy is no exception. Although it has made limited investments in renewable energy, it retains significant investments in coal-intensive projects. Investors are concerned that FirstEnergy is not properly addressing the risk of its high investment in coal-based generation. FirstEnergy's stock value has stalled at 40 percent of its 2008 peak, and the company's 2016 annual report declared an impairment charge of \$9.2 billion on stranded, long-lived assets deemed unrecoverable. In November 2016, FirstEnergy's Chief Executive Officer announced subsidiary FirstEnergy Solutions' power plants (mostly coal and nuclear) could not compete in current markets and might be sold. ([http://www.cleveland.com/business/index.ssf/2016/11/firstenergy\\_to\\_sell\\_or\\_close\\_p.html](http://www.cleveland.com/business/index.ssf/2016/11/firstenergy_to_sell_or_close_p.html)). This year, Standard & Poor's downgraded FirstEnergy Solutions' bond rating due to concerns related to coal plant closures. (<https://www.utilitydive.com/news/amid-bankruptcy-fears-sp-downgrades-firstenergy-solutionsbond-rating/503264/>).

Despite such stark financial red flags, FirstEnergy ended its "Switch is On" program designed to move toward cleaner energy sources. While FirstEnergy has adopted a strong carbon target, it has failed to identify a path to achieve it, and management remains focused on coal. In contrast, peer utility leaders are taking proactive steps to analyze and address carbon risks, such as SSE's post-Paris report on climate resiliency ([http://sse.com/media/473275/Post-Paris\\_FINAL\\_06072017.pdf](http://sse.com/media/473275/Post-Paris_FINAL_06072017.pdf)) and AEP's carbon asset risk analysis. (<https://www.aepsustainability.com/environment/climate/carbon.aspx>).

### Business Plan for 2C Warming Scenario

Exxon Mobil Corporation

**RESOLVED:** Shareholders request that, beginning in 2019, ExxonMobil publish an annual assessment of the long-term portfolio impacts of technological advances and global climate change policies, at reasonable cost and omitting proprietary information. The assessment can be incorporated into existing reporting and should analyze the impacts on ExxonMobil's oil and gas reserves and resources under a scenario in which reduction in demand results from carbon restrictions and related rules or commitments adopted by governments consistent with the globally agreed upon 2 degree target. This reporting should assess the resilience of the company's full portfolio of reserves and resources through 2040 and beyond, and address the financial risks associated with such a scenario.

**Supporting Statement:** It is our intention that this be a supportive but stretching resolution that promotes the longer-term success of the company.

In December 2015, 195 nations reached full agreement at the 21st Conference of the Parties to the UN Framework Convention on Climate Change to limit global average temperature rise to well below 2 degrees Celsius, with a stretch target of 1.5 degrees Celsius (Paris Agreement). The Paris Agreement, which went into effect on November 4, 2016, requires signatories to submit progressively stronger nationally determined contributions every five years with a view to ensuring that the objective to restrict warming to well below 2 degrees is met.

ExxonMobil has yet to present any analysis to investors of how its portfolio performs under a 2 degrees scenario. Performing such an analysis is critical to informing a business strategy that meets ExxonMobil's objective of increasing energy access to the world's poorest, without conflicting with the Paris Agreement.

When ExxonMobil previously sought to exclude this resolution from the proxy statement, the SEC advised that "it does not appear that ExxonMobil's public disclosures compare favorably with the guidelines of the proposal."

The need for extractive companies to provide disclosure on the resilience of their portfolios to the transition to a low carbon economy is generally established. ExxonMobil's peers BP, ConocoPhillips, Royal Dutch Shell and Total have endorsed 2 degrees scenario analysis. The Financial Stability Board's Task Force on Climate Related Financial Disclosures has indicated that it favors such analysis. Major asset managers (e.g. BlackRock, State Street Global Advisors) have called for improved climate risk disclosures. In the credit market, Moody's Global Ratings includes low demand scenarios in its ratings analysis of companies in high risk sectors such as the energy industry.

This resolution aims to ensure that ExxonMobil fully evaluates and discloses to investors risks to the viability of its assets as a result of the transition to a low carbon economy, including a 2 degrees scenario, in line with sector good practice.

### Business Plan for 2C Warming Scenario

American International Group, Inc. (AIG)

**WHEREAS:** The physical impacts of climate change and coordinated mitigation response present systemic challenges and opportunities to our global economy. The insurance sector has a unique position as society's risk managers and institutional investors. Insurance regulatory bodies including the National Association of Insurance Commissioners<sup>1</sup> and UK Prudential Regulation Authority<sup>2</sup> recognize insurer climate risks, ranging from physical, to legal liability, to investment risks amidst climate change and transition to a low-carbon economy.

Investors require increased transparency on the resilience and adaptability of insurance companies to ensure their long-term stability and profitability. Supported by over 100 CEOs, including insurance leaders, the Financial Stability Board's industry-led Task Force on Climate Related Financial Disclosures (TCFD) identifies scenario analysis as essential to climate disclosure. For insurance companies, TCFD recommends assessing climate risks across core business operations - underwriting and investment portfolios.<sup>3</sup> Insurance supervisors and regulators support TCFD recommendations, identifying scenario analysis as a "critical tool to understand how the insurance sector could be impacted by both physical climate impacts as well as the transition to a low-carbon and climate resilient economy."<sup>4</sup>

**RESOLVED:** Given the profound societal impacts of climate change and our company's potentially critical role in mitigating harm to society, shareholders request that AIG, beginning in 2019, with board oversight, publish an assessment, at reasonable cost and omitting proprietary information, of the plausible impacts of a climate change scenario consistent with a globally agreed upon target of limiting warming to 2 degrees Celsius, as well as additional scenarios reflecting higher global average temperatures.

**Supporting Statement:** This requested report can be incorporated into existing reporting and should address business impacts related to the physical effects of climate change and transition to lower-carbon economy. Recognizing there is not yet a standardized approach for AIG to analyze different climate scenarios, there is instead an opportunity for AIG to lead the industry and establish best practices for disclosure that complies with TCFD recommendations. This includes TCFD's supplemental guidance for insurance companies and asset owners, their technical guidance for scenario analysis, and the following considerations:

- Assessment of various, feasible climate-related scenarios and their potential impact on business, including a greater than 2°C scenario corresponding to greater physical risk and a lesser than 2°C scenario corresponding to greater transition risk
- Reporting of critical input parameters, assumptions and considerations, and analytical choices used in scenario analysis<sup>5</sup>
- Reporting of time frames used for the scenarios, including short-, medium-, and long-term milestones<sup>6</sup>
- Drawing upon internal scenario assessment tools and external models such as transition scenarios from the International Energy Agency (IEA) and physical impact scenarios from the Intergovernmental Panel on Climate Change (IPCC)<sup>7</sup>
- How business strategies across underwriting and investment activities may change to align with climate scenarios.

1 [http://www.naic.org/cipr\\_newsletter\\_archive/vol18\\_warming\\_world.pdf](http://www.naic.org/cipr_newsletter_archive/vol18_warming_world.pdf)

2 [www.bankofengland.co.uk/pru/documents/supervision/activities/pradefra0915.pdf](http://www.bankofengland.co.uk/pru/documents/supervision/activities/pradefra0915.pdf).

3 <https://www.fsb-tcfd.org/wpcontent/uploads/2017/06/FINAL-TCFD-Annex-062817.pdf>

4 [http://unepinquiry.org/wpcontent/uploads/2017/07/SIF\\_TCFD\\_Statement\\_July\\_2017.pdf](http://unepinquiry.org/wpcontent/uploads/2017/07/SIF_TCFD_Statement_July_2017.pdf)

5 <https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINALTCFD-Annex-062817.pdf>

6 <https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Annex-062817.pdf>

7 <https://www.fsb-tcfd.org/publications/final-technical-supplement/>

### Greenhouse Gas Reduction - Science-Based Targets

Kansas City Southern Industries, Inc.

*A similar resolution was submitted to Genesee & Wyoming, Inc.*

**RESOLVED:** Shareholders request that Kansas City Southern adopt time-bound, quantitative, company-wide goals for reducing greenhouse gas (GHG) emissions, taking into account the goals of the Paris Climate Agreement, and report at reasonable cost and omitting proprietary information, on its plans to achieve these goals.

**Supporting Statement:** In December 2015, representatives of 195 countries adopted the Paris Climate Agreement, which specifies a goal to limit the increase in global temperatures. To achieve this, climate scientists estimate greenhouse gas emissions need to be reduced by 55 percent by 2050 (relative to 2010 level).

Sixty-three percent of Fortune 100 companies have established targets that will lead to emissions reductions. Companies are making these commitments for a variety of reasons, including the potential to reduce energy costs, hedge against risks of volatile energy prices, strengthen the company's reputation, appeal to stakeholders including employees, investors and customers, and reduce their environmental footprint.

The Task Force on Climate-Related Financial Disclosures (TCFD) highlights the importance of energy management and related disclosure to companies in rail transportation. The TCFD highlights the opportunities to use new technologies to address lower-emissions standards and increased fuel-efficiency requirements, including rail transport vehicles that run on alternative fuels. TCFD guidelines recommend that rail companies report on total fuel used and the percentage of renewable fuel.

Similarly, in its disclosure standards for Rail Transport Companies, the Sustainability Accounting Standards Board (SASB) has identified the environmental footprint of fuel use as a priority topic for disclosure, including a description of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.

Rail transportation produces air pollution including particulate matter, sulphur dioxide, nitrogen oxides, and volatile organic compounds. These pollutants negatively affect public health, imposing a cost on society. Financial data providers such as Trucost have developed metrics and publish reports that identify the financial impact of an individual company's environmental pollution, including Kansas City Southern.

Establishing goals to reduce greenhouse gas emissions can help to reduce the contribution Kansas City Southern makes to climate change and to other forms of air pollution.

While Kansas City Southern reports on efforts to reduce energy use and greenhouse gas emissions, it has not established a publicly available target in line with the Paris Climate Agreement and climate science.

### Greenhouse Gas Reduction - Science-Based Targets

C.H. Robinson Worldwide, Inc.

**RESOLVED:** Shareholders request that C.H. Robinson Worldwide, Inc's (Company) board oversee the adoption of time-bound, quantitative, company-wide, science-based targets for reducing total greenhouse gas (GHG) emissions, taking into account the goals of the Paris Climate Agreement, and report, at reasonable cost and omitting proprietary information, on its plans to achieve these goals.

**Supporting Statement:** In December 2015, representatives of 195 countries adopted the Paris Climate Agreement, which specifies a goal to limit the increase in global average temperatures. To achieve this, climate scientists estimate global GHG emissions need to be reduced by 55 percent by 2050 (relative to 2010 levels), entailing a US reduction target of 80 percent.

In 2017, the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommended that companies adopt targets to manage climate-related risks and disclose related strategies. The TCFD is supported by a cross section of influential investors and business leaders.

63 percent of Fortune 100 companies have established targets that will lead to emissions reductions (Source: Power Forward 3.0). Many Company peers and others throughout their value chain are already setting GHG emissions targets and potentially reducing operating costs by boosting fuel efficiency. For instance, Expeditors International set a 27 percent reduction target for Scope 1 and 2 emissions by 2017; the International Air Transport Association committed to a 50 percent reduction in emissions by 2050 (with carbon neutral growth from 2020); and the International Maritime Organization has a mandatory ship energy efficiency management plan, along with a 50 percent reduction target per ton/km in 2050.

Climate change has significant potential to adversely impact the Company's business. As the Company notes in their most recent 10-K, their contract carriers are subject to increasingly stringent regulations around climate change, which could increase contract costs. As the frequency and intensity of extreme weather events increases with climate change, along with infrastructure risks, shipments may be subject to more frequent delays and losses, ultimately increasing operating costs and potentially threatening revenue.

A similar proposal made by the proponent last year was withdrawn based on Company commitments that were not met. The Company has no company-wide systems in place to monitor, manage, or meaningfully mitigate these risks or capture the opportunities. By not pursuing GHG reduction goals, the Company may not achieve the benefits realized by peers — a competitive disadvantage for the Company and shareholders alike. This is confirmed by MSCI rating the Company as worst-in-class for management of risks from carbon emissions, and by Sustainalytics placing the Company below their peer group average for carbon intensity and GHG reduction programs.

### Greenhouse Gas Reduction - Science-Based Targets

Emerson

**RESOLVED:** Shareholders request that Emerson Electric adopt time-bound, quantitative, company-wide goals for reducing total greenhouse gas (GHG) emissions, taking into account the goals of the Paris Climate Agreement, and issue a report at reasonable cost and omitting proprietary information on its plans to achieve these goals.

**Supporting Statement:** In December 2015, representatives from 195 countries adopted the Paris Climate Agreement, which specifies a goal to limit the increase in global average temperature to well below 2°C above pre-industrial levels. In order to meet the 2-degree goal, climate scientists estimate it is necessary to reduce global emissions by 55 percent by 2050 (relative to 2010 levels), entailing a US reduction target of 80 percent.

In 2017, The Task Force on Climate-related Financial Disclosures (TCFD), commissioned by the Financial Stability Board, issued their recommendations. Supported by a cross section of influential investors and business leaders, the TCFD recommends that companies adopt targets to manage climate-related risks and disclose related strategies.

Sixty-four percent of Fortune 100 companies have set goals, while 44 percent of the smallest 100 companies in the Fortune 500 have done so (Source: Power Forward 3.0). Many of Emerson Electric's peers and customers have set GHG goals:

- Rockwell Collins: reduce emissions by 29 percent by 2019 compared to a 2009 baseline.
- Honeywell: reduce emissions intensity by 10 percent from 2013 levels. This is Honeywell's third goal, having already met previous goals to reduce emissions intensity by 15 percent from 2011 levels and reduce total GHG emissions by 30 percent.
- ABB: reduce energy intensity by 20 percent by 2020 from a 2013 baseline.

A strong business case is leading companies to set GHG emissions reduction, energy efficiency, or renewable energy targets. Power Forward 3.0 reports that 190 companies among the Fortune 500 are collectively saving \$3.7 billion annually as a result of energy efficiency programs—a key way to reduce GHG emissions. CDP research finds that four out of five companies earn a higher return on carbon reduction investments than on their overall corporate capital investments. Among Emerson Electric's peers, Honeywell reports energy efficiency projects that will result in annual savings exceeding \$8 million, all with payback periods of 3 years or less.

Fifty-three Fortune 500 companies have established a renewable energy target—another strategy to reduce emissions. And nearly two-dozen of these companies have committed to power all of their operations with renewable energy. Many of these companies publicly state that sourcing renewable energy saves them money.

While Emerson Electric's products help its clients reduce energy usage and climate impacts, our company has not committed publicly to GHG emissions reductions targets for its own operations. By not setting and pursuing GHG reduction goals, Emerson may not achieve the benefits realized by its peers—a competitive disadvantage for the company and shareholders alike.

For the past two years, over one-third of shares (excluding abstentions) voted in favor of this resolution, a substantial level of support that management should not ignore.

### Greenhouse Gas Reduction - Science-Based Targets

J.B. Hunt Transport Services, Inc.

**RESOLVED:** Shareholders request J.B. Hunt Transport Services (JBHT) adopt company-wide, quantitative, science-based targets to reduce greenhouse gas (GHG) emissions from its vehicle fleet and operations and issue a report, at reasonable cost and omitting proprietary information, discussing its plans and progress towards achieving these targets.

**WHEREAS:** The Paris Climate Agreement of 2015 that was agreed to by 195 countries established a target to limit global temperature increases to 2 degrees Celsius above pre-industrial levels. Motivated by the imperative to achieve this limited warming scenario, over 300 businesses have committed to set GHG emissions reduction targets consistent with this global goal. The United States initially supported this effort by establishing a long-term goal to reduce emissions to 80% below 2005 levels by 2050.

The transportation sector is particularly important if the U.S. is to meet this or any other emissions reduction goal; the U.S. Energy Information Administration reports the transportation sector recently passed the electricity generation sector as the largest producer of GHG emissions. Transportation is also the only major sector in the U.S. with increasing emissions – emissions from the residential, commercial, industrial, and electric power sectors have all declined in recent years.

JBHT has stated it takes climate change seriously. It has adopted various initiatives to reduce fuel consumption and its Inter-Modal operations provide emissions reductions for its clients. Yet, according to its CDP responses, JBHT's emissions per load increased in 2015 and 2016, calling into question the efficacy of the company's strategies and initiatives.

Proponents believe adopting company-wide, quantitative targets based on climate science would help JBHT align new and existing initiatives, lower costs, increase competitiveness, and prepare for changing regulations, while enabling shareholders to better evaluate JBHT's emissions management strategies. Proponents recommend JBHT consider the methods outlined by the Science Based Targets Initiative as this would ensure its emissions reductions are consistent with the levels needed to achieve the 2 degree goal.

Over half of JBHT's S&P 500 peers have set GHG emissions reduction targets. Ryder System, Norfolk Southern, and CSX Corporation are notable transportation sector examples.

Setting GHG reduction goals would also unlock important opportunities for growth as business customers increasingly demand environmental accountability from suppliers. For example, Walmart, one of JBHT's major customers, is aiming to reduce its supply chain emissions and is encouraging its suppliers to set their own ambitious science-based emissions reduction targets.

Setting GHG goals is frequently found to be sound business strategy. A 2013 report by CDP, WWF, and McKinsey & Company found that companies with GHG targets achieved 9% better return on invested capital than companies without targets.

One of the recommendations of The Task Force on Climate-related Financial Disclosures, whose members include JPMorgan Chase, UBS Asset Management, Generation Investment Management, and BlackRock, is: "Describe the targets used by the organization to manage climate-related risks and opportunities and performance against these targets."

### Greenhouse Gas Reduction - Science-Based Targets

EOG Resources, Inc.

**RESOLVED:** Shareholders request EOG Resources, Inc. (EOG) adopt company-wide, quantitative, time-bound targets for reducing greenhouse gas (GHG) emissions and issue a report, at reasonable cost and omitting proprietary information, discussing its plans and progress towards achieving these targets.

**WHEREAS:** The Paris Climate Agreement of 2015 that was agreed to by 195 countries established a target to limit global temperature increases to 2 degrees Celsius above preindustrial levels. This limit is widely accepted as a critical threshold above which the world will suffer the worst impacts of climate change, including severe storms, sea level rise, property damage, human health impacts, and increased energy costs. In order to meet the 2 degree goal, climate scientists estimate it is necessary to reduce global emissions by 55 percent by 2050 (relative to 2010 levels), entailing a US reduction target of 80 percent.

According to a 2015 report by Citigroup the costs of failing to address climate change could lead to a \$72 trillion loss to global GDP.

EOG states: "Our safety and environmental management processes are based on a goal setting philosophy. The company sets safety and environmental expectations and provides a framework within which management can achieve safety and environmental goals in a systematic way." Despite this philosophy, EOG has not established time-bound or quantitative emissions reductions goals.

Motivated by the imperative to achieve the Paris Agreement, over 300 global businesses have committed to setting GHG emissions reduction targets consistent with the 2 degree goal. In addition, over half of EOG's peers in the S&P 500 have set GHG reduction targets. Hess, Apache, Kinder Morgan, and Southwestern, are among EOG's peers in the oil and gas sector that have set quantitative, time-bound GHG and/or methane reduction targets.

Setting GHG reduction targets is frequently found to be a sound business strategy. A 2013 report by CDP, WWF, and McKinsey & Company found that companies with GHG reduction targets achieved 9% better return on invested capital than companies without targets.

Setting targets would address a common concern of investors that are increasingly attune to the risks of climate change. State Street Global Advisors recently published disclosure recommendations for oil and gas companies, wherein it states, "We view establishing company-specific GHG emissions targets as one of the most important steps in managing climate risk."

One of the recommendations of The Task Force on Climaterelated Financial Disclosures (TCFD), whose members include JPMorgan Chase, UBS Asset Management, Generation Investment Management, and BlackRock, is: "Describe the targets used by the organization to manage climate-related risks and opportunities and performance against these targets."

While EOG has implemented various emissions reduction strategies, proponents believe establishing time-bound, quantitative emissions reduction targets would serve to align new and existing initiatives, spur innovation to drive further emissions reductions, lower costs through enhanced efficiency, mitigate risk, and enhance shareholder value.

### Greenhouse Gas Reduction - Science-Based Targets

#### Illinois Tool Works Inc.

**RESOLVED:** Shareholders request Illinois Tool Works, Inc. (ITW) adopt time-bound, quantitative, company-wide, science-based targets for reducing greenhouse gas (GHG) emissions, consistent with the goals of the Paris Climate Agreement, and report annually, at reasonable cost and omitting proprietary information, on its plans and progress towards achieving these targets.

**Supporting Statement:** The Paris Climate Agreement of 2015, agreed to by 195 countries, established a target to limit global temperature increases to 2-degrees Celsius above pre-industrial levels. To meet the 2-degree goal and mitigate the worst effects of climate change, climate scientists estimate it is necessary to reduce global emissions 55 percent by 2050 (relative to 2010 levels), entailing a US reduction target of 80 percent.

For the US to meet this, or any other reduction goal, businesses must play a part. The Task Force on Climate-related Financial Disclosures recommends that companies disclose targets and performance against targets to measure and manage climate risks.

ITW has undertaken various initiatives to reduce emissions, yet reports a 12% increase in GHG emissions per unit of revenue from 2012 to 2016. This indication of inefficiency calls into question the efficacy and ambition of the company's initiatives. Setting GHG reduction targets would enable shareholders to better evaluate emissions performance trends and the effectiveness of ITW's strategies.

We encourage ITW to work with the Science-Based Targets Initiative, which provides third-party verification, to set science-based goals. Over 312 global businesses currently do so. The investor group, Climate Action 100+ intends to engage the world's largest emitters to reduce emissions consistent with the Paris Agreement – essentially setting sciencebased goals.

More broadly, 50% of the S&P 500 companies have set GHG emissions reduction targets. Among these companies are many of ITW's peers, proving it is possible to reduce emissions while growing the business:

- Cummins – Achieved a 36% reduction in GHG intensity from 2005 to 2015 and now commits to science-based targets.
- 3M – Aims to reduce GHG emissions 50% below 2002 levels by 2025 while growing the business
- Johnson Controls – reduced GHG emissions intensity 41% from 2002 to 2014 and targets an additional 15% reduction by 2020
- Honeywell – Set its third GHG emissions reduction goal after achieving its first two

Companies that set targets often produce benefits to their bottom-line. In 2013, Carbon Disclosure Project and World Wildlife Fund found that four out of five companies in the S&P 500 earned a higher return on investments aimed at reducing carbon emissions than other capital investments. This study also found energy efficiency improvements earned an average return on investment of 196%, with an average payback period between two and three years. Honeywell reported its investments in energy efficiency projects will save \$8 million a year.

### Greenhouse Gas Reduction - Science-Based Targets

#### Minerals Technologies Inc

**RESOLVED:** Shareholders request Minerals Technologies, Inc. (MTI) adopt time-bound, quantitative, company-wide, science-based targets for reducing greenhouse gas (GHG) emissions consistent with the goals of the Paris Climate Agreement, and report annually, at reasonable cost and omitting proprietary information, on its plans and progress towards achieving these targets.

**Supporting Statement:** The Paris Climate Agreement of 2015, agreed to by 195 countries, established a target to limit global temperature increases to 2-degrees Celsius above pre-industrial levels. To meet the 2-degree goal and mitigate the worst effects of climate change, climate scientists estimate it is necessary to reduce global emissions 55 percent by 2050 (relative to 2010 levels), entailing a U.S. reduction target of 80 percent.

Setting GHG reduction targets has become a common practice among U.S. and global businesses. Over 300 global businesses have committed to set science-based emissions reduction targets consistent with the 2-degree goal. We encourage MTI to work with the Science-Based Targets Initiative, which provides third-party verification, to set science-based goals.

In addition over half of the S&P 500 and many materials companies have set company-specific GHG emissions reduction targets. Examples include:

- H.B. Fuller Company – To reduce GHG emissions intensity 20% between 2014 and 2025.
- Croda Corporation – To generate 27% of energy from non-fossil fuel sources by 2020.
- Cabot Corporation – To reduce GHG intensity 20% from 2005 to 2025.
- PPG Industries – To reduce GHG intensity 25% by 2020 compared to 2012.

MTI has not set GHG reduction targets, which is of particular concern as the company's emissions have remained constant or even increased over the past several years.

Investors have shown keen interest in corporate ambition to reduce emissions. The Task Force on Climate-related Financial Disclosures, whose members include JPMorgan Chase, UBS Asset Management, Generation Investment Management, and BlackRock, recently published recommendations for all companies, including: "Describe the targets used by the organization to manage climate-related risks and opportunities and performance against these targets."

Companies that set targets often produce benefits to their bottom-line. In 2013, Carbon Disclosure Project, McKinsey & Company, and World Wildlife Fund found that four out of five companies in the S&P 500 earned a higher return on investments aimed at reducing carbon emissions than other capital investments. This study also found energy efficiency improvements earned an average return on investment of 196%, with an average payback period between two and three years.

Adopting a science-based GHG emissions reduction target would enable shareholders to better evaluate emissions performance trends and the effectiveness of MTI's strategies to reduce emissions. Proponents believe that setting GHG emissions reduction targets would also enable MTI to strategically align new and existing initiatives to reduce emissions, spur innovation in products and technologies, lower costs, reduce risk exposure, increase competitiveness, and enhance shareholder value.

### Greenhouse Gas Reduction - Science-Based Targets

#### United States Steel Corporation

WHEREAS: The Paris Climate Agreement aims to limit the increase in global average temperatures to "well below" 2 degrees Celsius above pre-industrial levels. To meet this 2-degree goal, climate scientists estimate global greenhouse gas emissions must be reduced 40 to 70 percent below 2010 levels by 2050.

The World Steel Association names climate change "the biggest issue for the steel industry in the twenty-first century." In June 2016, the credit rating agency Moody's announced it will analyze carbon transition risk based on scenarios consistent with the Paris Agreement. And in June 2017 the Taskforce on Climate-related Financial Disclosures released guidelines recommending that companies "describe the targets used by the organization to manage climate related risks and opportunities and performance against targets" to measure and manage climate risk.

The steel industry accounts for seven percent of global anthropogenic greenhouse gas emissions; the sectoral decarbonization approach suggests an emissions intensity reduction of over 70 percent by the steel industry by 2050 to achieve 2 degrees. Over half of S&P 500 companies have already set greenhouse gas emissions reduction targets, including several of US Steel's peers:

- Arcelor Mittal: 8% intensity reduction by 2020 (2007 baseline)
- POSCO: 9% intensity reduction by 2020 (2008 baseline)
- ThyssenKrupp: absolute emissions reduction target of 4 percent by 2020 (2013 baseline) for Scope 1, 2 and 3 emissions.
- Several of US Steel's peers have committed to set science-based greenhouse gas targets, including China Steel and Mahindra Sanyo Special Steel.

CDP's 2016 report, *Nerves of Steel*, found that US Steel has among the highest emissions intensity compared to peers, increasing by 2.4 percent between 2009 and 2015. The company has no reported greenhouse gas emissions reduction target. In contrast to peers, US Steel also lacks research and development initiatives on breakthrough low emissions technology.

As understanding of climate change develops, companies lacking comprehensive greenhouse gas reduction goals may face increased regulation and greater scrutiny from investors, other stakeholders and the media. In addition to reducing risk, corporate greenhouse gas goals can drive innovation, save money, enhance reputation and create new market opportunities. As more companies set greenhouse gas reduction targets for their supply chains, they are beginning to prioritize suppliers that have lower emissions. Thus, US Steel has the potential to increase market share if it reduces the emissions footprint of its steel.

By failing to set and pursue greenhouse gas goals, US Steel may be at a competitive disadvantage and will not achieve the cost- and risk- reduction benefits realized by companies that are implementing such goals.

RESOLVED: Shareholders request that US Steel adopt time-bound, quantitative, company-wide, science-based goals for reducing total greenhouse gas emissions, taking into account the goals of the Paris Climate Agreement, and report, at reasonable cost and omitting proprietary information, on its plans to achieve these goals.

### Greenhouse Gas Reduction - Energy Efficiency

Gilead Sciences, Inc.

**RESOLVED:** To increase the benefits to society and to our company associated with usage of clean energy resources, shareholders request that Gilead Sciences senior management, with oversight from the Board of Directors, issue a report assessing the feasibility of adopting timebound, quantitative, company-wide goals for increasing energy efficiency and use of renewable energy. The report should be issued within one year of this filing at reasonable cost, and omitting proprietary information.

**Supporting Statement:** Clean energy management involves using energy more efficiently and shifting from fossil-based to renewable energy sources. By assessing adoption of clean energy goals, our company could lay the ground to reduce energy costs, hedge against risks of volatile energy prices, enhance U.S. energy security, and reduce greenhouse gas (GHG) emissions.

According to the International Energy Agency (IEA), improved energy efficiency must provide 49 percent and renewables must provide 17 percent of energy-related GHG reductions to stabilize global temperatures. Fortunately, energy efficiency and renewables often make business sense irrespective of their climate benefits. CDP reports that the efficiency investments of hundreds of global companies paid for themselves from reduced energy bills in just 4.2 years on average. According to a 2016 report from the US Department of Energy “[P]rices from [wind] contracts executed in the past 3+ years are consistently below the low end of the projected natural gas fuel cost”, which is typically the next cheapest electricity fuel. A combination of improved efficiency and increased use of low-cost renewable energy could help the pharmaceutical industry reduce the \$1 billion per year it spends each year on energy required to keep its facilities running.

To capture the environmental and financial benefits of improved energy management, leading pharmaceutical companies have implemented aggressive clean energy goals. For instance, Abbvie, Bristol-Myers Squibb, and Johnson & Johnson have all joined the US Department of Energy’s “Better Plants Initiative” in which partners voluntarily set a goal to reduce energy intensity by 25% over a 10-year period across all of their US operations. Likewise, AstraZeneca, Biogen, DSM, Johnson & Johnson and Novo Nordisk have joined the RE100 initiative, committing to shift toward 100 percent renewable electricity usage.

By contrast, Gilead Sciences lags behind.

The company’s most recent sustainability report provides anecdotal information about a range of discrete initiatives to improve energy efficiency at facilities in five countries. Yet the report is silent on energy management in two dozen other countries where the company operates. The report highlights how much energy is used and how much greenhouse gas is emitted at large facilities in the five countries, yet its disclosures are silent on specific, time-bound, companywide goals to improve efficiency, increase renewables, or curb greenhouse gas emissions.

To maintain parity with its competitors, Gilead Sciences shareholders should vote to assess the adoption of company-wide efficiency and renewable energy goals.

### Greenhouse Gas Reduction - Energy Efficiency

Comcast Corp.

**RESOLVED:** Shareholders request that Comcast senior management, with oversight from the Board of Directors, issue a report assessing the feasibility of adopting time-bound, quantitative, companywide goals for increasing energy efficiency and use of renewable energy. The report should be produced at reasonable cost, and may omit proprietary information.

**Supporting Statement:** We propose this resolution to increase the benefits to society and to our company associated with usage of clean energy resources. Clean energy management involves using energy more efficiently and shifting from fossil fuel-based to renewable energy. By assessing adoption of clean energy goals, our company could lay the groundwork to reduce energy costs, reduce risks of volatile energy prices, enhance U.S. energy security, improve the health of the communities our company serves, and curb greenhouse gas (GHG) emissions.

According to the International Energy Agency (IEA), improved energy efficiency and renewable energy could provide 49 and 17 percent, respectively, of energy-related GHG reductions needed to stabilize global temperatures. Fortunately, energy efficiency and renewables often make business sense irrespective of climate benefits. CDP reports that energy efficiency investments of hundreds of global companies paid for themselves from reduced energy bills in just 4.2 years on average. According to a 2016 report from the U.S. Department of Energy, “[P]rices from [wind] contracts executed in the past 3+ years are consistently below the low end of the projected natural gas fuel cost,” which is typically the next cheapest electricity fuel.

Recognizing the business and environmental benefits, peers of Comcast have adopted public, clean energy goals. AT&T, Verizon, Sprint, and T-Mobile adopted renewable energy goals. CenturyLink committed to reduce GHG emissions, while Google committed to shift to 100% renewable energy. AT&T is on track to meet its seven-year goal to reduce energy intensity 60% by 2020. In 2017, Sprint achieved a ten-year goal to cut absolute energy use by 20%. Entertainment and media peers Twenty-first Century Fox, The Walt Disney Company, and Viacom have also set public targets to reduce GHG emissions.

Comcast appears to recognize business opportunities associated with action on clean energy—it provides investors a number of anecdotes as evidence. For example, Comcast has adopted more energy efficient stadium lighting and, in collaboration with industry partners, it reports having improved energy efficiency of set-top boxes. Further, Comcast recently announced a partnership to market rooftop solar energy solutions to its customers.

However, shareholders cannot evaluate the extent or effectiveness of Comcast’s efforts related to clean energy in the absence of public goals. Nor can we be assured that the company has systematically identified the numerous opportunities to preserve and create shareholder value associated with these efforts.

We urge shareholders to vote for studying the feasibility of adopting time-bound, quantitative, company-wide goals for increasing energy efficiency and use of renewable energy, including distributed generation.

### Greenhouse Gas Reduction – Renewable Energy

#### Kroger

WHEREAS: The long term interests of shareholders are best served by companies that operate their businesses in a sustainable manner, focused on long term value creation. This is particularly important in the context of climate change. To mitigate the worst impacts of climate change, global warming must be limited to under 2 degrees Celsius (IPCC 2013), a goal consistent with the internationally recognized Paris Agreement.

Kroger is one of the world's largest food retailers, exceeding \$115 billion in revenue. It is listed 18th on Fortune's Fortune 500 list and 40th on Fortune's Global 500 list. Despite its size and significant carbon impact, Kroger lags behind its peers in establishing greenhouse gas emission reduction targets. Where most companies are reducing carbon, Kroger's combined Scope 1 & 2 emissions have annually increased since 2013. (Kroger CDP Reports 2012-2017). Investors are concerned that Kroger's globally significant carbon emissions are not being adequately addressed.

One meaningful way Kroger could reduce its carbon footprint is to expand its use of renewable energy. While making some inroads on energy and supply chain efficiency, Kroger has not instituted comprehensive programs to reduce the carbon impact of its power sourcing. Kroger's failure to meaningfully invest in renewable energy is in strong contrast to its peers, which are rapidly and profitably scaling renewable energy. Competitor Walmart installed 145 MW of solar at 364 different sites; Target developed 147 MW of solar at 300 sites, and Costco 51 MW. (<https://www.seia.org/solar-means-business-report>). Walmart has further committed to 100% renewable electricity, joining other major companies such as Whole Foods Market, IKEA, and Starbucks. (<http://there100.org/companies>). Target recently announced new science based targets including a 100% renewable energy commitment (<https://cleantechnica.com/2017/10/19/target-announces-100-renewable-energy-target-amidst-new-climate-policy>), aligning with existing goals to install distributed solar power on 500 more stores and distribution centers by 2020. (Target 2015 Corporate Social Responsibility Report).

According to Eric Schmidt, Executive Chairman of Alphabet Inc., "Much of corporate America is buying renewable energy [...] not just to be sustainable, because it makes business sense, helping companies diversify their power supply, hedge against fuel risks, and support innovation in an increasingly cost competitive way." (Google Green Blog 2014).

While Kroger claims it is committed to reducing its carbon footprint, it has yet to make meaningful commitments to shift its massive energy consumption away from fossil fuel sources. Accelerating renewable energy adoption will help Kroger stay competitive and protect Kroger's shareholder value into the future as intensifying climate change imposes growing costs on Kroger's supply chain, physical assets, and shareholders.

**RESOLVED:** Shareholders request Kroger produce a report, with board oversight, assessing the climate change risk reduction benefits of adopting quantitative, time-bound, enterprise-wide targets for increasing its renewable energy sourcing. The report should be produced at reasonable cost and exclude proprietary information.

**Supporting Statement:** Shareholders request the report also include discussion of the business risk Kroger faces from climate change; the potential for renewable energy procurement to reduce such risk; and options for increasing renewable energy adoption.



## Proxy Resolutions: Climate Change

### Net Zero GHG Emissions by 2030

Verizon Communications Inc.

**RESOLVED:** The shareholders ask the Board of Directors of Verizon Communications, Inc. (the "Company") to prepare a report to shareholders that evaluates the feasibility of the Company achieving by 2030 "net-zero" emissions of greenhouse gases from parts of the business directly owned and operated by the Company, as well as the feasibility of reducing other emissions associated with Company activities. The report should be done at reasonable expense and may exclude confidential information.

**Supporting Statement:** In 2015, 196 parties at the U.N. Climate Change Conference agreed to limit climate change to an average global warming of 2 degrees Celsius above preindustrial temperatures, with a goal of limiting it to 1.5 degrees Celsius. The Intergovernmental Panel on Climate Change states that to reach this goal, CO<sub>2</sub> emissions must fall to zero by 2040 to 2070, and scientists agree that reaching the Paris Agreement's 1.5 degrees goal means that the world must reach net-zero greenhouse gas ("GHG") emissions by 2030 to 2050, sooner than is currently planned by most corporations and nations.

Achieving net-zero emissions essentially means reducing the level of greenhouse gases emitted on an annual basis to a level roughly equal to the amount of renewable energy created by an individual entity. We believe that achieving this goal is important for companies generally to achieve long-term shareholder value.

Although Verizon has taken some steps, more needs to be done. For example, Verizon recently achieved its goal of reducing its carbon intensity by 50%, but there is no current goal for further reductions. Although Verizon has also committed to adding 24 MW of green energy into its operations by 2025, that would generate under one percent of the 10.8 million MWh of electricity that Verizon reports it consumed in 2016. Thus, it does not appear that the Verizon board has adopted an overall longer-term policy in line with the goals of the Paris Agreement.

Industry peer BT Group has committed to sourcing 100% of electricity from renewable sources by 2020. BT achieved an 80% reduction in absolute carbon emissions 3 years early.

In implementing this proposal, Verizon may wish to consider The Greenhouse Gas Protocol, prepared by World Business Council for Sustainable Development and the World Resources Institute, which provides a useful guide for quantifying and reporting corporate GHG emissions. That Protocol identifies three types of emissions for a company's consideration:

- Direct emissions from sources owned or controlled by the company; and
- Electricity indirect emissions from electricity purchased and consumed by the company.
- Other emissions that otherwise result from a company's activities.

We believe that offsets should be permanent and represent emission reductions not likely to have occurred otherwise. Also, offsets should represent carbon abatement that is not being counted by another party and should account for leakage, i.e., deducting material increases in emissions elsewhere that nullify or reduce the abatement. Finally, we believe that independently audited information about offsets should be available to interested parties.

We urge you to vote FOR this proposal.

### Report on GHG Emissions and CAFE Fuel Economy Standards

Ford Motor Company

*A similar resolution was submitted to General Motors Corp.*

WHEREAS: Global action on climate change is accelerating. The Paris Agreement's goal of keeping global temperature rise below 2 degrees Celsius is already shaping global, national, and local policy decisions.

Transportation accounts for more than 23 percent of global carbon dioxide emissions; this sector will need to deliver major emissions cuts for countries to achieve the Paris goal. (WEO 2017). In the U.S., a recent study<sup>1</sup> found that greenhouse gas (GHG) reductions beyond those achievable from current vehicle emission reduction standards will be necessary by 2025 to meet global climate goals.

Globally, governments are adopting transportation policies requiring significant fuel economy increases, and are beginning to promote low carbon vehicle technology standards. China will require 40 percent of cars sold by 2030 to be electric and intends to ban vehicles with internal combustion engines. Other countries and cities have announced, and California is considering, similar measures.

Automakers are announcing plans in line with this decarbonizing transportation market. Volvo committed that, by 2019, all new models will be electrified, with plans to sell 1 million electric vehicles (EVs) cumulatively by 2025. BMW committed to sell 100,000 electrified vehicles in 2017 and that 20 to 25 percent of its sales will be plug-in hybrids or EVs by 2025. Ford will need to undertake aggressive action to compete successfully in this transition to low carbon transportation.

In 2012, the U.S. issued light duty vehicle rules strengthening GHG emission reduction standards and improving corporate average fuel economy standards (collectively "CAFE standards"). These rules are being challenged by Ford and other automakers.<sup>2</sup>

The proposed weakening of CAFE standards will lead to additional greenhouse gas emissions, regulatory uncertainty, and significant reputational risk for automakers. For example, a public campaign was recently launched demanding that Ford and other automakers end their advocacy for rollback of CAFE standards.<sup>3</sup>

Ford recently announced a significant reallocation of capital from cars to trucks and sport utility vehicles, a move that will increase fleetwide GHG emissions. Ford also announced an initiative to expand electric vehicle development, but has yet to specify sales targets, percentages of planned electric drive vehicles, etc.<sup>4</sup> Coupled with lobbying to weaken CAFE standards, this new plan raises serious questions about whether the company will retreat in reducing fleetwide GHG emissions, especially through 2025, a critical window of opportunity for the industry to meet climate goals. This uncertainty exposes the company to reputational harm, public controversy, and the potential to quickly lose global competitiveness.

Ford's actions have created investor concern about the alignment of its fleet emissions with an increasingly low carbon global vehicle market.

RESOLVED: Shareholders request that Ford, with Board oversight, publish a report, at reasonable cost, describing whether and how our company's fleet GHG emissions through 2025 will increase given its planned change in fleet mix and industry's proposed weakening of CAFE standards or, conversely, how it plans to retain emissions consistent with, or better than, CAFE standards to ensure its products are sustainable in a rapidly decarbonizing vehicle market.

1 [http://ns.umich.edu/new/releases/25157-beyond-epa-s-clean-power-decision-climate-action-window-could-close-as-earlyas- 2023](http://ns.umich.edu/new/releases/25157-beyond-epa-s-clean-power-decision-climate-action-window-could-close-as-early-as-2023)

2 <http://www.autonews.com/article/20170206/OEM11/302069936/fields-cafe-claim-comes-with-an-asterisk>

3 <http://www.businessinsider.com/trump-change-epa-cafe-standards-car-companies-2017-3>

4 [http://www.foxnews.com/auto/2017/10/04/ford-to-stake-future-on-trucks-and-electrification.html.](http://www.foxnews.com/auto/2017/10/04/ford-to-stake-future-on-trucks-and-electrification.html)



## Proxy Resolutions: Climate Change

### Low Carbon Business Model

Chevron Corp.

*A similar resolution was submitted to Exxon Mobil Corporation*

WHEREAS: A global transition toward a low carbon economy is occurring and trends to reduce global demand for carbon-based energy are accelerating. Major oil companies face unprecedented disruption to their business model driven by global imperatives to limit global warming to well below 2 degrees Celsius and a resulting growth in low- and non-carbon-emitting technologies and energy sources.

Goldman Sachs pegs the low carbon economy at a \$600 billion-plus revenue opportunity, estimating that solar PV and wind will add more to the global energy supply between 2015 and 2020 than shale oil production did between 2010 and 2015.

Low carbon market forces, including competition from electric cars, will be a “resoundingly negative” threat to the oil industry. The CEOs of Statoil and Shell have predicted that peak oil demand may occur as early as the 2020s. Citigroup estimates the value of unburnable fossil fuel reserves could reach \$100 trillion through 2050. In 2016, Fitch Ratings urged energy companies to plan for “radical change.”

A failure to plan for this transition may place investor capital at substantial risk. Carbon Tracker (CTI) estimates 30 to 40 percent of Chevron’s potential upstream capex through 2035 is outside the Paris Agreement’s goal of less than 2 degrees global warming. CTI notes 2.3 trillion of industry-wide upstream projects are inconsistent with global commitments to limit climate change and rapid advances in clean technologies.

While Chevron has recently slowed capital expenditures in the face of lower oil prices, a decade of historic spending on high cost, high carbon assets has made our company vulnerable<sup>1</sup> to further downturns in demand and falling oil prices. Global climate action and low carbon technological advancements make it vital that our company transition its business plan to remain successful in an increasingly decarbonizing economy.

Peers including Total, Shell, and Statoil have already begun investing in clean energy projects including wind, solar, and renewables storage. In 2016, oil major investments in clean energy more than doubled. Total has a stated goal to increase renewable and low carbon businesses to 20 percent of the company’s portfolio and made the largest number of investments in clean energy companies in 2016. By 2020, Shell plans to spend approximately 1 billion dollars annually to adapt to the transition toward renewable power and electric cars. Statoil has established a new energy unit to capitalize on the growing renewable energy sector.

RESOLVED: With board oversight, shareholders request Chevron issue a report (at reasonable cost, omitting proprietary information) describing how the Company could adapt its business model to align with a decarbonizing economy by altering its energy mix to substantially reduce dependence on fossil fuels, including options such as buying, or merging with, companies with assets or technologies in renewable energy, and/or internally expanding its own renewable energy portfolio, as a means to reduce societal greenhouse gas emissions and protect shareholder value.

<sup>1</sup> See [https://www.aysousow.org/ays\\_report/unconventional-risks-thegrowing-uncertainty-of-oil-investments/](https://www.aysousow.org/ays_report/unconventional-risks-thegrowing-uncertainty-of-oil-investments/)

### Stranded Assets Due to Climate Change

#### PNM Resources

**BE IT RESOLVED:** Shareholders request that Public Service Company of New Mexico (“PNM”) prepare a public report identifying all generation assets that might become stranded due to global climate change within the next fifteen years, quantifying low, medium, and high financial risk associated with each asset. The report should be prepared within one year of the annual meeting at reasonable cost and omitting proprietary information.

**Supporting Statement:** Action needed to cap the increase in global temperatures at 2 degrees Celsius—as required for a livable climate and agreed upon under the 2015 Paris Accord—will likely strand utility companies’ fossil fuel assets. The International Energy Agency in 2012 determined that no more than one-third of global proven reserves of fossil fuels can be consumed prior to 2050 to meet the 2 degree Celsius target.<sup>1</sup> This will require a dramatic reduction in coal use, the most carbon intensive fossil fuel, which is likely to result in PNM’s coal infrastructure being substantially devalued as untapped assets.

PNM currently generates approximately 93% of its energy from non-renewable sources, including 54% from coal.<sup>2</sup> It is therefore essential that the company address the risk of stranded assets presented by global climate change, including analysis of long-term and shortterm financial and operational risks.

PNM agreed to close units 2 & 3 at the company’s coal fired San Juan Generating Station (“SJGS”) resulting in stranded assets exceeding \$250 million, losses equally split between shareholders and ratepayers. The remaining SJGS units 1 & 4 might become stranded.<sup>3</sup> All the SJGS units are more than 40 years old and the nearby Four Corners Coal Plant (“FCPP”) is 50 years old. These aging coal plants are depreciated out until 2053 for SJGS and 2031 for FCPP. The average life of a coal plant is only 40 years, according to the National Association of Regulatory Utility Commissioners.<sup>4</sup>

Renewable power may also strand coal assets. According to a 2014 Rocky Mountain Institute report: “the point at which solar-plus-battery systems reach grid parity [...] is well within the 30-year planned economic life of central power plants and transmission infrastructure. Such parity and the customer defections it could trigger would strand those costly utility assets.”

1 See [www.iea.org/publications/freepublications/English.pdf](http://www.iea.org/publications/freepublications/English.pdf) p.3

2 See PNM Investor Presentation 10-6-2016, p. 37

3 PNM’s current Integrated Resource Plan suggests “shutting down San Juan after the current coal supply agreement runs out in 2022.” see <https://www.pnm.com/irp>

4 See <http://qz.com/61423/coal-fired-power-plants-near-retirement/>

### Board Oversight of Climate Change Policies

#### PNM Resources

WHEREAS: Climate change presents both threats to and opportunities for companies in all sectors of the economy, requiring them to adapt their business models and practices. It also brings systemic challenges to economies and financial markets requiring significant efforts by companies to reassess and evolve in response.

There has been rapid growth in laws and regulations globally to address climate change. And the recent ratification of 2015 Paris Agreement on climate change signals we can expect to see the continuing growth of national and global regulations.

Corporate boards have a responsibility to oversee material sustainability issues, like climate change, as part of their responsibility to protect investor interests.

Investors are calling for clear and expanded board oversight of corporate responses to climate change. Large institutional investors CalPERS and CalSTRS recently amended their corporate governance principles calling for climate competence on boards of their portfolio companies; State Street Global Advisors has also put forth its own guidance on how boards can improve oversight of climate change-related risks.

Obviously there can be different models for Boards seeking to insure they are diligently overseeing management's policies and programs on climate change.

A number of leading companies have already embraced board oversight of climate change. Ford Motor Company's Board Sustainability and Innovation Committee explicitly notes the Committee's responsibilities in the areas of "energy consumption, climate change, greenhouse gas and other criteria pollutant emissions." Companies like Apple, Cheniere Energy, ConocoPhilips and others have added experts in climate change to their board of directors.

Meanwhile, PNM Resources has no publicly described process to insure that its board is competent with respect to climate change, and that the issues raised by climate change are routinely addressed by the board.

RESOLVED: To help address the critical social and business impacts of climate change, shareholders request that PNM Resources take steps necessary to establish more effective board oversight of our company's policies and programs addressing climate change and report to shareholders on steps taken or planned.

Supporting Statement: In determining the best approach for PNM Resources to strengthen board oversight of climate change in ways that best address its particular circumstances, we recommend consideration of the following options:

- Formalize climate change oversight by creating a new board committee or assigning responsibility to an existing committee;
- Recruit candidates with expertise in climate change onto the board, and include this in the board qualifications matrix;
- Provide for informed oversight by the entire board through training and stakeholder engagement opportunities when appropriate;
- Integrate consideration of climate change into board deliberations on corporate strategy and risk assessment;
- Regularly evaluate and report on the role of the board in overseeing climate change related risk to and opportunities for PNM Resources.



## Proxy Resolutions: Climate Change

### Board Oversight of Climate Change Policies

#### Old Republic International Corporation

*Similar resolutions were submitted to Travelers Companies, Inc., White Mountain Insurance*

WHEREAS: Climate change presents threats and opportunities for the insurance sector – on both the underwriting and investing sides – requiring adaptation of business models and practices. As climate impacts emerge, board-level oversight will be critical to operating effectively in the new risk landscape.

Investors are calling for clear and expanded board oversight of corporate responses to climate change. State Street Global Advisors developed guidance on how boards can improve oversight of climate change-related risk, while large institutional investors CalPERS and CalSTRS amended their corporate governance principles calling for climate competence on boards of their portfolio companies.

As fiduciaries to investors and stewards for long-term corporate value, corporate boards have a responsibility to oversee material sustainability issues, including climate change, as part of their responsibility to protect investor interests. The Task Force on Climate-related Financial Disclosures (TCFD) identifies corporate governance as a critical contextual component within which to understand a company's financial results, and recommends addressing climate risk as it relates to a company's bottom line, not only its environmental impact. Board oversight, a core mechanism that preserves the company's bottom line, is therefore central to addressing climate risk.

There can be different models for boards seeking to ensure prudent oversight of management's policies and programs on climate change. For example, Prudential Financial has a dedicated board committee responsible for sustainability, and includes expertise in sustainability as a board director qualification. Ford Motor Company's Board Sustainability and Innovation Committee explicitly notes the Committee's responsibilities in the areas of "energy consumption, climate change, greenhouse gas and other criteria pollutant emissions." Apple and Exxon have both added climate change experts to their boards of directors.

Meanwhile, Old Republic International Corporation ("Old Republic") has not sufficiently informed shareholders on how its board manages issues related to climate change. In fact, the company provides no information about how it addresses climate change risk.

Resolved: To help address the critical social and business impacts of climate change, shareholders request that Old Republic take steps necessary to establish more effective board oversight of the company's policies and programs addressing the risks and opportunities posed by climate change and report to shareholders by November 2018 (at reasonable cost, omitting proprietary and confidential information) on steps taken or planned.

Supporting Statement: In determining the best approach for Old Republic to strengthen board oversight of climate change, we recommend consideration of the following options:

- Formalize climate change oversight by creating a new board committee or assigning responsibility to an existing committee;
- Recruit candidates with expertise in climate change onto the board, and include this in the board qualifications matrix;
- Provide for informed oversight by the entire board through training and stakeholder engagement opportunities when appropriate;
- Integrate consideration of climate change into board deliberations on corporate strategy and risk assessment;
- Integrate climate change consideration into board deliberations on executive compensation;
- Regularly evaluate and report on the role of the board in overseeing climate change related risk and opportunities.

### **Oil and Gas Reserve Additions as a Metric in Executive Comp.**

Devon Energy

WHEREAS: As long-term shareholders, we believe that compensation metrics should incentivize the creation of sustainable, long term value. The standards for long term value at oil and gas companies are changing as the global imperative to limit climate change becomes more urgent and energy markets transition toward a low carbon economy.

The Paris Agreement to accelerate greenhouse gas reductions underscores the challenges faced by the oil and gas industry. Government policies to speed a low carbon transition — including fuel efficiency standards, carbon pricing, and carbon emission standards — compel new planning metrics. Similarly, low carbon market forces including competition from cleaner technologies compel new responses.

Emphasizing these trends, Moody's has warned that "Carbon transition poses significant risks for the oil and gas industry," and Wood Mackenzie writes that "oil companies risk being left behind."

Our company's Incentive Plan links executive cash bonuses to reserve replacement and 'production and reserve growth', without qualification.

Shareholders are concerned that linking incentive compensation to oil and gas reserve development, without reference to the long term economic viability of those resources in a decarbonizing economy, including under a 2 degree Celsius scenario, may inappropriately encourage investments in projects with the potential to become stranded in a low carbon economy.

Carbon Tracker (CTI) estimates that oil majors' combined upstream assets would be worth \$140 billion more if restricted to projects consistent with limiting climate change to 2 degrees. Similarly, a June 2017 CTI report found that 30 to 40 percent of Devon's current potential upstream capital expenditures are outside of the 2 degree carbon budget.

Compensation incentives tied to reserve growth may also discourage management from considering innovative new strategies such as diversification. Standard and Poor's notes that under a low price "stress scenario" associated with declining demand, the speed with which companies react and modify their strategies, including their investments, is an important potential rating consideration.

Accordingly, shareholders ask our company to assess the value of continuing to tie executive compensation to the growth of oil and gas reserves.

BE IT RESOLVED: Shareholders request that Devon Energy issue a report assessing, in light of climate change and the global transition to a low carbon economy, the benefits and risks of using oil and gas reserve additions as a metric in executive compensation. The report should be produced at reasonable cost and omit proprietary information.

Supporting Statement: The report should further consider whether severing the link between reserve growth and executive compensation would better reflect increasing uncertainty over climate regulation and a decarbonizing global energy market.

### Risks of Lending, Underwriting in Tar Sands Production

J.P. Morgan Chase & Co.

WHEREAS: Tar sands oil is one of the dirtiest and most carbon- and capital-intensive fossil fuels. Tar sands extraction destroys huge swathes of forest, pollutes land and water, and creates massive reservoirs of toxic waste. It impacts Indigenous People's rights both at the point of extraction and along pipeline routes, in particular in companies' serial failure to secure free, prior and informed consent.

The Institute for Energy Economics and Financial Analysis reported that tar sands development lost nearly \$31B in revenue from 2010 through 2013, "largely because of a fierce grassroots movement against tar sands development."

JPMorgan Chase (JPMC) has positioned itself as an industry leader on climate change by publicly supporting the Paris Climate Agreement, announcing plans to use renewable power for 100% of its global energy needs by 2020, committing to facilitate \$200 billion in clean financing through 2025, and proactively reducing lending to the coal sector.

In contrast, JPMC is the #1 U.S. lender and underwriter of tar sands producers and pipeline companies, at \$8.4 billion from 2014 through September 2017. This is more than double the nearest U.S. peer. In the first nine months of 2017, JPMC's financing of tar sands increased almost 17% compared to all of 2016.

In 2017:

- Exxon wrote off 3.5B barrels of tar sands oil reserves as not economically viable.
- ConocoPhillips, Shell, Marathon Oil, Murphy and Statoil divested more than \$24B of tar sands assets.
- Suncor, the largest tar sands producer, "pledged not to invest in oil sands for 'foreseeable future' and shares have surged." (*Wall St. Journal*)
- Eight global banks had developed policies that prohibit financing for tar sands projects or companies.
- BNP Paribas, the world's 8th largest bank, announced it "will no longer do business with companies whose principal business activity is the exploration, production, distribution, marketing or trading" of tar sands oil and will restrict financing for tar sands projects.

JPMC faces reputational and financial risk by supporting four controversial planned tar sands projects, via project or corporate finance: Kinder Morgan's Trans Mountain, TransCanada's Keystone XL, and Enbridge's Line 3 pipelines, and Teck's Frontier mine. These would result in significant climate and environmental impacts, are strongly opposed by local Indigenous communities, and contradict JPMC's commitments to the Paris Agreement and clean energy.

RESOLVED: Shareholders request that JPMorgan Chase prepare a report, omitting proprietary information and prepared at reasonable cost, by September 2018, on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. This report should include assessments of:

- Short- and medium-term risk of portfolio devaluation due to stranding of high cost tar sand assets.
- Whether JPMC's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius".
- How tar sands financing aligns with our company's support for Indigenous People's rights.
- Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies.

### Review Public Policy Advocacy on Climate

Devon Energy

WHEREAS: The Intergovernmental Panel on Climate Change (IPCC), the world's leading scientific authority on climate change, confirmed in 2013 that warming of the climate is unequivocal and human influence is the dominant cause. Extreme weather events have caused significant loss of life and billions of dollars of damage. Many investors are deeply concerned about existing and future effects of climate change on society, business and our economy.

The IPCC estimates that a 50% reduction in greenhouse gas emissions globally is needed by 2050 (from 1990 levels) to stabilize global temperatures, requiring a U.S. target reduction of 80%.

Urgent action is needed to achieve the required emissions reductions. We believe the U.S. Congress, Administration as well as states and cities, must enact and enforce strong legislation and regulations to mitigate and adapt to climate change, reduce our use of fossil fuels and move us to a renewable energy future.

Accordingly, we urge energy companies update their public policy positions on climate to play a positive constructive role.

Investor concern about climate lobbying is growing. The Principles for Responsible Investment (PRI) "Investor Expectations on Corporate Climate Lobbying." endorsed by investors with \$4 trillion in AUM, calls on companies to insure that their public policy advocacy supports efforts to mitigate and adapt to climate change.

The public perception is that oil and gas companies often oppose laws and regulations addressing climate change or renewable energy.

Consequently, company political spending and lobbying on climate or energy policy, including through third parties, is increasingly under scrutiny. For example, investors question companies' public policy advocacy through the U.S. Chamber of Commerce, which often obstructs progress on climate-related legislation. The Chamber has spent over \$1.4 billion lobbying since 1998.

In contrast, in October 2015 ten of the world's oil companies, including BP and Shell, called publicly for strong global climate goals and supported reducing their Greenhouse Gas emissions. This resolution received a 27% vote in 2017.

RESOLVED: Shareholders request that the Board commission a comprehensive review of Devon's positions, oversight and processes related to public policy advocacy on energy policy and climate change. This would include an analysis of political advocacy and lobbying activities, including indirect support through trade associations, think tanks and other nonprofit organizations. Shareholders request that Devon prepare (at reasonable cost and omitting confidential information) a report summarizing the completed review.

Supporting Statement: We recommend that this review include:

- Whether Devon's current company positions on climate legislation and regulation are consistent with the reductions deemed necessary by the IPCC;
- The level of Board oversight of the company's public policy advocacy on climate;
- Direct and indirect expenditures (including dues and special payments) for issue ads designed to influence elections, ballot initiatives or legislation related to climate changes;
- How Devon follows and analyzes climate research pertinent to oil companies and whether management engages with scientists and climate experts; and
- Proposed actions to be taken as a result of the review.

## Proxy Resolutions: Climate Change

### Proxy Voting Policies - Climate Change

Cohen & Steers Inc

Cohen & Steers is a respected company in the financial services industry. The company has an "ESG Policy" describing how environmental, social and governance (ESG) issues are incorporated into investment decisions, which affirms these factors can affect performance and thus need to be addressed as a fiduciary.

Cohen & Steers subsidiaries invest money on behalf of clients and, as fiduciaries, are responsible for voting proxies of public equities. Proxy voting is a primary mechanism for investors to express to management their opinions on many policies and practices.

In voting proxies Cohen & Steers focuses appropriately on clients' economic interests and votes for a number of governance reforms, believing these issues affect shareholder value.

One of the important issues investors face is climate change. Yet Cohen & Steers appears to ignore this risk to investors.

In one of many statements by global leaders highlighting climate risk, Mark Carney, Governor of the Bank of England stated "the combination of the weight of scientific evidence and the dynamics of the financial system suggest that, in the fullness of time, climate change will threaten financial resilience and longer-term prosperity." BlackRock has also published an important paper on climate risk highlighting the challenges for investors.

Cohen & Steers' publicly reported proxy voting record reveals consistent votes against all climate related and social resolutions, even when there is a strong business and economic case for support. These include requests for enhanced disclosure or adoption of greenhouse gas reduction goals.

In contrast funds managed by investment firms such as Alliance Bernstein, Morgan Stanley, Neuberger Berman and Wells Fargo supported the majority of these resolutions. Goldman Sachs, State Street Global Advisors, and TIAA also voted for a significant percentage of climate resolutions.

More recently Vanguard, Fidelity, and BlackRock revised their proxy voting in 2017 and voted for climate resolutions at Exxon Mobil and Occidental Petroleum. Cohen & Steers is among a diminishing number of investment funds that vote against all social and environmental proposals.

Moreover, proxy voting practices that ignore climate change fail to recognize significant company-specific and economy-wide risks associated with negative impacts of climate change. Conversely, companies that effectively address climate change that impacts their business are acting to protect longterm shareholder value.

Cohen & Steers is also a signatory to the Principles for Responsible Investment (PRI). One of the PRI Principles is to seek to "be active owners and incorporate ESG issues in ownership policies and practices." We believe a routine voting pattern opposing any social or environmental resolution contradicts this principle.

Thus we believe it is Cohen & Steers' fiduciary duty to review how climate change impacts our economy and portfolio companies and evaluate how shareholder resolutions on climate may impact shareholder value and vote accordingly.

**RESOLVED:** Shareowners request that the Board of Directors initiate a review and issue a report on our proxy voting policies and practices related to climate change, prepared at reasonable cost and omitting proprietary information.



## Proxy Resolutions: Climate Change

### Proxy Voting Policies - Climate Change

Bank of New York Mellon Corporation

WHEREAS: Bank of New York Mellon ("Bank") is a respected global leader in the financial services industry and rightly proud of its good governance, positive social and environmental programs and services to clients.

For example, in 2015 the Bank announced it would make available a "wide range of environmental, social and governance (ESG) data and insight to its depository bank clients", the first bank to offer this service to issuers, noting the growing momentum from investors and companies to carefully consider the financial implications of ESG factors.

Confirming the Bank's concern about climate change, in a public statement before the Paris Climate conference, Bank of New York Mellon President Karen Peetz stated "Taking strategic action to mitigate climate change is good for our clients, our investors, our people and our world."

In one of many statements by global leaders highlighting climate risk, Mark Carney, Governor of the Bank of England stated "the combination of the weight of scientific evidence and the dynamics of the financial system suggest that, in the fullness of time, climate change will threaten financial resilience and longer-term prosperity." BlackRock has also published an important paper on climate risk highlighting the challenges and risks for investors.

Bank of New York Mellon and its subsidiaries invest money on behalf of their clients and as part of their fiduciary duty are responsible for recommending votes or voting proxies in their portfolios. Proxy voting is one of the principal ways investors can communicate with companies.

The Bank's Proxy Voting and Governance Committee provides guidance on voting proxies to the Bank's investment advisor subsidiaries, rightly focusing on their clients' economic interests in giving voting advice and actively recommends votes in favor of numerous governance reforms.

Yet the proxy voting recommendations of the committee demonstrates consistent recommendations against virtually all environmental and social resolutions, even when there is a strong business and economic case supporting the resolution.

Many shareholder resolutions on the topic of climate change simply ask for more disclosure or goals to reduce greenhouse gas. In contrast funds managed by investment firms such as Goldman Sachs, Wells Fargo, Morgan Stanley, and AllianceBernstein supported the majority of these resolutions and investors like State Street and TIAA voted in favor of a significant percentage of resolutions on climate.

These incongruities pose a reputational risk to the company. Given the severe impacts of climate change, including significant risks to investors and the economy, there is also risk to BNY Mellon and its clients if its proxy voting practices ignore climate change.

We believe Bank of New York Mellon should review and report on its policies and proxy voting record on climate change taking into account scientific consensus and the bank's fiduciary duty to clients.

**RESOLVED:** Shareowners request that the Board of Directors issue a report on proxy voting and climate change to shareholders prepared at reasonable cost and omitting proprietary information.

## Proxy Resolutions: Climate Change

### Proxy Voting Policies - Climate Change

T. Rowe Price Associates, Inc.

WHEREAS: T. Rowe Price (TROW) is a respected leader in financial services. TROW's "ESG Policy" describes how environmental, social, and governance (ESG) "risk considerations" are incorporated into investment decisions. That policy expresses TROW's belief that ESG issues can influence investment risk and return, thus affirming that such issues need to be addressed with due care by TROW.

TROW subsidiaries invest money on behalf of clients and, as fiduciaries, are responsible for voting proxies of public equities. Proxy voting is a primary mechanism for investors to express to management their opinions on many policies and practices.

One of the important issues investors face is climate change. Yet the voting practices of TROW funds appear to discount this risk dramatically.

Joining numerous global leaders highlighting climate risk, Mark Carney, Governor of the Bank of England, stated "the combination of the weight of scientific evidence and the dynamics of the financial system suggest that, in the fullness of time, climate change will threaten financial resilience and longer-term prosperity." BlackRock has also published an important paper on climate risk highlighting challenges for investors.

However, publicly reported proxy voting records for TROW funds reveal consistent votes against the vast majority of climate-related and social resolutions even when there is a strong financial case for support. These include requests for enhanced disclosure or greenhouse gas reduction goals.

In contrast, funds managed by firms such as AllianceBernstein, Deutsche, Goldman Sachs, Morgan Stanley, and Wells Fargo supported the majority of these resolutions.

TROW funds appear reluctant to exercise proxy votes supporting reasonable shareholder proposals on climate and environmental risk. And TROW may soon fall further behind. Fidelity, Vanguard, and BlackRock have begun to revise their proxy voting and to report comprehensively on the way they analyze shareholder proposals focused on high-risk sectors and how they engage companies on climate risk. TROW's peers are also expanding their websites and client communications to explain their voting in more detail.

Proxy voting practices that consistently discount climate change fail to recognize significant company-specific and economy-wide risks associated with negative impacts of climate change. For example, companies effectively addressing climate changes that impact business are acting to protect long-term shareholder value.

TROW has signed the United Nations Principles for Responsible Investment. Signatories pledge to "be active owners and incorporate ESG issues into...ownership policies and practices." We believe a voting pattern opposing the vast majority of social or environmental shareholder proposals contradicts this principle and undermines TROW's efforts to engage with companies regarding ESG risks.

Thus, we believe it is the duty of TROW and subsidiaries to review how climate change impacts our economy and portfolio companies, evaluate how shareholder resolutions on climate may impact shareholder value, and vote accordingly.

**RESOLVED:** Shareowners request that the Board of Directors initiate a review and issue a report on our proxy voting policies and practices related to climate change prepared at reasonable cost and omitting proprietary information.

### Sustainability Reporting - GHG Emphasis

Discovery Communications, Inc.

*A similar resolution was submitted to Genuine Parts Company*

RESOLVED Shareholders request that Discovery Communications issue a report describing the company's environmental, social, and governance (ESG) policies, performance, and improvement targets, including a discussion of greenhouse gas (GHG) emissions management strategies and quantitative metrics. This report should be updated annually, be prepared at reasonable cost, and omit proprietary information.

Supporting Statement Proponents believe tracking and reporting on ESG practices strengthens a company's ability to compete and adapt in today's global business environment, which is characterized by finite natural resources, changing legislation, and heightened public expectations for corporate accountability. Transparent, substantive reporting allows companies to better integrate and capture value from existing sustainability efforts, identify gaps and opportunities in policies and practices, enhance company-wide communications, and recruit and retain employees. Support for the practice of sustainability reporting continues to gain momentum:

- In 2015, KPMG found that of 4,500 global companies 73% had ESG reports.
- The Governance & Accountability Institute reports 82% of Discovery Communications' peers in the S&P 500 published corporate sustainability reports in 2016.
- One of the United Nations' Principles for Responsible Investment (PRI) is to seek "appropriate disclosure on ESG issues"; the PRI has more than 1,700 signatories with over \$68 trillion in assets under management.

The link between strong sustainability management and value creation is increasingly evident. A 2012 Deutsche Bank review of 100 academic studies, 56 research papers, two literature reviews, and four metastudies on sustainable investing found 89% of the studies demonstrated that companies with high ESG ratings showed market-based outperformance. Similarly, a report published by WWF, CDP, and McKinsey & Company, found that companies with GHG targets achieved an average of 9% better return on invested capital than companies without targets.

Discovery Communications has not disclosed a qualitative description of its ESG policies nor quantitative metrics conveying the company's operational ESG performance, its GHG data, or established goals to improve performance on environmental or social metrics. In contrast, AT&T, Viacom, and Walt Disney Company are examples of companies that publish sustainability metrics and improvement targets, alongside qualitative supporting details.

As shareholders, we believe it is prudent for Discovery Communications to disclose how it is managing its ESG impacts, which can pose significant reputational, legal, regulatory, and financial risk to the company and its shareholders. Without appropriate disclosure, investors and other stakeholders cannot adequately assess how Discovery Communications is managing its material ESG risks and opportunities.

Proponents believe Discovery Communications should review the resources and recommendations made by the Global Reporting Initiative, CDP, and the Sustainability Accounting Standards Board in identifying topics to be discussed in this report. These widely accepted platforms suggest topics such as operational environmental impacts (including energy and water use), business ethics, labor management (including health & safety and workforce diversity), and supply chain management.

### Sustainability Reporting - GHG Emphasis

Steel Dynamics, Inc.

**RESOLVED:** Shareholders request Steel Dynamics, Inc. issue an annual report describing the company's environmental, social, and governance (ESG) policies, quantitative performance metrics, and improvement targets, including a discussion of greenhouse gas (GHG) emissions management strategies and metrics. This report should be prepared at reasonable cost and omit proprietary information.

**Supporting Statement:** We believe tracking and reporting on ESG business practices better position companies to manage material risks and opportunities in a transforming business environment characterized by finite natural resources, changing legislation, and heightened public expectations for corporate accountability. Reporting also helps companies gain strategic value from existing sustainability efforts, identify gaps and opportunities in products and processes, develop company-wide communications, publicize innovative practices, and receive critical feedback for improvements.

Support for, and the practice of, sustainability reporting continues to gain momentum:

- In 2017, KPMG found that 75% of 4,900 global companies had ESG reports.
- The United Nations Principles for Responsible Investment has more than 1,700 signatories with \$70 trillion in assets. These members publicly commit to: "seek appropriate disclosure on ESG issues by the entities in which [they] invest" and to "incorporate ESG issues into investment analysis and decision making."
- Leading asset owners and asset managers, including Blackrock, CALSTRS, Goldman Sachs Asset Management, and Vanguard formed the Sustainable Accounting Standards Board (SASB)'s Investor Advisory Group which encourages companies to disclose material and decision-useful ESG information to investors.

Steel Dynamics' 2016 annual report and website include high level statements about the environment, but shareholders do not have access to important information about how the company manages material ESG issues, which according to SASB include fair labor practices, energy and water management, ecosystem protection, and climate change adaptation. While Steel Dynamics has a sustainability page and laudable recycling and waste management initiatives, we did not find explicit goals for improving energy productivity, reducing greenhouse gas emissions and toxic emissions or incorporating renewable energy.

Newmont Mining Corporation, in the company's compensation peer set, describes its approach to its priority ESG issues in annual sustainability reports, which include targets to improve performance and reporting on progress. Newmont Mining Corporation's Sustainability Report addresses associate engagement, diversity initiatives, and environmental programs. The company reports Scope 1 and 2 emissions to CDP, along with a target to reduce greenhouse gas emissions intensity 30% by 2020 based on 2013 levels.

Sustainability reporting is increasingly expected by shareholders and stakeholders. More than 100 rating agencies provide ESG data and 82 percent of investment professionals use it, according to Why and How Investors Use ESG Information: Evidence from a Global Survey.

The most commonly cited reason that investors review corporate sustainability information is that performance on priority ESG matters is relevant to financial performance. Furthermore, good ESG disclosure is linked to lower cost of capital and can help drive more accurate investor understanding of a company's business, according to Stock Price Synchronicity and Material Sustainability Information.

### Sustainability Reporting - GHG Emphasis

#### Natural Gas Services Group

**RESOLVED:** Shareholders request that Natural Gas Services Group (NGSG) issue a report describing the company's policies, performance, and improvement targets related to key environmental, social and governance (ESG) risks and opportunities, including greenhouse gas (GHG) emissions reduction goals. The report should be available to shareholders within a reasonable timeframe, prepared at reasonable cost, omitting proprietary information.

**Supporting Statement:** We believe tracking, managing, and reporting on significant ESG practices strengthens a company's ability to compete in today's global business environment, which is characterized by finite natural resources, changing legislation, and heightened public expectations for corporate accountability. Reporting also helps companies capture value from existing sustainability efforts, identify gaps and opportunities, develop company-wide communications, and recruit and retain top talent.

Support for the practice of sustainability reporting continues to gain momentum:

- In 2017, KPMG found that 75% of 4,900 global companies had ESG reports.
- The United Nations Principles for Responsible Investment has more than 1,750 signatories that represent \$70 trillion in assets. These members publicly commit to: "seek appropriate disclosure on ESG issues by the entities in which [they] invest" and to "incorporate ESG issues into investment analysis and decision making."
- Leading asset owners and asset managers, including Blackrock, CalPERS, CalSTRS, Goldman Sachs, UBS, and Vanguard sit on the Sustainable Accounting Standards Board (SASB)'s Investor Advisory Group where they commit to encourage companies to disclose material and decision-useful ESG information to investors.
- CDP, representing 827 institutional investors globally with approximately \$100 trillion in assets, calls for company disclosure on GHG emissions and climate change management programs. 70% of the S&P 500 now report to CDP.

Currently, NGSG's 10-k includes sections on waste management and disposal, air emissions, and occupational safety and health. However, these disclosures are mainly descriptive of the legal environment in which NGSG operates and do not provide sufficient qualitative information or metrics regarding NGSG's operational ESG performance. Shareholders are unable to discern how NGSG is managing its most material ESG issues, which according to the SASB include emissions reduction services and fuels management; water management services; business ethics and payment transparency; health, safety, and emergency management; and management of the legal and regulatory environment.

For example, climate change is one of the most financially significant environmental issues facing NGSG's investors and customers yet NGSG does not currently disclose its GHG data.

We believe that failure to manage adequately the indicators identified above can pose significant regulatory, legal, reputational and financial risk to the company and its shareholders. By not reporting, NGSG is missing an opportunity to communicate with its shareholders about its strategy to manage these potentially material factors or, conversely, to take advantage of ESG-related opportunities.

We recommend that the report include a company-wide review of policies, practices and metrics related to ESG performance. The Global Reporting Initiative (GRI) index and SASB provide helpful guidance. The GRI Guidelines are the most widely used reporting framework, enabling companies to focus on their most important ESG issues.

### Sustainability Reporting - GHG Emphasis

Dollar General Corporation

WHEREAS: Investors increasingly seek disclosure of companies' social and environmental practices in the belief that they impact shareholder value. Many investors believe companies that are good employers, environmental stewards, and corporate citizens are more likely to generate stronger financial returns, better respond to emerging issues, and enjoy long-term business success.

Mainstream financial companies are also increasingly recognizing the links between sustainability performance and shareholder value. For example, information from corporations on their greenhouse gas emissions is essential to investors as they assess the strengths of corporate securities in the context of climate change.

Globally, over 2,700 companies issued reports on sustainability issues ([www.corporateregister.com](http://www.corporateregister.com)). Many companies have issued comprehensive sustainability reports that address their company's impacts with regards to issues such as greenhouse gas emissions reduction, toxic chemicals in materials and products, and supply chain working conditions. Many of these companies have provided detailed assessments of greenhouse gas emission exposure and made reduction commitments.

Dollar General, however, lags behind its peers on sustainability reporting. While its website provides information to comply with the California Transparency in the Supply Chain Act of 2010, such as avoidance of child labor and forced labor in its supply chain, it largely fails to otherwise address its social and environmental footprint. The Company's website mentions important topics such as corporate social responsibility, sustainability and product quality, but provides little information on the company's management of these issues.

In contrast, company peers such as Walmart and Dollar Tree publish sustainability reports. Walmart's global responsibility report notes that it has set goals to create zero waste and operate with 100% renewable energy. Walmart also reports participation in the Chemical Footprint Project as a point of reference to evaluate stewardship of hazardous chemicals in the supply chain and is phasing out priority chemicals of concern. Dollar Tree publishes a sustainability report and has targeted 17 toxic chemicals for elimination from products sold in its stores.

**RESOLVED:** Shareholders request that the Board of Directors prepare a sustainability report describing corporate strategies regarding climate change, specifically to reduce greenhouse gas emissions, and address other environmental and social impacts such as eliminating toxic materials in the supply chain, recycling, and employee and product safety. The report, prepared at reasonable cost and omitting proprietary information, should be published by December 2018.

**Supporting Statement:** The report should include the company's definition of sustainability and a company-wide review of policies, practices, and metrics related to long-term social and environmental sustainability.

We recommend that Dollar General use Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines to prepare the sustainability report. The GRI is an international organization working with representatives from the business, environmental, human rights and labor communities. GRI guidelines provide guidance on report content, including performance on direct economic impacts, the environment, labor practices, and decent work conditions, human rights, society, and product responsibility. The guidelines provide a flexible reporting system that allows omission of content not relevant to company operations.

### Sustainability Reporting - GHG Emphasis

Smith (A.O.) Corporation

*Similar resolutions were submitted to Acuity Brands, Middleby Corporation*

**RESOLVED:** Shareholders request A.O. Smith Corporation (AOS) issue an annual report describing the company's environmental, social, and governance (ESG) policies, quantitative performance metrics, and improvement targets, including a discussion of greenhouse gas (GHG) emissions management strategies and metrics. This report should be prepared at reasonable cost and omit proprietary information.

**Supporting Statement:** AOS should consider the resources and recommendations made by the widely accepted Global Reporting Initiative, Sustainability Accounting Standards Board, CDP, and the Financial Stability Board's Taskforce on Climate Related Financial Disclosures (TCFD) when identifying ESG topics to be included in this report.

**WHEREAS:** Tracking and reporting on ESG practices strengthens a company's ability to compete and adapt in today's global business environment that is characterized by heightened public expectations for corporate accountability, changing regulations, and finite natural resources.

Transparent, substantive reporting allows companies to better integrate and capture value from existing sustainability efforts, identify gaps and opportunities in policies and practices, strengthen risk management programs, stimulate innovation, enhance company-wide communications, and recruit and retain employees.

AOS's Corporate Responsibility and Sustainability webpage includes brief descriptions of select environmental stewardship efforts. However, these disclosures do not include a comprehensive overview of companywide policies or strategies to manage ESG risks and opportunities, metrics conveying the ESG performance of AOS's operations, or goals to reduce its environmental impacts. Without these disclosures, investors are unable to evaluate whether AOS is adequately prepared to adapt and respond to key ESG risks and opportunities.

In contrast, Assa Abloy, Barnes Group, Donaldson Company, Masco Corporation, Flowserve Corporation, Lennox International, and Lincoln Electric are examples of the numerous small industrial companies publishing sustainability metrics alongside qualitative supporting details.

Corporate sustainability reporting is widespread and interest is growing:

- In 2015, KPMG found that of 4,500 global companies, 73% had ESG reports.
- The Governance & Accountability Institute reports 82% of the S&P 500 published corporate sustainability reports in 2016.
- CDP, representing 827 institutional investors globally with approximately \$100 trillion in assets, calls for company disclosure on GHG emissions and climate change management programs.
- The core recommendations of the TCFD are for companies to disclose climate-related Governance, Strategy, Risk management, and Metrics and Targets in mainstream financial filings.

The link between strong sustainability management and value creation is increasingly evident. The University of Oxford and Arabesque Partners reviewed 200 studies on sustainability and corporate performance and concluded 90 percent of studies show "sound sustainability standards lower the cost of capital of companies" and 80 percent show "stock price performance of companies is positively influenced by good sustainability practices."

Developing and communicating strong sustainability programs further enables AOS to attract and retain the talented workforce it needs to innovate and bring products to market. The Society for Human Resource Management has found employee morale 55% better, loyalty 38% better and workforce productivity 21% better in

firms with strong sustainability programs.

### **Sustainability Reporting - GHG Emphasis**

**SunTrust Banks, Inc.**

**WHEREAS:** Managing and reporting environmental, social and governance (ESG) business practices helps companies compete in a business environment characterized by finite natural resources, changing legislation, and heightened public expectations. Reporting allows companies to publicize and gain strategic value from sustainability efforts and identify emerging risks and opportunities. ESG issues can pose significant risks, and without proper disclosure, stakeholders and investors cannot ascertain whether the company is managing ESG exposure;

The link between ESG issues and value creation is evidenced in numerous academic studies. In 2015 researchers at Deutsche Bank and the University of Hamburg reviewed 60 meta studies comprising 2,250 unique papers analyzing the link between ESG and corporate financial performance, finding a positive correlation between ESG strategies and strong financial performance.

Investors managing over \$62 trillion have joined the Principles for Responsible Investment, publicly committing to seek comprehensive corporate ESG disclosure and incorporate it into investment decisions. As of March 2016, 81% of the S&P 500 published corporate sustainability reports. This year, more than 100 investors managing \$1.8 trillion in assets called for enhanced disclosure of banks' climate related risks and opportunities;

**RESOLVED:** Shareholders request that SunTrust Banks, Inc. ("SunTrust") issue comprehensive annual sustainability reporting describing the company's policies, quantitative metrics, and improvement targets related to ESG issues including climate-related risks and opportunities. The report should be: prepared at reasonable cost; and omit proprietary information.

**Supporting Statement:** The report should include discussion of strategies to manage material ESG issues and goals and metrics so the company and its shareholders can measure the effectiveness of its programs. CDP, the Sustainability Accounting Standards Board, and the Global Reporting Initiative provide resources and tools for guidance in developing such a report.

We recommend that the report align with recommendations released in June by the Task Force on Climate-related Financial Disclosures (TCFD) and include disclosure of strategies to mitigate the risks of climate change to SunTrust's underwriting and investing. SunTrust lags many of its peers, with no information on its approach to managing climate risks and opportunities on its website or in its annual report.

We also note that our company is one of only two of the top ten largest U.S. banks (measured by assets) that have not set, or committed to set, public goals to reduce greenhouse gas emissions. PNC Bank and Fifth Third Bank produce comprehensive sustainability reports that include time-bound targets. PNC has set targets to reduce carbon emissions and energy use by 30% by 2020; Fifth Third Bank has set goals to reduce energy use and GHG emissions by 25% by 2020. And sixty-four percent of Fortune 100 companies have set goals, while 44% of the smallest 100 companies in the Fortune 500 have done so (Source: Power Forward 3.0). CDP research finds that 80% of companies earn a higher return on carbon reduction investments than on overall corporate capital investments. A strong business case is leading companies to take action.

### Corporate Governance

Sound corporate governance structures, including board responsibilities, risk management and accountability mechanisms and executive compensation policies, should strengthen long-term financial performance, creating value for all shareholders. Some of the central tenants of good corporate governance ICCR members are concerned with include exec compensation packages tied to long-term, sustainable performance goals, separation of the roles of CEO and Chairman for improved accountability, proxy access, the importance of maintaining in-person annual general meetings, and vote counting methods.

This year, investors continued to press corporations to form risk oversight committees to shift from reactive or crisis risk management, and towards a more intentional, strategic approach that pre-identifies potential risks. As cybersecurity fast becomes the most critical risk for most companies, investors notably singled out Equifax for its massive data breach as well as Verizon. A significant number of resolutions also emphasized CEO/Chair separation. All told, our members filed 25 corporate governance resolutions.

### Responsible Tax Principles

In the wake of the release of the “Paradise Papers”, corporate tax avoidance has once again entered the public spotlight. Multinational corporations often try to minimize their tax liability by shifting their profits to subsidiaries domiciled in lower-tax jurisdictions, through asset sales and loans. As a result, corporations have paid a dwindling share of U.S. taxes over the last 65 years, dropping from a high of 32% to a meager 10% in 2015. Research suggests that the U.S. government loses up to \$70 billion in tax revenue annually due to such maneuverings.

Investors sent Nike a resolution asking it to respond to rising public pressure to limit offshore tax avoidance activities by adopting and disclosing a set of principles to guide the company’s tax practices.

Proposal Topic	Quantity
<b>Corporate Governance</b>	<b>25</b>
Separate CEO & Chair	8
One Vote Per Share	3
GAAP Financial Metrics for Executive Compensation <b>NEW</b>	2
Prohibit Virtual-Only AGM	2
Shareowners Right to Call Special Meeting	2
Adopt Proxy Access Bylaw	1
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### GAAP Financial Metrics for Executive Compensation

Although two executives since stepped down, Equifax has yet to face any penalty in connection with its massive data breach. Investors believe that senior executives should be held accountable for company performance; appropriate mechanisms could include ESG performance metrics or executive compensation clawbacks. Equifax currently uses a non-GAAP performance metric when determining its senior executives’ annual cash incentives, which excludes accruals for legal claims and therefore undermines the connection between pay and performance.

Arguing that it is inappropriate for Equifax to exclude the cost of the cybersecurity breach from its executive pay calculations, shareholders called on the company to adopt a policy to use generally accepted accounting principles when evaluating performance for purposes of determining senior executive compensation. McKesson received a similar resolution.



"By many measures 2017 was the worst year for cyber security and the protection of data privacy. The Equifax breach was perhaps the best known example, but the bombshell announcement that Verizon subsidiary, Yahoo, was the subject of the largest infiltration of data privacy in history, a cyber security breach that hit all 3 billion customer accounts, drove the point home in a profound way.

Before becoming SEC chairman, Jay Clayton wrote "cyber-threats are among the most urgent risk to America's economic and national security and the personal safety of its citizens." And as SEC Chairman he stated that "I still am not confident that the Main Street investor has received a sufficient package of information from issuers, intermediaries and other market participants to understand the substantial risks resulting from cybersecurity and related issues".

Nevertheless, investors are not waiting around for regulators to step in. Taking action, the New York State Common Retirement Fund filed a shareholder proposal at Express Scripps asking it to review and report publicly on its cyber risk and actions taken to mitigate that risk. Similarly, Trillium Asset Management and the New York State Common Retirement Fund filed a shareholder proposal at Verizon Communications asking the company to explore linking executive pay to data privacy and cyber security metrics. While these proposals face significant challenges at the Securities and Exchange Commission it is clear that investor interest and concern will not be waning anytime soon."

**Jonas D. Kron, Senior Vice President,  
Director of Shareholder Advocacy –  
Trillium Asset Management, LLC**

### Senior Executive Incentives – Integrate Cyber Security Risks

Data breaches and cybersecurity are a widespread and costly problem both for companies and their customers. While Verizon has made several policy commitments regarding data privacy and data security, there is evidence that the company has not been successful at implementing those commitments and/or faces significant challenges in doing so.

Shareholders called on Verizon to report on the feasibility of integrating cyber security and data privacy metrics into the performance measures of senior executives under the company's compensation incentive plans.



### Separate CEO & Chair

Many investors argue that companies are best served by an independent Board Chair who can provide oversight and accountability mechanisms for the CEO and management rather than a consolidated Chair and CEO role.

Investors filed resolutions calling for the separation of CEO and Chair positions at 8 companies including AbbVie, Chevron, Emerson, ExxonMobil and Pfizer. The Chevron resolution argues that inadequate board oversight has led its management to mishandle multiple issues, including the controversy over its operations in Myanmar during ethnic cleansing of the Rohingya in 2017, as well as the \$9.5 billion judgment against the company for oil pollution in Ecuador, and its failure to adequately address the risks of climate change, including energy price swings and the growing uncertainty of fossil fuel investments.

*Shareholders withdrew their resolution at Johnson & Johnson after the company agreed to revise its Principles for Corporate Governance.*

### Risk Oversight Committee

Facebook's outsized cultural influence and ongoing technological advances may be creating numerous financial and material risks, as evidenced by investigations into recent Russian meddling in U.S. elections and Facebook's role in proliferating "fake news". Proponents also cite Facebook's censorship of content in Myanmar and India and are seeking greater board accountability on these concerns.

Shareholders called on Facebook to issue a report discussing the merits of establishing a risk oversight board committee.



### Separate CEO & Chair

Chevron Corp.

**RESOLVED:** The shareholders request the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. This policy would be phased in for the next CEO transition.

If the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chair.

**Supporting Statement:** We believe that inadequate board oversight has led management to mishandle a number of issues, increasing risks and costs to shareholders.

First, Chevron has mishandled risk related to the ongoing legal effort by communities in Ecuador to enforce a \$9.5 billion judgment against our Company for oil pollution. When Chevron acquired Texaco in 2001, it acquired significant legal, financial, and reputational liabilities stemming from pollution in the Ecuadorian Amazon. In November 2013, the Ecuadorian National Court confirmed a landmark judgment against Chevron.

An attempt to collect damages from Chevron via its subsidiary in Canada is pending as an appeal. That effort moved forward in October 2017 when the Ontario Court of Appeal ruled against Chevron's attempt to impose around \$1 million in security costs upon the Ecuadorian plaintiffs.

Chevron has acknowledged the serious risk from enforcement of the \$9.5 billion judgment. Deputy Controller Rex Mitchell testified that such seizures of Company assets "would cause significant, irreparable damage to Chevron's business reputation and business relationships." However, instead of negotiating an expedient, fair, and comprehensive settlement with the affected communities in Ecuador, management has pursued a costly legal strategy that has lasted more than two decades.

Second, investors are concerned that Chevron is not adequately addressing climate change — a massive risk that is already manifesting and set to intensify in the long run via regulation, energy price swings, and growing uncertainty of fossil fuel investments. Chevron has published a climate risk scenario report and attempted to reduce capital spending. However, investor concerns remain:

- Climate-related tort claims and similar litigation against Chevron are mounting.
- Chevron's 2017 climate risk report downplays important factors, such as potential competition from low-carbon energy technologies.
- Chevron supports lobbying and trade associations that spread disinformation on climate science and policy, such as American Legislative Exchange Council and American Petroleum Institute.

Third, inadequate board attention could intensify perennial risks and controversies in Chevron's global operations — such as renewed attacks on Chevron's Nigeria assets in 2016, controversy over operations in Myanmar during ethnic cleansing of the Rohingya in 2017, and a 2017 landmark enforcement action against Chevron for alleged tax evasion in Australia.

At Chevron's 2017 shareholder meeting, 38.7 percent of shareholders voted for this resolution.

An independent Chair would improve oversight of management and attention to longrange risks such as those above. Please vote FOR this common-sense governance reform.



## Proxy Resolutions: Corporate Governance

### Separate CEO & Chair

AbbVie

**RESOLVED:** The shareholders request the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. This policy would be phased in for the next CEO transition.

If the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chair.

**Supporting Statement:** We believe:

The role of the CEO and management is to run the company.

The role of the Board of Directors is to provide independent oversight of management and the CEO.

There is a potential conflict of interest for a CEO to be her/his own overseer as Chair while managing the business.

AbbVie's CEO Richard A. Gonzalez serves both as CEO and Chair of the Company's Board of Directors. We believe the combination of these two roles in a single person weakens a corporation's governance structure, which can harm shareholder value.

As Andrew Grove, Intel's former chair, stated, "The separation of the two jobs goes to the heart of the conception of a corporation. Is a company a sandbox for the CEO, or is the CEO an employee? If he's an employee, he needs a boss, and that boss is the Board. The Chairman runs the Board. How can the CEO be his own boss?"

In our view, shareholders are best served by an independent Board Chair who can provide a balance of power between the CEO and the Board empowering strong Board leadership. The primary duty of a Board of Directors is to oversee the management of a company on behalf of shareholders. We believe a combined CEO/Chair creates a potential conflict of interest, resulting in excessive management influence on the Board and weaker oversight of management.

Numerous institutional investors recommend separation of these two roles. For example, California's Retirement System Cal PERS' Principles & Guidelines encourage separation, even with a lead director in place.

Many companies have separate and/or independent Chairs. An independent Chair is the prevailing practice in the United Kingdom and is an increasing trend in the U.S. According to ISS "2015 Board Practices" (April 2015), 53% of S&P 1,500 firms separate these two positions and the number of companies separating these roles is growing. AbbVie shareholders voted 34.5% in favor of this resolution last year.

Chairing and overseeing the Board is a time-intensive responsibility. A separate Chair also frees the CEO to manage the company and build effective business strategies.

To simplify the transition, this policy would be phased in and implemented when the next CEO is chosen.

## Proxy Resolutions: Corporate Governance

### Separate CEO & Chair

#### Exxon Mobil Corporation

*Similar resolutions were submitted to Express Scripts, Johnson & Johnson, PNM Resources, Pfizer, Inc.*

**RESOLVED:** The shareholders request the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. This policy would be phased in for the next CEO transition.

If the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chair.

Supporting Statement: We believe:

- The role of the CEO and management is to run the company.
- The role of the Board of Directors is to provide independent oversight of management and the CEO.
- There is a potential conflict of interest for a CEO to be her/his own overseer as Chair while managing the business.

Exxon Mobil's CEO Darren Woods serves both as CEO and Chair of the Company's Board of Directors. We believe the combination of these two roles in a single person weakens a corporation's governance structure.

Chairing and overseeing the Board is a time intensive responsibility. A separate Chair also frees the CEO to manage the company and build effective business strategies.

As Andrew Grove, Intel's former chair, stated, "The separation of the two jobs goes to the heart of the conception of a corporation. Is a company a sandbox for the CEO, or is the CEO an employee? If he's an employee, he needs a boss, and that boss is the Board. The Chairman runs the Board. How can the CEO be his own boss?"

In our view, shareholders are best served by an independent Board Chair who can provide a balance of power between the CEO and the Board. The primary duty of a Board of Directors is to oversee the management of a company on behalf of shareholders. A combined CEO / Chair creates a potential conflict of interest, resulting in excessive management influence on the Board and weaker oversight of management.

Numerous institutional investors recommend separation of these two roles. For example, California's Public Employee Retirement System's Principles & Guidelines encourage separation, even with a lead director in place.

According to ISS "2015 Board Practices", (April 2015), 53% of S&P 1,500 firms separate these two positions and the number of companies separating these roles is growing.

With the appointment of a new CEO, and with the unprecedented rate of change facing companies regarding climate change and the role of energy companies, it is an important time to ensure our company's governance is the best it can be.

The shareholder resolution urging separation of CEO and Chair to Exxon Mobil received 38.3% vote in 2017.

To simplify the transition, this new policy, if enacted, would be phased in when a next CEO is chosen.

### Separate CEO & Chair

Emerson

**RESOLVED:** The shareholders request the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. This policy would be phased in for the next CEO transition.

If the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chair.

**Supporting Statement:** We believe:

The role of the CEO and management is to run the company.

The role of the Board of Directors is to provide independent oversight of management and the CEO.

There is a potential conflict of interest for a CEO to be her/his own overseer as Chair while managing the business.

Emerson's CEO David Farr serves both as CEO and Chair of the Company's Board of Directors. We believe the combination of these two roles in a single person weakens a corporation's governance structure, which can harm shareholder value.

As Intel's former chair Andrew Grove stated, "The separation of the two jobs goes to the heart of the conception of a corporation. Is a company a sandbox for the CEO, or is the CEO an employee? If he's an employee, he needs a boss, and that boss is the Board. The Chairman runs the Board. How can the CEO be his own boss?"

In our view, shareholders are best served by an independent Board Chair who can provide a balance of power between the CEO and the Board empowering strong Board leadership. The primary duty of a Board of Directors is to oversee the management of a company on behalf of shareholders. We believe a combined CEO / Chair creates a potential conflict of interest, resulting in excessive management influence on the Board and weaker oversight of management.

Chairing and overseeing the Board is a time intensive responsibility. A separate Chair also frees the CEO to manage the company and build effective business strategies.

While Emerson's governance was strengthened by appointing a Lead Director, the combined CEO/Chair role still concentrates power in one person.

Numerous institutional investors recommend separation of these two roles. For example, California's Retirement System CalPERS' Principles & Guidelines encourage separation, even with a lead director in place.

According to ISS "2017 Board Practices", (March 2017), 58% of S&P 1,500 firms now separate these two positions. And the law firm Davis Polk estimates about 50% of the S&P 500 have separate roles.

The shareholder resolution urging separation of CEO and Chair received a 42% vote at Emerson in 2016, an indication of strong investor support.

This policy would be phased in and implemented when the next CEO is chosen.

### Prohibit Virtual-Only AGM

Comcast Corp.

*A similar resolution was submitted to ConocoPhillips*

WHEREAS: Comcast discontinued its in person stockholders meeting and is presently holding a virtual annual meeting by internet only.

We strongly support the use of new technologies to make annual meetings accessible to stakeholders who cannot attend in person. This makes “attendance” simpler for investors globally and is a creative tool expanding outreach.

But we do not believe that Internet-only meetings should be substituted for traditional in-person annual meetings. Instead they should be complementary. We believe the tradition of in-person stockholder meetings plays an important role in holding management accountable to its investors.

In contrast, online-only stockholder meetings allow companies to control which questions and concerns are heard and manipulate the exchanges between shareowners and the company. Face-to-face annual meetings allow for an unfiltered dialogue between shareholders and management.

The Council of Institutional Investors, a coalition of America’s largest pension funds with portfolios exceeding \$3 trillion, in its corporate governance guidelines states, “Cyber meetings should only be a supplement to traditional in-person shareholder meetings, not a substitute.”

In addition, this governance issue has elevated strong opposition from many investors. For example, the pension funds of New York City are voting against directors serving on Board Governance Committees of companies moving to virtual only meetings. This illustrates the increasingly controversial nature of eliminating in person stockholder meetings and signifies that this is not a minor governance matter for management to decide.

Additionally, we believe in-person annual meetings are necessary for several reasons:

- Annual meetings are one of the few opportunities for top management and the Board to interact directly, face-to-face, with a cross-section of their shareholders.
- Annual meetings provide for questions to be posed directly to the Chair of the Audit, Compensation or Governance Committees of the Board.
- While some corporations argue eliminating face-to-face annual meeting can reduce costs and improve efficiency, we believe the investment in creating a physical space for shareholder meeting is modest and money well spent.
- We believe this controversial governance step sets a precedent creating a “slippery slope” encouraging other companies to insulate themselves from shareholders.
- “Virtual” online meetings can be used to insulate a company from shareholder interaction or to portray any opposition as insignificant. Imagine a company wanting to downplay investor frustration over compensation policies or practices, or poor business decisions leading to substandard financial performance or questionable governance or environmental records avoiding shareholders by discontinuing a stockholder meeting.

In addition, if there was a major crisis with a company, a merger being proposed or a significant shareholder proposal, investors would want an in person stockholder meeting.

RESOLVED: Shareholders request the Comcast Board adopt a corporate governance policy affirming the continuation of in-person annual meetings in addition to internet access to the meeting, adjust its corporate practices accordingly, and publicize this policy to investors.

Concluding Statement: We ask our fellow shareowners to vote for this resolution supporting good governance and the longstanding tradition of in-person annual stockholder meetings.

### One Vote Per Share

Alphabet, Inc.

**RESOLVED:** Shareholders request that our Board take all practicable steps in its control toward initiating and adopting a recapitalization plan for all outstanding stock to have one vote per share. This would include efforts at the earliest practicable time toward encouragement and negotiation with Class B shareholders to request that they relinquish, for the common good of all shareholders, any preexisting rights. This is not intended to unnecessarily limit our Board's judgment in crafting the requested change in accordance with applicable laws and existing contracts.

**Supporting Statement:** In our company's dual-class voting structure, each share of Class A common stock has one vote and each share of Class B common stock has 10 votes. As a result, Mr. Page and Mr. Brin currently control over 51% of our company's total voting power, while owning less than 13% of stock. All insiders control nearly 57% of the vote. This raises concerns that the interests of public shareholders may be subordinated to those of our co-founders.

By allowing certain stock to have more voting power than other stock our company takes our public shareholder money but does not let us have an equal voice in our company's management. Without a voice, shareholders cannot hold management accountable. For example, despite the fact that more than 85% of outsiders (average shareholders) voted AGAINST the creation of a third class of stock (class C) in 2012, the weight of the insiders' 10 votes per share allowed the passage of this proposal.

On July 31, 2017, the S&P Dow Jones Indices announced that the S&P Composite 1500 and its component indices will no longer add companies with multiple share class structures. This change reflects a toughening stance by index firms and the investors they represent who increasingly emphasize the importance of corporate governance rights.

"Companies with multiple share class structures tend to have corporate governance structures that treat different shareholder classes unequally with respect to voting rights and other governance issues," the S&P Dow Jones Indices said in a statement.

In reaction to the change at the S&P, Ken Bertsch, executive director of the Council of Institutional Investors, stated: "Multi-class structures...rob shareholders of the power to press for change when something goes wrong, which happens sooner or later at most if not all companies...Shareholders at such companies have no say in electing the directors who are supposed to oversee management."

Independent analysts appear to agree with our concerns. As of December 1, 2017, Institutional Shareholder Services (ISS), which rates companies on governance risk, gave our company a 10, its highest risk category, for the Governance QualityScore. ISS rates our shareholder rights and compensation a 10, and our board is rated a 9, also indicating relatively higher risk according to ISS.

### One Vote Per Share

Facebook Inc.

**RESOLVED:** Shareholders request that our Board take all practicable steps in its control toward initiating and adopting a recapitalization plan for all outstanding stock to have one vote per share. This would include efforts at the earliest practicable time toward encouragement and negotiation with Class B shareholders to request that they relinquish, for the common good of all shareholders, any preexisting disproportionate rights. This is not intended to unnecessarily limit our Board's judgment in crafting the requested change in accordance with applicable laws and existing contracts.

**Supporting Statement:** By allowing certain stock to have more voting power than others, our company takes our public shareholder money but does not let us have an equal voice in our company's management. Facebook founder Mark Zuckerberg personally controls the firm with over 51% of the vote, though he owns only 14% of the economic value of the firm.

Without a voice, shareholders cannot hold management accountable. This was apparent in the 2016 vote to approve a non-voting class of stock which has been described as a move that specifically sought to ensure that Mr. Zuckerberg retained control of our Company. Despite that almost 1.5 billion shares of stock voted AGAINST the creation of the non-voting class in 2016, Mr. Zuckerberg's voting power alone was able to vote in the creation of the class. In fact, only threat of a lawsuit "by shareholders who claimed that conflicts of interest and other behind-the-scenes discussions tainted a board decision to approve the creation of a new class of shares" was able to incite a recent reversal of the restructuring plan.

Independent analysts appear to agree with our concerns. Facebook, Inc.'s ISS Governance QualityScore as of December 1, 2017 is 10 (its highest risk category), including a pillar score of 10 for Board and 9 for Shareholder Rights indicating a relatively higher governance risk.

Our company's own 10-K describes the risk of the current share system: "Mark Zuckerberg . . . is able to exercise voting rights with respect to a majority of the voting power of our outstanding capital stock and therefore has the ability to control the outcome of matters submitted to our stockholders for approval . . . this concentrated control could result in the consummation of such a transaction that our other stockholders do not support."

We urge shareholders to vote FOR a recapitalization plan for all outstanding stock to have one vote per share.

### One Vote Per Share

#### Smith (A.O.) Corporation

**RESOLVED:** Shareholders request that our Board take all practicable steps in its control toward initiating and adopting a recapitalization plan for all outstanding stock to have one vote per share. This would include efforts at the earliest practicable time toward encouragement and negotiation with Class A Common Stock shareholders to request that they relinquish, for the common good of all shareholders, any preexisting rights.

**Supporting Statement:** This proposal is not intended to unnecessarily limit our Board's judgment in crafting the requested change in accordance with applicable laws and existing contracts. This proposal is important because in our company's dual-class voting structure, each share of Class A common stock has one vote per share, but each share of common stock has 1/10th vote. As a result, the Smith Family Voting Trust controls almost 62% of our company's total voting power, despite owning only 15% of company stock. This raises concerns that the interests of public shareholders may be subordinated to those of our company's controlling family.

By allowing certain stock to have more voting power than others, our company takes our public shareholder money but does not let common shareholders have an equal voice in our company's management. Without a voice, shareholders cannot hold management accountable.

On July 31, 2017, the S&P Dow Jones Indices announced that the S&P Composite 1500 and its component indices will no longer add companies with multiple share class structures. This change reflects a toughening stance by index firms and the investors they represent who increasingly emphasize the importance of corporate governance rights. We note that AOS was added to the S&P 500 just days before this decision was announced.

"Companies with multiple share class structures tend to have corporate governance structures that treat different shareholder classes unequally with respect to voting rights and other governance issues," the S&P Dow Jones Indices said in a statement.

In reaction to the change at the S&P, Ken Bertsch, executive director of the Council of Institutional Investors, stated: "Multi-class structures...rob shareholders of the power to press for change when something goes wrong, which happens sooner or later at most if not all companies...Shareholders at such companies have no say in electing the directors who are supposed to oversee management."

In fact, holders of common stock at our company only have the ability to vote on 40% (4 of 10) of board seats. The proxy statement notes that "the Smith Family Voting Trust effectively exercises control over voting power for the election of our directors."

Outside reviewers have registered concerns as well. As of October 15, 2017, Institutional Shareholder Services (ISS), which rates companies on governance risk, gave our company a 10 (its highest risk category) for shareholder rights and board.

We urge shareholders to vote FOR a recapitalization plan for all outstanding stock to have one vote per share.

### Shareowners Right to Call Special Meeting

Chevron Corp.

**RESOLVED:** Shareowners request that the Board of Chevron Corporation ("Chevron" or "Company") take the steps necessary to amend Company bylaws and appropriate governing documents to give holders of 10% of outstanding common stock the power to call a special shareowners meeting. To the fullest extent permitted by law, such bylaw text in regard to calling a special meeting shall not contain exceptions or excluding conditions that apply only to shareowners but not to management or the Board.

**Supporting Statement:** This Proposal grants shareowners the ability to consider important matters which may arise between annual meetings, and augments the Board's power to itself call a special meeting. This Proposal earned the support of 32% of shares voted in 2017, representing over \$50 billion in shareholder value.

We believe management has mishandled a variety of issues in ways that significantly increase both risk and costs to shareholders. The most pressing of these issues is the ongoing legal effort by communities in Ecuador to enforce a \$9.5 billion judgment against Chevron for oil pollution.

When Chevron acquired Texaco in 2001, it inherited significant legal, financial, and reputational liabilities that stemmed from pollution of the water and lands of communities in the Ecuadorian Amazon. For two decades the affected communities brought suit against Texaco (and subsequently Chevron). The case reached its conclusion in November 2013 when the Ecuadorian National Court (equivalent to the U.S. Supreme Court), confirmed a \$9.5 billion judgment against Chevron.

Instead of negotiating an expedient, fair, and comprehensive settlement with the affected communities in Ecuador, Chevron pursued a costly legal strategy that last for more than two decades. In the course of these proceedings, Chevron's management made significant missteps, including moving the case from New York to Ecuador. In an unprecedented move, Chevron harassed and subpoenaed stockholders who questioned the advisability of the Company's legal strategy.

An attempt to collect damages from Chevron via its subsidiary in Canada is pending on appeal. That effort advanced in October 2017 when the Ontario Court of Appeal ruled against the Company's attempt to impose roughly \$1 million in security costs upon the Ecuadorean plaintiffs.

Chevron has acknowledged the serious risk enforcement of the \$9.5 billion judgment represents. Under oath, Deputy Controller Rex Mitchell testified that such seizure of Company assets: "would cause significant, irreparable damage to Chevron's business reputation and business relationships."

However, Chevron has yet to fully report these risks in either public filings or statements to shareholders. As a result, investors have requested that the U.S. Securities and Exchange Commission investigate whether Chevron violated securities laws by misrepresenting or materially omitting information in regard to the multi-billion Ecuadorian judgment. Shareholders urgently need a reasonable 10% threshold to call special meetings.

**THEREFORE:** Vote FOR this common-sense governance enhancement that would improve shareholder communication and protect shareholder value.

### Shareowners Right to Call Special Meeting

#### DowDuPont

**RESOLVED:** Shareowners request that the Board of DowDuPont Inc. ("Company") take the steps necessary to amend Company bylaws and appropriate governing documents to give holders of 10% of outstanding common stock the power to call a special shareowners meeting. To the fullest extent permitted by law, such bylaw text in regard to calling a special meeting shall not contain exceptions or excluding conditions that apply only to shareowners but not to management or the Board.

**Supporting Statement:** Under DowDuPont's certificate of incorporation, a special shareholder meeting can only be called by 25% of shareowners. This impossibly high threshold – which could require \$39.4 billion in stock – is unreasonable and out of line with Company peers.

This Proposal would grant 10% of shareowners the ability to convene a meeting to consider important matters. The Proposal does not alter the Board's power to call special meetings; rather, it grants shareowners the reasonable right to call for consideration of important matters that may arise – and have arisen – between normally-scheduled annual meetings.

It appears that management has mishandled a variety of issues in ways that have increased both cost and liability for shareowners – sometimes significantly.

When Dow Chemical acquired Union Carbide in 2001, it acquired significant legal, financial, and reputational liabilities that stemmed from the 1984 Bhopal gas disaster, and other pollution of the lands and water of communities around the former Union Carbide Bhopal plant.

For over twenty-five years Union Carbide has been declared an "absconder" from Indian criminal proceedings – making itself subject to an Asset Attachment Order designed to compel a court appearance. Parent company Dow acquired this escalating legal risk from the same case, having just this year received formal notice to appear from the same Indian court. Dow now confronts the prospect of becoming subject to a national Asset Attachment Order.

Following intense public pressure, India filed a Supreme Court petition to reopen civil litigation that seeks compensation of over \$1 billion. A number of parties have filed briefs in the case to request a Mareva Order – which would freeze assets of the Company. This is the equivalent to having a senior-level claim or lien on the Company, which would allow seizure of DowDuPont assets worldwide.

India's economy has grown between 7-9% annually and its chemical sector is expected to reach \$403 billion by 2025. This emerging legal threat to the Company's Indian assets may block or diminish participation in this growth, a risk that would significantly deprive shareowners.

However, despite having a legal duty to do so, DowDuPont has failed to disclose these risks in public filings or statements to shareowners. It has instead issued inadequate or misleading reports – a possible dereliction of Directors' fiduciary duty. For these reasons, shareowners need a reasonable 10% threshold to call a special meeting.

**THEREFORE:** Please vote FOR this commonsense governance enhancement that offers shareowners a critical right which DowDuPont's 25% threshold places out of reach.

### Majority Vote

Amazon.com, Inc

**RESOLVED:** Shareholders ask the Board of Amazon.com, Inc. ("Amazon") to take or initiate steps to amend Company governing documents to provide that all non-binding matters presented by shareholders shall be decided by a simple majority of the votes cast FOR and AGAINST an item. This policy would apply to all such matters unless shareholders have approved higher thresholds, or applicable laws or stock exchange regulations dictate otherwise.

**Supporting Statement:** This proposal seeks greater transparency, clarity, and understanding around how informed stockholders vote on shareholder proposals. In voting, the meaning of "Abstain" is defined by the Oxford English dictionary as: To formally decline to vote either FOR or AGAINST a proposal or motion.

A "simple majority" formula, therefore, includes votes cast FOR and AGAINST but not abstentions. It provides the most democratic, clear, and accurate picture of the intent of shareowners who are both informed and decided, while not including in the formula the votes of abstaining voters who have declined to express an opinion.

When abstaining voters choose to mark ABSTAIN it is apparent that they intend to vote neither FOR nor AGAINST an item. Yet Amazon unilaterally counts ABSTAIN votes as if AGAINST every shareholder sponsored proposal.

It is unreasonable for Amazon to assert it knows the will of undecided voters (and to artificially construe abstentions in favor of management).

Companies have a choice whether or not to count abstentions – the voting formula Amazon uses is not mandated.

Research demonstrates that counting abstentions systematically disadvantages shareholders:  
[http://bit.ly/Voting-Research\\_Corporate-Secretary](http://bit.ly/Voting-Research_Corporate-Secretary).

It does this by:

- Depressing the appearance of support for shareholder concerns. The math is simple: When abstaining shareholders are instead treated as if they voted AGAINST a proposal, management benefits because the tally is lowered.
- Subverting vote outcomes. Counting abstentions has allowed companies to describe true majority votes as, instead, having 'failed'.
- Distorting communication. Annual meeting votes offer the only opportunity for most shareholders to communicate with Boards. Counting abstentions as if AGAINST shareholder proposals, management changes how outcomes are reported and how the public perceives support for shareholder concerns.

We observe that Amazon's Director Election (where management benefits from the appearance of strong support), does not count abstentions. This means that management items and shareholder items do not receive equal treatment – though we call on the Company to count shareholder items as they do the Director election.

The Council of Institutional Investors (CII) has declared: "...abstentions should be counted only for purposes of a quorum" (emphasis added).

**THEREFORE:** Support accuracy, fairness, and good governance at Amazon by voting FOR simple majority vote-counting on shareholder-sponsored proposals.

### Adopt Proxy Access Bylaw

Sanderson Farms, Inc.

**RESOLVED:** Shareholders of Sanderson Farms, Inc. (the "Company") ask the board of directors (the "Board") to take the steps necessary to adopt a "proxy access" bylaw. Such a bylaw shall require the Company to include in proxy materials prepared for a shareholder meeting at which directors are to be elected the name, Disclosure and Statement (as defined herein) of any person nominated for election to the board by a shareholder or group (the "Nominator") that meets the criteria established below. The Company shall allow shareholders to vote on such nominee on the Company's proxy card.

The number of shareholder-nominated candidates appearing in proxy materials shall not exceed the larger of two or one quarter of the directors then serving. This bylaw, which shall supplement existing rights under Company bylaws, should provide that a Nominator must:

- a. have beneficially owned 3% or more of the Company's outstanding common stock continuously for at least three years before submitting the nomination; b. give the Company, within the time period identified in its bylaws, written notice of the information required by the bylaws and any Securities and Exchange Commission rules about (i) the nominee, including consent to being named in the proxy materials and to serving as director if elected; and (ii) the Nominator, including proof it owns the required shares (the "Disclosure"); and c. certify that (i) it will assume liability stemming from any legal or regulatory violation arising out of the Nominator's communications with the Company shareholders, including the Disclosure and Statement; (ii) it will comply with all applicable laws and regulations if it uses soliciting material other than the Company's proxy materials; and (iii) to the best of its knowledge, the required shares were acquired in the ordinary course of business and not to change or influence control at the Company.

The Nominator may submit with the Disclosure a statement not exceeding 500 words in support of each nominee (the "Statement"). The Board shall adopt procedures for promptly resolving disputes over whether notice of a nomination was timely, whether the Disclosure and Statement satisfy the bylaw and applicable federal regulations, and the priority to be given to multiple nominations exceeding the onequarter limit.

**Supporting Statement:** We believe proxy access will make directors more accountable and enhance shareholder value. A 2014 CFA Institute study concluded that proxy access could raise overall US market capitalization by up to \$140.3 billion if adopted market-wide, "with little cost or disruption." (<http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2014.n9.1> )

The proposed terms are similar to those in vacated SEC Rule 14a-11 (<https://www.sec.gov/rules/final/2010/33-9136.pdf> ). The SEC, following extensive analysis and comment, determined that those terms struck the proper balance of providing shareholders with viable proxy access while containing appropriate safeguards.

The proposed terms enjoy strong investor support and company acceptance. In 2015 and 2016, more than 270 companies of various sizes across industries enacted bylaws with similar terms.

We urge shareholders to vote FOR this proposal.

### Risk Oversight Committee

Facebook Inc.

**RESOLVED:** Shareholders request Facebook's Board issue a report discussing the merits of establishing a Risk Oversight Board Committee (at reasonable cost, within a reasonable time, and omit confidential and proprietary information).

**Supporting Statement:** According to an article published by The Conference Board in the Harvard Law School Forum on Corporate Governance and Financial Regulation:

A risk committee fosters an integrated, enterprise-wide approach to identifying and managing risk and provides an impetus toward improving the quality of risk reporting and monitoring, both for management and the board. This approach can assist the board in focusing on the "big picture." A risk committee can also provide greater support for company executives who are given broad risk management responsibilities, resulting in a stronger focus at the board level on the adequacy of resources allocated to risk management. Finally, it allows the audit committee and other board committees to focus on their respective core responsibilities.

Facebook's technological advances and scale appear to be significantly challenging the ability to understand its impact on society and may be creating numerous financial risks which could present material challenges to the company and its shareholders. Events illustrating this include, to name just a few:

- Research linking Facebook to depression and other mental health issues;
- Since 2011, Facebook has been operating under a 20 year Federal Trade Commission settlement agreement regarding user privacy practices;
- Investigations into Russian meddling in U.S. elections and its role in proliferating "fake news";
- Media coverage which demonstrated that its systems enabled advertisers to target users with offensive terms and other unintended consequences of its products;
- Concerns over censorship in Myanmar and India;
- Growing public and policy attention to the anti-competitive implications of platform monopolies;
- Smugglers reportedly using Facebook to broadcast the abuse and torture of migrants to extort ransom money from their families;
- Criticism from the Congressional Black Caucus over diversity and race relations; and
- The purported use of Facebook as a platform to incite terrorism.

Each of these individual cases may be addressable in a "whack-a-mole" fashion. However, they illustrate the growing concern that Facebook's Board lacks a strategic approach to risk. Unintended consequences seem to emerge daily, and indicate that the Board needs to have strong governance and risk oversight mechanisms to address these challenges and provide a "big picture" perspective.

Facebook's Board has chosen not to establish a separate Risk Oversight Committee. Instead, according to Facebook's Audit Committee Charter, the Audit Committee, "will discuss with the Company's management the Company's major financial risk and enterprise exposures and the steps management has taken to monitor and control such exposures, including the Company's procedures and any related policies with respect to risk assessment and risk management." This is standard boilerplate language, which does not capture the particular challenges faced by Facebook.

Given the importance of better Board risk oversight, we believe the Board should establish a separate Risk Oversight Committee, especially given the numerous other and important responsibilities of the Audit Committee.

### Senior Executive Incentives - Integrate Cyber Security Risks

Verizon Communications Inc.

In September 2017, the Co-Director of the SEC's Enforcement Division announced the creation of a "Cyber Unit" stating, "Cyber-related threats and misconduct are among the greatest risks facing investors and the securities industry." Prior to becoming the Chairman of the SEC, Jay Clayton wrote that "cyberthreats are among the most urgent risk to America's economic and national security and the personal safety of its citizens."

In the United Kingdom, a Parliamentary committee studying cyber security recommended: "To ensure this issue receives sufficient CEO attention before a crisis strikes, a portion of CEO compensation should be linked to effective cyber security, in a way to be decided by the Board."

Verizon has made several policy commitments regarding data privacy and data security. However, there is significant evidence that Verizon has not been successful at implementing those commitments and/or faces significant challenges to doing so.

In 2016, Fortune reported that "Verizon's division that helps Fortune 500 companies respond to data breaches, suffered a data breach of its own ... [including] information on some 1.5 million customers of Verizon Enterprise."

In July 2017, the Washington Post reported that a "communication breakdown and a vacationing employee were the reasons it took more than a week to close a leak [in June] that contained data belonging to 6 million Verizon customers."

In October 2017, it was announced that all 3 billion accounts in subsidiary Yahoo had been breached prior to its acquisition by Verizon.

With its acquisition of AOL and Yahoo and the combination of these firms into a new digital media and advertising company called Oath, Verizon now reportedly aims in coming years to double its advertising reach to 2 billion people in Latin America, Asia and Europe. CNBC reported that Oath is "working with third parties to provide more transparency in telling marketers where their ads are running." This will require sharing information and will depend on the security and policies of vendors and other third-party partners. When asked about recent data breaches, Oath's chief revenue officer, John DeVine, "called it an 'industry problem' and pointed to the latest hack involving Equifax," according to CNBC.

As these risks are significant, we believe it is advisable for the board to explore integrating cyber security and data privacy metrics into executive compensation.

**RESOLVED:** Verizon shareholders request the appropriate board committee(s) publish a report (at reasonable expense, within a reasonable time, and omitting confidential or propriety information) assessing the feasibility of integrating cyber security and data privacy metrics into the performance measures of senior executives under the company's compensation incentive plans.

**Supporting Statement:** Currently, Verizon links senior executive compensation to diversity metrics and carbon intensity metrics. Cyber security and data privacy are vitally important issues for Verizon and should be integrated as appropriate into senior executive compensation as we believe it would incentivize leadership to reduce needless risk, enhance financial performance, and increase accountability.

### GAAP Financial Metrics for Executive Compensation

Equifax Inc.

*A similar resolution was submitted to McKesson.*

RESOLVED, shareholders of Equifax Inc. (the "Company") urge the Compensation Committee of the Board of Directors to adopt a policy to use generally accepted accounting principles ("GAAP") when evaluating performance for purposes of determining senior executive compensation. The policy should be implemented in a way that does not violate any existing contractual obligation of the Company or the terms of any compensation or benefit plan.

**Supporting Statement:** As shareholders, we believe that senior executives should be held accountable for the performance of the Company. We are concerned that the use of non-GAAP financial metrics for executive compensation benchmarks can undermine the connection between pay and performance. In our view, excluding certain costs from financial performance goals can also create perverse incentives for executives and lead to executive pay inflation.

Our Company has used "Corporate Adjusted EPS," a non-GAAP performance metric, for its senior executives' annual cash incentive goals. (2017 Company Proxy Statement, page 31) In 2016, our Company reported \$5.52 in diluted EPS after adjustments, compared with GAAP diluted EPS of \$4.04, by excluding certain acquisition related expenses, accruals for legal claims, and tax impact of adjustments. (2016 Company Annual Report, page 74) In other words, the Company's non-GAAP adjusted EPS calculation was 37 percent higher than its GAAP EPS.

During the third quarter of 2017, our Company recorded \$87.5 million (\$59.3 million, net of tax) for expenses related to the Company's cybersecurity breach. However, the Company excluded these costs related to the cybersecurity breach from its adjusted net income. The Company's GAAP-reported earnings were \$96.3 million for the third quarter of 2017, almost 50 percent less than the Company's adjusted net income figure of \$185.9 million for the quarter. (Company Website, Non-GAAP Financial Measures, Q3 2017, available at <https://investor.equifax.com/financial-information/non-gaap-financial-measures>)

In our opinion, it is inappropriate for our Company to exclude the cost of the cybersecurity breach from its executive pay calculations. Our Company's stock price fell 35 percent after it disclosed that the personal financial data of millions of consumers had been hacked on the Company's computer servers. (Gretchen Morgenson, "Consumers, but Not Executives, May Pay for Equifax Failings," The New York Times, September 13, 2017, available at <https://www.nytimes.com/2017/09/13/business/equifax-executivepay.html>)

More generally, the use of non-GAAP financial metrics for compensation determinations can lead to executive pay inflation. It is our belief that this use of non-GAAP financial metrics can tilt the scales to unduly help executives achieve their performance benchmarks. For example, approximately two-thirds of S&P 500 companies reported adjusted earnings exceeding their GAAP income in 2015. (Robert Pozen and S.P. Kothari, "Decoding CEO Pay," Harvard Business Review, August 2017, available at <https://hbr.org/2017/07/decoding-ceo-pay>)

For these reasons, we urge shareholders to vote FOR this resolution.

### Use of Pay Grades in Setting CEO Compensation Targets

TJX Companies, Inc.

**RESOLVED:** Shareholders of The TJX Companies, Inc. (the "Company") request that the Compensation Committee of the Board of Directors take into consideration the pay grades and/or salary ranges of all classifications of Company employees when setting target amounts for CEO compensation. The Compensation Committee should describe in the Company's proxy statements for annual shareholder meetings how it complies with this requested policy. Compliance with this policy is excused if it will result in the violation of any existing contractual obligation or the terms of any existing compensation plan.

**Supporting Statement:** Like at many companies, our Company's Compensation Committee uses peer group benchmarks of what other companies pay their CEOs to set its target CEO compensation. These target pay amounts are then subject to performance adjustments. To ensure that our Company's CEO compensation is reasonable relative to our Company's overall employee pay philosophy and structure, we believe that the Compensation Committee should also consider the pay grades and/or salary ranges of Company employees when setting CEO compensation target amounts.

This proposal does not require the Compensation Committee to use other employee pay data in a specific way to set CEO compensation targets. Under this proposal, the Compensation Committee will have discretion to determine how other employee pay should impact CEO compensation targets. The Compensation Committee also will retain authority to use peer group benchmarks and/or any other metric to set CEO compensation target amounts.

Over time, using peer group benchmarks to set CEO compensation can lead to pay inflation. Although many companies target CEO compensation at the median of their peer group, certain companies have targeted their CEO's pay above median. In addition, peer groups can be cherry-picked to include larger or more successful companies where CEO compensation is higher. (Charles Elson and Craig Ferrere, "Executive Superstars, Peer Groups and Overcompensation," *Journal of Corporation Law*, Spring 2013). As a result of such practices, the Company's Compensation Committee could be using inflated peer group benchmarks when setting target CEO compensation.

High pay disparities between CEOs and other senior executives may undermine collaboration and teamwork. One risk factor for Moody's in determining credit and debt ratings is high disparity; when CEO pay is more than triple of any other executive named in the proxy statement, they consider it a red flag. (Robert A.G. Monks and Nell Minow, "Corporate Governance", p. 384).

In our view, the pay of non-executive employees should also be considered. Firms with large intra-corporate pay gaps have weaker profitability and labor productivity ("Looking More Closely at Intra-Corporate Pay Gaps," MSCI, 2016). Investors are concerned about such risks at TJX, where the gap between CEO and average worker pay has ranked among the most lopsided companies in America ("CEO Pay: How Much Do CEOs Make Compared to Their Employees?" PayScale, 2016).

For those reasons, we urge you to vote in favor of this proposal.

### Executive Incentive Pay Clawback

AmerisourceBergen Corporation

**RESOLVED**, that shareholders of AmerisourceBergen Corporation (“ABC”) urge the board of directors (“Board”) to adopt a policy (the “Policy”) that ABC will disclose annually whether it, in the previous fiscal year, recouped any incentive compensation from any senior executive or caused a senior executive to forfeit an incentive compensation award (each, a “clawback”) as a result of applying the Policy. “Senior executive” includes a former senior executive.

The Policy should provide that the general circumstances of the clawback will be described. The Policy should also provide that if no clawback of the kind described above occurred in the previous fiscal year, a statement to that effect will be made. The disclosure requested in this proposal is intended to supplement, not supplant, any clawback disclosure required by law or regulation.

**Supporting Statement:** ABC recently disclosed in its 10-K that its business practices related to its distribution of opioids in West Virginia and other states are under the subject of multiple government investigations. In its January 2017 10-Q, ABC reported a \$16 million settlement with the Attorney General of the state of West Virginia over claims the company acted negligently by distributing controlled substances to pharmacies that serve individuals who abuse controlled substances, and failed to report suspicious orders of uncontrolled substances in accordance with state regulations.

As institutional investors, we are concerned about risks associated with these business practices and attendant social, economic and public health issues. The U.S. Centers for Disease Control and Prevention reported that in 2015, opioid abuse caused 33,000 deaths or 91 people per day. Goldman Sachs cites opioid use as a key factor in why many men of prime working age in the U.S. are unable or unwilling to find work, lowering worker productivity and increasing healthcare and criminal justice costs nearly \$80 billion in 2013.

ABC has mechanisms in place to claw back incentive compensation as a result of intentional misconduct not limited to the financial restatement context. Without disclosure, investors cannot determine if the Policy is being used. We believe disclosure can be a powerful deterrent of misconduct and can signal a “tone at the top.” Clawback disclosure policies have been adopted by the two other major opioid distributors, McKesson and Cardinal Health.

Clawback disclosure from senior executives below the named executive officer level, recoupment from whom is already required to be disclosed under SEC rules, would be useful for shareholders because these executives may have business unit responsibilities or otherwise be in a position to take on substantial risk or affect key company policies.

We are sensitive to privacy concerns and urge ABC’s Policy to provide for disclosure that does not violate privacy expectations (subject to laws requiring fuller disclosure).

We urge shareholders to vote **FOR** this proposal.

### Golden Parachute

Citigroup

**RESOLVED:** Shareholders of Citigroup Inc. (the “Company”) request that the Board of Directors adopt a policy prohibiting the vesting of equity-based awards for senior executives due to a voluntary resignation to enter government service (a “Government Service Golden Parachute”).

For purposes of this resolution, “equity-based awards” include stock options, restricted stock and other stock awards granted under an equity incentive plan. “Government service” includes employment with any U.S. federal, state or local government, any supranational or international organization, any self-regulatory organization, or any agency or instrumentality of any such government or organization, or any electoral campaign for public office.

This policy shall be implemented so as not to violate existing contractual obligations or the terms of any compensation or benefit plan currently in existence or approved by shareholders on the date this proposal is adopted, and it shall apply only to equity plans or plan amendments that shareholders approve after the date of the 2018 annual meeting.

**Supporting Statement:** Our Company provides its senior executives with vesting of equity-based awards after their voluntary resignation of employment from the Company to pursue a career in government service. In other words, our Company gives a “golden parachute” for entering government service. For example, Stephen Bird, CEO of Global Consumer Banking, was entitled to \$12 million in unvested equity awards if he entered government service on December 31, 2016.

At most companies, equity-based awards vest over a period of time to compensate executives for their labor during the commensurate period. If an executive voluntarily resigns before the vesting criteria are satisfied, unvested awards are usually forfeited. While government service is commendable, we question the practice of our Company providing continued vesting of equity-based awards to executives who voluntarily resign to enter government service.

The vesting of equity-based awards over a period of time is a powerful tool for companies to attract and retain talented employees. But contrary to this goal, our Company’s award agreements contain a “Voluntary Resignation to Pursue Alternative Career” clause that provides for the continued vesting of restricted stock of executives who voluntarily resign to pursue a government service career.

In last year’s proxy statement, the Company responded to this proposal by stating its desire to facilitate “some degree of parity between private and public sector employment” because “unvested awards are typically ‘bought out’ by a new private sector employer.” In our view, it is simply not appropriate for our Company’s employees who choose to enter government service to be “bought out.”

We believe that compensation plans should align the interests of senior executives with the long-term interests of the Company. We oppose compensation plans that provide windfalls to executives that are unrelated to their performance. For these reasons, we question how our Company benefits from providing Government Service Golden Parachutes. Surely our Company does not expect to receive favorable treatment from its former executives?

### Responsible Tax Principles

NIKE, Inc.

RESOLVED that shareholders of Nike, Inc. ("Nike") ask the Board of Directors to respond to rising public pressure to limit offshore tax avoidance strategies by adopting and disclosing to shareholders a set of principles to guide Nike's tax practices. For purposes of this Proposal, "offshore tax avoidance strategies" are transactions or arrangements that exploit differential tax treatment of financial instruments, asset transfers or entities by taxing jurisdictions to reduce a company's effective tax rate.

The principles should state that Nike's board will:

- Consider the impact of Nike's global tax strategies on local economies and government services that benefit Nike;
- Ensure that Nike seeks to pay tax where value is created;
- Periodically assess the reputational consequences, including views of customers, shareholders and employees, of engaging in practices deemed to be "tax avoidance" by such stakeholders; and
- Annually review Nike's tax strategies and assess the alignment between the use of such strategies and Nike's stated values or goals regarding sustainability.

Supporting Statement: Corporations have paid a dwindling share of U.S. federal taxes over the last 65 years, from 32% in 1952 to only 10.6% in 2015. (<https://www.theatlantic.com/business/archive/2016/04/corporate-tax-avoidance/478293/>) Some multinational corporations minimize tax liability by shifting profits to subsidiaries domiciled in lower-tax jurisdictions through asset sales, loans and similar arrangements. Economist Gabriel Zucman claims the U.S. government loses almost \$70 billion annually in tax revenue when corporations shift profits to tax havens. (<https://www.nytimes.com/interactive/2017/11/10/opinion/gabriel-zucman-paradisepapers-taxevasion.html?r=0>)

Governments are responding. The Stop Tax Haven Abuse Act, introduced in the House in 2017, would eliminate certain strategies and impose additional reporting requirements. (<https://www.congress.gov/bill/115th-congress/house-bill/1932>) Members of the Organization for Economic Cooperation and Development and the G20 nations have agreed on a comprehensive package of measures to combat multinational tax avoidance. (See <https://www.oecd.org/ctp/beps-explanatory-statement-2015.pdf>)

Tax avoidance poses substantial financial and reputational risks for Nike. Recently, Nike's own maneuvers have come under a microscope. A report based on documents from the "Paradise Papers" described Nike shifting billions in profits by transferring ownership of trademarks, including Nike's iconic swoosh logo, to a Bermudan subsidiary and then to a Dutch limited partnership (a "CV"), a tactic often used by U.S. multinationals to avoid tax. Nike has allegedly accumulated a \$12.2 billion stash of offshore earnings being taxed at less than 2% by foreign jurisdictions (and not at all by the U.S.). The Dutch Ministry of Finance expects to tighten rules related to CVs in 2018, as directed by the European Union. (<https://www.icij.org/investigations/paradisepapers/swoosh-owner-nike-stays-ahead-of-the-regulator-icij/>)

More generally, tax avoidance by corporations significantly affects public finances, which in turn can jeopardize key government services. Public opinion on offshore tax avoidance is decidedly negative. A June 2017 Hart poll found that "end[ing] tax breaks for corporations that stash their profits offshore" was the most important of 16 tax reform goals. (<https://americansfortaxfairness.org/wp-content/uploads/ATF-Poll-TOPLINES.pdf>)

The proposed Principles will help ensure that Nike's board is fully informed regarding the impacts of offshore tax avoidance strategies and considers them when exercising its oversight responsibilities. We urge shareholders to vote for this Proposal.

### Diversity and Inclusiveness

In a complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experiences can be critical to a company's success. Improving workforce diversity and inclusion requires proactive policies and programs. Publishing workforce composition data is a good first step, which helps companies and investors track progress as companies seek to reduce unconscious bias in hiring and mentorship.

Further, a diverse board of directors which includes women and people of color increases the likelihood a company will make the right strategic and operational decisions, and catalyzes efforts to recruit, retain, and promote the best people. It may also have financial benefits. Research has found that for every 10 percent increase in racial and ethnic diversity on a company's senior-executive team, earnings before interest and taxes rise 0.8 percent.

ICCR challenges corporations to increase the number of women and people of color on their boards of directors and in senior management roles. Investors also ask corporations to reduce the gender pay gap, and amend their workplace equal employment policies to extend equal protection to their LGBT workers. This year, ICCR members also expanded their inclusiveness work to encompass the topic of paid family leave. Member filings on inclusiveness have been trending upward for the past four years, and are now the second most popular category of resolutions, accounting for 57, or 21% of all resolutions they filed this year.

Proposal Topic	Quantity
<b>Diversity and Inclusiveness</b>	<b>57</b>
Workplace Diversity	20
Board Diversity	11
Gender Pay Gap*	9
Sexual Orientation & Gender Identity/Expression Non-Discr.	8
Executive Pay: Incorporate Diversity & Sustainability Metrics	5
Paid Family Leave <b>NEW</b>	3
Board Executive Committee Diversity <b>NEW</b>	1

*\*includes 1 spring filing*

### Executive Pay: Incorporate Diversity & Sustainability Metrics

Lack of diversity in the tech sector has become a hot button issue this year, particularly in the wake of Google's high-profile anti-diversity memo, and recent revelations of gender pay discrimination. Women hold 36 percent of entry level tech jobs, but just 19 percent of C-Suite positions, and the industry remains predominantly white and male. Setting clear, measurable diversity performance goals and tying parts of executive pay to such goals is one of the strongest ways to build progress within a corporation.

Investors asked 5 leaders in the tech industry — Alphabet (Google), Amazon, Apple, Citrix Systems and eBay — to report on the feasibility of integrating sustainability metrics, including metrics regarding diversity among senior executives, into CEO performance measures under company compensation incentive plans.



"The #MeToo movement has shined a spotlight on gender justice and given new urgency to gender lens investing — the effort to integrate an analysis of gender, power, and patriarchy into the way we value companies and assess

long-term risk. It is widely known, for instance, that women earn 80 percent of what their male counterparts take home. It is less well known which companies perform better than others, and how companies respond to that inequality.

Gender lens investors are seeking the missing information. Zevin Asset Management and other firms have filed proposals urging disclosure on pay gaps and how companies manage associated risks. Because pay gaps are even wider between black and white workers, Zevin has introduced the first shareholder proposals urging companies to address gaps between workers of different genders, races, and ethnicities. Pay gaps are particularly concerning in the retail and service sectors where women workers are frequently their families' primary financial support. So, for 2018, we are re-filing a proposal at TJX and submitting a new proposal to Marriott International.

Poor paid family leave is considered one of the root causes of gender pay gaps. Zevin and our allies filed the first-ever shareholder proposals calling on companies to improve their policies — which would help low-wage and LGBTQ employees while reducing worker turnover and training costs in the long term. This work is already paying off: our proposals were successfully withdrawn at Starbucks and Walmart after those companies improved their paid leave, and we have a blueprint for further change at CVS Health, YUM Brands, and beyond."

**Pat Miguel Tomaino, Director of Socially Responsible Investing — Zevin Asset Management, LLC**

### Gender and Race Pay Gap

In the wake of the Weinstein scandal and subsequent #MeToo movement, there is renewed attention to workplace gender issues, including the pay gap that exists between men and women in nearly all industries in the U.S. The gender pay gap is defined as the difference between male and female median earnings expressed as a percentage of male earnings. College-educated black and Hispanic men earn roughly 80% of the hourly wages of white college-educated men. Meanwhile, the median income for women working full time in the U.S. is currently 80 percent of that of their male counterparts. This 10,470 dollar disparity can equal nearly half a million dollars over a career. The gap for African American and Latina women is even larger at 60 percent and 55 percent respectively. At the current rate, women will not reach pay parity until 2059.

This year, ICCR members filed resolutions explicitly addressing the gender pay gap at 9 companies including American Express, Marriott International and TJX, asking them to report on their policies and goals to identify and reduce inequities in compensation due to gender, race, or ethnicity within their workforces.

*Investors withdrew their resolution at Costco after the company agreed to disclose and analyze its gender, race and ethnicity-based pay gaps.*



### Board Diversity and Workplace Diversity

Allegations of workplace discrimination damage a company's reputation and present costly legal and financial risks that impact shareholder value. Companies that foster diversity and inclusion across their businesses and in senior roles mitigate these risks and benefit from greater workforce stability.

Because women and people of color remain significantly underrepresented on U.S. corporate boards, (comprising approximately 18 percent and 10 percent of all S&P 1500 directorships, respectively), investors are encouraging corporations to implement policies and programs to foster inclusion across their businesses.

Investors called on 20 companies including Home Depot, Dollar General and Travelers to issue diversity reports identifying their employees according to gender and race in the major EEOC-defined job categories, listing numbers or percentages in each category, along with a description of policies/programs focused on increasing gender and racial diversity in their workplaces.

***Proponents withdrew their workplace diversity resolutions at Discover Financial Services, Dollar General, Morningstar, and Suntrust after each agreed to publish meaningful EEO-1 data and context.***



Investors asked 11 companies including Discovery Communications, Gulfport Energy and Pilgrim's Pride, to report on the steps they are taking to foster greater diversity on their boards, including strengthening nominating and corporate governance policies and reporting on progress achieved and challenges experienced.

***Shareholders were able to withdraw their resolution at Anika Therapeutics after the company agreed to revise its governance documents to more specifically consider gender, racial and ethnic diversity.***

## Proxy Resolutions: Diversity and Inclusiveness

### Paid Family Leave

Approximately 87 percent of private sector workers in the United States do not have access to a single day of paid family leave. Birth mothers at CVS who work 20 hours per week receive only six weeks of paid parental leave. New fathers and adoptive parents are left out entirely. While new mothers in Starbucks's corporate headquarters receive 18 weeks of fully paid leave, new mothers who work in retail stores receive only six weeks. Fathers and adoptive parents who work in Starbucks stores are left out. New mothers in Yum! Brands' corporate headquarters receive 18 weeks of fully paid leave, but new mothers who work in Yum! Brands' system of restaurants receive no paid family leave at all. Fathers and adoptive parents working in restaurants are also left out.

Investors asked CVS Health, Starbucks and Yum! Brands to evaluate the risk of discrimination that may result from their approaches to paid family leave.

### Sexual Orientation and Gender Identity Non-Discrimination

While 82 percent of Fortune 500 companies now prohibit workplace discrimination based on sexual orientation, gender identity or expression, 18 percent do not, making them the focus of investor attention.

Arguing that their companies would benefit from consistent, corporate-wide policies to enhance efforts to prevent discrimination, this year shareholders filed 8 resolutions calling on companies to amend their equal employment policies to explicitly prohibit discrimination on the basis of sexual orientation, gender identity or gender expression. Companies include Acuity, Chemed and National Oilwell Varco.

*Shareholders withdrew their resolutions at Acuity Brands, Chemed, The Ensign Group, IPG Photonics, National Oilwell Varco and SBA Communications after the companies either agreed to amend their workplace non-discrimination policies as requested, or agreed to confirm and publicize existing policies already in place.*





## Proxy Resolutions: Diversity and Inclusiveness

### Paid Family Leave

CVS Health Corp

*A similar resolution was submitted to Yum! Brands, Inc.*

WHEREAS: America faces a caregiving crisis. Approximately 87 percent of private sector workers in the United States do not have access to a single day of paid family leave (Bureau of Labor Statistics, 2016). One in four new mothers returns to work just 10 days after giving birth (Chicago Tribune, May 2017).

Paid family leave promotes gender, racial, and socioeconomic equity, as well as workforce attachment and public health. According to The New York Times, “Paid leave raises the probability that mothers return to employment later, and then work more hours and earn higher wages” (January 2015).

Federal inaction on paid family leave has put companies like CVS at the center of this national policy issue. Corporate America’s response is lopsided: 94 percent of low-income working people have no access to paid family leave (Bureau of Labor Statistics, 2016), and companies’ approaches frequently ignore non-birth mothers.

CVS has a particularly concerning approach. Birth mothers at CVS who work 20 hours per week receive only six weeks of paid parental leave. Moreover, new fathers and adoptive parents are left out entirely. These factors placed CVS among the weakest companies surveyed in a recent study of paid family leave at major employers (“Left Out,” PL+US, 2017).

This approach runs counter to CVS’s commitment to diversity and inclusion, inviting potential risks. Paid family leave policies that exclude adoptive parents harm LGBTQ workers, who are four times more likely to parent adopted children and six times more likely to raise foster children. LGBTQ parents raising children are also more likely to have near-poverty incomes.

Paid paternity leave supports families and promotes gender pay equity (PL+US, 2017). Eighty-nine percent of fathers who responded to a 2015 Boston College survey believe it is important for employers to provide paid paternity leave. In 2017, the Equal Employment Opportunity Commission sued Estee Lauder citing disparities between paid family leave for mothers and fathers.

CVS is also missing an opportunity to bolster its human capital. According to the Center for Economic and Policy Research, companies that offer paid family leave to all employees report increased morale, as well as cost savings from job retention.

CVS’s stance on paid family leave has been criticized in the media (e.g. “Most Major U.S. Employers Fail on Paid Paternity Leave...,” Slate, June 2017; “Some of America’s Richest Companies Have Pathetic Paid Leave Plans,” The New Republic, September 2015). And CVS has fallen behind leading companies like Amazon, Nordstrom, and Ikea, which have better approaches.

Investors seek clarity on how CVS addresses the above risks and challenges.

RESOLVED: Shareholders request that the Board of Directors prepare a report evaluating the risk of discrimination that may result from CVS’s approach to paid family leave. The report shall be prepared at reasonable cost, omit proprietary information, omit information regarding legal compliance or litigation, and be made available on the Company’s website no later than the 2019 annual meeting of shareholders.



## Proxy Resolutions: Diversity and Inclusiveness

### Paid Family Leave

Starbucks Corp.

WHEREAS: America faces a caregiving crisis. Approximately 87 percent of private sector workers in the United States do not have access to a single day of paid family leave (Bureau of Labor Statistics, 2016). One in four new mothers returns to work just 10 days after giving birth (Chicago Tribune, May 2017).

Paid family leave promotes gender, racial, and socioeconomic equity, as well as workforce attachment and public health. According to The New York Times, “Paid leave raises the probability that mothers return to employment later, and then work more hours and earn higher wages” (January 2015). Research indicates that 10 weeks of paid leave would reduce infant mortality by 10 percent (Heymann, 2011).

Federal inaction on paid family leave has put companies like Starbucks Corporation at the center of this national policy issue. Corporate America’s response is lopsided: 94 percent of low-income working people have no access to paid family leave (Bureau of Labor Statistics, 2016), and companies’ approaches are frequently less generous for non-birth mothers and hourly wage workers.

Starbucks has a particularly unequal approach. While new mothers in Starbucks’s corporate headquarters receive 18 weeks of fully paid leave, new mothers who work in retail stores receive only six weeks. Fathers and adoptive parents who work in Starbucks stores are left out entirely.

This runs counter to Starbucks’s widely recognized commitment to social responsibility, non-discrimination, and inclusion. Our Company’s unequal stance may disproportionately harm low-income workers and workers of color. LGBTQ workers face particular challenges, as they are four times more likely to parent adopted children and six times more likely to raise foster children.

Starbucks is also missing an opportunity to bolster its human capital. According to the Center for Economic and Policy Research, companies that offer paid family leave to all employees report increased morale, as well as cost savings from job retention — including for those in lower wage jobs.

Our Company’s stance on paid family leave has been criticized in the media (e.g. “Major employers like Starbucks shaft low-wage workers when it comes to paid parental leave,” Slate, May 2017; “How paid leave policies can negatively affect LGBTQ families,” Washington Post, June 2017). And Starbucks has fallen behind leading companies like Amazon, Nordstrom, and Ikea, which have more equal approaches.

Investors seek clarity on how Starbucks addresses these challenges, including the risk of employment discrimination based on gender, race, ethnicity, LGBTQ status, parental status, and/or work status.

**RESOLVED:** Shareholders of Starbucks Corporation request that the Board of Directors prepare a report on paid family leave. The report shall evaluate the risk of employment discrimination that may result from Starbucks’s approach to paid family leave. The report shall be prepared at reasonable cost, omit proprietary information, omit information regarding legal compliance or litigation, and be made available on the Company’s website no later than the 2019 annual meeting of shareholders.



## Proxy Resolutions: Diversity and Inclusiveness

### Gender Pay Gap

Hewlett-Packard Company

*A similar resolution is under consideration at Oracle, Inc.*

WHEREAS: The median income for women working full time in the U.S. is reported to be 80.5% of that of their male counterparts. At current rates of progress, it will be decades before women reach pay parity.

A 2016 Glassdoor study revealed that the gender pay gap for women in the information technology industry is 5.9%, even after adding statistical controls.

The business case for gender diversity is well-established, with research linking greater board and managerial diversity with better company financial performance. Credit Suisse has found that more diversity in management coincides with better corporate performance and higher stock market valuations. Morgan Stanley found that gender diversity is linked to better returns for tech companies. Studies also show that greater gender diversity brings increased innovation, better problem solving, stimulated group performance and enhanced company reputation.

Yet research indicates that current female hiring, promotion and retention are insufficient to create gender equality over the next decade.

Mercer has found a link between pay equity and greater gender diversity. Actively managing pay equity "is associated with higher current female representation at the professional through executive levels and a faster trajectory to improved representation." Best practices outlined by McKinsey to achieve greater gender equality in the workplace include "tracking and eliminating gender pay gaps."

Regulatory risks associated with pay equity exist. The Paycheck Fairness Act, introduced in Congress, would improve company-level transparency and strengthen penalties for equal pay violations. California, Massachusetts, New York and Maryland have enacted significant changes to their equal pay laws.

HP has taken steps to promote diversity; however, there is no public reporting on gender pay equity.

Apple, Microsoft, and Intel, among others, have publicly committed to pay equity and published the results of gender pay assessments.

RESOLVED: Shareholders request HP prepare a report by November 2018 (at reasonable cost, omitting proprietary and confidential information), identifying whether a gender pay gap exists among its employees, and if so, outline the steps being taken to reduce the gap. The Organization for Economic Cooperation and Development has defined the gender pay gap as the difference between male and female earnings expressed as a percentage of male earnings.

Supporting Statement: A report adequate for investors to assess the Company's strategy and performance would include the percentage pay gap between male and female employees (including base, bonus and equity compensation), a discussion of policies to address any gaps and quantitative reduction targets, and the methodology used to identify pay disparities.

With evidence linking pay equity to greater diversity and strong links between management diversity, financial performance and more robust decision-making, companies would be well served by understanding the equity attributes of their pay, at all levels of the corporation, by gender as well as other facets of diversity, such as race and ethnicity. Amid increasing regulatory and investor interest, it is apparent that companies should understand, manage, and report on pay equity to shareholders.



## Proxy Resolutions: Diversity and Inclusiveness

### Gender Pay Gap

Discover Financial Services Inc.

*A similar resolution was submitted to KeyCorp*

WHEREAS: The median income for women working full time in the U.S. is reported to be 80.5% of that of their male counterparts. At current rates of progress, it will be decades before women reach pay parity.

A 2016 Glassdoor study revealed that the gender pay gap for women in the finance industry in the U.S. is 6.4% after adding statistical controls, among the highest of the industries examined in the study.

The business case for gender diversity is well-established, with research linking greater board and managerial diversity with better company financial performance. Studies also show that greater gender diversity brings increased innovation, better problem solving, stimulated group performance and enhanced company reputation.

Yet Mercer's research indicates that current female hiring, promotion and retention are insufficient to create gender equality over the next decade. Moreover, female executives are 20% to 30% more likely to leave their employers at midcareer in financial services than in any other industry.

Research shows a link between pay equity and greater gender diversity. Mercer notes that actively managing pay equity "is associated with higher current female representation at the professional through executive levels and a faster trajectory to improved representation." Best practices outlined by McKinsey to achieve greater gender equality in the workplace include "tracking and eliminating gender pay gaps."

Regulatory risks associated with pay equity exist. Multiple states, including California, Massachusetts, New York and Maryland have enacted significant changes to their state-level equal pay laws. A number of cities have also taken steps to address the gender pay gap, including San Francisco and New York City.

Discover Financial Services provides no public reporting on gender pay equity. Meanwhile, other S&P 500 companies including Apple, eBay, and salesforce.com, among others, have publicly committed to pay equity and published the results of gender pay assessments.

RESOLVED: Shareholders request Discover Financial Services prepare a report by November 2018 (at reasonable cost, omitting proprietary and confidential information), identifying whether a gender pay gap exists among its employees, and if so, outline the steps being taken to reduce the gap. The Organization for Economic Cooperation and Development has defined the gender pay gap as the difference between male and female earnings expressed as a percentage of male earnings.

Supporting Statement: A report adequate for investors to assess the Company's strategy and performance would include the percentage pay gap between male and female employees (including base, bonus and equity compensation), a discussion of policies to address any gaps and quantitative reduction targets, and the methodology used to identify pay disparities.

With evidence linking pay equity to greater diversity and strong links between management diversity, financial performance and more robust decision-making, companies would be well served by understanding the equity attributes of their pay, at all levels of the corporation, by gender as well as other facets of diversity, such as race and ethnicity. Amid increasing regulatory and investor interest, it is apparent that companies should understand, manage, and report on pay equity to shareholders.



## Proxy Resolutions: Diversity and Inclusiveness

### Gender Pay Gap

TJX Companies, Inc.

*A similar resolution was submitted to Marriott International, Inc.*

WHEREAS: The median income for women working full time in the U.S. is reportedly approximately 80 percent of that of their male counterparts. According to Economic Policy Institute, average hourly wages for black men are 78 percent of those of similarly situated white men. Wages for black women are 66 percent of those of comparable white men and 88 percent of those received by white women.

Women hold just over one half of retail industry positions, but women are underrepresented in higher paying retail management positions and overrepresented in low paying front line jobs. According to Demos, "retail employers pay Black and Latino full-time retail salespersons just 75 percent of the wages of their white peers."

Stubborn pay gaps have attracted attention from national media and policymakers. Regulatory risk exists as the Paycheck Fairness Act, pending in Congress, would aim to improve company-level transparency and strengthen penalties for equal pay violations. California, Maryland, Massachusetts, and New York have passed strong equal pay legislation.

Proper attention to inclusion and equity promotes effective human capital management. According to McKinsey, companies in the top quartiles for gender and racial/ethnic diversity were more likely to have financial returns above the industry median ("Why diversity matters," McKinsey, 2015). In a Catalyst report, racial and gender diversity were positively associated with more customers, increased sales revenue, and greater relative profits. ("Why Diversity Matters," Catalyst, 2013).

Leading companies are addressing diversity and inclusion via pay equity. In 2014, Gap Inc released data showing wage parity between male and female workers. Amazon, Apple, Costco, Intel, and Starbucks have committed to report on gender pay gaps. Intel and Microsoft have begun publishing pay gap data covering gender and race.

TJX reports that people of color account for 56 percent of the Company's U.S. workforce but only 32 percent of its managers. TJX has taken steps to promote diversity; however, there is no reporting on gender, race, or ethnic pay gaps.

Investors seek clarity on how TJX manages risks and opportunities related to pay equity.

RESOLVED: Shareholders request that TJX prepare a report (at reasonable cost, in a reasonable timeframe, and omitting proprietary and confidential information) on the Company's policies and goals to identify and reduce inequities in compensation due to gender, race, or ethnicity within its workforce. Gender-, race-, or ethnicity-based inequities are defined as the difference, expressed as a percentage, between the earnings of each demographic group in comparable roles.

Supporting Statement: A report adequate for investors to assess strategy and performance would include: (1) an aggregated, anonymized chart of EEO-1 data identifying employees according to gender and race in the major EEOC-defined job categories, listing numbers or percentages in each category; (2) the percentage pay gap between groups (using a similar chart or square matrix); (3) discussion of policies addressing any gaps and quantitative reduction targets; and (4) the methodology used to identify pay inequities, omitting proprietary information.



## Proxy Resolutions: Diversity and Inclusiveness

### Gender Pay Gap

Costco Wholesale Corp.

WHEREAS: The median income for women working full time in the U.S. is reportedly approximately 80 percent of that of their male counterparts. According to Economic Policy Institute, average hourly wages for black men are 78 percent of those of similarly situated white men. Wages for black women are 66 percent of those of comparable white men and 88 percent of those received by white women.

Women hold just over one-half of retail industry positions, but women are underrepresented in higher paying retail management positions and overrepresented in low paying front line jobs. According to Demos, "retail employers pay Black and Latino full-time retail salespersons just 75 percent of the wages of their white peers."

Stubborn pay gaps have attracted attention from national media and policymakers. Regulatory risk exists as the Equal Employment Opportunity Commission (EEOC) has proposed rules requiring wage gap reporting. California, Massachusetts, New York, and Maryland have passed some of the strongest equal pay legislation to date. The proposed federal Paycheck Fairness Act would aim to improve company-level transparency and strengthen penalties for equal pay violations.

Proper attention to inclusion and equity is key for effective human capital management. According to McKinsey, companies in the top quartiles for gender and racial/ethnic diversity were more likely to have financial returns above the industry median ("Why diversity matters," McKinsey, January 2015). In a Catalyst report, racial and gender diversity were positively associated with more customers, increased sales revenue, and greater relative profits. ("Why Diversity Matters," Catalyst, July 2013).

According to the 2016 Equal Employment Opportunity Report, people of color are 48 percent of Costco's U.S. workforce but only 35 percent of its managers. Women make up 44 percent of Costco's workforce but hold only 31 percent of management jobs. Costco has taken steps to promote diversity; however, there is no reporting on gender, race, or ethnic pay gaps.

In 2014, Gap Inc released data showing wage parity between male and female workers. Adobe, Amazon, Apple, Intel, Microsoft, and Starbucks have committed to report on gender pay gaps. Intel and Microsoft have begun publishing pay gap data covering gender and race/ethnicity.

Investors seek clarity on how Costco manages risks and opportunities related to pay equity.

**RESOLVED:** Shareholders request that Costco prepare a report (at reasonable cost, in a reasonable timeframe, and omitting proprietary and confidential information) on the Company's policies and goals to identify and reduce inequities in compensation due to gender, race, or ethnicity within its workforce. Gender-, race-, or ethnicity-based inequities are defined as the difference, expressed as a percentage, between the earnings of each demographic group working in comparable roles.

**Supporting Statement:** A report adequate for investors to assess Costco's strategy and performance would include: the percentage pay gap between male and female employees, as well as across race and ethnicity, including base, bonus, and equity compensation; policies to address any gaps; methodology used; and, quantitative reduction targets.



## Proxy Resolutions: Diversity and Inclusiveness

### Gender Pay Gap

#### MasterCard Incorporated

*A similar resolution was submitted to American Express Co.*

WHEREAS: The median income for women working full time in the United States is 80 percent of that of their male counterparts. This 10,470 dollar disparity can equal nearly half a million dollars over a career. The gap for African America and Latina women is 60 percent and 55 percent. At the current rate, women will not reach pay parity until 2059. The World Economic Forum estimates the gender pay gap costs the economy 1.2 trillion dollars annually.

Payscale reports a 17.2 percent mean pay gap at Mastercard, and 22.9 percent gap for top earners. Glassdoor finds an unexplained 6.5 percent gender pay gap in the financial industry after statistical controls, among the highest of industries examined. Robeco Sam finds a 12 percent pay gap for financial company managers.

Women make up over half of entry level positions in finance, yet Oliver Wyman finds it will take until 2048 to reach 30 percent executive committee representation. Mercer finds female executives are 20 to 30 percent more likely to leave financial services careers than other careers.

At Mastercard, 40 percent of employees are women, yet women account for only 20 percent of executive leadership.

Mercer finds managing pay equity "is associated with higher current female representation at the professional through executive levels and a faster trajectory to improved representation."

Research from Morgan Stanley, McKinsey, and Robeco Sam suggests more gender diverse leadership leads to superior stock price performance and return on equity. McKinsey states, "the business case for the advancement and promotion of women is compelling." Best practices include "tracking and eliminating gender pay gaps." 63 percent of companies report tracking gaps. Our Company does not report its gap.

Regulatory risk exists as the Paycheck Fairness Act pends before Congress. California, Massachusetts, New York, and Maryland have passed the strongest equal pay legislation to date. Companies with United Kingdom operations will be required to publish their United Kingdom gender pay numbers by 2018.

The Congressional Joint Economic Committee reports 40 percent of the wage gap may be attributed to discrimination.

Financial peers Schroders, Virgin Money, the Bank of England, TSB Banking Group, and S&P 500 peers have published their gender pay gaps.

RESOLVED: Shareholders request Mastercard prepare a report, omitting proprietary information, above and beyond litigation strategy or legal compliance, and prepared at reasonable cost, on the Company's policies and goals to reduce the gender pay gap.

The gender pay gap is defined as the difference between male and female median earnings expressed as a percentage of male earnings (Organization for Economic Cooperation and Development).

Supporting Statement: A report adequate for investors to assess company strategy and performance would include the percentage pay gap between male and female employees across race and ethnicity, including base, bonus and equity compensation, methodology used, and quantitative reduction targets.



## Proxy Resolutions: Diversity and Inclusiveness

### Workplace Diversity

KeyCorp

*Similar resolutions were submitted to First Republic Bank, PNC Financial Services Group, Inc.*

WHEREAS: A McKinsey & Company report found companies with highly diverse executive teams had higher returns on equity and earnings performance than those with low diversity.

However, KeyCorp does not disclose comprehensive workforce data, or disclose results of diversity initiatives. As a result, shareholders have insufficient information to determine if KeyCorp has been successful in expanding diversity into senior roles over time.

Leading financial services firms such as Bank of America, JP Morgan, U.S. Bancorp, and Bank of New York Mellon provide details of diversity programs and policies, and disclose workforce statistics consistent with data provided to the Equal Employment Opportunity Commission (EEOC).

Asset management firms have begun acknowledging the lack of gender diversity in senior roles and in August, 2016 seven global asset managers including Blackrock, Capital Group, and Fidelity, shared diversity statistics which show, on average, that women represent nearly one-half of their workforce but represent just one-quarter of senior staff.

A McKinsey & Company report found that companies in the top quartile for gender or racial ethnicity are more likely to financially outperform national industry medians. Specifically, companies with greater ethnic diversity were 35 percent more likely to outperform. For every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rise 0.8 percent. Without comprehensive workforce diversity information investors cannot accurately evaluate the company's commitment to diversity and progress over time.

Expanding workforce diversity and closing the wage gap also requires policies and programs that attract and retain diversity in the workplace. A company's family leave policies, for example, can play a role. McKinsey & Company reports that paid parental leave and the availability of on-site child care can significantly impact women's ability to rise to higher productivity roles and therefore perpetuate a gender wage gap. The best performing companies on gender diversity have implemented gender neutral policies that improve the workplace for both men and women, according to McKinsey. These policies are also important to same-sex and adoptive parents.

Diversity benchmarks can help ensure companies hiring hundreds of financial professionals, such as KeyCorp, create competitive workforces. Companies that are publicly accountable to diversity goals are most likely to make rapid progress toward achieving their goals.

**RESOLVED:** Shareholders request that KeyCorp prepare a diversity report, at a reasonable cost and omitting confidential information, available to investors including:

1. A chart identifying employees according to gender and race in major EEOC-defined job categories, listing numbers or percentages in each category;
2. A description of policies/programs focused on increasing gender and racial diversity in the workplace.

**Supporting Statement:** A report adequate for investors to assess strategy and performance can include a review of appropriate time-bound benchmarks for judging current and future progress, and details of policies and practices designed to reduce unconscious bias in hiring and to build mentorship.



## Proxy Resolutions: Diversity and Inclusiveness

### Workplace Diversity

CVS Health Corp

*Similar resolutions were submitted to CIGNA Corporation, Starbucks*

WHEREAS: President and CEO Larry J. Merlo states: "In order to achieve and sustain breakthrough innovation, we must seek out, listen to and leverage the voices of our diverse customers, clients, colleagues and communities. To me, diversity and innovation go hand in hand."

However, CVS does not disclose comprehensive workforce data, or disclose results of diversity initiatives. As a result, shareholders have insufficient information to determine if CVS has a diverse workforce or has been successful in expanding diversity into senior roles. Without this information we believe the company cannot persuasively demonstrate that it is capturing the potential business value associated with a highly diverse workforce.

A McKinsey & Company report found that companies in the top quartile for gender or racial ethnicity are more likely to financially outperform national industry medians. Specifically, companies with greater ethnic diversity were 35 percent more likely to outperform. For every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rise 0.8 percent. Without detailed workforce diversity information investors cannot accurately evaluate the company's commitment to diversity and progress over time.

Research from Mercer confirms that improving gender diversity will require greater attention to closing the gender pay gap. Owing to the widespread and general concern about gender and racial wage disparities the EEOC has proposed collecting pay data by gender, race and ethnicity in a dozen job categories.

Expanding workforce diversity also requires policies and programs that attract and retain diversity in the workplace. A company's family leave policies, for example, can play a role. McKinsey & Company reports that paid parental leave and the availability of onsite child care can significantly impact women's ability to rise to higher productivity roles and therefore perpetuate a gender wage gap. The best performing companies on gender diversity have implemented gender neutral policies that improve the workplace for both men and women, according to McKinsey. These policies are also important to same-sex and adoptive parents.

Diversity benchmarks can help ensure companies hiring hundreds of employees, such as CVS, create competitive workforces. Companies that are publicly accountable to diversity goals are most likely to make rapid progress toward achieving their goals.

**RESOLVED:** Shareholders request that CVS prepare an annual diversity report, at a reasonable cost and omitting confidential information, available to investors including:

1. A chart identifying employees according to gender and race in major EEOC-defined job categories, listing numbers or percentages in each category;
2. A description of policies/programs focused on increasing gender and racial diversity in the workplace.

**Supporting Statement:** A report adequate for investors to assess strategy and performance can include historical data, a review of appropriate time-bound benchmarks for judging current and future progress, and details of policies and practices designed to reduce unconscious bias in hiring, to build mentorship, training programs, work-life initiatives, and workforce stability.



## Proxy Resolutions: Diversity and Inclusiveness

### Workplace Diversity

Travelers Companies, Inc.

WHEREAS: Travelers Companies states that "At Travelers, diversity is not just good business, it's a business imperative" and "Diversity, and the ideas it brings, is essential for our success as an insurance company. Travelers values the unique abilities and talents each individual has to offer."

However, Travelers Companies does not disclose workforce data, or disclose results of diversity initiatives. As a result, shareholders have insufficient information to determine if Travelers Companies has a diverse workforce or has been successful in expanding diversity into senior roles.

Leading insurance companies such as MetLife, Aflac, and Allstate Corporation provide details of diversity programs and policies, and disclose workforce statistics consistent with data provided to the Equal Employment Opportunity Commission (EEOC).

Other financial services firms have also begun acknowledging the lack of gender diversity in senior roles and in August, 2016 seven global asset managers including Blackrock, Capital Group, and Fidelity, shared diversity statistics which show, on average, that women represent nearly one-half of their workforce but represent just one-quarter of senior staff.

A McKinsey & Company report found that companies in the top quartile for gender or racial ethnicity are more likely to financially outperform national industry medians. Specifically, companies with greater ethnic diversity were 35 percent more likely to outperform. For every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rise 0.8 percent. Without detailed workforce diversity information investors cannot accurately evaluate the company's commitment to diversity and progress over time.

Expanding workforce diversity and closing the wage gap requires policies and programs that attract and retain diversity in the workplace. A company's family leave policies, for example, can play a role. McKinsey & Company reports that paid parental leave and the availability of on-site child care can significantly impact women's ability to rise to higher productivity roles and therefore perpetuate a gender wage gap. The best performing companies on gender diversity have implemented gender neutral policies that improve the workplace for both men and women, according to McKinsey. These policies are also important to same-sex and adoptive parents.

Diversity benchmarks can help ensure companies hiring hundreds of financial professionals, such as Travelers Companies, create competitive workforces. Companies that are publicly accountable to diversity goals are most likely to make rapid progress toward achieving their goals.

RESOLVED: Shareholders request that Travelers Companies prepare a diversity report, at a reasonable cost and omitting confidential information, available to investors including:

1. A chart identifying employees according to gender and race in major EEOC-defined job categories, listing numbers or percentages in each category;
2. A description of policies/programs focused on increasing gender and racial diversity in the workplace.

Supporting Statement: A report adequate for investors to assess strategy and performance can include a review of appropriate time-bound benchmarks for judging current and future progress, and details of policies and practices designed to reduce unconscious bias in hiring and to build mentorship.

# Proxy Resolutions: Diversity and Inclusiveness

## Workplace Diversity

Stifel Financial

WHEREAS: Stifel states that it "nurtures a culture which values the diversity of its workforce and encourages independent thinking in pursuing our clients' goals." And, it has "succeeded in attracting and retaining a wealth of talented associates who prefer a culture which rewards team-oriented, creative thinking."

However, Stifel does not disclose workforce data, nor descriptions of policies or practices with respect to recruitment, training, pay or advancement. As a result, shareholders have insufficient information to determine if the company has a diverse workforce, and to what degree the company is successful in expanding gender, racial and ethnic diversity in its workforce.

Companies with strong commitments to diversity in our view are better positioned to attract and retain talent. If companies have an employee base that reflects the diversity of the marketplace, they are better equipped to attract customers and deliver successful products.

Compelling research points to positive relationships between the level of gender racial and ethnic diversity and company financial performance. A McKinsey study of 366 companies found that companies in the top quartile of gender diversity were 15 percent more likely to have financial returns that were above their national industry median. Companies in the top quartile of racial/ethnic diversity were 30 percent more likely to have financial returns above their national industry median.

Financial services firms including Wells Fargo, JP Morgan, and Bank of New York Mellon provide details of diversity programs and policies, and disclose workforce statistics consistent with reports provided to the Equal Employment Opportunity Commission (EEOC).

Asset Management firms including Blackrock, Capital Group and Fidelity, in 2016, shared diversity statistics. Their statistics showed, on average, that women represent nearly one-half of their workforce but represent just onequarter of senior staff.

Additionally, women of color remain significantly underrepresented in the corporate pipeline. In a 2017 study. LeanIn.org and McKinsey suggest that women of color are the most underrepresented group in the senior and upper ranks of companies.

Expanding workforce diversity and closing the wage gap requires policies that attract and retain diversity in the workplace. A company's family leave policies, for example, can play a role. The best performing companies on gender diversity have implemented gender neutral policies that improve the workplace for both men and women, according to McKinsey.

**RESOLVED:** Shareholders request that Stifel prepare an annual diversity report, at a reasonable cost and omitting confidential information, available to investors including:

1. A chart identifying employees according to gender and race in major EEOC-defined job categories, listing numbers or percentages in each category;
2. A description of policies/programs focused on increasing gender and racial diversity in the workplace.

**Supporting Statement:** A report adequate for investors to assess strategy and performance can include historical data, a review of appropriate timebound benchmarks for judging current and future progress, and details of policies and practices designed to reduce unconscious bias in hiring, prevent sexual harassment, build mentorship programs, and workforce stability.



## Proxy Resolutions: Diversity and Inclusiveness

### Workplace Diversity

Palo Alto Networks, Inc.

WHEREAS: McKinsey & Company found companies with highly diverse executive teams had higher returns on equity and earnings performance than those with low diversity.

Palo Alto Network states that its "commitment to women in technology is evident through our partnerships with the Anita Borg Institute and other organizations promoting diversity".

However, the Company does not disclose workforce data or share results of diversity and inclusion initiatives.

Lack of diversity among high tech workers is a central public policy concern according to the U.S. Equal Employment Opportunity Commission. In 2014, the Commission reported that the high-tech sector employed a larger share of whites, Asian Americans, and men, and a smaller share of African-Americans, Hispanics and women than the "overall private industry".

Industry peers including Cisco and HP provide EEO-1 data. Intel discloses EEO-1 data and diversity goals. In 2015, the company set a public, time-bound goal for hiring women and underrepresented minorities and tied a portion of employee variable compensation to achieving its goal. In August 2015 Intel reported that it exceeded its target of 40 percent hires of women, blacks, Hispanics and Native Americans in the first six months of the year.

More than two dozen startups and venture capital firms, motivated by the efforts of Kapor Capital, have begun sharing strategies and setting diversity metrics.

Further, research from Mercer confirms that improving gender diversity will require attention to closing the gender pay gap. And, owing to concern about gender and racial wage disparities, the EEOC announced in January 2016 a proposed rule to stem wage discrimination by collecting pay data by gender, race and ethnicity.

Expanding workforce diversity and closing the wage gap requires policies that attract and retain diversity in the workplace. A company's family leave policies, for example, can play a role. McKinsey reports that paid parental leave and the availability of on-site child care can impact women's ability to move into higher productivity roles. The best performing companies on gender diversity have implemented gender neutral policies that improve the workplace for both men and women, according to McKinsey.

Diversity benchmarks can help ensure companies create workforces necessary to compete effectively. In our view, companies that are publicly accountable to diversity goals are most likely to make rapid progress toward achieving those goals.

**RESOLVED:** Shareholders request that Palo Alto Networks prepare a diversity report, at reasonable cost and omitting confidential information, available to investors including:

1. A chart identifying employees according to gender and race in major EEOC-defined job categories, listing numbers or percentages in each category;
2. A description of policies/programs focused on increasing diversity in the workplace.

**Supporting Statement:** A report adequate for investors to assess strategy and performance would include a review of appropriate time-bound benchmarks for judging current and future progress, and details of practices designed to reduce unconscious bias in hiring and to build mentorship among staff of color.



## Proxy Resolutions: Diversity and Inclusiveness

### Workplace Diversity

Priceline Group Inc.

WHEREAS: There is mounting evidence that diversity and inclusion are key components of business sustainability and strong human capital management:

A McKinsey & Company report found that companies with highly diverse executive teams had higher returns on equity and earnings performance than those with low diversity ("Diversity Matters," McKinsey, 2015).

\*McKinsey research also showed that companies in the top quartiles for gender and racial/ethnic diversity were more likely to have above average financial returns. Companies with greater racial/ethnic diversity were 35 percent more likely to outperform (Ibid).

In a 2013 Catalyst report, racial and gender diversity was positively associated with more customers, increased sales revenue, and greater relative profits ("Why Diversity Matters, Catalyst Information Center, 2013).

However, Priceline Group does not disclose comprehensive workforce data, or disclose results of diversity initiatives. Consequently, shareholders lack information to determine whether Priceline Group is successfully fostering diversity and inclusion across the business and in senior roles. Without this information, Priceline Group cannot persuasively demonstrate that it is capturing the potential business value associated with a diverse workforce.

Transparency and goals regarding gender and racial diversity can help companies hiring hundreds of employees, such as Priceline Group, create competitive workforces. Moreover, studies suggest that companies that integrate environmental, social, and governance (ESG) factors into business strategy reduce reputational, legal, and regulatory risks and improve long-term performance. And companies that are publicly accountable to diversity goals are most likely to make rapid progress toward achieving their goals.

Improving workforce diversity and inclusion requires proactive policies and programs. Family leave policies, for example, can play a role. McKinsey reports that paid parental leave and on-site child care can significantly impact women's ability to rise to higher productivity roles, with implications for the gender pay gap. The best performing companies have implemented gender neutral policies that improve the workplace for men, women, LGBTQ workers, and adoptive parents.

Investors seek clarity on how Priceline Group is driving strong human capital management via diversity and inclusion. Publishing workforce composition data is an acknowledged good practice among internet and technology companies, many of which (e.g. Microsoft, Intel, IBM) have set diversity goals and begun tying parts of executive pay to such goals.

**RESOLVED:** Shareholders request that Priceline Group prepare an annual diversity report, at a reasonable cost and omitting confidential information, available to investors including:

1. A chart identifying employees according to gender and race in major EEOC-defined job categories, listing numbers or percentages in each category;
2. A description of policies/programs/goals focused on increasing gender and racial diversity in the workplace.

**Supporting Statement:** A report adequate for investors to assess strategy and performance can include historical data, a review of appropriate time-bound benchmarks for judging current and future progress, and details of policies and practices designed to reduce unconscious bias in hiring, to build mentorship, training programs, work-life initiatives, and workforce stability.



## Proxy Resolutions: Diversity and Inclusiveness

### Workplace Diversity

United Bankshares, Inc.

*Similar resolutions were submitted to Discover Financial Services Inc., Iberiabank Corporation, Investors Bancorp Inc., Morningstar, Inc., SunTrust Banks, Inc.*

**RESOLVED:** Shareholders request that United Bankshares, Inc. provide a report to shareholders, beginning in 2018, at reasonable cost and omitting confidential information, including:

1. A comprehensive breakdown of its workforce by race and gender according to the Equal Employment Opportunity Commission (EEOC) defined job categories (the EEO-1 Report);
2. A description of policies and programs implemented to increase the number of minority and female employees in job categories where they are underutilized, including middle and senior level manager positions.

**Supporting Statement:** The financial sector, which includes United Bankshares, Inc., is characterized by persistent and pervasive underrepresentation of women and people of color in middle and senior positions. According to 2015 aggregate EEO-1 data for finance and insurance companies (the most recent available), women account for 30 percent of executive and senior level officials and managers despite representing 58 percent of total employees. Similarly, people of color comprise 12 percent of these management positions versus 31 percent of total employees.

Despite federal and state laws forbidding employment discrimination on the basis of gender and race, allegations of discrimination persist. In recent years, a number of companies have agreed to pay millions of dollars to settle allegations of racial and gender discrimination. Recent examples in the financial sector include:

- Met Life's \$32.5 million class action settlement for alleged race discrimination against African-American employees (July 2017)
- Bank of America's \$160 million settlement of a race discrimination suit and \$39 million settlement of a gender bias case (August-September 2013)

Companies with inclusive workplaces are better positioned to recruit the most talented employees from the broadest possible labor pool and to resolve complaints internally to avoid costly litigation or reputational damage. Numerous studies have found that employee diversity also provides a competitive advantage by generating varied, valuable perspectives, creativity and innovation, increased productivity and morale, while eliminating the limitations of "groupthink."

United Bankshares does not disclose EEO-1 metrics, which contrasts with many financial sector peers such as American Express, Citigroup, Comerica, JPMorgan Chase, MetLife, Northern Trust, State Street, and U.S. Bancorp.

Federal law already requires corporations to annually submit an EEO-1 Report to the EEOC. Hence, this request for greater transparency does not require any additional corporate resources for data collection or analysis.

Disclosure of United Bankshares' EEO-1 data would allow shareholders to benchmark and evaluate the effectiveness of its efforts to increase the diversity of its workforce throughout its ranks.

In addition, we believe improved disclosure would encourage management and the Board to pursue continuous improvements in the company's diversity programs, fully integrate diversity into its culture and practices, and strengthen its reputation and accountability to shareholders.

United Bankshares is also encouraged to provide additional information on its diversity goals, policies, and programs and, as appropriate, to describe the challenges it faces in moving forward to achieve its diversity plans and goals.



## Proxy Resolutions: Diversity and Inclusiveness

### Workplace Diversity

Manhattan Associates, Inc.

*A similar resolution was submitted to ServiceNow, Inc.*

**RESOLVED:** Shareholders request that Manhattan Associates Inc. provide a report to shareholders, beginning in 2018, at reasonable cost and omitting confidential information, including:

1. A publicly available comprehensive breakdown of its workforce by race and gender according to the Equal Employment Opportunity Commission (EEOC) defined job categories (the EEO-1 Report);
2. A description of policies and programs implemented to increase the number of people of color and female employees in job categories where they are underutilized, including middle and senior level manager positions.

**Supporting Statement:** The tech sector, which includes Manhattan Associates Inc, is characterized by persistent and pervasive underrepresentation of women and people of color in middle and senior positions. According to 2015 aggregate EEO-1 data for professional, scientific, and technical service companies (the most recent available), women account for 30 percent of executive and senior level officials and managers despite representing 42 percent of total employees. Similarly, people of color comprise 15 percent of these management positions versus 32 percent of total employees.

Despite federal and state laws forbidding employment discrimination on the basis of gender and race, allegations of discrimination persist. In recent years, a number of companies have agreed to pay millions of dollars to settle allegations of racial and gender discrimination. Recent examples of allegations in the tech sector include:

- Palantir's \$1.7 million settlement with the Department of Labor for alleged race discrimination against Asian employees in the company's hiring practices for engineers (April 2017)
- The U.S. Department of Labor is suing Oracle for discriminating against women, black, and Asian employees with respect to pay, which could cost Oracle millions in federal contracts. (January 2017)
- Three former employees have launched a class-action lawsuit against Google, alleging systematic pay discrimination against women employees (September 2017)

Companies with inclusive workplaces are better positioned to recruit the most talented employees and to resolve complaints internally to avoid litigation or reputational damage. Numerous studies have found that employee diversity also provides a competitive advantage by generating varied perspectives, creativity and innovation, and increased productivity and morale.

We are pleased that Manhattan Associates Inc. has created "Prism", a global diversity and inclusion strategy that includes ERGs, diversity recruitment, development, mentoring, and training.

However, Manhattan Associates Inc. does not disclose EEO-1 metrics, which contrasts with many sector peers such as Salesforce, Adobe, Microsoft, and Symantec.

Federal law already requires Manhattan Associates Inc. to annually submit an EEO-1 Report. Hence, this request for greater transparency does not require additional corporate resources for data collection or analysis.

Disclosure of EEO-1 data would allow shareholders to benchmark and evaluate the effectiveness of efforts to increase workforce diversity throughout its ranks and encourage management and the Board to pursue continuous improvements in the company's diversity programs.

Manhattan Associates Inc. is also encouraged to provide additional context, as appropriate, and to describe the challenges it faces in moving forward to achieve its diversity plans and goals.

### Workplace Diversity

#### Dollar General Corporation

**RESOLVED:** Shareholders request that Dollar General issue a report to shareholders, by year-end 2018, at reasonable cost and omitting confidential information, including:

1. A comprehensive breakdown of its workforce by race and gender according to the Equal Employment Opportunity Commission (EEOC) defined job categories (the EEO-1 Report);
2. A description of company policies and programs implemented to increase the number of minority and female employees in job categories where they are underutilized, including middle and senior level manager positions.

**Supporting Statement:** The general merchandise store industry, which includes Dollar General, is characterized by persistent underrepresentation of women and people of color in senior positions. According to 2015 aggregate EEO-1 data for general merchandisers (the most recent available), people of color account for 15 percent of executive and senior level officials and managers despite representing 48 percent of total employees. Similarly, women comprise 41 percent of these management positions versus 60 percent of total employees.

Despite federal and state laws forbidding employment discrimination on the basis of race and gender, allegations of discrimination persist. In recent years, a number of companies have agreed to pay millions of dollars to settle allegations of racial and gender discrimination. Recent examples include:

- Costco's \$8 million settlement of a class-action gender bias lawsuit (December 2013)
- Bank of America's \$160 million settlement of a race discrimination suit and \$39 million settlement of a gender bias case (August-September 2013)
- Novartis' \$175 million settlement of a class-action lawsuit alleging gender bias in pay and promotions (July 2010)

Dollar General has experienced numerous discrimination lawsuits, including many that have been brought by the EEOC. This history was highlighted in a November 4, 2017 Barron's feature article entitled "Sexual Harassment is Becoming a Serious Investment Risk."

Companies with inclusive workplaces are better positioned to recruit the most talented employees from the broadest possible labor pool and to resolve complaints internally to avoid costly litigation or reputational damage. Numerous studies have found that employee diversity also provides a competitive advantage by generating varied, valuable perspectives, creativity and innovation, and increased productivity and morale.

We believe that transparency and public accountability are essential components of leadership on diversity and inclusion, yet Dollar General does not disclose EEO-1 or similar metrics. This contrasts with other major retail sector companies including Costco and Walmart.

Federal law already requires Dollar General to submit annually an EEO-1 Report to the EEOC. Hence, this request for greater transparency does not require any additional corporate resources for data collection or analysis.

Disclosure of EEO-1 data would enable shareholders to benchmark and evaluate the effectiveness of efforts to increase the diversity of Dollar General's workforce throughout its ranks. Better disclosure would also encourage management and the Board to more fully integrate diversity into Dollar General's culture and practices, strengthening its reputation and accountability to shareholders.

### Workplace Diversity

Home Depot, Inc.

WHEREAS: Equal employment opportunity (EEO) is a fair employment practice and an investment issue. We believe companies with good EEO records have a competitive advantage in recruiting/retaining employees. We believe Home Depot customers are increasingly diverse. A diverse work force is more likely to anticipate and respond effectively to consumer demand.

EEO practices have economic relevance. Home Depot annually files an EEO-1 report with the Equal Employment Opportunity Commission. This information could be made available to shareholders at a minimal additional cost. In 2001, Home Depot provided EEO information to investors upon request. Since then, Home Depot reversed policy on disclosure of this information.

Allegations of discrimination in the workplace burden shareholders with costly litigation/fines which can damage a company's reputation.

Home Depot has paid out more than \$100 million to settle discrimination lawsuits, including \$87 million in a 1997 settlement and \$5.5 million to settle charges of class-wide gender, race and national origin discrimination at 30 Colorado stores.

In 2015, Home Depot settled a gender discrimination lawsuit for \$83,400, alleging that women who were qualified for sales positions were relegated to cashiers jobs, even though they met criteria to hold sales jobs.

In 2016, Judge David Carter approved a \$3 million Home Depot class action lawsuit settlement, ending allegations that Home Depot violated the Fair Credit Reporting Act (FCRA) by using improper background check forms on job applications. Home Depot agreed to comply with FCRA.

On September 28, 2017, the EEOC filed a lawsuit, charging Home Depot failed to accommodate and then fired an employee who had a disability-related emergency.

In 2017, 33.65% of Home Depot shares voted (counting votes for and against) supported this proposal.

RESOLVED: Shareholders request that Home Depot prepare a diversity report, at reasonable cost and omitting confidential information, available to investors by September 2018, including the following:

1. A chart identifying employees according to their gender and race in each of the nine major EEOC-defined job categories for the last three years, listing numbers or percentages in each category;
2. A summary description of any affirmative action policies and programs to improve performance, including job categories where women and minorities are underutilized;
3. A description of policies/programs oriented toward increasing diversity in the workplace.

Supporting Statement: In 2015, the U.S. Equal Employment Opportunity Commission reported racial minorities comprised 37.2 percent of the private industry workforce, but just 14.01 percent of executives and managers. Likewise, women represented 47.85 percent of the workforce, but just 29.73 percent of executives and managers.

We agree with a recommendation of the 1995 bipartisan Glass Ceiling Commission that "public disclosure of diversity data—specifically data on the most senior positions—is an effective incentive to develop and maintain innovative, effective programs to break the glass ceiling barriers." Home Depot has demonstrated leadership on many corporate social responsibility issues. We ask the company to again demonstrate leadership in diversity by committing to EEO disclosure.



## Proxy Resolutions: Diversity and Inclusiveness

### Board Diversity

#### LogMeln Inc

*Similar resolutions were submitted to ANSYS, Inc., Anika Therapeutics Inc, Black Knight Financial Services, Cato Corporation (The), Sealed Air Corporation*

WHEREAS: LogMeln has no women on its Board of Directors, and the racial and ethnic diversity of the Board is unclear because the company does not disclose the racial and ethnic profile of its board nominees.

We believe that diversity, inclusive of gender and race, is a critical attribute of a wellfunctioning board and a measure of sound corporate governance.

Corporate leaders increasingly recognize the strong business case for board diversity. The association of chief executives of U.S. companies, the Business Roundtable (BRT), updated its Principles of Corporate Governance in 2016, stating: "Boards should develop a framework for identifying appropriately diverse candidates that allows the nominating/corporate Governance committee to consider women, minorities and others with diverse backgrounds as candidates for each open board seat." Ball Corporation CEO John Hayes, then Chair of BRT's Corporate Governance Committee, articulated the rationale: "'Similar to our efforts to promote diversity among our management ranks, diverse backgrounds and experiences on corporate boards, including those of directors who represent the broad diversity of American society, strengthen the performance of a board of directors and promote the creation of long-term shareholder value.'" Research identifies business benefits associated with board diversity including a larger candidate pool from which to pick top talent, better understanding of consumer preferences, a stronger mix of leadership skills, and improved risk management.

Investor engagement by institutional investors to promote greater board diversity is increasing. State Street Global Advisors, the world's third largest asset manager, voted against director nominees on the proxy statements of 400 companies in 2017 due to inadequate board diversity. Board diversity is an engagement priority for BlackRock, the largest asset manager, as well as Vanguard, the largest mutual fund company. Massachusetts' state pension fund did not support management in 69 percent of director elections this year because the companies did not meet a board diversity threshold of 30 percent women and people of color. Numerous state and city pension funds such as California, Connecticut, New York City, New York State, and Rhode Island also actively encourage greater board diversity.

Women and people of color remain significantly underrepresented on U.S. corporate boards, approximately 18 percent and 10 percent of all S&P 1500 directorships, respectively (2017 ISS Board Practices Study).

While LogMeln's Corporate Governance Guidelines state "[t]he value of diversity on the Board should be considered" the company lags peers on board diversity. Citrix, Cisco, and Microsoft each have one or more women on their Boards of Directors.

RESOLVED: Shareholders request that the Board of Directors prepare a report by September 2018, at reasonable expense and omitting proprietary information, on steps LogMeln is taking to foster greater diversity on the Board, including but not limited to:

1. Strengthening Nominating and Corporate Governance policies by embedding a commitment to diversity inclusive of gender, race, ethnicity;
2. Committing to include women and underrepresented minority candidates in every pool from which Board nominees are chosen;
3. Reporting on progress achieved and challenges experienced.



## Proxy Resolutions: Diversity and Inclusiveness

### Board Diversity

Praxair, Inc.

WHEREAS: Praxair has no meaningful policy on diversity for the Board of Directors;

The U.S. population is currently almost 40% minority and over 50% female, however our board has a mere 22% minority and 11% female representation. As a company with a global workforce and increasingly diverse customer base, shareholders believe that the Company's Board of Directors must reflect the diversity of its customers, product end-users, and employees in order to protect shareholder value;

One academic report has stated that "a diverse board signals that women's and minorities' perspectives are important to the organization, and that the organization is committed to inclusion not only in principle but also in practice. Further, corporations with a commitment to diversity have access to a wider pool of talent and a broader mix of leadership skills than corporations that lack such a commitment";

Women and minorities seeking board seats face greater hurdles. A Harvard Business Review recently found that when a single woman or minority is included in a board search, s/he has a nearly zero chance of election, but "the odds of hiring a woman were 79.14 times greater if there were at least two women in the finalist pool." Similar results were found for minority candidates;

Shareholders believe that an internal policy committing the company to diversity on the board and in board candidate recruitment is needed to ensure that Praxair's board continues to increase its diversity.

RESOLVED: Shareholders recommend that the Board of Directors, consistent with their fiduciary duties, adopt a diversity policy in which the Board publicly commits to:

- Ensuring that women and minority candidates are routinely sought as part of each Board search;
- Expanding director searches to include nominees beyond the executive suite, from non-traditional environments such government, academia, and non-profit organizations; and
- Reviewing Board composition to ensure that the Board reflects the knowledge, experience, skills, and diversity required for the Board to fulfill its duties.

Supporting Statement: We believe that in an increasingly complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to a company's success. Further, director and nominee diversity helps to ensure that different perspectives are brought to bear on issues, while enhancing the likelihood that proposed solutions will be nuanced and comprehensive.

We believe our company's lack of board diversity policies and disclosures limits the company's definition and understanding of diversity, and does not sufficiently address the growing investor demand and interest in this critical corporate governance matter.

In our view, companies combining competitive financial performance with high standards of corporate governance, including board diversity, are better positioned to generate long-term value for their shareholders. As such, we urge the Board to broaden its pool of candidates and publicly commit to taking steps to establish a fully inclusive board.

### Board Diversity

#### Gulfport Energy

**RESOLVED:** Shareholders request that the Board of Directors of Gulfport Energy Corporation adopt a policy that ensures competitive recruitment and supports Board diversity (the "Policy") by requiring that the initial list of candidates from which new management-supported director nominees are chosen (the "Initial List") by the Nominating/Corporate Governance Committee include (but need not be limited to) qualified women and minority candidates. The Policy should provide that any third-party consultant asked to furnish an Initial List will be requested to include such candidates.

**WHEREAS:** Currently, Gulfport has no women on its board. A growing body of empirical research indicates a significant positive relationship between firm value and the percentage of women and minorities on boards. A 2012 report by Credit Suisse Research Institute evaluated the performance of companies globally over six years and found that companies with one or more women on their boards delivered higher average returns on equity, lower leverage, better average growth and higher price/book value multiples. A 2015 McKinsey study of 366 companies found that corporate leadership in the top quartile for racial and ethnic diversity were 35 percent more likely to have financial returns above their national industry median.

**WHEREAS:** We believe that the search process used by boards can play an important role in improving board diversity. According to a 2016 study published by the Harvard Business Review, including more than one woman or member of a racial minority in a finalist pool helps to combat unconscious bias among interviewers and increases the likelihood of a diverse hire.

**WHEREAS:** A 2012 NACD Blue Ribbon Commission report on Board Diversity recommended that "no less than one-third of candidates for new board seats should match the board's definition of diverse." In its 2016 Principles of Corporate Governance, the Business Roundtable calls on boards to "develop a framework for identifying appropriately diverse candidates that allows the nominating/governance committee to consider women, minorities, and others with diverse backgrounds as candidates for each open board seat."

**WHEREAS:** Business organizations are adopting governance standards similar to the one advanced in this Proposal, recognizing the importance of gender diversity. Examples include: Range Resources, WPX Energy, QEP Resources, Cimarex, Oasis Petroleum.

**WHEREAS:** Gulfport lags the majority of its peers on gender diversity on the board and in top leadership. Gulfport uses a Compensation Peer Group, in part, "to assess and establish both compensation levels for executives as well as program structures in an effort to maintain competitiveness in the market." All of the above-named companies appear on the Gulfport's 2017 Compensation Peer Group.

## Proxy Resolutions: Diversity and Inclusiveness

### Board Diversity

Discovery Communications, Inc.

**RESOLVED:** Shareholders request that the Board of Directors of Discovery Communications adopt a policy for improving board diversity (the "Policy") requiring that the initial list of candidates from which new management supported director nominees are chosen (the "Initial List") by the Nominating and Corporate Governance Committee should include (but need not be limited to) qualified women and minority candidates. The Policy should provide that any third-party consultant asked to furnish an Initial List will be asked to include such candidates.

**Supporting Statement:** As of November 2017, Discovery Communications did not appear to have any minorities on its board. This is unfortunate, because a growing body of empirical research indicates a significant positive relationship between firm value and the percentage of women and minorities on boards. For instance, one study found a significant positive correlation between gender diversity and the inclusion of people of color on boards and both return on assets and return on investment. (<http://ssrn.com/abstract=416337>) Another found a positive and significant relationship between racial diversity and innovation, reputation and firm performance. (<http://ssrn.com/abstract=1410337>) A 2015 McKinsey study of 366 companies found that companies with corporate leadership in the top quartile for racial and ethnic diversity were 35 percent more likely to have financial returns above their national industry median. (<http://www.diveritas.co.nz/Portals/25/Docs/Diversity%20Matters.pdf>)

We believe that the search process used by boards can play an important role in improving board diversity. According to a 2016 study published by the Harvard Business Review, including more than one woman or member of a racial minority in a finalist pool helps combat unconscious bias among interviewers and increases the likelihood of a diverse hire. (<https://hbr.org/2016/04/if-theres-only-one-woman-in-your-candidate-pool-theresstatistically-no-chance-she'll-be-hired>)

A 2012 report by the National Association of Corporate Directors recommended that no less than one-third of candidates for new board seats should match the board's definition of diverse. ([https://www.nacdonline.org/files/PDF/NACD\\_BRC\\_BoardDiversity%20\(Watermark\).pdf](https://www.nacdonline.org/files/PDF/NACD_BRC_BoardDiversity%20(Watermark).pdf)) In its 2016 Principles of Corporate Governance, the Business Roundtable calls on boards to "develop a framework for identifying appropriately diverse candidates that allows the nominating/corporate governance committee to consider women, minorities, and others with diverse backgrounds as candidates for each open board seat." (<https://businessroundtable.org/sites/default/files/Principles-of-Corporate-Governance-2016.pdf>)

Policies like the one advanced in this proposal have been adopted by the nominating and governance committees of many leading companies, including Gentex Corporation, Costco Wholesale Corporation, Home Depot, IDEXX Labs, Stryker Corporation and Neogen Corporation. While corporate boards may face differing circumstances, it is difficult to ignore the positive impact of diversity. In 2017, a similar request was supported by more than one-third of shares voted as a percentage of shares cast for and against the proposal. We urge the Board to join other leading companies and adopt this important governance reform.



## Proxy Resolutions: Diversity and Inclusiveness

### Board Diversity

#### US Foods Holding Corp

WHEREAS: US Foods Holding Corp has no women on its Board of Directors.

We believe that diversity, inclusive of gender and race, is a critical attribute of a well-functioning board and a measure of sound corporate governance.

Research identifies a strong business case for diversity on corporate boards including improved company financial performance, increased innovation, better problem solving, stimulated group performance and enhanced company reputation. It suggests several explanations for this improved performance: a stronger mix of leadership skills, better understanding of consumer preferences, a larger candidate pool from which to pick top talent and improved risk management.

Corporate leaders increasingly recognize the business case for board diversity. The influential association of chief executives of U.S. companies, the Business Roundtable (BRT), updated its Principles of Corporate Governance in 2016, stating: "Boards should develop a framework for identifying appropriately diverse candidates that allows the nominating/corporate governance committee to consider women, minorities and others with diverse backgrounds as candidates for each open board seat."

Investor engagement by prominent institutional investors to promote greater board diversity is also increasing dramatically. Numerous state and city pension funds such as California, Connecticut, Massachusetts, New York City, New York State, and Rhode Island actively encourage greater board diversity.

Women and people of color remain significantly underrepresented on U.S. corporate boards, accounting for approximately 18 percent and 10 percent of all S&P 1500 directorships, respectively (2017 ISS Board Practices Study).

US Foods lags this already low national bar with respect to the representation of women on its Board. A majority of S&P 1500 companies have two or more women directors (2017 ISS Board Practices Study). Moreover, peer companies Sysco Corp. and Performance Food Group each have at least two women on their boards.

**RESOLVED:** Shareholders request that the Board of Directors prepare a report by September 2018, at reasonable expense and omitting proprietary information, on steps US Foods is taking to foster greater diversity on the Board including, but not limited to, the following:

- Strengthening Nominating and Corporate Governance policies by embedding a commitment to diversity inclusive of gender, race and ethnicity;
- Committing to include women and underrepresented minority candidates in every pool from which Board nominees are chosen;
- Expanding director searches to include nominees from both corporate positions beyond the executive suite and non-traditional environments such as government, academia, and nonprofit organizations; and
- An annual assessment of challenges experienced and progress achieved.

**Supporting Statement:** We believe that in an increasingly complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to a company's success as it increases its likelihood of making the right strategic and operational decisions. In our view, companies combining competitive financial performance with high standards of corporate governance, including board diversity, are better positioned to generate long-term value for their shareholders.



## Proxy Resolutions: Diversity and Inclusiveness

### Board Diversity

Pilgrim's Pride Corp

**RESOLVED:** Shareholders request that the Board of Directors prepare a report by April 1, 2019, at reasonable expense and omitting proprietary information and other information protected by privacy and other laws, on steps Pilgrim's Pride is taking to foster greater diversity on the Board over time, including but not limited to, the following:

1. The consideration of modifications to nominating and corporate governance policies reflecting greater commitment to advancing Board diversity inclusive of gender, race, and ethnicity;
2. The inclusion of women and minority candidates in every pool from which Board nominees are chosen; and
3. An assessment of challenges experienced and progress achieved.

**Supporting Statement:** We believe that diversity, inclusive of gender, race and ethnicity, is a critical attribute of a well-functioning board and a measure of sound corporate governance. Currently, no women and no African Americans sit on Pilgrim's Pride's Board.

Women and people of color remain significantly underrepresented on U.S. corporate boards, approximately 18 percent and 10 percent of all S&P 1500 directorships, respectively (2017 ISS Board Practices Study). Pilgrim's Pride lags this already low national bar with respect to representation of women on its Board. A majority of S&P 1500 companies have two or more women directors (2017 ISS Board Practices Study).

As it relates to the American poultry industry, board diversity also has the potential to foster sustainable improvements in the health and welfare of workers. A diverse board brings a stronger mix of leadership skills, improved understanding of consumer preferences, reduced reputational harm associated with workplace discrimination, a larger candidate pool from which to pick top talent, and more attention to risk. Not surprisingly, nine out of ten investors believe boards should revisit their director diversity policies, according to a 2014 survey by PriceWaterhouseCoopers.

In the animal slaughtering and processing industry, 38.8% of the workforce is comprised of women, 25.3% is comprised of African Americans, and 33.8% is comprised of Hispanics/Latinos. Research demonstrates that poultry workers suffer elevated rates of injury and illness and face obstacles to reporting poor working conditions. While Pilgrim's Pride has publicly stated that health and safety are core to the company and that it is committed to providing a safe work environment, news reports and OSHA investigations have identified a substantial gap between its public statements and company policies, and actual conditions inside plants. A Board that better represents the gender and racial diversity of the workforce would go a long way towards identifying problems in working conditions and narrowing the gap between policy and reality.

Pilgrim's Pride should emphasize diversity at all levels, but, most importantly, in its Board, which is responsible for setting policies and objectives in an increasingly dynamic, multi-cultural and interconnected world. As a company that employs approximately 52,000 employees and provides products in approximately 80 countries, Pilgrim's Pride has an obligation to its shareholders to ensure that its corporate governance principles appropriately take diversity into account.



## Proxy Resolutions: Diversity and Inclusiveness

### Board Executive Committee Diversity

Alphabet, Inc.

Google and Alphabet have come under heavy public scrutiny for the lack of diversity and equal pay amongst its employees. This prolonged and at times dramatic attention has come from the public-at-large, employees, investors, the press, and the government. The Department of Labor is currently investigating Google for violating federal employment laws by permitting pay differences to occur between men and women in the company. In August 2017, the issue reached crisis levels when a Google engineer posted a memo questioning the company's diversity efforts. The Wall Street Journal described the episode as a "firestorm".

As the first major Silicon Valley technology company to release diversity statistics in 2014, the Company has gone to great lengths to demonstrate its desire to address its diversity challenges. These efforts include unconscious bias training aimed at improving hiring programs, inclusion policies and practices, education outreach, and community relations. In June 2017 it hired its first VP of Diversity, Danielle Brown. Google CEO Sundar Pichai has emphasized that "A diverse mix of voices leads to better discussions, decisions, and outcomes for everyone." Google's Code of Conduct expects "each Googler to do their utmost to create a workplace culture that is free of harassment, intimidation, bias and unlawful discrimination."

However, these efforts do not appear to be enough and the Company has been unable to make satisfactory improvements. As Google reports, the participation of Hispanic employees in its workforce rose one percent from the previous year to four percent. While black employees comprise five percent of non-tech positions, a one percent year over year increase, Black employees still represent just two percent of its total U.S. workforce, unchanged from 2015 and 2014. And, women represent 31 percent of Google's global workforce, unchanged from a year ago and up just one percent since 2014.

This is clearly insufficient and Google agrees. As it states on its Diversity website, "When it comes to diversity at Google, there's more work to be done."

We believe that the Alphabet Board can provide greater leadership and guidance to management as it expands diversity and equality within the Company. We believe that the Alphabet Board should take further steps to demonstrate a clear and powerful resolve to address this challenge.

**RESOLVED:** Shareholders request the Board of Directors take steps to make the Board's Executive Committee diverse in terms of race, ethnicity, and gender.

**Supporting Statement.** Currently Alphabet's Board Executive Committee is comprised of Board Chair Eric Schmidt, CEO Larry Page, and President Sergey Brin. We believe that expanding diversity on the Board's Executive Committee by adding a director or directors who are women or people of color can demonstrate the Board's resolve and provide the necessary leadership and guidance for management.



## Proxy Resolutions: Diversity and Inclusiveness

### Executive Pay-Incorporate Diversity & Sustainability Metrics

Alphabet, Inc.

*A similar resolution was submitted to Amazon.com, Inc.*

WHEREAS: Numerous studies suggest that companies that integrate environmental, social, and governance (ESG) factors into business strategy reduce reputational, legal, and regulatory risks and improve long-term performance.

A leading group of companies has integrated sustainability metrics into executive pay incentive plans, among them Unilever, Walmart, and Mead Johnson. Guidance issued by the UN Principles for Responsible Investment (2012) states that including ESG factors in executive incentive schemes can help protect long-term shareholder value.

Diversity and inclusion are key components of business sustainability and success:

- McKinsey & Company research shows that companies in the top quartiles for gender and racial/ethnic diversity were more likely to have above average financial returns ("Diversity Matters," McKinsey, 2015).
- In a 2013 Catalyst report, diversity was positively associated with more customers, increased sales revenue, and greater relative profits.
- A 2016 study by Intel and Dalberg estimates the technology sector could generate \$300–\$370 billion in additional annual revenue if tech companies reflected the racial diversity of the talent pool.

Yet technology companies have not seized this opportunity. Underrepresented people of color hold just 9 percent of technical roles in the sector (Intel/Dalberg, 2016). Women hold 36 percent of entry level tech jobs and just 19 percent of C-Suite positions ("Women in the Workplace," McKinsey, 2016).

The tech diversity crisis creates challenges for talent acquisition and retention, product development, and customer service. These human capital risks are playing out at Alphabet:

- "A Google engineer who bemoaned racial diversity has sparked anger in Silicon Valley," Washington Post, August 2017.
- "Women say they quit Google because of racial discrimination: 'I was invisible,'" Guardian, August 2017.
- "3 Female Former Employees Sue Google Over Alleged Gender Pay Discrimination," NPR, September 2017.

Alphabet has taken steps to address diversity and said it is committed to becoming "more reflective of the world we live in." However, our Company remains predominantly white and male, especially in technical and leadership roles. Among Google Inc's top 31 executives in 2016, there was only one underrepresented person of color and only four women. And, as Fortune observed in 2017, Alphabet's approach lacks focus: "...there is no overarching mandate from the C-suite, like linking compensation to diversity goals...."

Investors seek clarity regarding how Alphabet is driving improvement on diversity and how that strategy is supported by C-Suite accountability. Integrating diversity metrics into executive compensation assessments would enhance Alphabet's approach. Peers (e.g. Microsoft, Intel, IBM) have set diversity goals and begun tying parts of executive pay to such goals.

RESOLVED: Shareholders request the Board Compensation Committee prepare a report assessing the feasibility of integrating sustainability metrics, including metrics regarding diversity among senior executives, into the performance measures of the CEO under the Company's compensation incentive plans. For the purposes of this proposal, "sustainability" is defined as how environmental and social considerations, and related financial impacts, are integrated into long-term corporate strategy, and "diversity" refers to gender, racial, and ethnic diversity.



## Proxy Resolutions: Diversity and Inclusiveness

### Executive Pay-Incorporate Diversity & Sustainability Metrics

#### Citrix Systems

*Similar resolutions were submitted to Apple Computer, Inc., eBay Inc.*

WHEREAS: Studies suggest that companies that integrate environmental, social, and governance (ESG) factors into business strategy reduce reputational, legal, and regulatory risks and improve longterm performance.

A leading group of companies has integrated sustainability metrics into executive pay incentive plans, among them Unilever and Walmart. Guidance from the UN Principles for Responsible Investment (2012) states that including ESG factors in executive incentive schemes can help protect long-term shareholder value.

The 2016 Glass Lewis report In-Depth: Linking Compensation to Sustainability finds a “mounting body of research showing that firms that operate in a more responsible manner may perform better financially.... Moreover, these companies were also more likely to tie top executive incentives to sustainability metrics.”

Diversity and inclusion are key components of business sustainability and success:

- McKinsey research shows that companies in the top quartiles for gender and racial/ethnic diversity were more likely to have above average financial returns (“Diversity Matters,” McKinsey, 2015).
- In a 2013 Catalyst report, diversity was positively associated with more customers, increased sales revenue, and greater relative profits.
- A 2016 study by Intel and Dalberg estimates the technology sector could generate \$300–\$370 billion in additional annual revenue if tech companies reflected the racial diversity of the talent pool.

Yet technology companies have not seized this opportunity. Underrepresented people of color hold just 9 percent of technical roles in the sector (Intel/Dalberg, 2016). Women hold 36 percent of entry level tech jobs and just 19 percent of C-Suite positions (“Women in the Workplace,” McKinsey, 2016).

The tech diversity crisis creates challenges for talent acquisition and retention, product development, and customer service. According to a recent study of why workers leave tech sector jobs, nearly 40 percent of employees surveyed indicated that unfairness or mistreatment played a major role in their decision, and underrepresented men were most likely to leave jobs due to unfairness (“2017 Tech Leavers Study,” Kapor Center, 2017).

These human capital risks are playing out at Citrix Systems (“Citrix”). Our Company has taken steps to address diversity. However, current disclosures reveal that Citrix remains predominantly white and male, especially in leadership roles. As of the 2016 Equal Employment Opportunity report, there were no black people among Citrix’s top 99 executives.

Investors seek clarity regarding how Citrix drives improvement and how that strategy is supported by C-Suite accountability. Explicitly integrating diversity metrics into executive compensation assessments would enhance Citrix’s approach. Peers (e.g. Microsoft, Intel, IBM) have begun tying parts of executive pay to diversity and sustainability goals.

RESOLVED: Shareholders request the Board Compensation Committee prepare a report assessing the feasibility of integrating sustainability metrics, including metrics regarding diversity among senior executives, into the performance measures of the CEO under the Company’s compensation incentive plans. For the purposes of this proposal, “sustainability” is defined as how environmental and social considerations, and related financial impacts, are integrated into long-term corporate strategy, and “diversity” refers to gender, racial, and ethnic diversity.



## Proxy Resolutions: Diversity and Inclusiveness

### **Sexual Orientation & Gender Identity/Expression Non-Discr.**

National Oilwell Varco, Inc.

*Similar resolutions were submitted to Acuity Brands, Inc., SBA Communications Corporation*

WHEREAS: National Oilwell Varco does not explicitly prohibit discrimination based on gender identity or gender expression in its written employment policy;

According to the Human Rights Campaign Foundation's 2017 survey 83% of companies prohibit discrimination based on gender identity or expression

We believe that corporations that prohibit discrimination on the basis of gender identity or expression have a competitive advantage in recruiting and retaining employees from the widest talent pool;

According to an analysis of surveys conducted by the Williams Institute at the UCLA School of Law, sixteen to sixty eight percent of LGBT (lesbian, gay, bisexual and transgender) people report experiencing employment discrimination. Ninety percent of transgender individuals have encountered some form of harassment or mistreatment in the workplace;

Public opinion polls consistently find more than three quarters of people in the United States support equal rights in the workplace.

Although federal law does not provide sexual orientation and gender identity employment discrimination protection, twenty states, the District of Columbia, and more than 114 cities and counties have laws prohibiting employment discrimination based on gender identity or expression;

In July 2014, the White House signed an amendment to an existing Executive Order covering companies that are federal contractors. The Executive Order explicitly prohibits federal contractors from discriminating on the basis of sexual orientation or gender identity. In issuing the order the President stated, "equality in the workplace is not only the right thing to do, it turns out to be good business. That's why a majority of Fortune 500 companies already have nondiscrimination policies in place."

We are concerned National Oilwell Varco may be lagging behind peers with comprehensive equal employment opportunity policies. According to the Human Rights Campaign, many companies in the oil and gas industry, such as Halliburton, Schlumberger, and Baker Hughes explicitly prohibit discrimination based on sexual orientation, and gender identity or expression in their written policies.

**RESOLVED:** Shareholders request that National Oilwell Varco amend its written equal employment opportunity policy to explicitly prohibit discrimination based on gender identity or expression and to take concrete action to implement the policy.

**Supporting Statement:** We believe employment discrimination on the basis of sexual orientation or gender identity diminishes employee morale and productivity. Because state and local laws are not comprehensive with respect to prohibiting employment discrimination, our company would benefit from a comprehensive, consistent, corporate-wide policy to enhance efforts to prevent discrimination, resolve complaints internally, access employees from the broadest talent pool, and ensure a respectful and supportive atmosphere for all employees. We believe National Oilwell Varco will enhance its competitive edge by joining the growing ranks of companies guaranteeing equal opportunity for all employees.

## Proxy Resolutions: Diversity and Inclusiveness

### Sexual Orientation & Gender Identity/Expression Non-Discr.

IPG Photonics Corporation

*Similar resolutions were submitted to CorVel Corporation, Chemed Corporation, Ensign Group*

**RESOLVED:** Shareholders request that IPG Photonics amend its written equal employment opportunity (EEO) policy to explicitly prohibit discrimination based on sexual orientation and gender identity or expression.

**Supporting Statement:** IPG Photonics does not explicitly prohibit discrimination based on sexual orientation and gender identity or expression in its written EEO policy. The lack of transparency calls into question the extent to which LGBT (lesbian, gay, bisexual, and transgender) individuals are protected given the absence of a federal law, lack of consensus among federal entities,<sup>1</sup> and inconsistent local laws.

Currently, 20 states, the District of Columbia and more than 225 cities prohibit discrimination in employment on the basis of sexual orientation and gender identity. Two additional states prohibit discrimination based on sexual orientation alone. On the other hand, discrimination against LGBT people may be permissible in the 21 states that have Religious Freedom Restoration Acts. A corporate-wide best practice EEO policy avoids sending mixed signals to company employees and prospective employees, due to inconsistent state policies.

Since LGBT workplace discrimination continues to exist in the US,<sup>2</sup> the requested policy would enhance IPG Photonics' efforts to prevent discrimination and mitigate employee concern of potential discrimination.

An inclusive policy also enhances our company's ability to recruit the most talented employees from the broadest possible labor pool, resolve complaints internally to avoid costly litigation or damage to its reputation, lower employee turnover, and ensure a respectful and supportive work atmosphere that bolsters employee performance.

Public opinion polls consistently find that more than 75% of Americans support equal rights in the workplace. IPG Photonics risks becoming an outlier since businesses are also increasingly supportive of equal employment opportunity regardless of sexual orientation or gender identity. According to the Human Rights Campaign, 82% of the Fortune 500® companies had EEO policies that include sexual orientation and gender identity in 2017.

Industry peers such as Nordson, Coherent, Zebra Technologies, and Cognex prohibit discrimination on the basis of sexual orientation and gender identity in their written EEO policies. Leading employers located in IPG Photonics' headquarters' county of Worcester, MA such as Nupro (Jabil), Waters, and TA Instruments also explicitly prohibit this form of discrimination

<sup>1</sup> In 2015, the Equal Employment Opportunity Commission (EEOC) advised that LGBT individuals were protected under "sex" by Title VII of the Civil Rights Act. However, in June 2017, the Justice Department contested the EEOC's guidance in an Amicus Brief to a US Court of Appeals stating explicitly that "Title VII does not reach discrimination based on sexual orientation."

<sup>2</sup> 92% of LGBT individuals surveyed agree that various levels of discrimination persist (Pew Research Center, June 2013). Transgender workers report even more widespread employment discrimination than gay and lesbian workers—up to 56% were fired, up to 47% were denied employment, and up to 31% were harassed based on their gender identity (Williams Institute, July 2011).

### Sexual Orientation & Gender Identity/Expression Non-Discr.

Cato Corporation (The)

**RESOLVED:** Shareholders request that Cato Corp (Cato) amend its written equal employment opportunity (EEO) policy to explicitly prohibit discrimination based on sexual orientation and gender identity or expression.

**Supporting Statement:** Currently, Cato's EEO policy does not include "sexual orientation" and "gender identity or expression"—calling into question the extent to which these classes are protected given the absence of a federal law, lack of consensus among federal entities,<sup>1</sup> and inconsistent local laws.

Cato operates in 9 states that prohibit discrimination in employment on the basis of sexual orientation and gender identity and in 16 states where discrimination against LGBT (lesbian, gay, bisexual, transgender) people may be permissible under Religious Freedom Restoration Acts. A corporate-wide best practice EEO policy avoids the problem of sending mixed signals to company employees, including store managers, due to inconsistent state policies.

Since LGBT workplace discrimination continues to exist in the US,<sup>2</sup> the requested policy would enhance Cato's efforts to prevent discrimination and mitigate employees' fear of potential discrimination.

An inclusive policy also enhances our company's ability to recruit the most talented employees from the broadest possible labor pool, resolve complaints internally to avoid costly litigation or damage to its reputation, lower employee turnover, ensure a respectful and supportive work atmosphere that bolsters employee performance, and appeal to US LGBT consumers and individuals supportive of equality. In 2016, Bloomberg estimated US LGBT consumers represented \$900 billion in buying power, and public opinion polls consistently find that more than 75% of Americans support equal rights in the workplace.

We are concerned that Cato's opposition to adopting a uniform policy may undermine its reputation among potential employees and consumers.

Cato also risks standing out as an outlier among US companies on this matter. According to the Human Rights Campaign, 82% of the Fortune 500® companies had EEO policies that include sexual orientation and gender identity in 2017. In North Carolina, where Cato is headquartered, 21 out of 25 of the largest companies by market cap include sexual orientation and 18 include gender identity in their policies. Furthermore, retail peers such as American Eagle Outfitters and Gap Inc. explicitly prohibit discrimination on the basis of sexual orientation and gender identity.

1 In 2015, the Equal Employment Opportunity Commission (EEOC) advised that LGBT individuals were protected under "sex" by Title VII of the Civil Rights Act. However, in June 2017, the Justice Department contested the EEOC's guidance in an Amicus Brief to a US Court of Appeals stating explicitly that "Title VII does not reach discrimination based on sexual orientation."

2 92% of LGBT individuals surveyed agree that various levels of discrimination persist (Pew Research Center, June 2013). Transgender workers report even more widespread employment discrimination than gay and lesbian workers—up to 56% were fired, up to 47% were denied employment, and up to 31% were harassed based on their gender identity (Williams Institute, July 2011).

### Environmental Health and Sustainability Reporting

For nearly five decades, ICCR members have encouraged corporations to manage resources in a responsible manner that minimizes both business risk and community impact, and safeguards natural resources for future generations. Resolutions focused on environmental health and sustainability typically deal with such topics as recycling, e-waste, the environmental impacts of hydraulic fracturing, sustainability reporting and pollution/toxins.

### Environmental Impact of Non-Recyclable Packaging/ Foam Beverage Cups

Food service and product packaging is a major consumer of natural resources and energy, and yet only 14% of plastic packaging is collected for recycling. Oceans are expected to contain more plastic than fish by 2050 if no significant corrective action is taken. Further, better management of plastic could save consumer goods companies \$4 billion a year.

Investors asked Kraft Heinz and Mondelez to report on the environmental impacts of their continuing use of non-recyclable brand packaging. McDonald's was asked to report on the environmental impacts of its continued use of polystyrene foam-based food service ware, including quantifying the amount that could reach the environment, and assessing the potential for increased risk of adverse health effects to marine animals and humans.

Proposal Topic	Quantity
<b>Environmental Health and Sustainability Reporting</b>	<b>23</b>
Sustainability Reporting	9
Executive Pay: Incorporate Sustainability Metrics	6
Environmental Impacts of Non-Recyclable Packaging	3
Environmental Impact of Polystyrene Foam Beverage Cups	1
Impact of the Bhopal Chemical Explosion	1
Integrate Sustainability into Financial Reporting	1
Report on Hydraulic Fracturing Policies	1
Scale up Efforts on Sustainable Packaging	1

### Sustainability Reporting

A sustainable business is one that encourages long-term social and environmental sustainability, both in the communities where it operates and throughout its supply chain. Managing and reporting on ESG factors such as operational environmental impacts, worker health and safety, and resource dependency helps companies compete in a business environment driven by finite natural resources, rapidly changing regulations, and increased public expectations for corporate accountability. Investors believe that transparent and substantive sustainability reporting can help companies better identify and respond to emerging risks and opportunities.

Shareholders filed resolutions calling for sustainability reporting at 9 companies this year, including Priceline, Rite Aid, Skechers, Tootsie Roll and UPS.

### Integrate Sustainability Reporting into Financial Reporting

For investors, the value of integrating sustainability reporting with financial reporting is that companies are more able to effectively identify, target, and manage material ESG factors, which yields stronger financial performance over the long-term.

**Shareholders asked Tesla to begin reporting material ESG information using company-specific narrative and sustainable accounting metrics in its 2019 annual report.**

### Executive Pay: Incorporate Sustainability Metrics

A number of high-profile companies have begun to integrate sustainability metrics into their executive pay incentive plans, including Walt Disney, Unilever, Pepsi, Walmart, Group Danone and Mead Johnson. Linking sustainability metrics to executive compensation has the potential to reduce risks related to sustainability underperformance, and incentivizes employees to meet sustainability goals and ultimately, increase accountability.

This year, investors asked 6 companies — AT&T, DowDuPont, Expeditors, TJX, UPS and Walgreens Boots Alliance — to assess the feasibility of integrating sustainability metrics into the performance measures of senior executives under their compensation incentive plans.

***Shareholder withdrew their resolution at AT&T after the company agreed to include its first-ever disclosure on key sustainability goals and performance in its annual proxy statement.***



### Environmental Impacts of Non-Recyclable Packaging

#### Kraft Heinz Company

WHEREAS: The Kraft Heinz Company states it is “dedicated to the sustainable health of our people, our planet and our company,” yet a significant amount of its brand product packaging is not recyclable. Non-recyclable packaging exacerbates already difficult efforts to recycle more materials. New studies suggest that discarded plastic packaging which reaches the ocean is toxic to marine animals and potentially to humans.

Kraft Capri-Sun and Kool-Aid Jammers juice drinks, and Heinz pouch pack ketchup are examples of products packaged in laminate pouches that cannot be recycled and are rarely collected for recovery. An estimated 5 billion units of Capri-Sun are sold worldwide. They are designed for the dump, not for recycling. Capri-Sun could be dispensed in recyclable PET plastic or glass bottles, paper cartons or aluminum cans as are Minute Maid, Juicy Juice, Tropicana and other juice brands. Using non-recyclable packaging when recyclable alternatives are available wastes valuable resources such as aluminum that could be perpetually recycled. Peers are acting: Honest Kids juice drink has switched packaging from pouches back to recyclable cartons. Unilever is financing research into pouch recycling technology.

Only 14% of plastic packaging is collected for recycling. Billions of pouches, representing significant amounts of embedded value and energy, lie buried in landfills. Non-recyclable packaging is more likely to be littered, swept into waterways and break down into small indigestible particles swirling in ocean gyres that birds and fish mistake for food. A September 2017 cleanup of plastic waste in Manila Bay found sachets and pouches like those used in Capri-Sun and Kool-Aid Jammers to be the most frequently found items on beaches.

Plastic does an estimated \$13 billion in damage to marine ecosystems annually. Eight million tons of plastics leak into the ocean annually. If no action is taken, oceans are expected to contain more plastic than fish by 2050.

U.S. Environmental Protection Agency studies suggest a synergistic effect between persistent toxic chemicals and plastic debris. Plastics absorb toxics such as dioxins from water and transfer them to the marine food web and potentially to human diets, increasing the risk of adverse effects to wildlife and humans.

Better management of plastic could save consumer goods companies \$4 billion a year. Making all packaging recyclable is the first step to reducing the threat posed by ocean debris. Shareholders deserve an explanation why the company has not made stronger efforts to reduce non-recyclable packaging.

**BE IT RESOLVED THAT:** Shareowners of Kraft Heinz request that the board of directors issue a report at reasonable cost, omitting confidential information, assessing the environmental impacts of continuing to use non-recyclable brand packaging.

**Supporting Statement:** Proponents believe the report should include an assessment of the reputational, financial and operational risks associated with continuing to use non-recyclable brand packaging and if possible, goals and a timeline to phase out nonrecyclable packaging; or provide evidence of substantive actions taken to make these materials recyclable.



## Proxy Resolutions: Environmental Health and Sustainability

### Environmental Impacts of Non-Recyclable Packaging

#### Kroger

WHEREAS: A portion of Kroger house brand product packaging is unrecyclable, including plastics, which are a growing component of plastic pollution and marine litter. Authorities say that marine litter kills and injures marine life, spreads toxics, and poses a potential threat to human health. The environmental cost of consumer plastic products and packaging exceeds \$139 billion annually, according to the American Chemistry Council.

Plastic is the fastest growing form of packaging; U.S. flexible plastic sales are estimated at \$26 billion. Dried fruit, frozen meat, cheese, and dog food are some of the Kroger house brand items packaged in unrecyclable plastic pouches. Private label items account for a quarter of all sales – nearly \$20 billion annually. Using unrecyclable packaging when recyclable alternatives are available wastes valuable resources. William McDonough, a leading green design advisor, calls pouch packaging a “monstrous hybrid” designed to end up either in a landfill or incinerator.

Recyclability of household packaging is a growing area of focus as consumers become more environmentally conscious, yet recycling rates stagnate. Only 14% of plastic packaging is recycled, according to the U.S. Environmental Protection Agency (EPA). Billions of pouches and similar multi-layer plastic laminates, lie buried in landfills. Unrecyclable packaging is more likely to be littered and swept into waterways. An assessment of marine debris by the Global Environment Facility concluded that one cause of debris entering oceans is “design and marketing of products internationally without appropriate regard to their environmental fate or ability to be recycled...”

In the marine environment, plastics break down into indigestible particles that marine life mistake for food. Studies by the EPA suggest a synergistic effect between plastic debris and persistent, bio-accumulative, toxic chemicals. Plastics absorb toxics such as polychlorinated biphenyls and dioxins from water or sediment and transfer them to the marine food web and potentially to human diets. If no actions are taken, oceans are expected to contain more plastic than fish by 2050!

Making all packaging recyclable, if possible, is the first step needed to reduce the threat posed by plastic pollution. Better management of plastic could save consumer goods companies \$4 billion a year. Companies who aspire to corporate sustainability yet use these risky materials need to explain why they use unrecyclable packaging. Other companies who manufacture and sell food and household goods are moving towards recyclability. Walmart uses sustainable packaging guidelines to incentivize its suppliers to increase the amount of packaging they use that can be recycled. Colgate-Palmolive, PepsiCo, Procter & Gamble, Unilever, and Walmart have all developed packaging recyclability goals.

**RESOLVED:** Shareowners of Kroger request that the board of directors issue a report, at reasonable cost, omitting confidential information, assessing the environmental impacts of continuing to use unrecyclable brand packaging.

**Supporting Statement:** Proponents believe that the report should include an assessment of the reputational, financial and operational risks associated with continuing to use unrecyclable brand packaging and, if possible, goals and a timeline to phase out unrecyclable packaging.



## Proxy Resolutions: Environmental Health and Sustainability

### Environmental Impacts of Non-Recyclable Packaging

Mondeléz International, Inc.

WHEREAS: Mondeléz International's environmental policy states the company "is committed to reducing the environmental impact of our activities, preventing pollution and promoting the sustainability of the natural resources upon which we depend..." yet a significant amount of brand product packaging is not recyclable and new studies suggest plastic packaging that degrades in waterways is toxic to marine animals and potentially to humans. The environmental cost to society of consumer plastic products exceeds \$139 billion annually, according to the American Chemistry Council. Mondeléz's use of plastic materials incurs an estimated \$115 million in annual environmental costs.

Our iconic brands like Oreo and Chips Ahoy are increasingly packaged in flexible film or other plastic packaging, such as pouches, that are not recyclable. A September 2017 cleanup of plastic waste in Manila Bay found pouches from our product Tang to be among the most frequently found waste packaging. Using nonrecyclable packaging when recyclable alternatives are available wastes valuable resources and contributes to plastic pollution. Only 14% of plastic packaging is recycled. Billions of discarded plastic wrappers and pouches representing significant amounts of embedded energy are incinerated or lie buried in landfills. These products could be sold in recyclable packaging.

Non-recyclable packaging is more likely to be littered and carried into waterways. In the marine environment, plastics break down into small indigestible particles that birds and marine mammals mistake for food, resulting in illness and death. An assessment of marine debris by the Global Environment Facility concluded that an underlying cause of debris entering oceans is "design and marketing of products internationally without appropriate regard to their environmental fate or ability to be recycled in the locations where sold..."

If no actions are taken, oceans are expected to contain more plastic than fish by 2050. Scientific studies suggest a synergistic effect between persistent toxic chemicals and plastic debris. Plastics absorb toxics such as dioxins from water and transfer them to the marine food web and potentially to human diets, increasing the risk of adverse effects to wildlife and humans.

Making all packaging recyclable to the extent possible is the first step to reduce the threat posed by plastic debris in waterways. Colgate-Palmolive, PepsiCo, Procter & Gamble, Unilever, and Walmart have set public packaging recyclability goals. Companies who aspire to corporate sustainability yet use these risky materials should explain why they use so much non-recyclable packaging. Companies should also work with recyclers and municipalities to assure that more recyclable packaging actually gets recycled.

BE IT RESOLVED THAT: Shareowners of Mondeléz International request the Board to issue a report at reasonable cost, omitting confidential information, assessing the environmental impacts of continuing to use non-recyclable brand packaging.

Supporting Statement: Proponents believe the report should include an assessment of the reputational, financial, and operational risks associated with continuing to use non-recyclable brand packaging, discuss investments in packaging recycling technologies, and to the extent possible, goals and a timeline to phase out non-recyclable packaging.

### Environmental Impact of Polystyrene Foam Beverage Cups

McDonald's Corp.

WHEREAS: McDonald's Corp. has stated its aspiration to "source all of our food and packaging sustainably," yet continues to use harmful polystyrene foam hot beverage cups in some overseas markets years after phasing them out in the United States. It also continues to use foam-based cold beverage cups and food trays in some U.S. markets.

The Sustainable Packaging Coalition, of which McDonald's is a member, defines sustainable packaging as "beneficial, safe and healthy for individuals and communities throughout its life cycle." The International Agency for Research on Cancer has determined that styrene, used in the production of polystyrene, is a possible human carcinogen. Epidemiologic studies suggest an association between occupational styrene exposure and an increased risk of leukemia and lymphoma.

Polystyrene foam used for beverage cups, takeout containers and packing materials, is rarely recycled. It is often swept into waterways and is one of the top items found in ocean beach cleanups. Foam packaging materials break down into small indigestible pellets which animals mistake for food. Ingestion can result in the death of fish, birds, turtles, and whales.

Foam has also been shown to transfer hazardous chemicals to wildlife. Plastics absorb toxics like PCBs, pesticides, and metals from water, transferring them to the marine food web and potentially to human diets, increasing risk of adverse effects to wildlife and humans. Foam may pose a higher risk to marine animals than other plastics due to its hazardous constituent chemicals and research showing it can accumulate high concentrations of water borne toxins in a short time frame. Polystyrene has caused decreased reproduction in laboratory populations of oysters and fish.

Ten countries and more than 100 U.S. cities or counties have banned or restricted foam packaging. The problem can be exacerbated in developing countries with less sophisticated solid waste management systems. Recent scientific research estimates that half of ocean plastic deposition comes from six rapidly developing Asian countries including China and the Philippines where McDonald's still uses foam cups in some areas.

Leaders of 15 major companies including Coca-Cola, PepsiCo, Procter & Gamble, and Unilever have recommended phase out of polystyrene for packaging purposes. Continued use of foam means branded containers found in waterways can create brand risk, and contribute to environmental risks.

**BE IT RESOLVED THAT:** Shareowners of McDonald's request that the board of directors issue a report at reasonable cost, omitting confidential information, assessing the environmental impacts of continued use of polystyrene foam-based food service ware, including quantifying the amount that could reach the environment, and assessing the potential for increased risk of adverse health effects to marine animals and humans.

**Supporting Statement:** Proponents believe the report should include an assessment of the reputational, financial and operational risks associated with continuing to use foam-based food service ware and a timeline to phase out its use. We believe the requested report is in the best interest of McDonald's and its shareholders. Leadership in this area will protect our brand and enhance the company's reputation.



## Proxy Resolutions: Environmental Health and Sustainability

### Scale Up Efforts on Sustainable Packaging

Starbucks Corp.

WHEREAS: Starbucks Corporation has emphasized a commitment to environmental leadership yet failed to attain key environmental commitments. Starbucks continues to use mostly single use cups and service ware, despite growing concerns over ocean plastic pollution.

Starbucks has been a leader in promoting a global “to-go” disposable coffee cup culture. Company straws, cups, and lids are prevalent in street and marine litter. 500 million plastic straws are used by Americans daily, including our company’s green straws, which are not recycled and can harm marine mammals and fish.

Non-recyclable packaging is more likely to be littered and carried into waterways. In the marine environment, plastic straws and cup lids break down into small indigestible particles that birds and marine animals mistake for food, resulting in illness and death. Our packaging that degrades in waterways can transfer hazardous chemicals to animals and potentially to humans.

Experts predict there will be more plastic than fish by weight in oceans by 2050.

The company has said from its customers’ standpoint, the cup is its No. 1 environmental liability and pledged in 2008 that by 2015: 100% of cups would be reusable or recyclable, 25% of beverages would be served in reusable containers, and front of store recycling placed in owned and operated stores.

The company has fallen far short on these goals. Most of the 4 billion paper cups it serves every year still end up in landfills because they are not recyclable due to a plastic coating that requires special processing, and lack of infrastructure to recycle cups. New coating technologies are available that could make cup recycling easier. Further, a Canadian media investigation found that significant numbers of cups meant to be recycled still ended up in the trash.

After nine years, just 1.4% of all beverages are served in reusable cups. The company has given low priority to implementing its 25% commitment and now proposes to increase usage to just 2.8% by 2022, an alarming and unacceptable backtrack from the original goal. Despite pledging to promote reusable cups for both take out and on-site consumption, employees do not routinely offer reusable cups to customers dining on-site nor is signage generally provided to promote them.

To get back on track, the company should develop a more aggressive, targeted, and comprehensive plan to realize its original goals. Senior management should prioritize this effort and motivate associates to implement it.

**BE IT RESOLVED:** Shareholders request that Starbucks issue a report to shareholders, to be prepared at reasonable cost and omitting proprietary information, fulfilling its environmental leadership commitments by scaling up efforts through a comprehensive policy on sustainable packaging.

**Supporting Statement:** Proponent believes that a comprehensive policy on sustainable packaging for Starbucks consistent with its environmental leadership posture includes at a minimum: making cups recyclable, ensuring that cups collected are actually recycled, increasing recycled content, removing plastic straws, and identifying a feasible path toward a scaled commitment to its original goal for reusable cup usage.



## Proxy Resolutions: Environmental Health and Sustainability

### Report on Hydraulic Fracturing Policies

Devon Energy

WHEREAS, Extracting oil and gas from shale formations using hydraulic fracturing and horizontal drilling technology has become a controversial public issue. Leaks, spills, explosions and community impacts have led to bans and moratoria in multiple regions in the U.S., including New York State, and around the globe, putting the industry's social license to operate at risk.

Disclosure of management practices, and their impacts, is the primary means by which investors can assess how companies are managing risks. The Department of Energy's Shale Gas Production Subcommittee recommended that companies "adopt a more visible commitment to using quantitative measures as a means of achieving best practice and demonstrating to the public that there is continuous improvement in reducing the environmental impact of shale gas production."

Devon Energy has been a laggard in the oil and gas industry in its disclosure practices. In a 2016 report, "Disclosing the Facts: Transparency and Risk in Hydraulic Fracturing Operations", which ranks companies on their disclosure of quantitative information to investors, Devon scored only 3 out of 43 points for its disclosure practices, earning fewer points this year than it did in 2015. In comparison, BHP Billiton earned over 40 points and ten other companies earned 20 or more points.

Due to its relatively minimal disclosure, which makes Devon an outlier among many of its peers, investors call for Devon to provide detailed, quantitative, comparable data about how it is managing the risks and reducing the impacts of its hydraulic fracturing extraction operations.

**BE IT RESOLVED:** Shareholders request the Board of Directors report to shareholders using quantitative indicators, by December 31, 2018, and annually thereafter, the results of company policies and practices, above and beyond regulatory requirements, to minimize the adverse environmental and community impacts from the company's hydraulic fracturing operations associated with shale formations. Such report should be prepared at reasonable cost, omitting confidential information.

**Supporting Statement:** Proponents suggest the report provide quantitative information for each play in which the company has extraction operations, on issues including, at a minimum:

- Quantity of fresh water used for shale operations, including source;
- Goals and quantitative reporting on progress to reduce toxicity of drilling fluids;
- Quantitative reporting on methane leakage as a percentage of total production;
- Percentage of drilling residuals managed in closed loop systems;
- Reductions in air emissions, including NOx and volatile organic compounds (VOCs); and
- Numbers and categories of community complaints of alleged impacts, and their resolution.

### Impact of the Bhopal Chemical Explosion

DowDuPont

WHEREAS, On December 2, 1984, a Union Carbide plant in Bhopal, India, released a gas cloud killing approximately 7,000 people within days and at least 15,000 more in the years following. Records show that the plant stored bulk quantities of ultra-hazardous methyl isocyanate but US parent company UCC did not equip the plant with some crucial safety features. In 1988, an Indian court upheld the liability of UCC to pay damages. Criminal charges were also brought against UCC for culpable homicide not amounting to murder.

Of 573,588 official victims, thousands were left with chronic illnesses. Recent research finds ongoing morbidity and mortality at ten times normal rates and also damage to survivors' DNA, increasing the likelihood of suffering extending through future generations. Studies have found organic contaminants and heavy metals in soil at the former plant site and in local groundwater.

Bhopal exemplifies a failure of national and international law to ensure corporate liability and accountability for human and environmental harms. Responding to widespread public criticism, India reopened a civil claim in 2010, seeking additional compensation of over \$1 billion. This year an Indian criminal court emailed Dow a 'notice to appear' in proceedings within which UCC is named an 'absconder'. The Indian Law Ministry previously concluded that, "irrespective of the manner in which UCC has merged or has been acquired... if there is any legal liability, it would have to be borne by Dow..."

Dow Chemical CEO Andrew Liveris told McKinsey: "You've got to be agile, go to growth areas, and then stick with them." India's economy grows between 7-9% annually, with its chemical sector predicted to reach \$403 billion by 2025, but Dow's growth in India is being challenged. Bhopal-related issues were cited in the cancellation of a proposed joint venture with GACL, causing Dow losses and missed revenues totaling \$300 million between 2008 and 2016.

DowDuPont's growth in India can be reasonably expected to face serious, continuing obstacles while legal and moral liability for Bhopal remains unresolved. According to Motley Fool, "Dow's refusal to take responsibility for Bhopal has hit the company's bottom line.... and even limited its ability to invest overseas."

RESOLVED, shareholders request that the Board of Directors prepare a report to shareholders by October 2018, at reasonable cost and excluding confidential or legally privileged information, providing objective, quantitative metrics and analysis regarding how the public's association of the company with the Bhopal tragedy may be relevant to plans for investment in India until 2025.

Supporting Statement: Such report should, as a minimum, discuss any standing court orders or legal developments that create a risk to direct investment in India. The proponents believe that metrics should also include at a minimum, for Dow Chemical and DuPont, for at least the last five years:

- Quantified incidence of discussion of the unresolved Bhopal legacy in the course of an investment, expansion or licensing process;
- Relevant reputation metrics



## Proxy Resolutions: Environmental Health and Sustainability

### Sustainability Reporting

Rite Aid Corp.

**RESOLVED:** Shareholders request that Rite Aid Corporation prepare a sustainability report describing the company's environmental, social and governance (ESG) risks and opportunities, including customer and worker safety, privacy and security, environmental management, including energy and waste minimization, and supply chain risks. The report, prepared at reasonable cost and omitting proprietary information, should be published within one year of the 2018 annual shareholders meeting.

**Supporting Statement:** We believe tracking and reporting on ESG business practices make a company more responsive to a transforming business environment characterized by finite natural resources, changing legislation, concerns over healthcare and safety, and heightened public expectations for corporate accountability. Reporting also helps companies better integrate and gain strategic value from existing sustainability efforts, identify gaps and opportunities in products and processes, develop company-wide communications, publicize innovative practices and receive feedback.

Mainstream financial companies are continuing to recognize the links between environmental, social and governance (ESG) performance and shareholder value. As such, the availability of ESG performance data is growing through a wide range of data providers, such as Bloomberg. Also, investment firms like Goldman Sachs and Deutsche Asset Management are increasingly incorporating corporate, social and environmental practices into their investment decisions.

The United Nations' Principles for Responsible Investment has nearly 1,500 signatories who seek the integration of ESG factors in investment decision making. They collectively hold \$62 trillion assets under management and require information on ESG factors to analyze fully the risks and opportunities associated with existing and potential investments.

We believe that disclosure of sustainability policies, programs and performance can help a company manage sustainability opportunities and risks and that such disclosure is increasingly becoming a competitive advantage. There are many opportunities to reduce the waste stream. Other high impact areas with opportunities for improvement include green cleaning, improving air quality for both staff and customers, water conservation and energy reduction, all of which offer further ways not only to improve sustainability but also cost saving measures. Customer safety, product marketing and quality of care, and quality of staff work life, are also areas of concern. Aligning store operations with Rite Aid's stated mission "To improve the health and wellness of our communities..." can build trust and goodwill with current and potential customers.

The report should include a company-wide review of policies, practices and metrics related to ESG performance using the GRI index and checklist as a reference.

### Sustainability Reporting

Tootsie Roll Industries, Inc.

**RESOLVED:** Shareholders request that Tootsie Roll Industries (Tootsie Roll) issue a report describing the company's policies, performance, and improvement targets related to key environmental, social and governance (ESG) risks and opportunities, including disclosure of supply chain monitoring and compliance programs. The report should be available to shareholders within a reasonable timeframe, prepared at reasonable cost, omitting proprietary information.

**Supporting Statement:** We believe tracking, managing, and reporting on significant ESG practices strengthens a company's ability to compete in today's global business environment, which is characterized by finite natural resources, changing legislation, and heightened public expectations for corporate accountability. Reporting also helps companies capture value from existing sustainability efforts, identify gaps and opportunities, develop company-wide communications, and recruit and retain top talent.

Support for the practice of sustainability reporting continues to gain momentum:

In 2017, KPMG found that 75% of 4,900 global companies had ESG reports.

The United Nations Principles for Responsible Investment has more than 1,700 signatories that represent \$68 trillion in assets. These members publicly commit to: "seek appropriate disclosure on ESG issues by the entities in which [they] invest" and to "incorporate ESG issues into investment analysis and decision making."

Leading asset owners and asset managers, including Blackrock, CalPERS, CalSTRS, Goldman Sachs Asset Management, UBS Asset Management, and Vanguard sit on the Sustainable Accounting Standards Board (SASB)'s Investor Advisory Group where they commit to encourage companies to disclose material and decision-useful ESG information to investors.

Shareholders currently have no access to important information about how Tootsie Roll is managing its most material ESG issues, which according to SASB include food safety, water management, energy and fleet fuel management, health and nutrition, product labeling and marketing, packaging lifecycle management, and environmental and social impacts of ingredient supply chain.

According to Tootsie Roll's 10-k, sugar, edible oils, cocoa, and dairy are key commodities utilized in production. Globally, many of these commodities are associated with serious human rights violations and destructive environmental practices including child labor, forced labor, land-grabs, unsustainable water withdrawals, water pollution, and deforestation. Tootsie Roll's industry peers frequently acknowledge that such concerns can pose significant regulatory and financial risk, damage a company's reputation, lead to loss of brand value, and threaten the security of raw material supply.

Leading companies in chocolate and confections, such as Nestle, Mondelez, The Hershey Company, and Mars benchmark and track progress on monitoring and managing these risks, and publish comprehensive ESG reports that describe sustainable business practices including supply chain monitoring processes and results. We believe Tootsie Roll is falling behind peers in the disclosure and management of ESG practices and missing an opportunity to communicate with its shareholders about the company's strategy to manage these potentially material factors.

We recommend that the report include a company-wide review of policies, practices and metrics related to ESG performance. The GRI (formerly Global Reporting Initiative) Standard and SASB provide helpful guidance. The GRI is the most widely used reporting framework.



## Proxy Resolutions: Environmental Health and Sustainability

### Sustainability Reporting

ILG, Inc.

*A similar resolution was submitted to Skechers*

**RESOLVED:** Shareholders request ILG, Inc. issue a sustainability report, with board oversight, describing the company's present policies, performance, and improvement targets related to key environmental, social, and governance (ESG) risks and opportunities. The report should be available on the company's website within one year of its 2018 annual meeting, prepared at reasonable cost, and omitting proprietary information.

**Supporting Statement:** We believe tracking and reporting on ESG business practices better positions companies to manage risks and opportunities in a transforming business environment characterized by finite natural resources, changing legislation, and heightened public expectations for corporate accountability. Reporting also helps companies gain strategic value from existing sustainability efforts, identify gaps and opportunities in products and processes, develop company-wide communications, publicize innovative practices, and receive feedback.

Support for, and the practice of, sustainability reporting continues to gain momentum:

- In 2017, KPMG found that 75% of 4,900 global companies had ESG reports.
- The United Nations Principles for Responsible Investment has more than 1,700 signatories with \$70 trillion in assets. These members publicly commit to: "seek appropriate disclosure on ESG issues by the entities in which [they] invest" and to "incorporate ESG issues into investment analysis and decision making."

Leading asset owners and asset managers, including Blackrock, CALSTRS, Goldman Sachs Asset Management, and Vanguard have formed the Sustainable Accounting Standards Board (SASB)'s Investor Advisory Group where they commit to encourage companies to disclose material and decision-useful ESG information to investors.

ILG and its companies' websites include high level statements about associates, community and the environment, but shareholders do not have access to important information about how ILG and its companies are managing material ESG issues, which according to SASB include fair labor practices, energy and water management, ecosystem protection, and climate change adaptation.

ILG's 2017 annual report states that the effects of climate change may adversely affect the business and highlights the importance of associates to the business, yet the company does not provide sufficient information nor data about how the company is managing these and other material risks and opportunities.

Industry peers are reporting. Marriot International describes its approach to its priority ESG issues in annual sustainability reports, which include objectives to improve performance and reporting on progress. Marriott Vacations Worldwide's Corporate Social Responsibility Report addresses associate engagement, diversity initiatives, and environmental programs.

Sustainability reporting is increasingly expected by shareholders and stakeholders. More than 100 rating agencies provide ESG data and 82 percent of investment professionals use it, according to Why and How Investors Use ESG Information: Evidence from a Global Survey.

The most commonly cited reason that investors review corporate sustainability information is that performance on priority ESG matters is relevant to financial performance. Furthermore, good ESG disclosure is linked to lower cost of capital and can help drive more accurate investor understanding of a company's business, according to Stock Price Synchronicity and Material Sustainability Information.



## Proxy Resolutions: Environmental Health and Sustainability

### Sustainability Reporting

Cambrex Corp

**RESOLVED** Shareholders request Cambrex Corporation issue an annual report describing the company's policies, strategies, performance, and improvement targets on material environmental, social, and governance (ESG) topics. This report should be prepared at reasonable cost and omit proprietary information.

**Supporting Statement:** Cambrex should consider the resources and recommendations made by the widely accepted Global Reporting Initiative, Sustainability Accounting Standards Board, and the Financial Stability Board's Taskforce on Climate Related Financial Disclosures when identifying ESG topics to be included in this report.

**WHEREAS:** Tracking and reporting on ESG practices strengthens a company's ability to compete and adapt in today's global business environment, which is characterized by finite natural resources, heightened public expectations for corporate accountability, and competition for talent.

Transparent, substantive reporting allows companies to better integrate and capture value from existing sustainability efforts, identify gaps and opportunities in policies and practices, strengthen risk management programs, stimulate innovation, enhance company-wide communications, and recruit and retain employees.

Cambrex provides some basic ESG-related statements on its website. For example, Cambrex states: "We are fully committed to continuous improvement in our environmental performance." However, without details of this commitment, supporting data, or a description of the steps it is taking to achieve this improvement, investors are unable to evaluate whether Cambrex is adequately prepared to mitigate ESG-related risks or take advantage of ESG-related opportunities.

Corporate sustainability reporting could also unlock opportunities for growth by communicating Cambrex's efforts to its business customers that increasingly seek to do business with companies that manage ESG issues responsibly. For instance, Gilead Sciences, which accounted for 36.9% of Cambrex's sales in 2016, recently updated its Supplier Code of Conduct to include indicators on diversity, labor practices, human rights, environmental health and safety, and environmental impact.

Corporate sustainability reporting is widespread:

- In 2015, KPMG found 73% of 4,500 global companies had ESG reports.
- The Governance & Accountability Institute reports 82% of the S&P 500 published corporate sustainability reports in 2016.
- CDP, representing 827 institutional investors globally with approximately \$100 trillion in assets, calls for company disclosure on greenhouse gas emissions and climate change management programs.

The link between strong sustainability management and value creation is increasingly evident. The University of Oxford and Arabesque Partners reviewed 200 studies on sustainability and corporate performance and concluded 90 percent of studies show "sound sustainability standards lower the cost of capital of companies" and 80 percent show "stock price performance of companies is positively influenced by good sustainability practices."

Furthermore, developing and communicating strong sustainability programs is a vital step in enabling Cambrex to attract and retain the top talent it needs to innovate and bring products to market. A study by the Society for Human Resource Management found employee morale was 55% better, loyalty 38% better and workforce productivity 21% better in firms with strong sustainability programs.

### Sustainability Reporting

Alkermes Plc

**RESOLVED:** Shareholders request Alkermes plc. issue an annual report describing the company's policies, strategies, quantitative performance metrics, and improvement targets on material environmental, social, and governance (ESG) topics. This report should be prepared at reasonable cost and omit proprietary information. **Supporting Statement:** Alkermes should consider the resources and recommendations made by the widely accepted Global Reporting Initiative, CDP, Sustainability Accounting Standards Board, and the G20 Financial Stability Board's Taskforce on Climate-related Financial Disclosures when identifying ESG topics to be included in this report.

**WHEREAS:** ESG issues can present significant risks and opportunities. Transparent, substantive reporting allows companies to publicize risk management programs, capture strategic value from existing sustainability efforts, identify gaps and opportunities in policies and practices, stimulate innovation, enhance company-wide communications, and recruit and retain employees.

Tracking and reporting on ESG practices is especially important in today's global business environment, which is characterized by heightened public expectations for corporate accountability.

Alkermes provides information on corporate giving and educational grant programs, however it has not disclosed any substantive information on policies or initiatives relating to environmental impacts, resource efficiency, workforce management, workforce diversity, or other ESG topics.

Corporate sustainability reporting is widespread. In 2015, KPMG found that of 4,500 global companies, 73% had ESG reports. The Governance & Accountability Institute reports 82% of the S&P 500 published corporate sustainability reports in 2016. Celgene, Gilead, Novartis, Amgen, and Biogen are among the many healthcare sector companies publishing sustainability reports.

Interest in sustainability reporting continues to grow amongst investors. Investors managing over \$62 trillion have joined the Principles for Responsible Investment, publicly committing to seek comprehensive corporate ESG disclosure and incorporate it into investment decisions. CDP, representing 827 institutional investors globally with approximately \$100 trillion in assets, calls for company disclosure on greenhouse gas emissions and climate change management programs.

The link between strong sustainability management and value creation is increasingly evident. The University of Oxford and Arabesque Partners reviewed 200 studies on sustainability and corporate performance and concluded 90 percent of studies show "sound sustainability standards lower the cost of capital of companies" and 80 percent show "stock price performance of companies is positively influenced by good sustainability practices."

Furthermore, developing and communicating strong sustainability programs is a vital step in enabling Alkermes to attract and retain the top talent it needs to innovate and bring products to market. A study by the Society for Human Resource Management found employee morale was 55% better, loyalty 38% better and workforce productivity 21% better in firms with strong sustainability programs.



## Proxy Resolutions: Environmental Health and Sustainability

### Sustainability Reporting

Tesla Inc.

WHEREAS: Managing and reporting on environmental, social, and governance (ESG) topics such as worker health and safety, resource usage, operational environmental impacts, and corporate governance policies helps companies compete in a business environment characterized by finite natural resources, changing legislation, and heightened public expectations for corporate accountability. Transparent, substantive reporting allows companies to gain strategic value from existing sustainability efforts and identify emerging risks and opportunities.

Recent reports show workforce injury rates at Tesla's Fremont, CA facility were significantly higher than industry average from 2014-2016. Proponents are concerned that this alarming trend could also lead to litigation, production disruptions, reputational damage, and an inability to attract and retain workers.

Tesla responded by making some improvements to its policies and practices, resulting in lower injury rates for the first quarter of 2017. However, it is imprudent to assess the effectiveness of Tesla's strategies solely on one quarter of improved performance. As such, investors believe annual, standardized disclosure is warranted, especially as the company ramps up production in a manner that CEO Elon Musk has described as "production hell."

Beyond health and safety, Tesla does not substantively report on its policies and programs to manage other ESG topics, leaving investors unable to adequately evaluate how the company is managing these significant risks and opportunities.

Corporate sustainability reporting is now a mainstream business practice, undertaken by 82% of the S&P 500 in 2016 according to the Governance and Accountability Institute. Globally, 73% of 4,500 companies surveyed in 2015 by KPMG publish corporate responsibility reports. Notable examples include Ford, GM, Daimler, Toyota, Volkswagen, BMW, Cooper Tire, Delphi Automotive, BorgWarner, and Honda.

ESG factors are widely linked to financial outperformance. Oxford University and Arabesque Partners reviewed 200 studies on sustainability and corporate performance and found 90 percent of studies show high ESG standards reduced companies' cost of capital, and 80 percent show a positive correlation between stock price performance and good sustainability practices.

Investors have demonstrated strong interest in corporate reporting on sustainability policies, practices, data, and improvement targets. The 1,500 signatories, representing over \$60 trillion in assets under management, of the Principles for Responsible Investment have pledged to seek "appropriate disclosure on ESG issues." The Task Force on Climaterelated Financial Disclosures, whose members include JPMorgan Chase, UBS Asset Management, Generation Investment Management, and BlackRock, recommends that companies disclose targets to measure and manage climate risks and performance against these targets.

RESOLVED: Shareholders request Tesla issue an annual corporate sustainability report describing the company's policies, strategies, performance, and improvement targets on material environmental, social, and governance (ESG) topics. This report should be prepared at reasonable cost and omit proprietary information.

Supporting Statement: The report should address relevant policies, practices, metrics, and goals on topics such as: supply chain management, greenhouse gas emissions, waste minimization, energy efficiency, workforce health & safety, product quality and safety, and other relevant impacts.



## Proxy Resolutions: Environmental Health and Sustainability

### Sustainability Reporting

#### Kaiser Aluminum

WHEREAS: Managing and reporting on environmental, social, and governance (ESG) factors, such as worker health and safety, resource dependency, operational environmental impacts, and corporate governance policies, helps companies compete in a business environment characterized by finite natural resources, rapidly changing laws and regulations, and heightened public expectations for corporate accountability. Transparent, substantive reporting positions companies to gain strategic value from existing sustainability efforts and identify emerging risks and opportunities.

ESG issues can pose significant risks to business, and without proper disclosure, stakeholders and analysts cannot ascertain whether the company is managing its ESG exposure appropriately. Currently, Kaiser Aluminum does not produce an annual sustainability report, or provide meaningful sustainability disclosure, while competitors Alcoa Corporation, Constellium N.V. and Aleris Corporation all publish sustainability reports.

Further, more than 1,700 institutional investors managing over \$65 trillion have joined the United Nation's Principles for Responsible Investment and publicly committed to seek comprehensive corporate ESG disclosure and incorporate these factors into investment decisions.

The link between strong sustainability management and value creation is increasingly evident. A 2015 Deutsche Asset & Wealth Management review of approximately 2,200 individual studies on sustainable investing found that the large majority of studies reported a positive relationship between ESG and corporate financial performance. In addition, a survey conducted by Ernst & Young found that 89% of global institutional investors agree that a sharp focus on ESG issues can generate sustainable returns over time.

According to the Governance & Accountability Institute, corporate sustainability reporting is now a mainstream business practice, undertaken by 82% of companies in the S&P 500 in 2016. KPMG recently concluded that reporting is now standard practice for large-cap and mid-cap companies globally, with three-quarters of companies engaging in reporting.

RESOLVED: Shareholders request that Kaiser Aluminum issue an annual sustainability report describing the company's policies, strategies, performance, and improvement targets on material environmental, social, and governance (ESG) issues. The report should be available to shareholders within a reasonable timeframe, prepared at reasonable cost, omitting proprietary information.

Supporting Statement: The report should address relevant policies, practices, metrics and goals on topics such as: business risks from climate change and more severe weather, as well as operational issues such as waste minimization, energy efficiency, and other relevant environmental and social impacts. At a minimum, we recommend that the report include a company-wide review of policies, goals, governance structures, and stakeholder engagement strategies related to ESG performance, including a materiality assessment.



## Proxy Resolutions: Environmental Health and Sustainability

### Sustainability Reporting

Priceline Group Inc.

**RESOLVED:** Shareholders request that Priceline Group publish sustainability reporting describing the Company's present policies, performance, and improvement targets related to material environmental, social and governance (ESG) risks and opportunities. This report should be updated annually, be prepared at reasonable cost, and omit proprietary information.

**Supporting Statement:** Priceline Group should consider the resources and recommendations made by the widely accepted Global Reporting Initiative (GRI), CDP, Sustainability Accounting Standards Board (SASB), and the Financial Stability Board's Taskforce on Climate-related Financial Disclosures when identifying ESG topics to be included in the requested disclosure. Proponents believe significant ESG issue areas for the Company include operational environmental impacts (such as energy use, greenhouse gas emissions, and water use associated with hardware infrastructure); data security, privacy, and freedom of expression; employee impacts; customer experience; and, supply chain management.

**WHEREAS:** Tracking and reporting on ESG practices strengthens a company's ability to compete and adapt in today's global business environment, which is characterized by heightened public expectations for corporate accountability. Transparent, substantive reporting also allows companies to better integrate and capture value from existing sustainability efforts, identify gaps and opportunities in policies and practices, strengthen risk management programs, stimulate innovation, enhance company-wide communications, and recruit and retain employees.

Priceline Group does not provide such sustainability reporting. In the absence of a discussion of ESG policies and practices, performance metrics, and goals, investors are unable to evaluate whether our Company is adequately prepared to adapt and respond to key ESG risks and opportunities.

In contrast, Amazon, eBay, Facebook, Google, Microsoft, PayPal, and Salesforce are examples of the numerous internet services/media sector peer companies that publish substantive information on sustainability policies, practices, and goals.

Corporate sustainability reporting is widespread:

- In 2015, KPMG found that of 4,500 global companies, 73 percent had ESG reports.
- The Governance & Accountability Institute reports 82 percent of the S&P 500 published corporate sustainability reports in 2016.
- CDP, representing 827 institutional investors globally with approximately \$100 trillion in assets, calls for company disclosure on greenhouse gas emissions and climate change management programs. Seventy percent of the S&P 500 reported to CDP in 2015.

The link between strong sustainability management and value creation is increasingly evident. The University of Oxford and Arabesque Partners recently reviewed 200 studies on sustainability and corporate performance and concluded that 90 percent of studies show "sound sustainability standards lower the cost of capital of companies" and 80 percent show "stock price performance of companies is positively influenced by good sustainability practices."

Furthermore, a study by the Society for Human Resource Management found employee morale was 55 percent better, loyalty 38 percent better, and workforce productivity 21 percent better in firms with strong sustainability programs.



## Proxy Resolutions: Environmental Health and Sustainability

### Integrate Sustainability into Financial Reporting

Tesla Inc.

WHEREAS: There is a growing body of evidence that suggests corporations which actively manage their environmental, social, and governance (ESG) practices outperform over the long-term.

A 2015 academic literature review conducted by the University of Oxford and Arabesque Asset Management found that, of 200 studies on sustainability and corporate performance, 90% of studies show that adherence to sound ESG standards lowers the cost of capital, 88% demonstrate that the implementation of ESG best practices results in superior operational performance, and 80% conclude that stock price performance is positively influenced by strong ESG performance.

The linkage between ESG factors and corporate financial performance has led to increased investor demand for the disclosure of material ESG information. Members of the United Nation's Principles for Responsible Investment (UN PRI), which has more than 1,700 signatories with \$70 trillion in assets, have publicly committed to: "seek appropriate disclosure on ESG issues by the entities in which [they] invest" and to "incorporate ESG issues into investment analysis and decision making."

In 2017, KPMG found that 75% of 4,900 global companies published corporate sustainability reports. However, an increasing number of investors expect companies to go further by integrating material ESG information into their public financial filings, such as the Annual Report (Form 10-K).

The value of integrating sustainability reporting with financial reporting is twofold. First, it enables companies to more effectively identify, target, and manage material ESG factors, which yields stronger financial performance over the long-term. Second, it facilitates ESG integration, which McKinsey defines as "the systematic and explicit inclusion of ESG factors in financial analysis."

While Tesla is fulfilling its mission "to accelerate the world's transition to sustainable energy" through its revolutionary products (i.e. zero emissions vehicles, Powerwall, and Solar Roof), the Company's 2017 Annual Report only references material ESG information regarding labor relations, fuel economy and use-phase emissions. It excludes company-specific narrative and metrics on material ESG issues including, but not limited to, workplace safety, product safety, materials sourcing, efficiency and recycling. These, and other material ESG factors, should be included in Tesla's future Annual Reports.

In response to investor demand, a number of standard setting bodies exist to help companies with ESG reporting. Two organizations are particularly helpful in identifying material ESG issues for financial disclosure: the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB).

In 2014, "in the spirit of the open source movement, for the advancement of electric vehicle technology," Tesla took down its wall of patents in its Palo Alto headquarters. Now, Tesla has the opportunity to further its commitment to transparency and open source learning, by including its material ESG information in its future Annual Reports.

**RESOLVED:** Shareholders request that Tesla, Inc. begin reporting material ESG information using company-specific narrative and sustainable accounting metrics in its 2019 Annual Report (Form 10-K). Reporting can be done at reasonable cost and omit proprietary information.



## Proxy Resolutions: Environmental Health and Sustainability

### Executive Pay: Incorporate Sustainability Metrics

#### DowDuPont

WHEREAS: Numerous studies suggest that companies that integrate environmental, social, and governance (ESG) factors into business strategy reduce reputational, legal, and regulatory risks and improve long-term performance.

A large, diverse group of companies has integrated sustainability metrics into executive pay incentive plans, among them Unilever, Walmart, and Mead Johnson. Guidance issued by the United Nations Principles for Responsible Investment (2012) stated that including ESG factors in executive incentive schemes can help protect long-term shareholder value.

As a result of the DowDuPont merger, there are new opportunities from the perspective of long-term value creation to consider establishing a more transparent and consistent relationship between sustainability, company reputation and executive bonuses.

The company is certainly trying to improve its reputation, despite a lasting shadow cast by the 1984 Bhopal chemical disaster, the marketing of napalm in the Vietnam War, and the continued production and marketing of controversial pesticides such as chlordifenconazole.

In the Harvard Business Review, Dow Chemical CEO Andrew Liveris asserted that this is “no longer the company that gave you napalm during the Vietnam War.” He discussed how the company is trying to transform itself through environmental initiatives and a commitment to sustainability, for instance, substituting more environmentally friendly materials for petrochemicals:

And our new goals have us delivering two billion dollars of new value through 2025 by managing inputs for less outputs, by managing ourselves on emissions and on waste so we impact the environment less. These sorts of metrics, which we now track for ourselves, we can articulate to the investment community.

The denominator goals actually became the simplest to talk about to investors and to the financial community, which is look, there's a license to operate, there's a regulatory environment that comes through either federal or state or even local authorities, and those regulatory environments are born from inputs that are garnered from everywhere, and we need to be one of those that provide that input.

Although some executives within the company may have performance awards that include elements of sustainability, and sets performance goals for the CEO and Chairman, there is as yet no clearly articulated company policy that applies sustainability metrics to senior executive bonuses across the board.

**RESOLVED:** Shareholders request the Board Compensation Committee prepare a report to shareholders, at reasonable expense and excluding proprietary information, assessing the feasibility of integrating the company's sustainability metrics consistently to performance based pay incentives for senior executive staff under the Company's compensation incentive plans. For the purposes of this proposal, “sustainability” is defined as how environmental and social considerations, and related financial, performance and reputation metrics, are integrated into long-term corporate strategy.

**Supporting Statement:** Examples of potential metrics to integrate to senior executive compensation could include: reductions in the total volume of persistent bio-accumulative toxic substances sold by the company annually, number of new products introduced, objective metrics of company reputation among community stakeholders, effective resolution of legacy issues, and metrics regarding the company's reputation for reducing its environmental and social impact.



## Proxy Resolutions: Environmental Health and Sustainability

### Executive Pay: Incorporate Sustainability Metrics

United Parcel Service, Inc.

*Similar resolutions were submitted to AT&T Inc., Expeditors International, Walgreens Boots Alliance*

**RESOLVED:** Shareholders request the Board Compensation Committee prepare a report assessing the feasibility of integrating sustainability metrics into the performance measures of senior executives under the Company's compensation incentive plans. Sustainability is defined as how environmental and social considerations, and related financial impacts, are integrated into corporate strategy over the long term.

**Supporting Statement:** Effectively managing for sustainability offers positive opportunities for companies and should be a key metric by which executives are judged.

Linking sustainability metrics to executive compensation could reduce risks related to sustainability underperformance, incent employees to meet sustainability goals and achieve resultant benefits, and increase accountability. Examples of metrics relevant to our Company could include: energy/fuel efficiency, renewable energy goals, diversity goals, customer satisfaction scores, worker health and safety, and greenhouse gas emissions.

**WHEREAS:** Numerous studies suggest companies that integrate environmental, social and governance (ESG) factors into their business strategy reduce reputational, legal and regulatory risks and improve long-term performance.

UPS has taken steps to address ESG issues and has developed a set of corporate sustainability goals. However, our Company has not explicitly linked sustainability goals with senior executive incentives. Investors seek clarity on how UPS drives sustainability improvement and how that strategy is supported by C-Suite accountability. Integrating sustainability into executive compensation assessments would enhance UPS's approach.

A large and diverse group of companies has integrated sustainability metrics into executive pay incentive plans, among them Alcoa, Unilever, PepsiCo, Walmart, and Danone.

The 2016 Glass Lewis report In-Depth: Linking Compensation to Sustainability finds a "mounting body of research showing that firms that operate in a more responsible manner may perform better financially.... Moreover, these companies were also more likely to tie top executive incentives to sustainability metrics."

A 2015 Harvard Business School study of S&P 500 executives' pay packages found a positive relationship between the presence of explicit incentive compensation for corporate social responsibility (CSR) and firms' social performance (Hong, et al, 2015).

A 2012 guidance issued by the United Nations Principles for Responsible Investment and the UN Global Compact found "the inclusion of appropriate Environmental, Social and Governance (ESG) issues within executive management goals and incentive schemes can be an important factor in the creation and protection of long-term shareholder value."

A 2011 study of 490 global companies found that including sustainability targets in compensation packages was sufficient to encourage sustainable development.

The increasing incorporation of sustainability metrics into executive pay evaluative criteria stems from the growing recognition that sustainability strategies can drive growth, and enhance profitability and shareholder value.

According to the largest study of CEOs on sustainability to date ("CEO Study on Sustainability 2013," UN Global Compact and Accenture):

- 76 percent believe embedding sustainability into the core business will drive revenue growth and new opportunities.
- 86 percent believe sustainability should be integrated into compensation discussions, and 67 percent report they already do.



## Proxy Resolutions: Environmental Health and Sustainability

### Executive Pay: Incorporate Sustainability Metrics

#### TJX Companies, Inc.

**RESOLVED:** Shareholders request the TJX Companies Inc. ("TJX") Board Compensation Committee publish a report by November 2018, and update it annually thereafter, omitting confidential and propriety information, assessing the feasibility of integrating sustainability metrics into the performance-based component of the Chief Executive Officer's ("CEO") compensation. It should document whether sustainability metrics are currently integrated into performance-based CEO compensation, assess the feasibility of structuring specific sustainability metrics into future pay, and describe any appropriate next steps toward implementation.

The proponent recommends that in order to assess feasibility, the Committee should consider and report out on, at a minimum, whether:

- TJX currently measures or monitors sustainability metrics appropriate for linkage to CEO compensation;
- It is feasible or appropriate to weigh metrics differently based on their relevance to TJX's short or long-term performance; and
- There are additional sustainability metrics that TJX does not yet track that could be more suited to executive compensation considerations.

**Supporting Statement:** The proponent believes the CEO is best-positioned to oversee a unified corporate sustainability program and should be incentivized accordingly. "Sustainability" is defined as how environmental and social considerations, and related financial impacts, are integrated into corporate strategy over the long-term.

A company's overall health depends on many factors, including the effective management of material environmental, social, and governance ("ESG") risks and opportunities. In many cases, incorporating a specific strategy of disclosure, preparedness, and successful management of such risks and opportunities adds value, improves financial performance, improves employee morale, and increases transparency for investors.

Recent studies support this view. In 2017, Deutsche Bank reported that S&P 500 companies tying ESG performance targets to executive compensation outperformed peers on a 5-year basis. Further, it found companies in the IT and consumer staples sectors that linked CEO pay to ESG outcomes outperformed the industry average by 27% and 26%, respectively.

In a 2017 study, Flammer, Hong, and Minor analyzed S&P 500 data from 2004-2013 and found that—controlling for all other effects—linking executive compensation to sustainability performance increased:

- Firm value;
- Organizational time horizons;
- Sustainability performance; and
- Green innovations.

Increasingly, CEOs are expected to be accountable for sustainability by linking compensation to ESG factors. In 2016, the Conference Board reported a fivefold increase from the previous year among companies in the S&P 1200 adopting this practice.

TJX relies on an interconnected global supply chain of 18,000 vendors, a large physical presence with 3,800 stores, and significant human capital as the employer of 235,000 workers. Therefore, it faces numerous material ESG risks that threaten long-term financial performance. These firm-wide challenges inherent to TJX must be comprehensively managed at the highest level.

Finally, TJX's executive compensation package received 84.8% support last year. Compensation Advisory Partners reported in 2017 that "a result below 90% is bottom quartile, indicating material shareholder pushback." Proponents believe this proposal would improve corporate governance and operational sustainability and oversight, while positioning the firm for resilient long-term growth. We encourage all shareholders to vote in support.

### Financial Practices and Risk

For four decades, ICCR members have engaged the financial services sector with the goal of bringing greater equity and stability to global financial systems.

ICCR's financial practices resolutions seek to build more ethical practices at the nation's top banks, and typically focus on risk management and responsible lending.

Five banks this year were the recipients of resolutions on the impact of lending practices on Indigenous peoples' rights; these are discussed in the Human Rights section, on page 166. In addition, J.P. Morgan Chase was challenged on its risk from lending to and underwriting tar sands production (see Climate, on page 15).

Proposal Topic	Quantity
<b>Financial Practices and Risk</b>	<b>2</b>
Business Standards	1
Report on Board Oversight of Consumer Data Breach <b>NEW</b>	1

### Business Standards and Risk Management

In response to CFPB penalties for widespread fraud in its lending practices, Wells Fargo again this year received a resolution asking for a report on its business standards and risk management practices.

Shareholders asked Wells Fargo to report on the root causes of its widespread fraudulent activity and the steps it is taking to improve its risk management and control processes, and how it plans to measure and disclose its progress.

### Report on Board Oversight of Consumer Data Breach

Mortgage lenders, auto loan companies, credit card providers, insurance companies and landlords buy credit reports from consumer credit reporting rating agencies. These reports help them determine whether consumers will pay their bills in full, and ultimately, whether they should approve or deny a borrower for a loan or other product. In September 2017, consumer credit reporting agency Equifax was subject to a massive data breach which has left approximately 60% of the U.S. adult population open to identity theft.

Proponents called on Equifax to report on the governance measures it has implemented to more effectively monitor and manage risks related to cybersecurity incidents, including whether Equifax has revised senior executive compensation metrics or policies, made changes to the Board or Technology Committee evaluation process, or implemented additional director education on cybersecurity.



### Business Standards/Vision and Values/ Risk Management

#### Wells Fargo & Company

In September 2016, Wells Fargo admitted establishing millions of unauthorized bank accounts leading to investigations, fines, refunds to customers, litigation, and a \$185 million settlement with the Consumer Financial Protection Bureau.

Considering the recurrent consumer fraud, shareholders who had long engaged the bank on business ethics and culture filed a proposal requesting a comprehensive business standard review, renamed by the bank as “retail banking sales practices” in its 2017 proxy statement.

Proponents recognize steps the company has taken in response to the sales practices scandal, including disclosing findings of the board’s independent investigation and corrective actions, such as changes to organizational structure, executive compensation, incentives, and risk oversight. However, the company’s focus on the sales practices scandal in isolation does not address the new examples of fraud and the present need for a systemic and holistic business standard review.

While the bank has engaged outside culture experts, it has not committed to publish the findings of the experts’ review, remediation plans and progress, to demonstrate effectiveness of this engagement.

Recent revelations, including the discovery of up to 1.4 million additional fraudulent accounts, and further scandals involving unscrupulous sales practices, such as unnecessary and costly insurance for auto loan customers, charging improper mortgage fees, and unauthorized online bill pay enrollments, only reinforce our concerns about systemic ethical, cultural, and business risks.

Long-term, large-scale consumer frauds have resulted in significant financial penalties and reputational repercussions that have undermined the confidence of customers, investors, and the public. This has led to loss of accounts and business relationships impacting shareholder value.

Investors and customers lack assurance that the bank has a clear understanding of the root causes of these business failures and believe that effective accountability mechanisms are necessary to mitigate future risks.

**RESOLVED:** Shareholders request that the Board publish a comprehensive report by October 2018 on the root causes of past and present fraudulent activities, plans to address them, and how progress will be measured, and disclosed. The report should omit proprietary information and be prepared at reasonable cost.

**Supporting Statement:** Shareholders believe a full accounting of the systemic failures allowing unethical practices to flourish are critical to rebuilding credibility with stakeholders and strengthening risk management systems going forward.

We recommend that the review and report address the following:

1. An analysis of the impacts on the bank, its reputation, customers, and investors of these continuing scandals;
2. Identify the systemic cultural and ethical root causes of recent scandals, including at the board level;
3. A framework to address these issues and embed systems throughout the company, including changes already implemented, establishment of grievance mechanisms, and plans to strengthen corporate culture and instill a commitment to high ethical standards at all employee levels;
4. Key performance indicators to evaluate the effectiveness of changes instituted over time;
5. A commitment to ongoing and regular disclosure on progress;
6. Description of how the identified issues will be factored into employee and executive incentive and compensation decisions.

### Report on Board Oversight of Consumer Data Breach

Equifax Inc.

WHEREAS, In September 2017, Equifax publicly admitted that it had been subject to a massive data breach in which hackers had stolen highly confidential information for more than 145 million Americans.

Equifax holds billions of confidential financial records for more than 200 million people who are not the company's customers and therefore do not choose whether the company can hold their records. Data stolen from Equifax included social security numbers, birthdates, addresses, and drivers license numbers, as well as credit card numbers and other personal identifying information. The breach has left nearly 60% of the U.S. adult population extremely vulnerable to identity theft.

Equifax executives apparently learned of the massive data breach at the end of July, but did not disclose it to the public until six weeks later. Despite this delay, the company did not appear to have an effective plan to interact with a confused and vulnerable public.

For example, the company did not at first offer a free credit freeze to those affected, which in our view, would have given them some protection from the potential financial harm directly caused by the breach. Instead, the company merely offered a free year of credit monitoring, angering the public.

When former CEO Richard Smith testified before Congress about the breach, he blamed an "individual" employee for failing to restore a patch to the system after an alert from the Department of Homeland Security about a critical vulnerability in an Equifax online portal. As reported in the New York Times, "Angry members of the committee tore into Mr. Smith and pressed him on how a credit bureau of Equifax's size, responsible for safeguarding billions of sensitive records on Americans' financial lives, could have allowed so much data to escape, unnoticed." Several Congressional hearings have addressed aspects of the breach.

The confidential data that was stolen was not encrypted. Two months after the breach, the interim CEO of the company testified to Congress that he did not know whether the company was yet encrypting consumer data.

We believe that effective accountability mechanisms, including more robust Board oversight and incentives, are necessary to mitigate future risks. In our view, the information requested by this Proposal will allow shareholders to evaluate the governance measures Equifax has adopted.

**RESOLVED:** Shareholders request that the Board report to shareholders on the governance measures Equifax has implemented to more effectively monitor and manage financial and reputational risks related to cybersecurity incidents that have a material effect on the company, including whether Equifax has revised senior executive compensation metrics or policies, adopted or changed mechanisms for obtaining input from stakeholders, made changes to the Board or Technology Committee evaluation process, implemented additional director education on cybersecurity or altered criteria for the Board's evaluation of director nominees.

The report should be prepared at reasonable cost and should omit confidential and proprietary information.

### Food / Nutrition

The global population is expected to grow to 9 billion by 2050. The world urgently needs a safe and sustainable food system that will provide access to affordable food to meet this growing demand, even as global food production continues to be stressed by the unpredictability of a changing climate. ICCR members' resolutions on food emphasize sustainable agricultural practices. They seek to curb deforestation stemming from the production of commodities like soy, beef, palm, and timber, and to reduce food waste. Their resolutions also seek to enhance food safety, through the responsible use of antibiotics in animal agriculture, and limiting pesticide use to stem pollinator decline.

### Supply Chain Impact on Deforestation

Conversion of forests to commodity agriculture drives soil erosion, loss of biodiversity, community land conflicts and climate change. Deforestation also accounts for 10-15 percent of global GHG emissions. As one of the largest suppliers of agricultural commodities globally, Bunge contributes to deforestation, and shareholders argue that the company may not be adequately addressing deforestation impacts in its supply chain.

Investors asked Bunge to report on its quantitative metrics for reducing supply chain impacts on deforestation, including its progress on achieving time-bound goals for reducing impacts.



Proposal Topic	Quantity
<b>Food</b>	<b>8</b>
Phase out Medically Important Antibiotics in the Supply Chain	3
Create Board Committee on Human Rights – Glyphosate <b>NEW</b>	1
Reduce Food Waste	1
Report on Policies to Minimize Risks from Glyphosate	1
Risk Assessment of Products Linked to Pollinator Decline	1
Supply Chain Impact on Deforestation	1

### Phase out Medically Important Antibiotics in the Supply Chain

Antibiotic resistance is a global public health crisis contributing to the rise of "superbugs" that are responsible for 23,000 deaths annually in the U.S. alone. Reduced antibiotic effectiveness is due in part to their routine use in meat production to prevent contagion among large numbers of animals raised in close, unsanitary conditions. ICCR members encourage both meat suppliers and fast food restaurants, which purchase large quantities of meat, to use their leverage to help address this serious public health risk.

ICCR members asked Denny's to adopt an enterprise-wide policy phasing out the use of medically important antibiotics for disease prevention in its meat and poultry supply chain. Investors asked McDonald's to update its Global Vision for Antimicrobial Stewardship in Food Animals by setting global sourcing targets with timelines for pork and beef raised without the use of medically-important antibiotics for disease prevention purposes. Investors asked Sanderson Farms to adopt an enterprise-wide policy to phase out the use of medically important antibiotics for disease prevention in its supply chain.

## Proxy Resolutions: Food



"The food waste problem is deeper than the bag of untouched spinach in your trash can. Approximately 40% of food produced in the U.S. goes uneaten every year, costing the economy \$218 billion and leading to 23% of U.S. methane emissions. This immense waste is spread across the supply chain – from farm to table – illustrating a systemic lack of efficiency, incentives, and information. Companies are paying to purchase, transport, handle, prepare, and eventually dispose of unused food.

A recent study found that for every dollar companies invest in reducing food waste, they save an average of \$14 in operating costs. On a larger scale, the opportunities are vast: a 20% reduction in food waste nationwide could generate \$10 billion in economic value and \$1.9 billion in annual business profit potential, reducing GHG emissions by 18 million tons and saving 1.6 trillion gallons of water annually (ReFED).

ICCR investors have been engaging companies to assess, reduce, and optimally manage food waste for several years. Dozens of companies including Walmart, Kroger and Aramark have vowed to do so.

Our shareholder proposal with Amazon this year comes in light of the company's acquisition of Whole Foods and its goal to become a top grocery retailer, coupled with evidence that its food services are particularly wasteful. As a global leader in efficiency and logistics, Amazon has the opportunity to become a champion in food waste mitigation. But without strategies in place, it could just as easily fall behind."

**Marissa LaFave, Shareholder Advocate —  
Green Century Capital Management**

### Reduce Food Waste

Forty percent of food produced in the U.S. is thrown away. Producing this wasted food also consumes an estimated 21 percent of U.S. freshwater, 19 percent of fertilizer, and 18 percent of cropland. Grocery retailers, restaurants, and food service companies waste about 25 million tons of food valued at 57 billion dollars annually. Online grocery retailers may be more susceptible to high rates of food waste given their complex distribution systems. Estimates show that Amazon Fresh has lost money from spoilage at double the rate of a typical supermarket.

Shareholders asked Amazon to report on its efforts to assess, reduce and optimally manage food waste.





"Chronic exposure to neonicotinoids – the largest class of pesticides in use, and commonly referred to as "neonics" – is threatening the resiliency of pollinators, their ability to forage, to fight disease and reproduce

successfully. Neonics are sprayed on crop foliage and applied as a seed coating.

Over the last 50 years, there has been a 300% increase in the volume of pollinator-dependent agriculture, with a global value upward of \$500 billion. Yet in recent years, we have witnessed multi-year, double digit declines in pollinators in the U.S. and Europe, posing significant risks to our global food system.

This is a looming crisis that will only grow worse if companies do not fully prepare for future supply demand imbalances. It's up to investors to make sure that companies meaningfully address the systemic risks pesticides and loss of pollinator populations pose.

In the past several years, investors have targeted nearly two dozen companies, holding meetings and filing shareholder proposals requesting an understanding of pesticide risk in company supply chains, and disclosure of policies aimed at reducing use of pesticides and neonic pesticides, specifically.

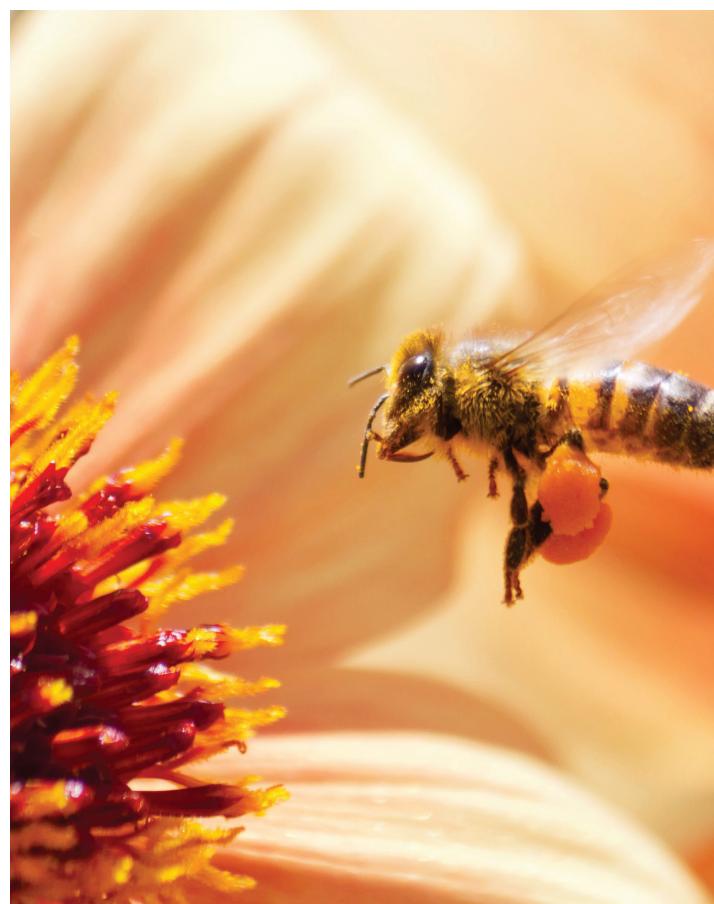
The good news is that leading home improvement retailers Home Depot, and Lowe's have moved quickly on this issue. Engagement by investors and NGOs helped convince both companies to phase out the use of neonics in their garden stores. This season ICCR members have filed resolutions with Tractor Supply and Dr. Pepper Snapple, and are in active dialogues with several other companies, including PepsiCo, J.M. Smucker, Target, Kellogg's and General Mills."

**Susan Baker, Vice President of Shareholder Advocacy — Trillium Asset Management**

### Report on Policies to Minimize Risks from Glyphosate

Glyphosate is a controversial weed-killer. In 2015 it was classified as a probable human carcinogen by the WHO. Research has also linked glyphosate-based herbicides to chronic toxic effects – such as kidney damage and endocrine disruption. Yet, herbicide manufacturers have encouraged farmers to apply glyphosate to crops just before harvest to kill foliage and promote drying. Glyphosate, for instance, is often applied pre-harvest to oats, other grains, and beans. Testing indicates that PepsiCo's Quaker Oats oatmeal contains residues of the synthetic herbicide glyphosate.

Pepsi was asked to report on its options for adopting a policy to prevent or minimize environmental and public health harms from glyphosate in its supply chain.



### Phase Out Medically Important Antibiotics in Supply Chain

#### Denny's Corporation

WHEREAS: Antibiotic resistance is one of the leading human health threats of our time.

“A post-antibiotic era – in which common infections and minor injuries can kill – far from being an apocalyptic fantasy, is instead a very real possibility for the 21st Century.”

–World Health Organization (WHO), 2014

Antibiotics are losing their effectiveness due in significant part to reckless overuse in farm animal production. The more that antibiotics are used, the faster antibiotic-resistant bacteria (superbugs) evolve. Antibiotic resistance could cause 300 million premature deaths and up to \$100 trillion in global economic damage by 2050 (<http://amr-review.org>).

Over 70% of medically important antibiotics in the U.S. are sold for livestock use (U.S. Food and Drug Administration, December 2016). The vast majority of antibiotic use in livestock production is to prevent disease caused by unhealthy conditions on farms, rather than to treat diagnosed illness.

Recognizing these risks, Farm Animal Investment Risk and Return (FAIRR)’s \$2.5 trillion investor network has called on the restaurant industry to minimize the use of medically important antibiotics in global livestock supply chains ([www.fairr.org](http://www.fairr.org)).

In November 2017, WHO released guidelines on the use of medically important antibiotics in animals, “strongly recommend[ing] an overall reduction in the use of all classes of medically important antibiotics in foodproducing animals, including complete restriction of these antibiotics for growth promotion and disease prevention without diagnosis.”

As consumers grow increasingly concerned, the majority of the top 25 restaurant chains in the U.S. have already enacted policies to reduce unnecessary antibiotic use in healthy livestock. For example:

- McDonald’s, Wendy’s, KFC, Taco Bell, and Burger King prohibit the use of medically important antibiotics in their U.S. chicken supply.
- Subway and Chick-Fil-A source only chicken raised without any antibiotic use.
- Panera Bread and Chipotle Mexican Grill prohibit routine antibiotic use across their entire livestock supply chain.

In contrast, Denny’s provides little information to shareholders on how it is managing the risk of antibiotic use beyond regulatory compliance. Without meaningful action, Denny’s may suffer irreparable reputational damage and lose market share to its competitors.

A strong antibiotics policy will safeguard Denny’s brand by catching it up to its peers on a critical health and sustainability issue. It will also position the company to comply with a shifting regulatory landscape: California and Maryland have passed legislation to prohibit the routine use of antibiotics in livestock, and other states may follow.

**RESOLVED:** Shareholders request that Denny’s adopt an enterprise-wide policy to phase out the use of medically important antibiotics for disease prevention purposes in its meat and poultry supply chain.

**Supporting Statement:** Shareholders further request the company publish timetables and measures for implementing this policy.

### Phase Out Medically Important Antibiotics in Supply Chain

McDonald's Corp.

**RESOLVED:** Shareholders request that the Board update the 2015 McDonald's Global Vision for Antimicrobial Stewardship in Food Animals by setting global sourcing targets with timelines for pork and beef raised without the use of medically-important antibiotics for disease prevention purposes.

**WHEREAS:** The World Health Organization (WHO) and the U.S. Centers for Disease Control and Prevention report that antibiotic resistance is a global public health crisis that threatens to overturn many of the medical advances made over the last century.

Over 70% of medically important antibiotics in the U.S. are sold for livestock use (U.S. Food and Drug Administration, 2016) and this number is still increasing. Antibiotic use in livestock is often used to prevent illness caused by unhealthy conditions on farms, rather than to treat diagnosed illness.

The more that antibiotics are used, the faster antibiotic-resistant bacteria evolve. If no action is taken, antibiotic resistance could cause 300 million premature deaths and up to \$100 trillion in global economic damage by 2050. (Review on Antimicrobial Resistance)

In November 2017, WHO released guidelines on the use of medically important antibiotics in animals, "strongly recommend[ing] an overall reduction in the use of all classes of medically important antibiotics in food-producing animals, including complete restriction of these antibiotics for growth promotion and disease prevention without diagnosis."

McDonald's has phased out medically important antibiotics in its U.S. chicken supply chains and issued a policy to phase out the "highest priority critically important antimicrobials" in its global chicken supply in 2018. However, McDonald's has not committed to a similar sourcing policy for beef or pork.

In its annual report, McDonald's acknowledges continued business success "depends on our System's ability to anticipate and respond effectively to continuously shifting consumer demographics, trends in food sourcing, food preparation and consumer preferences in the IEO segment."

Competitors Panera Bread and Chipotle Mexican Grill already serve beef and pork raised without routine use of antibiotics. Subway has committed to similar standards that will be fully implemented by 2025. U.S. producers including Tyson, Applegate and Niman Ranch supply beef and pork raised without antibiotics. Failure to offer meat raised with minimal antibiotics endangers McDonald's market share.

Farm Animal Investment Risk and Return (FAIRR)'s \$2.8trillion investor network has called on McDonald's to minimize the use of medically important antibiotics in its global beef and pork supply chains, warning that reckless antibiotic use jeopardizes global health, as well as McDonald's brand.

Last year, 31% of our Company's shares voted (counting votes for and against) supported this proposal. However, the Company has taken no substantive action to address this issue.

McDonald's already claims to be "helping lead a global movement for beef sustainability". However, antibiotics are not mentioned once in McDonald's "Beef Sustainability Report".

**SUMMARY:** Given growing health concerns, changing consumer preferences, and industry trends, shareholders would benefit from more detailed plans by McDonald's to minimize medically important antibiotic use in its beef and pork supply chains.

### Phase Out Medically Important Antibiotics in Supply Chain

Sanderson Farms, Inc.

WHEREAS: The World Health Organization and the U.S. Centers for Disease Control and Prevention (CDC) have reported that antibiotic resistance is a global public health crisis that threatens to overturn many of the medical advances made over the last century.

Antibiotics are losing their effectiveness due in significant part to reckless overuse in farm animal production. The more that antibiotics are used, the faster that antibiotic-resistant bacteria evolve. If no action is taken, antibiotic resistance could cause 300 million premature deaths and up to \$100 trillion in global economic damage by 2050 (Review on Antimicrobial Resistance).

Over 70% of medically important antibiotics in the U.S. are sold for livestock use. Antibiotics are often used to prevent illness caused by unhealthy, stressful conditions on farms, rather than to treat illness.

Sanderson Farms has publicly stated that "there is not any credible science that leads us to believe we're causing antibiotic resistance in humans." This stance ignores the fundamental principle that antibiotic use breeds resistant bacteria, which is recognized by every major medical authority. Sanderson Farms' position has led to substantial negative press. (e.g. "Poultry Producer Sanderson Farms Stands Its Ground: It's Proud to Use Antibiotics", The New York Times, 8/1/16).

Research has shown that poultry processing workers are 32 times more likely to carry antibiotic-resistant E. coli bacteria, meaning Sanderson Farms' current use of antibiotics threatens the health and safety of many of its 11,000 employees.

Additionally, a recently filed lawsuit alleges that Sanderson Farms' marketing misleads consumers to believe the company's chicken is "100% Natural" when U.S. Department of Agriculture testing identified 49 instances in which Sanderson Farms' contained residues of synthetic drugs. In 11 of these instances, the substance was a medically important antibiotic.

Sanderson Farms produces roughly 7% of the chicken eaten in the United States; to help protect public health from antibiotic-resistant infections, Sanderson Farms must quickly phase-out the use of medically important antibiotics for disease prevention throughout its supply chain.

Sanderson Farms risks losing market share to companies who have stronger policies in place, such as Perdue Farms; 95% of Perdue's chickens do not receive any antibiotics. Consumers are increasingly concerned about injudicious antibiotic use, and restaurant brands are making changes to meet the demand: McDonald's, Wendy's, Burger King, KFC, and Taco Bell prohibit or have committed to phase out the use of medically important antibiotics in chicken; Chipotle Mexican Grill and Panera Bread prohibit all routine antibiotic use; Subway and Chick-Fil-A source only chicken raised without any antibiotic use.

A strong antibiotics policy will prepare Sanderson Farms to comply more effectively with a shifting regulatory landscape. Maryland and California have both passed legislation to ban the routine use of antibiotics in livestock.

RESOLVED: Shareholders request that Sanderson Farms adopt an enterprise-wide policy to phase out the use of medically important antibiotics for disease prevention in its supply chain. Shareholders further request the company publish timetables and measures for implementing this policy.

### Supply Chain Impact on Deforestation

Bunge Ltd.

WHEREAS: Conversion of forests to commodity agriculture is the single largest cause of deforestation, which drives soil erosion, loss of biodiversity, community land conflicts and climate change. Deforestation accounts for 10-15 percent of global greenhouse gas emissions—rivaling that of the entire global transportation sector.

Adverse weather resulting from climate change, including shifted rainfall patterns, is highlighted as a top risk factor in Bunge's 2016 10-K. As one of the largest suppliers of agricultural commodities globally, Bunge contributes to deforestation and is severely impacted by its consequences on agricultural production.

One-third of the world's forests are in Brazil, where Bunge is the largest agricultural exporter. The company's assets in Brazil account for over 38 percent of its total assets. It is a top soy trader in the Piauí state, located in Brazil's Cerrado, which covers more than 20 percent of the country. Recent evidence indicates that large-scale deforestations in the Cerrado alter the region's water cycle system, leading to volatile rainfall and higher crop failure.

In September 2017, a coalition of environmental organizations published the Cerrado Manifesto, calling for immediate market action to stop deforestation and native vegetation conversion in the Cerrado biome. 23 companies that are current and potential Bunge purchasers, as well as members of the Consumer Goods Forum, issued a statement of support. Two of Bunge's top suppliers have been linked to deforestation of over 19,000 hectares of native vegetation in the Cerrado between 2011-2017.

Bunge received negative publicity in The New York Times in 2017 for its contribution to the rise of deforestation in the Amazon. Bunge is not a signatory of the New York Declaration on Forests, unlike competitors such as Cargill and Wilmar International.

Proponents are encouraged by Bunge's 2015 Non-Deforestation Policy. However, the Company does not appear to be adequately addressing legal deforestation occurring in its supply chain, which poses many of the same risks as illegal deforestation. Bunge does not exclude the sourcing of raw material originating from areas of recently cleared natural vegetation identified as having high conservation value.

Failure to keep pace with industry peers and shifting market expectations for sustainable production may pose significant risks to Bunge including restricted market access, increased reputational damage, and loss of goodwill.

RESOLVED: Shareholders request that Bunge report to shareholders, at reasonable expense and excluding proprietary information, providing quantitative metrics on supply chain impacts on deforestation, including progress on time-bound goals for reducing such impacts.

Supporting Statement: Proponents believe meaningful indicators in such reports would include:

- Evidence of proactive implementation efforts, such as a time-bound traceability commitment for volumes sourced from third parties and improved sanctioning mechanisms and non-compliance protocols;
- An assessment of reputational, market and operational risks facing Bunge in relation to supply chain and operational impacts on legally permissible forms of land conversion; and
- A commitment to work towards implementing third-party verification programs and stakeholder initiatives to achieve compliance with the Company's policy.

### Reduce Food Waste

Amazon.com, Inc

**RESOLVED:** Shareholders request that Amazon issue a report, at reasonable cost and omitting proprietary information, on company-wide efforts to assess, reduce and optimally manage food waste.

**Supporting Statement:** Shareholders recommend that the requested report include:

- Results of audits to determine the causes, quantities and destinations of food waste;
- Estimated cost savings from optimized food purchasing, handling, recycling, and disposal;
- Prioritization of strategies based on Environmental Protection Agency Food Recovery Hierarchy;
- Time bound targets to reduce waste and progress towards meeting these targets.

Forty percent of food produced in the United States goes uneaten, costing the economy 218 billion dollars per year, or 1.3 percent of gross domestic product. If global food waste were a country, its emissions would be third behind China and the United States. Production of wasted food also consumes 21 percent of United States freshwater, 19 percent of fertilizer, and 18 percent of cropland.

Grocery retailers, restaurants, and food service companies waste about 25 million tons of food valued at 57 billion dollars annually. Beyond lost profits, companies lose money on the procurement of, labor and utilities for, and waste management costs of wasted food.

Reducing food waste can be financially beneficial for companies. A recent study found that for every dollar spent on reducing food waste, companies save on average 14 dollars.

Amazon aims to become a top five grocery retailer by 2025. During Quarter one of 2017, Amazon's grocery sales outpaced the industry 15 times, demonstrating 30 percent year over year growth.

However, online grocery retailers may be more susceptible to high rates of food waste given complex distribution systems and the inability to rely on solutions employed by conventional retailers such as discounting products nearing expiration. Estimates show that Amazon Fresh has lost money from spoilage at double the rate of a typical supermarket, posing significant operational risk.

While Amazon provides anecdotal evidence of specific food waste donation efforts, it has yet to report on a company-wide food waste management strategy.

In contrast, industry peers are taking action to reduce, optimally manage, and report on food waste, potentially leaving laggards with a competitive disadvantage.

- Stop & Shop saved 100 million dollars annually by reducing losses of perishables while providing items that were three days fresher on average.
- Kroger publishes a breakdown of quantity of food donated and recycled, with a goal of meeting 90 percent zero waste in all facilities by 2020.
- Walmart diverted 75 percent of global waste in 2016 through strategies including improved forecasting and packaging and standardized date labels.

Further, food waste legislation has passed in several states and has been introduced in Congress. The Environmental Protection Agency has a national target to reduce food waste 50 percent by 2030.

Amazon and its shareholders are positioned to benefit from a comprehensive approach to food waste reduction that could cut costs, provide competitive advantage, strengthen brand reputation, help achieve sustainability goals, and combat climate change and hunger.

### Report on Policies to Minimize Risks from Glyphosate

PepsiCo, Inc.

WHEREAS: Testing indicates that PepsiCo's iconic Quaker Oats oatmeal contains residues of the synthetic herbicide glyphosate. Lawsuits filed in May 2016 allege that Quaker Oats' claim of "all-natural" is false due to glyphosate being found in the product.

Testing published in 2016 found glyphosate residue in other Pepsi products: Stacy's Simply Naked Pita Chips, Lay's Kettle Cooked Original, and Doritos Cool Ranch.

Glyphosate is a controversial weed-killer. In 2015 it was classified as a probable human carcinogen by the World Health Organization's International Agency for Research on Cancer. Research has also linked glyphosate-based herbicides to chronic toxic effects – such as kidney damage and endocrine disruption – even at low levels. Herbicide formulations with multiple ingredients, such as Roundup, can be even more toxic than glyphosate alone.

Herbicide manufacturers have encouraged farmers to apply glyphosate to crops just before harvest to kill foliage and promote drying. Glyphosate is often applied pre-harvest to oats, other grains, and beans. This practice substantially increases glyphosate residues in these crops.

Ben and Jerry's, one of the most popular ice cream brands in the world, recently announced it will prohibit pre-harvest glyphosate use in its entire supply chain by 2020. Austria and Germany have banned pre-harvest glyphosate use; other European countries such as France and Italy have not approved the practice, despite manufacturers' requests.

Monsanto, manufacturer of Roundup – the most widely used glyphosate-based herbicide – has long taken the public position that Roundup is safe. However, the company's internal correspondence puts this claim into question. In emails recently made public as part of personal injury and wrongful death lawsuits against the company, a Monsanto scientist wrote: "[Y]ou cannot say that Roundup is not a carcinogen . . . we have not done the necessary testing on the formulation to make that statement." (emphasis added). Legal experts report that these lawsuits, 37 of which have been centralized into a single district court case, could be the beginning of mass tort actions on glyphosate's health effects.

In October 2017, the European Parliament voted in support of a non-binding glyphosate ban which, if adopted, would be take effect by 2022.

PepsiCo has committed to ensuring that its suppliers "do business ethically... and [address] known business, environmental and social risks..." Quaker Oats brands itself as "green" and "eco-friendly." However, Quaker Oats' potential use of pre-harvest glyphosate endangers the brand's reputation.

**RESOLVED:** Shareholders request the Board publish a report, at reasonable expense and omitting proprietary information, discussing the Company's options for adoption of policies above and beyond legal compliance to prevent or minimize environmental and public health harms from glyphosate in the company's supply chain.

Supporting Statement: We recommend the report include:

- An assessment of the supply chain, operational, and reputational risks posed to the company by the large-scale use of pre-harvest glyphosate; and
- Quantitative metrics tracking the portion of supply chain crops treated with glyphosate.

### Create Board Committee on Human Rights - Glyphosate

Monsanto

**RESOLVED:** To amend the Bylaws of Monsanto by adding the following section:

**Section 22 A. Board Committee on Human Rights.** There is established a Board Committee on Human Rights, to review the implications of company policies, above and beyond matters of legal compliance, for the human rights of individuals in the US and worldwide, including assessing the impacts of company operations on resources and public welfare in host communities and the relationship of company operations and resources to any government security forces securing company operations in those communities.

The Board of Directors is authorized, by resolution, in its discretion and consistent with these Bylaws, the Articles of Incorporation and applicable law to: (1) select the members of the Board Committee on Human Rights, (2) provide said Committee with funds for operating expenses, (3) adopt a charter governing said Committee's operations, (4) empower said Committee to solicit public input and issue periodic reports to shareholders and the public, at reasonable expense and excluding confidential information, including but not limited to an annual report on the findings of the Board Committee, and (5) any other measures within the Board's discretion consistent with these Bylaws and applicable law. Nothing herein shall restrict the power of the Board of Directors to manage the business affairs of the company. The Board Committee on Human Rights shall not incur any costs to the company except as authorized by the Board of Directors.

**Supporting Statement:** As alleged by the International Monsanto Tribunal, Monsanto is accused of violating human rights including "the right to a healthy environment". Many of these alleged violations result from Monsanto's role in producing Glyphosate, Roundup's active ingredient, which the World Health Organization and California deems a probable human carcinogen.

The proposed Bylaw would establish a separate Board Committee on Human Rights, elevating board level oversight and governance regarding human rights issues raised by Monsanto's activities.

The company currently has an anti- corruption policy, a code of business conduct, a Monsanto Pledge including a human rights policy, and a Supplier Code of Conduct, all being voluntary and considered inadequate by the proponent. Although the board currently may address some Company human rights challenges through broader mandates addressing such issues to its Sustainability and Corporate Responsibility Committee, the proponent believes the Company's human rights concerns in the communities where it operates are so severe they merit oversight of a separate board committee with a specific fiduciary mandate on human rights. In defining "human rights," the proponent suggests in addition to the U N Declaration of Human Rights the committee also reference the U S Bill of Rights and the U N Declaration on the Rights of Indigenous Peoples as nonbinding benchmarks.

The proponent notes such a board committee is not recognized in the Company's Bylaws nor is human rights or indigenous peoples' rights oversight expressly required by any of the current standing committees or their charters.

### Risk Assessment of Products Linked to Pollinator Decline

#### Tractor Supply Company

Tractor Supply states in its 2016 Corporate Stewardship Report that it “not only invests in initiatives to reduce its own environmental footprint, but also promotes sustainable living to its customers.”

Tractor Supply currently sells products containing neonicotinoids (“neonics”), a class of systemic pesticide linked to dangerous declines in pollinators and other beneficial organisms, and negative impacts to land and water (International Union for Conservation of Nature; United States Geological Survey).

Multi-year double digit declines in pollinators in the United States and Europe pose significant risks to our food systems. “Bee-pollinated commodities account for \$20 billion in annual United States agricultural production and \$217 billion worldwide.” (United States Department of Agriculture)

Scientists believe key factors in these pollinator population declines include wide-scale use of neonics and disappearing foraging areas for pollinators. An analysis of 800 peer-reviewed studies released by the Task Force on Systemic Pesticides, a group of global, independent scientists, concluded that neonicotinoids pose a serious risk of harm to pollinators including honeybees and butterflies. Birds and earthworms are also at risk.

In December 2013, the European Union enacted a two year ban on three neonics. In June 2014, the White House established a “Pollinator Health Task Force” charged with “understanding, preventing and recovering from pollinator losses.” In July 2014, the United States Fish and Wildlife Service announced plans to restrict neonic use across the National Wildlife Refuge System.

Farms and backyard gardens maintained by Tractor Supply customers may provide important safe havens for pollinators. Proponents believe the typical farm or garden owner shopping at Tractor Supply would want a property that is healthy for songbirds and pollinators, including honeybees. These customers may choose to shop elsewhere:

In 2015, Lowes announced a phase out of the sale of products containing neonics, to be completed by the Spring of 2019, as suitable alternatives become available.

Home Depot announced that it has removed neonicotinoid pesticides from 80 percent of its flowering plants and has a goal to complete its phase-out in plants by 2018. Customers can search shelf products containing neonics and alternate products on its website.

Tractor Supply publishes ‘know how’ advice for boosting pollination in backyard gardens but does not disclose information in its sustainability policies and practices related to how it is addressing this important public concern.

**RESOLVED:** Shareholders request that by September 1, 2018, the Governance Committee of the Board of Directors conduct a risk assessment of Tractor Supply’s environmental protection policies and practices to determine whether the Company’s current practices regarding the sale of neonicotinoid-containing products are in the best interests of the company, its consumers and its shareholders, and to recommend any changes to policy or practice the Committee deems to be appropriate. The results of this assessment should be published in Tractor Supply’s next Social Responsibility report, at reasonable expense and omitting proprietary information.

### Health

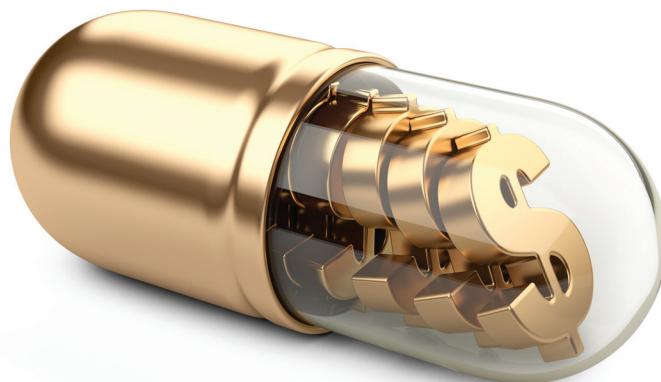
ICCR members advocate for the access and affordability of health care services in the U.S. and around the globe, particularly where access to medicines is most needed. Viewing health care as a universal right, members engage pharmaceutical companies, medical device manufacturers, health insurers, and large employers in an attempt to create a more equitable global health care system. This year, ICCR's members continued their campaign on skyrocketing drug prices, and filed their first resolutions related to the opioid crisis requesting improved oversight. They also filed a resolution addressing under nutrition and childhood obesity.

### Drug Pricing

Research shows that Americans paid \$310 billion for their medications in 2015, an 8.5% increase over 2014, when the Cost of Living Adjustment and the Consumer Price Index was just 1.7% for the same period. The U.S. far outpaces the world in the cost of branded medications. Shareholders argue that companies' excessive dependence on drug price increases for profitability is both risky and unsustainable because the impact of price increases could provoke a backlash from insurers, prescribers and regulators.

**ICCR members asked Pfizer and Vertex to report on the risks they face from rising pressure to contain U.S. prescription drug prices, including the steps the companies are taking to mitigate or manage those risks and their boards' oversight role.**

Proposal Topic	Quantity
<b>Health</b>	<b>12</b>
Senior Executive Incentives – Integrate Drug Pricing Risk <b>NEW</b>	5
Drug Pricing	2
Financial & Reputational Risks Related to the Opioid Crisis <b>NEW</b>	2
Begin Reducing Nicotine to Less Addictive Level <b>NEW</b>	1
Disclose relationship with Foundation for a Smoke-Free World <b>NEW</b>	1
Report on Risks Related to Obesity	1



### Senior Executive Incentives – Integrate Drug Pricing Risk

Public outrage over high drug prices and their impact on patient access is growing. Proponents of this resolution believe that senior executive incentive compensation arrangements should reward the creation of sustainable long-term value and encourage responsible risk management, not price hikes.

Investors asked Abbvie, Amgen, Biogen, Bristol-Myers Squibb, and Eli Lilly to report annually on the extent to which risks related to public concern over drug pricing strategies are integrated into their incentive compensation policies, plans and programs for senior executives.



"A recent Credit Suisse report that noted in 2016, several pharmaceutical companies had revenue growth attributable solely to a 100% increase in drug pricing.

As long-term investors, we do not view this strategy as a sustainable business model that generates long-term value for our investments or fosters a competitive, innovative healthcare market with accessible and affordable drugs.

As a result, we developed a shareholder proposal that called for increased transparency on how individual compensation components of executive pay work together to balance business imperatives and risks related to drug pricing, which we then filed at AbbVie, Amgen, Biogen, Bristol Meyer Squibb, and Eli Lilly.

And in July 2017, out of heightened concerns that opioid company risks may threaten shareholder value and have profound long-term implications for the economy and society, we created Investors for Opioid Accountability (IOA). IOA, a diverse coalition of 41 treasurers, comptrollers, asset managers, faith based, public and labor funds with over \$1.7 billion in assets, is filing multiple shareholder proposals on board oversight of business risks related to opioids at opioid distributors and manufacturers. The coalition is co-led by Mercy Investment Services and the UAW Retiree Medical Benefits Trust.

IOA is asking the independent directors of the boards of these companies to investigate how they are responding to increasing business and reputational risks related to opioids. IOA believes that good corporate governance practices that traditionally serve as risk mitigators are critical to implementing forward. Such provisions aim to increase board accountability through strengthened independent board leadership and compensation policies to deter misconduct."

**Meredith Miller, Chief Corporate Governance Officer  
— The UAW Retiree Medical Benefits Trust**

### Financial & Reputational Risks Related to the Opioid Crisis

Opioid abuse is an undeniable public health crisis with profound economic and social consequences. The Centers for Disease Control and Prevention reported that in 2015, opioid abuse caused more than 33,000 deaths in the U.S., or 91 people per day. Opioid use and dependency is said to be a growing factor in why many men of prime working age in the U.S. are unable to find work. AmerisourceBergen, Cardinal Health, and McKesson are the largest prescription drug wholesalers in the nation. They supplied more than half of all pain pills provided to West Virginia residents between 2007 and 2012. Mallinckrodt, meanwhile, accounted for 43.8 million of the 236 million opioid prescriptions filled in 2016. For ICCR's members, these companies are both profiting from and complicit in, America's opioid crisis, having failed to be transparent about or address opioids' addictive properties.

Investors asked Mallinckrodt and Amerisource Bergen to report on the measures they have taken to monitor and manage financial and reputational risks related to the opioid crisis, including whether they have assigned responsibility for such monitoring to the board or one or more board committees, revised senior executive compensation metrics or policies, adopted or changed mechanisms for obtaining input from stakeholders, or altered policies or processes regarding company political activities.

### Begin Reducing Nicotine to a Less Addictive Level

Just over fifteen percent (36.5 million) of U.S. adults are cigarette smokers. Of these, 75.7 percent (27.6 million) smoke every day. Cigarette smoking causes about one of every five deaths annually, and life expectancy for smokers is on average 10 years shorter than for nonsmokers.

Shareholders asked the Altria board to take steps to preserve the health of its tobacco-using customers by making available to them information on the nicotine levels for each of its cigarette brands, and to begin reducing nicotine levels to a less addictive level.

### Report on Risks Related to Obesity

Obesity has risen to epidemic proportions, with nearly 2 billion people overweight, 41 million of whom are children. As consumer preference continues to shift away from high-sugar, high-fat products such as sodas and other sugary drinks, companies will need to adapt to remain competitive.

Investors asked Dr. Pepper Snapple to report on its efforts to address the risks obesity poses for the food and beverage sector.



### Drug Pricing

#### Vertex Pharmaceuticals Incorporated

RESOLVED that shareholders of Vertex Pharmaceuticals (“Vertex”) ask the Board of Directors to report to shareholders by December 31, 2018, at reasonable cost and omitting confidential or proprietary information, on the risks to Vertex from rising pressure to contain U.S. prescription drug prices, including the likelihood and potential impact of those risks as applied to Vertex, the steps Vertex is taking to mitigate or manage those risks and the Board’s oversight role. The report should address risks created by payer cost-effectiveness analysis, patient access concerns, outcomes-based pricing, and price sensitivity of prescribers, payers and patients.

**Supporting Statement:** Prescription drug pricing is an urgent and high-visibility public policy issue. National media outlets tell stories of patients delaying treatment or ending up homeless due to drug costs. (E.g., <http://www.npr.org/sections/healthshots/2017/03/15/520110742/as-drug-costs-soar-people-delay-or-skip-cancer-treatments>; <https://www.consumerreports.org/drugs/cure-for-high-drug-prices/>) Outrage greeted Turing Pharmaceuticals’ massive increase in the price of an older AIDS drug and Mylan’s skyrocketing EpiPen price tag. (<http://money.cnn.com/2016/08/25/news/economy/daraprim-aids-drug-high-price/index.html>)

In a 2017 Kaiser Family Foundation poll, “lowering the cost of prescription drugs” was identified as a top health care priority for the President and Congress by over 60% of Democrats and Republicans, and 58% of independents. (<https://www.kff.org/report-section/kaiser-health-tracking-poll-late-april-2017-thefuture- of-the-aca-and-health-care-the-budget-rx-drugs/>) In October 2017, California began requiring companies to notify regulators when they intend to raise the price of a drug by 16% or more over two years and explain why the increase is necessary. (<http://www.npr.org/sections/healthshots/2017/10/04/551013546/california-bill-would-compel-drugmakers-to-justify-price-hikes>)

In July, Vertex increased the price of its combination drug Orkambi by five percent, costing \$273,000 before discounts. (<https://www.bizjournals.com/boston/news/2017/07/13/vertex-inks-another-reimbursementdeal-in-europe.html>) Some business analysts have noted that the pricing practices of rare disease drug manufacturers may be facing more pushback as some payers are limiting coverage of high-cost medicines from other pharmaceutical companies. (<https://www.biopharmadive.com/news/vertex-orkambiprice-increase-list-cost/446416/>)

As an example, the Toronto Globe and Mail reported that the “Canadian Agency for Drugs and Technologies has recommended, on two occasions, against public funding for Orkambi, saying there is not enough evidence of a significant clinical benefit weighed against the cost of the twice-a-day tablet regime”. (<https://www.theglobeandmail.com/news/britishcolumbia/provinces-reject-price-negotiations-for-orkambi-cystic-fibrosis-drug/article37069868/>)

The disclosure requested by this Proposal will allow shareholders to better assess the risks created by Vertex’s pricing strategy in the current environment. We urge shareholders to vote for this proposal.

### Drug Pricing

Pfizer, Inc.

**RESOLVED** that shareholders of Pfizer Inc. ("Pfizer") ask the Board of Directors to report to shareholders by December 31, 2018, at reasonable cost and omitting confidential or proprietary information, on the risks to Pfizer from rising pressure to contain U.S. prescription drug prices, including the likelihood and potential impact of those risks as applied to Pfizer, the steps Pfizer is taking to mitigate or manage those risks and the Board's oversight role. The report should address risks created by payer cost-effectiveness analysis, patient access concerns, outcomes-based pricing, and price sensitivity of prescribers, payers and patients.

**Supporting Statement:** Prescription drug pricing is an urgent and high-visibility public policy issue. National media outlets tell stories of patients delaying treatment or ending up homeless due to drug costs. (E.g., <http://www.npr.org/sections/healthshots/2017/03/15/520110742/as-drug-costs-soar-people-delay-or-skip-cancer-treatments>; <https://www.consumerreports.org/drugs/cure-for-high-drug-prices/>) Outrage greeted Turing Pharmaceuticals' massive increase in the price of an older AIDS drug and Mylan's skyrocketing EpiPen price tag. (<http://money.cnn.com/2016/08/25/news/economy/daraprim-aids-drug-high-price/index.html>)

In a 2017 Kaiser Family Foundation poll, "lowering the cost of prescription drugs" was identified as a top health care priority for the President and Congress by over 60% of Democrats and Republicans, and 58% of independents. (<https://www.kff.org/report-section/kaiser-health-tracking-poll-late-april-2017-thefuture-of-the-aca-and-health-care-the-budget-rx-drugs/>) In October 2017, California began requiring companies to notify regulators when they intend to raise the price of a drug by 16% or more over two years and explain why the increase is necessary. (<http://www.npr.org/sections/healthshots/2017/10/04/551013546/california-bill-would-compel-drugmakers-to-justify-price-hikes>)

A recent Credit Suisse report identified Pfizer as a company where price increases accounted for at least 100% of EPS growth in 2016. (Global Pharma and Biotech Sector Review: Exploring Future US Pricing Pressure, Apr. 18, 2017, at 1) In our view, excessive dependence on drug price increases is risky and unsustainable because the impact of price increases could harm Pfizer's reputation with the public and provoke a backlash from insurers, prescribers and regulators.

Pfizer's price hikes have sparked negative press attention. The press reported that Pfizer had twice raised the U.S. price of nearly 100 of its drugs in 2017 by an average of nearly 10%. (See, e.g., <https://www.ft.com/content/b2e0dd80-47ab-11e7-8519-9f94ee97d996>; <http://thehill.com/blogs/blog-briefing-room/336161-pfizer-hikes-price-on-nearly-100-drugs-report>)

Attention has focused on Pfizer's subsidiary, Hospira, for raising the price of naloxone, a drug used increasingly by first responders to save lives by reversing opioid overdoses, from \$9.20 for 10 one-millimeter vials in 2005 to over \$200 for the same quantity in 2013. A House subcommittee held hearings on naloxone pricing in September 2016 and two Senators requested information from Pfizer about naloxone pricing. (<https://www.cnbc.com/2017/01/04/as-opioid-epidemic-worsens-the-cost-of-waking-up-from-an-overdose-soars.html>)

Pfizer's pricing strategies have also caused problems with regulators. In late 2016, Britain's Competition and Markets Authority fined Pfizer \$106 million for hiking the price of a generic epilepsy drug by 2600%. (<https://www.usatoday.com/story/money/2016/12/07/pfizer-fined-106m-2600-price-hike-epilepsydrug/95084786/>) The Authority said there was "no justification" for the price increase, given the age of the drug. (<https://www.gov.uk/government/news/cma-fines-pfizer-and-flynn-90-million-for-drug-price-hike-tonhs>)

The disclosure requested by this Proposal will allow shareholders to better assess the risks created by Pfizer's pricing strategy in the current environment. We urge shareholders to vote for this proposal.

### Senior Executive Incentives - Integrate Drug Pricing Risk

AbbVie

*A similar resolution was submitted to Eli Lilly and Company*

RESOLVED, that shareholders of AbbVie Inc. (“AbbVie”) urge the Compensation Committee (the “Committee”) to report annually to shareholders on the extent to which risks related to public concern over drug pricing strategies are integrated into AbbVie’s incentive compensation policies, plans and programs (together, “arrangements”) for senior executives. The report should include, but need not be limited to, discussion of whether incentive compensation arrangements reward, or not penalize, senior executives for (i) adopting pricing strategies, or making and honoring commitments about pricing, that incorporate public concern regarding the level or rate of increase in prescription drug prices; and (ii) considering risks related to drug pricing when allocating capital.

**Supporting Statement:** As long-term investors, we believe that senior executive incentive compensation arrangements should reward the creation of sustainable long-term value. To that end, it is important that those arrangements align with company strategy and encourage responsible risk management.

A key risk facing pharmaceutical companies is potential backlash against high drug prices. Public outrage over high prices and their impact on patient access may force price rollbacks and harm corporate reputation. Legislative or regulatory investigations regarding pricing of prescription medicines may bring about broader changes, with some favoring allowing Medicare to bargain over drug prices. (E.g., <https://democrats-oversight.house.gov/news/pressreleases/cummings-and-welch-launch-investigation-of-drug-companies-skyrocketing-prices>; <https://democrats-oversight.house.gov/news/press-releases/cummings-and-welch-propose-medicaredrug-negotiation-bill-in-meeting-with>)

We applaud AbbVie for committing not to increase prices by more than 10%. We are concerned, however, that the incentive compensation arrangements applicable to AbbVie’s senior executives may undermine that commitment. A September 2017 analyst report stated that AbbVie was considering revisiting the pricing pledge, which the report suggested could improve sales of Humira. (<http://www.fiercepharma.com/pharma/abbvie-thinks-humira-biosims-are-years-off-eyes-20bsales-for-key-med-report>) AbbVie later promised to adhere to the pledge through 2018. (<http://www.fiercepharma.com/pharma/abbvie-sticks-pricing-pledge-denies-reports>)

AbbVie uses net revenue, income before taxes and Humira sales as metrics for the annual bonus and earnings per share (EPS) as a metric for certain long-term incentive awards to senior executives. (2017 Proxy Statement, at 35) A recent Credit Suisse analyst report stated that “US drug price rises contributed 100% of industry EPS growth in 2016” and characterized that fact as “the most important issue for a Pharma investor today.” The report identified AbbVie as a company where price increases accounted for at least 100% of EPS growth in 2016. (Global Pharma and Biotech Sector Review: Exploring Future US Pricing Pressure, Apr. 18, 2017, at 1)

In our view, excessive dependence on drug price increases is a risky and unsustainable strategy, especially when price hikes drive large senior executive payouts. For example, media coverage of the skyrocketing cost of Mylan’s EpiPen noted that a 600% rise in Mylan’s CEO’s total compensation accompanied the 400% EpiPen price increase. (See, e.g., <https://www.nbcnews.com/business/consumer/mylan-execs-gave-themselves-raises-they-hiked-epipenprices-n636591>; <https://www.wsj.com/articles/epipen-maker-dispenses-outsize-pay-1473786288>; <https://www.marketwatch.com/story/mylan-top-executive-pay-was-second-highest-in-industry-just-ascompany-raised-epipen-prices-2016-09-13>)

The disclosure we request would allow shareholders to better assess the extent to which compensation arrangements encourage senior executives to responsibly manage risks relating to drug pricing and contribute to long-term value creation. We urge shareholders to vote for this Proposal.

### Senior Executive Incentives - Integrate Drug Pricing Risk

Biogen, Inc.

*A similar resolution was submitted to Amgen Inc.*

RESOLVED, that shareholders of Biogen Inc. (“Biogen”) urge the Compensation Committee to report annually to shareholders on the extent to which risks related to public concern over drug pricing strategies are integrated into Biogen’s incentive compensation policies, plans and programs (together, “arrangements”) for senior executives. The report should include, but need not be limited to, discussion of whether incentive compensation arrangements reward, or not penalize, senior executives for (i) adopting pricing strategies, or making and honoring commitments about pricing, that incorporate public concern regarding the level or rate of increase in prescription drug prices; and (ii) considering risks related to drug pricing when allocating capital.

**Supporting Statement:** As long-term investors, we believe that senior executive incentive compensation arrangements should reward creation of sustainable long-term value. To that end, it is important that those arrangements align with company strategy and encourage responsible risk management.

A key risk facing pharmaceutical companies is backlash against high drug prices. Public outrage over high prices and their impact on patient access may force price rollbacks and harm corporate reputation. Legislative or regulatory investigations regarding pricing of prescription medicines may bring about broader changes. (E.g., <https://democrats-oversight.house.gov/news/pressreleases/cummings-and-welch-launch-investigation-of-drug-companies-skyrocketing-prices>; <https://democrats-oversight.house.gov/news/press-releases/cummings-and-welch-propose-medicaredrug-negotiation-bill-in-meeting-with>)

Biogen was publicly criticized in 2017 for the \$750,000 firstyear price tag, and \$375,000 annual cost thereafter, for new spinal muscular atrophy treatment Spinraza. (E.g., <https://www.npr.org/sections/health-shots/2017/08/01/540100976/drug-puts-a-750-000-price-tag-on-life>) Congressional attention has also recently focused on the price of drugs for multiple sclerosis, including those sold by Biogen. (<https://www.investors.com/news/technology/biogen-teva-slip-afterdemocrats-launch-ms-drug-pricing-probe/>)

We are encouraged by Biogen’s improved transparency on pricing. We are concerned, however, that the incentive compensation arrangements applicable to Biogen’s senior executives may not encourage senior executives to take actions that result in lower shortterm financial performance even when those actions may be in Biogen’s best long-term financial interests.

Biogen uses revenue and earnings per share as metrics for the annual bonus (together with strategic goals), and revenue and free cash flow as the metrics for the cash settled performance units program. (2017 Proxy Statement, at 38-41) A recent Credit Suisse analyst report found that “US drug price rises contributed 100% of industry EPS growth in 2016” and characterized that fact as “the most important issue for a Pharma investor today.” The report identified Biogen as a company where U.S. net price increases accounted for at least 100% of 2016 EPS growth. (Global Pharma and Biotech Sector Review: Exploring Future US Pricing Pressure, Apr. 18, 2017, at 1)

In our view, excessive dependence on drug price increases is a risky and unsustainable strategy, especially when price hikes drive large senior executive payouts. For example, media coverage noted that a 600% rise in Mylan’s CEO’s total compensation accompanied the 400% EpiPen price increase. (See, e.g., <https://www.nbcnews.com/business/consumer/mylan-execs-gave-themselves-raises-they-hiked-epipenprices-n636591>; <https://www.wsj.com/articles/epipen-maker-dispenses-outsize-pay-1473786288>; <https://www.marketwatch.com/story/mylan-top-executive-pay-was-second-highest-in-industry-just-as-company-raised-epipen-prices-2016-09-13>)

The requested disclosure would allow shareholders to assess the extent to which compensation arrangements encourage senior executives to responsibly manage risks relating to drug pricing and contribute to long-term value creation. We urge shareholders to vote for this Proposal.

### Senior Executive Incentives - Integrate Drug Pricing Risk

Bristol-Myers Squibb Company

**RESOLVED**, that shareholders of Bristol-Myers Squibb Company (“BMS”) urge the Compensation and Management Development Committee (the “Committee”) to report annually to shareholders on the extent to which risks related to public concern over drug pricing strategies are integrated into BMS’s incentive compensation policies, plans and programs (together, “arrangements”) for senior executives. The report should include, but need not be limited to, discussion of whether incentive compensation arrangements reward, or not penalize, senior executives for (i) adopting pricing strategies, or making and honoring commitments about pricing, that incorporate public concern regarding the level or rate of increase in prescription drug prices; and (ii) considering risks related to drug pricing when allocating capital.

**Supporting Statement:** As long-term investors, we believe that senior executive incentive compensation arrangements should reward the creation of sustainable long-term value. To that end, it is important that those arrangements align with company strategy and encourage responsible risk management.

A key risk facing drug companies is potential backlash against high prices. Public outrage over drug prices and their impact on patient access may force price rollbacks and harm corporate reputation. Investigations regarding pricing of prescription medicines may bring about broader changes, with some favoring allowing Medicare to bargain over drug prices. (E.g., <https://democratsoversight.house.gov/news/press-releases/cummings-and-welch-launch-investigation-of-drug-companiesskyrocketing-prices>; <https://democrats-oversight.house.gov/news/press-releases/cummings-and-welchpropose-medicare-drug-negotiation-bill-in-meeting-with>) The high prices of some BMS cancer drugs have stirred controversy. (E.g., <http://www.businessinsider.com/r-the-cost-of-cancer-new-drugs-show-success-at-a-steep-price-2017-4>)

A recent Credit Suisse analyst report stated that “US drug price rises contributed 100% of industry EPS growth in 2016” and characterized that fact as “the most important issue for a Pharma investor today.” The report identified BMS as having the “greatest risk of future pricing pressures” of major pharmaceutical firms. (Global Pharma and Biotech Sector Review: Exploring Future US Pricing Pressure, Apr. 18, 2017, at 3)

We are concerned that the incentive compensation arrangements applicable to BMS’s senior executives may not encourage them to take actions that result in lower short-term financial performance even when those actions may be in BMS’s best long-term financial interests. BMS uses revenue and non-GAAP earnings per share, along with a pipeline goal and individual performance factors, as metrics for the annual bonus, and revenue and non-GAAP operating margin as metrics for performance share unit awards. (2017 Proxy Statement, at 43-44, 47)

In our view, excessive dependence on drug price increases is a risky and unsustainable strategy, especially when price hikes drive large senior executive compensation payouts. For example, coverage of the skyrocketing cost of Mylan’s EpiPen noted that a 600% rise in Mylan’s CEO’s total compensation accompanied the 400% EpiPen price increase. (See, e.g., <https://www.nbcnews.com/business/consumer/mylan-execs-gave-themselves-raises-they-hiked-epipenprices-n636591>; <https://www.wsj.com/articles/epipen-maker-dispenses-outsize-pay-1473786288>; <https://www.marketwatch.com/story/mylan-top-executive-pay-was-second-highest-in-industry-just-ascompany-raised-epipen-prices-2016-09-13>)

The disclosure we request would allow shareholders to better assess the extent to which compensation arrangements encourage senior executives to responsibly manage risks relating to drug pricing and contribute to long-term value creation. We urge shareholders to vote for this Proposal.

### Financial & Reputational Risks Related to the Opioid Crisis

Mallinckrodt Group Inc.

**RESOLVED**, that shareholders of Mallinckrodt plc ("Mallinckrodt") urge the Board of Directors (the "Board") to report to shareholders by September 30, 2018 on the governance measures Mallinckrodt has implemented since 2012 to more effectively monitor and manage financial and reputational risks related to the opioid crisis in the U.S., given Mallinckrodt's sale of opioid medications and active pharmaceutical ingredients in opioid medications, including whether Mallinckrodt has assigned responsibility for such monitoring to the Board or one or more Board committees, revised senior executive compensation metrics or policies, adopted or changed mechanisms for obtaining input from stakeholders, or altered policies or processes regarding company political activities.

The report should be prepared at reasonable cost and should omit confidential and proprietary information.

**Supporting Statement:** Opioid abuse is undeniably a public health crisis: The Centers for Disease Control and Prevention reported that in 2015, opioid abuse caused more than 33,000 deaths in the U.S., or 91 people per day. The economic and social effects of the opioid crisis have been profound. Opioid use and dependency, according to a recent Goldman Sachs study, is a key factor in why many men of prime working age in the U.S. are unable or unwilling to find work. Costs associated with opioid abuse strain patients, health care payers and state and local budgets.

Mallinckrodt accounted for 43.8 million of the 236 million opioid prescriptions filled in 2016, according to IMS Health, and has come under scrutiny for its sales and marketing practices. Mallinckrodt recently settled federal claims involving its sales and distribution of controlled substances, including opioids. On July 27, 2017, Mallinckrodt received a subpoena from the U.S. Department of Justice seeking information on the company's promotional practices for, and sales of, opioid products.

Attention has focused on Mallinckrodt's increased political spending and lobbying amidst public outcry over the opioid crisis and demands for more regulation and enforcement. (E.g., <https://www.nytimes.com/2017/07/21/business/a-drug-maker-spends-big-in-washington-to-make-itselfheard.html?mcubz=1>)

Mallinckrodt discloses on its website a number of steps it has taken in the last several years to combat diversion and illegal sale of opioids, including founding the Anti-Diversion Industry Working Group. We believe, however, that Board-level oversight and governance reforms can play an important role in effectively addressing opioid-related risks and that shareholders would benefit from a fuller understanding of governance mechanisms serving that function.

For example, it is not clear from Mallinckrodt's Board committee charters or proxy statement whether a specific Board committee monitors opioid-related financial and reputational risks, though the Compliance Committee charter mentions potentially opioid-related matters such as DEA and off-label promotion compliance. As well, Mallinckrodt's most recent proxy statement asserts that "building a patient- and customer centric high-performing organization" is among the "strategic imperatives" used to assess named executive officer individual performance for incentive compensation purposes, but does not indicate whether any opioid-related objectives, such as promoting ethical conduct or working effectively with stakeholders, were considered.

We urge shareholders to vote for this proposal.

### Financial & Reputational Risks Related to the Opioid Crisis

Amerisource Bergen

**RESOLVED**, that shareholders of AmerisourceBergen Corporation ("AmerisourceBergen") urge the Board of Directors (the "Board") to report to shareholders by September 30, 2018 on the governance measures AmerisourceBergen has implemented since 2012 to more effectively monitor and manage financial and reputational risks related to the opioid crisis in the U.S., given AmerisourceBergen's distribution of opioid medications, including whether AmerisourceBergen has assigned responsibility for such monitoring to the Board or one or more Board committees, revised senior executive compensation metrics or policies, adopted or changed mechanisms for obtaining input from stakeholders, or altered policies or processes regarding company political activities.

The report should be prepared at reasonable cost and should omit confidential and proprietary information.

**Supporting Statement:** Opioid abuse is undeniably a public health crisis: The Centers for Disease Control and Prevention reported that in 2015, opioid abuse caused more than 33,000 deaths in the U.S., or 91 people per day. The economic and social effects of the opioid crisis have been profound. Opioid use and dependency, according to a recent Goldman Sachs study, is a key factor in why many men of prime working age in the U.S. are unable or unwilling to find work.

AmerisourceBergen, along with Cardinal Health and McKesson, are the largest prescription drug wholesalers in the nation. They supplied more than half of all pain pills provided to West Virginia residents between 2007 and 2012, according to news reports.

AmerisourceBergen disclosed in its most recent 10-K that its business practices related to its distribution of opioids in West Virginia and other states are the subject of multiple government investigations. In its January 2017 10-Q, AmerisourceBergen reported a \$16 million settlement with the Attorney General of the state of West Virginia over claims the company acted negligently by distributing controlled substances to pharmacies that serve individuals who abuse controlled substances, and failed to report suspicious orders of uncontrolled substances in accordance with state regulations. The House Energy and Commerce Committee has requested information from AmerisourceBergen, McKesson and Cardinal, as well as the DEA, regarding distribution of opioids; a hearing is scheduled for October 23, 2017. (<https://energycommerce.house.gov/opioids/>)

In our view, Board-level oversight and governance reforms can play an important role in effectively addressing opioid-related risks and shareholders would benefit from a fuller understanding of governance mechanisms serving that function.

For example, it is not clear from AmerisourceBergen's Board committee charters or proxy statement whether a specific Board committee monitors opioid-related financial and reputational risks; for example, none of the Board committees has been assigned specific responsibility for overseeing potentially opioid-related compliance matters such as DEA reporting. As well, AmerisourceBergen's most recent proxy statement asserts that individual performance is among the factors considered in granting annual equity incentive awards to named executive officers, but does not indicate whether any opioidrelated objectives, such as promoting ethical conduct, were part of that performance assessment.

We urge shareholders to vote for this proposal.

### Report on Risks Related to Obesity

Dr. Pepper Snapple Group, Inc.

Consumers are becoming more discerning about what they eat and are seeking healthier options of the food and drinks they consume. Heightened regulatory and consumer attention has increased focus on the food and beverage sector's contribution to the obesity epidemic, which can have a damaging reputational and financial impact on those companies that are singled out as marketing unhealthy products to consumers, especially children. The growing demand for healthier food, poses a real market opportunity for Dr. Pepper Snapple Group to adopt a greater focus on healthy options in its product portfolio.

According to the US Centers for Disease Control's National Center for Health Statistics November 2015 data brief, obesity affects over one-third of American adults over 20. The World Health Organization reports that obesity has reached epidemic proportions, with nearly 2 billion people overweight, including 41 million children.

The US Department of Agriculture's "Dietary Guidelines for Americans 2015-2020" states that added sugars account for "more than 13 percent of calories per day in the U.S. population." Current intakes of added sugar "are particularly high among children, adolescents and young adults. The major source of added sugars in typical U.S. diets is beverages, which include soft drinks, fruit drinks, sweetened coffee and tea, energy drinks, alcoholic beverages, and flavored waters. Beverages account for almost half (47%) of all added sugars consumed by the U.S. population."

Our company's 2016 annual report named increased government regulation proposed as a result of "concerns about the public health consequences and health care costs associated with obesity" as one of the key trends and uncertainties that could affect our company's business.

As of October 2017, at least seven local jurisdictions in the US have adopted soda taxes as a way to raise revenue for community priorities while encouraging residents to avoid sugary drinks that contribute to diabetes, heart disease and other chronic health issues.

As consumers increasingly opt for healthier foods, "healthy" food categories are seeing growth ahead of categories perceived to be less healthy. As the focus, and consumer demand, turns away from high-sugar, high-fat products to higher-quality food and beverages, companies will have to adapt and evolve.

Our company's two main competitors, Coca-Cola Co. and Pepsico, have adopted policies and made commitments to address public health concerns around obesity. While Dr. Pepper Snapple Group participates in the American Beverage Association's pilot program, Balance Calories Initiative, our company has not published its commitments and strategies to address obesity.

Companies that are applying strong nutrition policies globally are in a better position to reduce the risk of increasing regulation and to take full advantage of changing consumer trends towards healthier living.

**RESOLVED:** Shareowners of Dr. Pepper Snapple Group request that the board of directors issue a report, at reasonable cost and omitting proprietary information, on company-wide efforts to address the risks related to obesity. The report should include aggressive quantitative metrics around reduction of added sugars in its products and development of healthier product offerings.

### Begin Reducing Nicotine to Less Addictive Level

Altria Group, Inc.

WHEREAS: According to the U.S. Centers for Disease Control (CDC), in 2015 an estimated 15.1% (36.5 million U.S. adults were current cigarette smokers. Of these 75.7% (27.6 million) smoked every day;

The CDC reports that in 2016, 3.2% of adults are current e-cigarette users and that youth are more likely than adults to use e-cigarettes. In fact, more than 2 million middle and high school students reported using e-cigarettes in the past 30 days;

Both cigarettes and e-cigarettes contain nicotine, a highly addictive drug;

A US government fact sheet on drugabuse.gov states: "The nicotine in any tobacco product readily absorbs into the blood when a person uses it. Upon entering the blood, nicotine immediately stimulates the adrenal glands to release the hormone epinephrine (adrenaline). Epinephrine stimulates the central nervous system and increases blood pressure, breathing, and heart rate. As with drugs such as cocaine and heroin, nicotine increases levels of the chemical messenger dopamine, which affects parts of the brain that control reward and pleasure. Studies suggest that other chemicals in tobacco smoke, such as acetaldehyde, may enhance nicotine's effects on the brain... Although nicotine is addictive, most of the severe health effects of tobacco use come from other chemicals."

Early evidence suggests that e-cigarette use may serve as a gateway product for preteens and teens who subsequently use other tobacco products, including cigarettes, which are known to cause disease and premature death. Under Food and Drug Administration (FDA) regulations designed to protect the health of young Americans, minors can no longer buy e-cigarettes in stores or online;

To date, the results are mixed in the few studies looking at whether e-cigarettes help non-pregnant adult smokers if used as a complete substitute for all cigarettes, according to the CDC;

In July 2017, FDA Commissioner Scott Gottlieb announced a proposal to cut the level of nicotine in cigarettes to non-addictive levels – what Bloomberg Business Week called “the most sweeping effort to reduce smoking in the US since 1965.” The FDA will be seeking public input on how best to achieve this goal;

**RESOLVED:** Shareholders request the Board take steps to preserve the health of its tobacco-using customers by making available to them information on the nicotine levels for each of our cigarette brands and begin reducing nicotine levels in our brands to a less addictive level.

**Supporting Statement:** Commissioner Gottlieb stated: “Unless we change course, 5.6 million children alive today will die prematurely later in life from tobacco use. A renewed focus on nicotine can help us to achieve a world where cigarettes no longer addict future generations of our kids; and where adults who still need or want nicotine can get it from alternative and less harmful sources.”

We expect our company to be involved in the public debate on the FDA’s proposal and urge it to play a positive role in reducing the addictiveness of cigarettes and other combusted tobacco products.

### Disclose Relationship with Foundation for a Smoke-Free World

Philip Morris International

WHEREAS: Philip Morris International ("PMI") has provided the initial funding for The Foundation for a Smoke-free World, which describes itself as "an independent, non-profit organization created to accelerate global efforts to reduce health impacts and deaths from smoking, with the goal of ultimately eliminating smoking worldwide."

The Foundation states it has secured funding of \$80 million a year for the next twelve years from PMI, beginning in 2018. In regards to its relationship with PMI, the Foundation website states: "as established in the Foundation's bylaws, PMI and the tobacco industry are precluded from having any influence over how the Foundation spends its funds or focuses its activities. Independence and transparency are core principles of the Foundation and all activities will be conducted with full transparency, free of tobacco industry influence. The Foundation has, constituted in its bylaws, an independent research agenda, independent governance, ownership of its data, freedom to publish, and protection against conflict of interest. Furthermore, strict rules of engagement will be put into place to ensure any interactions with the tobacco industry are fully transparent and publicly reported."

The by-laws, published on the Foundation's website, allow for the Foundation's Board to appoint "Advisor Directors" to serve at the pleasure of the Board. The by-laws do not describe the purpose and role of Advisor Directors.

Financial Times, in reporting PMI's announcement of its multi-year \$1 billion pledge wrote: "The move will spark skepticism at a time when recent investigations have highlighted continued efforts to sell tobacco in developing countries, as well as lobbying to silence industry opponents and fight restrictions imposed by governments. A number of organizations have banned funding from tobacco companies or to researchers funded by the industry. Professor Linda Bauld of Sterling University, and Cancer Research UK's prevention expert, said: 'I'm very cautious. Amongst the transnational companies, PMI has been the most positive about harm reduction but it's not going to happen quickly and it's focused in the developed world. I'd prefer research completely independent from industry.'" <<https://www.ft.com/content/d9acceae-97d5-11e7-a652-cde3f882dd7b>>

The World Health Organization issued a statement regarding the Foundation which said in part: "Strengthening implementation of the WHO FCTC (Framework Convention on Tobacco Control) for all tobacco products remains the most effective approach to tobacco control." It expressed a concern about "conflicts of interest involved with a tobacco company funding a purported health foundation, particularly if it promotes sale of tobacco and other products found in that company's brand portfolio."

**RESOLVED:** Shareholders request that PMI disclose to shareholders by December 1, 2018 (at reasonable cost and omitting proprietary information) the following information:

- 1) any formal or informal relationship between our Company and the Foundation for a Smoke-Free World;
- 2) the rules of engagement to ensure that interactions with the Foundation are transparent and publicly reported;
- 3) the Company's position as to how the Foundation's work relates to the business of the Company.

### Human Rights/ Human Trafficking

Since ICCR's inception in 1971 when its members used their voices to oppose apartheid in South Africa, our members have worked with companies across all sectors to eradicate human rights abuses, including human trafficking and forced labor, from their operations and supply chains. This year, ICCR launched the Investor Alliance for Human Rights, to amplify investor impact on human rights challenges across the globe. ICCR resolutions on human rights underscore human rights as an issue of material risk for all corporations, and frequently call for monitoring of risk, public-facing policies and trainings.

### Indigenous Peoples Rights - DAPL

Four banks -- Bank of America, Citigroup, Goldman Sachs and Wells Fargo - are financially supporting companies engaged in development or construction of the Dakota Access Pipeline (DAPL), a controversial project due to its encroachment upon sacred Sioux Nation land and related environmental destruction and pollution. Financial institutions can face reputational damage or even liability for human rights abuses associated with their general financing.



Proposal Topic	Quantity
<b>Human Rights/Human Trafficking</b>	<b>26</b>
Ethical Labor Recruitment	5
Indigenous Peoples Rights	4
Gun Safety <b>NEW</b>	3
Adopt Human Rights Policy Emphasizing Ethical Recruitment	2
Human Rights Policy Prohibiting Sexual Exploitation of Minors	2
Implement Program to Address Human Trafficking	2
Independent Director with Human Rights Expertise	2
Supply Chain Policy on Prison Labor <b>NEW</b>	2
Assess Human Trafficking/Forced Labor in Supply Chain	1
Criminal Background Checks in Hiring Decisions	1
Environmental and Human rights Due Diligence – DAPL	1
No Business with Governments Complicit in Genocide - Burma	1

Proponents argue that banks' financial support of corporations involved in DAPL construction may be seen as a violation of Indigenous peoples' rights.

Investors asked Bank of America and Citigroup to establish human and Indigenous peoples' rights policies to ensure that safe-guarding such rights is considered whenever relevant to general corporate and commercial financing. Goldman Sachs was asked to modify its committee charters to ensure board committee oversight of human and Indigenous peoples' rights. Wells Fargo was asked to develop a global policy regarding the rights of indigenous peoples which includes respect for the free, prior and informed consent of indigenous communities affected by WFC financing.



“Today almost 25 million people are trapped in conditions of forced labor that generate over \$150 billion in profits for other parties. Unethical recruiters often charge migrant workers the equivalent of thousands of dollars to secure work. Fearing deportation and lacking grievance mechanisms, these migrant workers are prime targets for exploitation. Their passports and other work documents are frequently seized, and many do not know the language of the job contracts they are asked to sign.

While governments are responsible for labor laws, companies also need to implement due diligence around their own recruitment processes and those of companies in their supply chains.

Since ICCR’s “No Fees” ethical labor recruitment project began in 2014, 27 companies have adopted a no-fees policy, and over 46 others have adopted key policy elements such as written contracts in workers’ native languages, and a prohibition on passport retention.

Mercy Investment Services, joined by other partners at ICCR, have filed resolutions this year with Williams Sonoma, McDonalds, and Bed Bath and Beyond, asking for policy changes as well as reports on due diligence efforts to ensure responsible recruitment within their operations and supply chains. This work provides an opportunity for companies to address a supply chain issue that will not only protect their reputations, but more importantly, support the lives and livelihood of migrant workers around the world.”

**Pat Zerega, Sr. Director of Shareholder Advocacy —  
Mercy Investment Services**

### Ethical Labor Recruitment

Today, investors are much more aware of the risks of unfair labor practices faced by migrant workers who leave their home countries in search of work. Companies with poorly managed supply chains where human rights abuses may be present are exposed to considerable risks with long-term financial implications. Consequently, ICCR and its allies are seeking to shift the global labor recruitment system from an exploitative enterprise to one that is ethical, and treats workers with dignity. ICCR’s “No Fees” initiative helps companies create robust management systems which will ensure that workers in their immediate and extended supply chains are not forced to pay for employment.

Motorola and Amazon were asked to report on the specific remedial efforts they have taken to ensure that their global supply chains are free of forced or bonded labor, including any efforts to reimburse workers for recruitment fees.

Bed Bath & Beyond was asked to undertake a human rights risk assessment detailing its approach to assessing and implementing its ethical recruitment policy and any related remedial efforts.

Hershey’s and Williams-Sonoma were asked to report on their efforts to ensure responsible recruitment within their operations and supply chains, by providing assessments of the nature and prevalence of recruitment risks, and transparency of sourcing countries for commodities at high risk of recruitment abuses. They were also asked to disclose their efforts, including goals and key performance indicators, to reduce ethical recruitment violations by prohibiting recruitment fees paid by job seekers, prohibiting confiscation of worker identity documents, and by providing written contracts for workers.

## Proxy Resolutions: Human Rights/Human Trafficking



"In the U.S. the right to bear arms is a cherished part of our American heritage. At the same time, there were over 50,000 incidents of gun violence in the U.S. in 2016, and on average 106 Americans die by suicides, homicides and accidental shootings each day. ICCR members have formed a working group to engage gun manufacturers and retailers on how their products, services and political activities are contributing to the national epidemic of gun violence, and standing in the way of reform.

Firearm manufacturers and retailers face a number of business risks, including proposed state and federal legislation that could restrict or ban the sale and/or ownership of various types of firearms or limit magazine capacity, or require new "smart gun" technologies.

While most faith based investors have policies prohibiting ownership of gun stocks, over 20 ICCR members have purchased a minimum number of shares in gun manufacturers American Outdoor Brands and Sturm Ruger, and gun retailer Dick's Sporting Goods, with the goal of engaging these companies regarding the positive role they can play in ending the epidemic. In July 2017 the group wrote the companies, raising their concerns and asking for dialogue. Because the companies did not respond, the investors filed shareholder resolutions requesting a report on each company's efforts to produce safer products; an assessment of the business and financial risks each company faces from gun violence; and any actions they may have taken on the Sandy Hook Principles."

**Sr. Judy Byron, Coordinator — The Northwest Coalition for Responsible Investment**



### Gun Safety

More than 30,000 Americans die due to gun violence each year. Since 1984 American Outdoor Brands (Smith and Wesson) products have been used in 5 mass shootings, and are responsible for killing 43 people and wounding 80 more.

Shareholders asked American Outdoor Brands (Smith & Wesson) and Sturm Ruger to report on their activities related to gun safety measures and the mitigation of harm associated with gun products, including any efforts to research and produce safer guns and gun products, and to assess the reputational and financial risks they face from gun violence in the U.S. Dicks Sporting Goods was asked to report on actions it has taken, if any, on elements such as those based on the Sandy Hook Principles.

### Implement Program to Address Human Trafficking

Trafficking victims are often smuggled across borders and interstate highways. For this reason, workers in the transportation sector, including truck drivers, can be witnesses to trafficking on their routes and are therefore uniquely suited to exposing potential traffickers and identifying victims. ICCR has partnered with Truckers Against Trafficking to help provide valuable training for trucking companies and drivers to identify and assist these victims.

Investors asked Marten Transport and Saia to implement programs to address human trafficking internally and in their supply chains, and to report on their employee and customer awareness, education and training on the issue of trafficking.

***Shareholders withdrew the Marten resolution after the company clarified that it is working quickly to develop a human trafficking policy and intends to begin training its drivers. The Saia resolution was also withdrawn after the company announced that it now has policy and procedures on trafficking and will begin training its drivers.***

### Supply Chain Policy on Prison Labor

Increasingly, prison labor can be found in corporate supply chains, in a myriad of product categories including electrical wiring, office furniture, fruits, vegetables, seafood, cheeses, meats, processed foods, clothing, and even packaging materials. Although prison labor is legally permissible in the U.S., many consumers view it as an ethically questionable practice akin to slavery. Use of prison labor in supply chains can damage a retailer's reputation, as Whole Foods discovered in 2015 when consumers learned that it sold prisoner-made goods in its stores, leading to a major backlash. Costco has found instances of prison labor in its agricultural products segment. Without a full survey of the company's supply chain, investors and consumers cannot know if products Costco sells were made in full or in part by inmates in inhumane, unpaid, or forced conditions.

Shareholders asked Costco to do an in-depth review of its supply chain to identify all instances of prison labor.



## Proxy Resolutions: Human Rights/Human Trafficking

### Gun Safety

Dicks Sporting Goods Inc

WHEREAS in the U.S.: In 2016, there were more than 38,000 U.S. gun-related deaths—4,000 more than 2015, the new CDC Center for Health Statistics report on preliminary mortality data shows.

Seventeen percent of all injury-related deaths are caused by firearms, now the third leading cause of injury-related deaths—trailing only poisoning and motor vehicle crashes.

A study of 171 countries between 1966 and 2012 shows that the U.S. had 90 mass shootings—the highest in the world. The next closest is Philippines with 18.

Also, according to the new CDC Center, mean per person Emergency Department and inpatient charges were \$5,254 and \$95,887, respectively, resulting in an annual financial burden of approximately \$2.8 billion in Emergency Department and inpatient charges. Although future research is warranted to better understand firearm-related injuries, policy makers might consider implementing universal background checks for firearm purchases and limiting access to firearms for people with a history of violence or previous convictions to reduce associated clinical and financial burdens.

**RESOLVED:** Shareholders of Dick's Sporting Goods request the Board of Directors to report on actions our Company has taken, if any, on elements such as those based on Sandy Hook Principles. The report, prepared at reasonable expense and excluding proprietary information, shall be posted annually beginning in 2019.

**Supporting Statement:** As we wait for stricter gun laws, there is no reason why companies that sell guns cannot impose strict rules of their own. Investors suggest implementing:

- Commit to lobby, stock and advise on technology-enhanced safety measures for guns and ammunition.
- Conduct background checks on all gun and ammunition sales or transfers and support establishment of a federal universal background check system for sale or transfer of guns or ammunition by business clients, including gun show operators or gun dealers;
- Reevaluate policies regarding sale, design or conversion of military style assault weapons for civilian use, including information to assist conversions;
- Support federal gun trafficking regulation ensuring stronger punishment for individuals selling firearms illegal under federal law;
- Promote restrictions on firearms and ammunition sales, transfers and possession to keep guns out of hands of children, persons with mental illness or mental health challenges, criminals, domestic or international terrorists and others prohibited from legally possessing them; and
- Promote gun safety education at point of sale and in communities in which the Company conducts business operations.

The Sandy Hook Principles, named for the Connecticut elementary school where 26 people were killed in 2012, are measures aimed at curbing gun violence that investors are urging manufacturers and retailers of firearms or ammunition to support. The Principles' preamble states these are intended to "establish a baseline standard for responsible conduct."

We believe that information regarding steps Dick's Sporting Goods will have taken to implement principles guided by Sandy Hook Principles will help investors to evaluate, more accurately, long-term financial and sustainability risks.



## Proxy Resolutions: Human Rights/Human Trafficking

### Gun Safety

#### American Outdoor Brands

*A similar resolution was submitted to Sturm Ruger & Company, Inc.*

**RESOLVED:** Shareholders request the Board of Directors issue a report by February 8, 2019, at reasonable expense and excluding proprietary information, on the company's activities related to gun safety measures and the mitigation of harm associated with gun products, including the following:

- Evidence of monitoring of violent events associated with products produced by the company.
- Efforts underway to research and produce safer guns and gun products.
- Assessment of the corporate reputational and financial risks related to gun violence in the U.S.

**Supporting Statement:** Gun violence is a public health crisis with extraordinary human and financial costs. Given our commitment to safety and responsibility, it is imperative that we assess all options for decreasing the societal impact of gun violence and mitigate financial and reputational risks for the company.

The Gun Violence Archive's recent research found gun homicides up 12% and gun injuries up 50% year-after-year from 2014 – 2017.

A recent Harvard and Northeastern University Study approximated 265 million guns in the U.S. with a population of only 242 million adults – more than one gun per adult. It further found that 55 million Americans own guns and 3% of the population own half the total number of guns in the country, averaging 17 per super owner.

The New England Journal of Medicine published research demonstrating that living in a home with guns increased the risk of homicide by 40 to 170% and the risk of suicide by 90 to 460%.

An estimated 1.69 million children live in a home with firearms according to research published in the Journal of Pediatrics. Research in the Archives of Pediatric and Adolescent Medicine found 29% of parents with children 12 years or younger, and 42% of parents with children ages 13 to 17 have unlocked firearms in the home.

Despite being a contentious issue, a recent Quinnipiac Poll shows support for sensible gun policy at all all-time high. Background checks are now favored by 95% of the population likely to vote. Survey participants also supported: A ban on sales of assault weapons (65%); a ban on sales of guns to people convicted of a violent crime (91%); banning gun modifications that convert weapons to fully automatic capabilities (74%); and stricter regulations on ammunition sales (62%).

While efforts to bring smart guns to the U.S. have been unsuccessful to date, the technology exists and there is reason to believe they could significantly reduce accidental shootings and suicides. Additionally, a recent study in the American Journal of Public Health found that almost 60% of Americans report they would be willing to buy a smart gun when considering a purchase.

According to the Violence Policy Center, since 1984 American Outdoor Brands (Smith and Wesson) products have been used in 5 mass shootings, responsible for killing 43 people and wounding 80 more. Evidence shows that the American public, in ever greater numbers, is demanding safer guns and responsible firearm manufacturers.

We urge shareholders to vote for this proposal.

## Proxy Resolutions: Human Rights/Human Trafficking

### Supply Chain Policy on Prison Labor

Costco Wholesale Corp.

WHEREAS: Financial and operational risks related to the sale of goods produced with prison labor, such as reputational damage, litigation, and supply chain disruption, can adversely affect shareholder value;

Our company's Supplier Code of Conduct prohibits illegal prison labor: "The use of prison or convict labor must be consistent with laws where the merchandise is manufactured, and with the laws where it is imported";

Prison labor is legally permissible in the United States and other countries where Costco goods are sourced. Inmates make numerous consumer products on behalf of companies, such as produce, office chairs, clothing, and packaging materials. Companies enjoy low overhead costs and potentially other benefits such as tax breaks;

Watchdogs assert that prison labor is often deployed in an inhumane manner that fails to balance cost savings to companies against treatment of prisoners;

Although slavery and involuntary servitude were abolished by the 13th Amendment, an exception was made for "punishment for crime." Although some U.S. prisoners may receive wages ranging from \$0.23 to \$1.15 per hour, in the U.S. and worldwide many inmates are forced to work for no pay at all, and in unsafe or unhealthy conditions;

The use of prison labor in supply chains can undermine a retailer's reputation. In 2015, Whole Foods experienced significant backlash when customers learned that prisoner-made products were sold in stores;

Although the Company's supplier code of conduct leads to occasional audits of suppliers for certain potential issues, it lacks sufficient attention to the use of prison labor. Careful review of our supply chain for prison labor could help Costco ensure that risk to its reputation and shareholder value is minimized by demonstrating effective company oversight.

**RESOLVED:** Shareholders of Costco urge the Board of Directors to adopt a policy committing the Company to: a) Survey all suppliers to identify sources of prison labor in the Company's supply chain; b) Develop and apply additional criteria or guidelines for suppliers regarding the use of prison labor; and c) Report to shareholders no later than June 30, 2018, at reasonable cost and omitting proprietary information, on Costco's progress in implementing the policy.

Supporting Statement: The Proponent recommends that the company's progress report include:

- Summary of results of the supplier survey, including actual and/or potential sources of prison labor identified, and in particular any use of:
- Suppliers who employ prison labor with compulsory, uncompensated, or severely undercompensated work programs,
- Suppliers who employ prison labor from privately-run prisons;
- Summary of new criteria and guidelines for the use of prison labor;
- Methodologies to be used to track, audit, and measure supplier performance;
- Nature and extent of consultation with relevant stakeholders in connection with the policy development and implementation.

Examples of topics for possible guidelines or criteria could include: consideration of a minimum wage and/or overtime pay for inmate laborers, safety/health conditions, supplier-provided jobmatching programs for inmates upon release.

## Proxy Resolutions: Human Rights/Human Trafficking

### Supply Chain Policy on Prison Labor

TJX Companies, Inc.

WHEREAS: Financial and operational risks related to the sale of goods produced with prison labor, including reputational damage, litigation, and supply chain disruption, can adversely affect shareholder value;

Our company's Vendor Code of Conduct appears to prohibit forced prison labor: "Our vendors must not use involuntary or forced labor, whether in the form of prison labor, indentured labor, bonded labor, labor acquired through slavery or human trafficking, or otherwise";

However, prison labor in the United States and other countries where TJX goods are sourced can be both forced and voluntary. Although slavery and involuntary servitude were abolished by the 13th Amendment, an exception was made for "punishment for crime";

Some U.S. prisoners are paid \$0.23-\$1.15 per hour, however in the U.S. and worldwide many inmates are often forced to work for no compensation, in unsafe or unhealthy conditions;

Companies enjoy low overhead costs when inmates make consumer products on their behalf, including furniture, clothing, food products, and packaging materials;

Watchdogs assert that prison labor is often deployed in an inhumane manner, failing to balance company cost savings with prisoner mistreatment. These issues can undermine a retailer's reputation. In 2015, Whole Foods experienced significant backlash when customers learned that prisoner-made products were sold in stores;

Our Company has a factory auditing program which appears to only apply to factories manufacturing products that TJX designs, and it is unclear whether the Company also surveys for voluntary prison labor or verifies the absence of all forms of prison labor in the entire vendor supply chain;

Careful review of our supply chain for voluntary and involuntary prison labor would help ensure that TJX suppliers are consistent with Company policies and minimize risks to TJX's reputation and shareholder value.

RESOLVED: Shareholders of TJX urge the Board of Directors to adopt a policy committing the Company to: a) Survey all suppliers to identify sources of prison labor in the Company's supply chain; b) Develop and apply additional criteria or guidelines for suppliers regarding the use of prison labor; and c) Report to shareholders no later than June 30, 2019, at reasonable cost and omitting proprietary information, on TJX's progress in implementing the policy.

Supporting Statement: The Proponent recommends that the company's progress report include:

- Summary of results of the supplier survey, including actual and/or potential sources of prison labor identified, and in particular any use of;
- Suppliers using prison labor with compulsory, uncompensated, or severely undercompensated work programs;
- Suppliers using prison labor from privately-run prisons;
- Summary of new criteria and guidelines for the use of prison labor;
- Methodologies to be used to track, audit, and measure supplier performance;
- Nature and extent of consultation with relevant stakeholders in connection with the policy development and implementation.

Examples for possible guidelines or criteria could include: consideration of a minimum wage and/or overtime pay for inmate laborers, safety/health conditions, supplier-provided job-matching programs for inmates upon release.



## Proxy Resolutions: Human Rights/Human Trafficking

### Criminal Background Checks in Hiring Decisions

Amazon.com, Inc

**RESOLVED:** Shareholders of Amazon.com (“Amazon” or the “Company”) request that the Board of Directors prepare a report on the use of criminal background checks in hiring and employment decisions for the Company’s employees, independent contractors, and subcontracted workers. The report shall evaluate the risk of racial discrimination that may result from the use of criminal background checks in hiring and employment decisions. The report shall be prepared at reasonable cost, omit proprietary information, omit information regarding legal compliance or litigation, and be made available on the Company’s website no later than the 2019 annual meeting of shareholders.

**Supporting Statement:** Amazon depends heavily on subcontractors, independent contractors, and temporary workers to staff various positions, including warehouse jobs and delivery drivers. This sprawling web of employment relationships creates material risks to the Company. The Board has an obligation to inform itself of these risks and appropriately address them. Amazon’s failure to disclose such risks and its strategy for addressing them to shareholders is out of step with industry best practice and indicates broader challenges with the Board’s oversight of risks related to human capital management.

In January 2017, workers in Massachusetts filed a complaint against Amazon over a directive that required delivery companies contracting with Amazon to conduct stringent background checks. The workers alleged that dozens of primarily Black and Latino delivery drivers were terminated as a result of that action (“Fired drivers allege Amazon’s background checks are discriminatory,” *Boston Globe*, 2017). Reports indicated that Amazon issued the background check directive to contract delivery companies and then failed to provide any further guidance on how to implement that directive responsibly.

Like many companies, Amazon and its contractors use criminal background checks in hiring decisions. However, because communities of color are disproportionately impacted by the criminal justice system, over-reliance on these background checks may run afoul of the Civil Rights Act of 1964, the related Equal Employment Opportunity Commission guidelines, and Amazon’s own stated commitment to diversity and inclusion.

Furthermore, given the prevalence of criminal records in the U.S. (approximately one in three adults are affected), excluding individuals who have had previous contact with the criminal justice system may hurt Amazon’s ability to attract and retain top talent. On the other hand, proper attention to “Fair Chance Hiring” (responsible practices regarding people with criminal records) would bolster Amazon’s human capital management.

A recent study by the Trone Private Sector and Education Advisory Council stated “Research by economists confirms that hiring people with records is simply smart business. Retention rates are higher, turnover is lower, and employees with criminal records are more loyal.” Walmart, Starbucks, Home Depot, and American Airlines have all had success with such “Fair Chance Hiring” approaches. (“Back To Business: How Hiring Formerly Incarcerated Job Seekers Benefits Your Company,” Trone/ACLU, 2017).

Shareholders seek a report that adequately assesses the above risks and opportunities and demonstrates the Board’s engagement on key human capital challenges.

We urge shareholders to vote FOR this proposal.



## Proxy Resolutions: Human Rights/Human Trafficking

### Indigenous Peoples Rights

Wells Fargo & Company

WHEREAS: Companies with financial ties to projects that violate the rights of indigenous peoples, such as the Dakota Access Pipeline (DAPL), face financial risk including reputational damage, consumer boycotts, divestment and litigation that can adversely affect shareholder value.

Since we first submitted this proposal in November 2016, Wells Fargo & Company's (WFC) role as a lender to DAPL has resulted in:

- Loss of an estimated \$4 billion in deposits and other banking business as Seattle, Los Angeles, San Francisco and Santa Monica, among others, committed to divest from WFC.
- CalPERS and more than 100 investor groups representing \$653 billion wrote WFC to oppose DAPL and request that it be rerouted.
- New York City mayor Bill De Blasio wrote WFC, which serves as trustee to the \$2.6 billion New York City Pension Fund, asking it to withdraw financing from DAPL.
- More than 3000 Sierra Club members have committed to divest from WFC.
- Nearly 400,000 news stories regarding protests at Wells Fargo branches.

We believe companies should adopt policies and processes to anticipate, mitigate, manage, and monitor the risks posed by violations of indigenous peoples rights in their operations. Free, Prior, and Informed Consent is internationally recognized as a basic standard in respecting indigenous communities' right to participate in decisions regarding their land and natural resources. The United Nations Declaration of Indigenous Peoples Rights has seven provisions explicitly recognizing this principle. ([http://www.un.org/esa/socdev/unpfii/documents/DRIPS\\_en.pdf](http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf))

The key elements of Free, Prior and Informed Consent are:

- Free: Consent is given voluntarily without coercion, intimidation or manipulation.
- Prior: Consent is sought sufficiently in advance of any authorization or commencement of activities.
- Informed: Information should be accessible, accurate, and transparent and cover the full scope of the project including potential positive and negative impacts.
- Consent: A collective decision made through the customary decision-making process.

Wells Fargo's existing policies are not specific to the needs of indigenous peoples. WFC's Indigenous Peoples Statement acknowledges that our company is a signatory to the Equator Principles and that it expects customers to align with the International Finance Corporation Performance Standard 7 on Indigenous Peoples, both of which require free, prior and informed consent before projects are begun. In the case of DAPL, WFC failed to disclose how the principles of free, prior and informed consent were met, who evaluated whether consent was obtained, or how remediation or redress of grievances was provided, if at all. Current disclosure is insufficient to fully assess WFC's indigenous rights risk.

We believe that an indigenous peoples' rights policy would help WFC improve its reputation and anticipate and mitigate such risks for future activities.

RESOLVED, shareholders ask Wells Fargo to develop and adopt a global policy regarding the rights of indigenous peoples (the "policy"), which includes respect for the free, prior and informed consent of indigenous communities affected by WFC financing. The policy should include oversight mechanisms for its continued development, evaluation and implementation and should be posted on its website by May 2019.

# Proxy Resolutions: Human Rights/Human Trafficking

## Indigenous Peoples Rights

Citigroup

*Similar resolutions were submitted to Bank of America Corp., Goldman Sachs Group Inc.*

WHEREAS, our Company has been identified as one of the banks financially supporting companies engaged in development or construction of the Dakota Access Pipeline (DAPL) (Bakken Pipeline), a controversial project which received extensive media coverage and public condemnation for its environmental destruction, pollution and encroachment upon sacred Sioux Nation land;

WHEREAS, in accordance with the United Nations Declaration on the Rights of Indigenous Peoples, Article Eleven, asserts “the right to maintain, protect and develop the past, present and future manifestations of their cultures, such as archaeological and historical sites...”

WHEREAS, Article Twenty-Nine of the Declaration states “Indigenous Peoples have the right to the conservation and protection of the environment and the productive capacity of their lands or territories and resources”;

WHEREAS, in 1948, the United Nations adopted the Universal Declaration of Human Rights and the United Nations Human Rights Council, and in 2011 adopted the United Nations Guiding Principles on Business and Human Rights;

WHEREAS, Citigroup’s financial support of the Dakota Access Pipeline and corporations involved in the pipeline’s construction has resulted in Human and Indigenous Peoples’ Rights violations, threatened negative impacts on customer loyalty and shareholder value,<sup>1</sup> and harmed project companies with reputational damage,<sup>2</sup> delays, disruption and litigation;

WHEREAS, many financial institutions including Citigroup attempt to differentiate in their Human Rights oversight between project or transactional financing and direct corporate loans for general purposes, bringing much less Human Rights oversight to general corporate or commercial loans, even if Human Rights concerns are relevant;

WHEREAS, financial institutions face reputational damage or even liability for Human Rights abuses associated with general financing. For example, holocaust victims and other victims of Human Rights violations have successfully sought redress from banks that provided general financial services to Human Rights violators;

WHEREAS, we believe it is a fiduciary duty of the Board and Management to consider Human Rights when making all executive decisions (including loan agreements and related business affairs) where there is significant potential impact or consequence of our Company’s involvement, along with significant risk to our Company;

WHEREAS, reputational damage, negative publicity and loss of customer business can result in negative consequences for Citigroup regardless of whether the underlying financing was conducted as general or project-based financing;

THEREFORE, BE IT RESOLVED, shareholders request the Citigroup Board of Directors to establish a Human and Indigenous Peoples’ Rights Policy to ensure that safe-guarding such rights is considered whenever relevant to general corporate and commercial financing.

Supporting Statement: The proponent believes the Policy should at minimum adopt and include procedures to require Citigroup and its fiduciaries in all relevant instances of corporate-level financing (in addition to transactional, consortium and project financing), to ensure consideration of finance recipients’ policies and practices for potential impacts on Human and Indigenous Peoples’ Rights including respect for the Free, Prior and Informed Consent of Indigenous communities affected by their operations.

1 <https://www.thenation.com/article/these-cities-are-divesting-from-the-banks-that-support-the-dakota-access-pipeline/>

2 <https://sandiegofreepress.org/2017/02/calpers-joins-investors-calling-on-banks-to-address-concerns-about-dakota-accesspipeline/>

### Environmental and Human Rights Due Diligence - DAPL

Marathon Petroleum

WHEREAS: The construction and operation of energy infrastructure in North America requires respect for rigorous standards of environmental review and the human rights of Indigenous Peoples.

Environmental and human rights due diligence are essential to assessing the full risk of an asset acquisition. When such risks are not adequately considered, decisions can be made that lead to reputational, regulatory and financial loss.

The UN Declaration on the Rights of Indigenous Peoples sets out international standards for Indigenous Peoples' rights including the right to Free, Prior, and Informed Consent prior to the approval of any projects affecting their traditional territory. Human rights due diligence expectations are outlined in Principles 17 to 21 of the UN Guiding Principles on Business and Human Rights.

Marathon Petroleum (Marathon) through MPLX Inc. has invested \$500 million in the Bakken Pipeline Project consisting of the Dakota Access Pipeline (DAPL) and Energy Transfer Crude Oil Pipeline via a joint venture with a subsidiary of Enbridge, Inc. that together own 36.75% of the Bakken Pipeline Project.

Marathon's investment is threatened by potential environmental liability or reputational damage resulting from the absence of a social license to operate. The pipeline's operator, Energy Transfer Partners (ETP), has a poor environmental record, with recent water contamination lawsuits in New Jersey, Vermont, Pennsylvania, Louisiana, and Puerto Rico.

The agreement to acquire Marathon's ownership in DAPL was reached five days after the project was approved by the US Army Corps of Engineers. However, in the months preceding the agreement, the SRST and other Native American tribes, as well as three federal agencies, raised concerns about the lack of tribal consultation and the inadequacy of the environmental review. Marathon and its shareholders should have been aware of the risks posed by community opposition, lawsuits challenging the pipeline, and the establishment of an opposition camp.

Inadequate social risk management delayed operation of DAPL by six months, generated significant media controversy, and triggered regulatory uncertainty that still jeopardizes the pipeline. In June 2017, a federal court determined that the US Army Corps of Engineers approved DAPL without adequately considering the impacts of an oil spill on hunting and fishing rights, or environmental justice. In the wake of the ruling, parties submitted new arguments about whether the pipeline should operate during a new environmental review.

RESOLVED: We request that Marathon prepare a report to shareholders, at reasonable cost and omitting proprietary information, that describes the due diligence process used to identify and address environmental and social risks in reviewing potential acquisitions. Such a report should consider:

- Which committees, departments and/or managers are responsible for review, oversight and verification of environmental and social risks;
- How environmental and social risks are identified and assessed;
- Which international standards are used to define the company's human rights due diligence procedures;
- How this information informs and is weighted in business decisions;
- If and how risks identified are disclosed to shareholders;
- Whether Marathon will adjust its policies and practices for the future.

## Proxy Resolutions: Human Rights/Human Trafficking

### Independent Director with Human Rights Expertise

Caterpillar Inc.

*A similar resolution was submitted to Motorola.*

WHEREAS, Caterpillar Inc., a global corporation, faces increasingly complex problems as the international social and cultural context changes.

Companies are faced with ethical and legal challenges arising from diverse cultures and political and economic contexts. Today, management must address issues that include human rights, workers' right to organize, non-discrimination in the workplace, protection of environment, and sustainable community development. Caterpillar itself does business in countries with human rights challenges including China, Singapore, Middle East, Israel and occupied Palestinian territories.

We believe global companies must implement comprehensive codes of conduct, such as those found in Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance, developed by an international group of religious investors ([www.bench-marks.org](http://www.bench-marks.org)).

Human rights expertise at both management and board levels is critical to industrials companies' success because of significant environmental issues associated with their operations. These impact shareholders, lenders, host country governments and regulators, as well as affected communities and indigenous peoples. Companies' ability to demonstrate policies and best practices reflecting internationally accepted human rights standards can lead either to successful business planning or, if not in place, difficulties in raising new capital and obtaining the necessary licenses from regulators.

We believe Caterpillar's Board of Directors would benefit by electing to its Board independent specialists versed in all business aspects of human rights. Just one authoritative figure with acknowledged expertise and standing could perform a valuable role in ways that would enable the Board to more effectively address issues and risks inherent in its present business model regarding human rights. It would also help ensure that the highest levels of attention are focused on developing human rights standards for new projects.

RESOLVED, shareholders request that, as elected board directors' terms of office expire, the Caterpillar Board Nominating Committee nominate for Board election at least one candidate who: has a high level of human rights expertise and experience in human rights matters relevant to Company production and supply chain, related risks, and is widely recognized in business and human rights communities as such, as reasonably determined by the Board, and will qualify, subject to exceptions in extraordinary circumstances explicitly specified by the Board, as an independent director.\*

\*A director shall not be considered "independent" if, during the last three years, she or he:

- was or is affiliated with a company that was an advisor or consultant to Company;
- was employed by or had a personal service contract(s) with Company or senior management;
- was affiliated with a company or non-profit entity that received the greater of \$2 million or 2% of its gross annual revenues from Company;
- had a business relationship with Company worth at least \$100,000 annually;
- has been employed by a public company at which an executive officer of Company serves as a director;
- had a relationship of the sorts described herein with any affiliate of Company; and
- was a spouse, parent, child, sibling or in-law of any person described above.

## Proxy Resolutions: Human Rights/Human Trafficking

### No Business with Governments Complicit in Genocide - Burma

Chevron Corp.

WHEREAS: Chevron, in partnership with Total and Myanma Oil and Gas Enterprise (MOGE), holds equity in one of the largest investment projects in Burma (Myanmar): the Yadana gas field and pipeline that generates billions of dollars for the Burmese government.

In Burma, foreign participation in the energy sector takes place through joint ventures with the state-owned MOGE. U.S. lawmakers have stated that "MOGE's operations lack transparency, that it remains overly influenced by the Burmese military, and that the large amounts of foreign investment flowing into MOGE are not sufficiently accountable to the Burmese people or its parliament."

In March 2015, Chevron entered into an additional production sharing contract with MOGE to explore in the Rakhine Basin.

Rakhine state is home to the Rohingya people, an ethnic minority that has been subject to a governmentsanctioned campaign of repression and violence. Although they have lived in Burma for generations, the Rohingya are denied citizenship and voting rights, freedom of religion, and other basic rights. In 2012, Burmese security forces moved more than 120,000 Rohingya from their homes into detention camps where access is restricted to basic services, such as food, healthcare, and education.

In August 2017, a new military crackdown caused an estimated 620,000 Rohingya, half of children, to flee to neighboring Bangladesh. In November 2017, following a visit to the region and an analysis of the facts, U.S. Secretary of State Rex Tillerson described the Burmese army's offensive against the Rohingya as "ethnic cleansing" and called for a "credible, independent investigation" of the military's reported human rights abuses. Tillerson also signaled possible U.S. sanctions against Burma's army.

The U.S. Holocaust Memorial Museum has reported that the Rohingya are "at grave risk of additional mass atrocities and even genocide." In November 2017, Amnesty International issued a report detailing how Rohingya in Myanmar are subject to a "vicious system of state-sponsored, institutionalized discrimination that amounts to apartheid," meeting the international legal definition of a crime against humanity.

The International Coalition for the Responsibility to Protect (ICRtoP) monitors countries worldwide for instances of serious crimes under international law including genocide, war crimes, ethnic cleansing, and crimes against humanity. ICRtoP lists several countries, cited by the United Nations and civil society organizations, in which Chevron is currently producing oil and gas: Burma (Myanmar), Democratic Republic of Congo, and Nigeria.

BE IT RESOLVED: The shareholders request the Board to publish a report six months following the 2018 annual general meeting, omitting proprietary information and prepared at reasonable cost, evaluating the feasibility of adopting a policy of not doing business with governments that are complicit in genocide and/or crimes against humanity as defined by the U.S. Department of State or the appropriate international body.

Supporting Statement: As shareholders, we believe that our company has the duty to avoid the moral, legal, financial, reputational, and operational risks posed by doing business with governments complicit in genocide or crimes against humanity. It is incumbent that our board adopt policies that protect shareholder value from these risks.

# Proxy Resolutions: Human Rights/Human Trafficking

## Ethical Labor Recruitment

Amazon.com, Inc

*A similar resolution is under consideration at Bed, Bath & Beyond*

WHEREAS, recent Global Estimates found that 16 million people<sup>1</sup> are trapped in conditions of forced labor in the extended supply chains of the private sector, generating over \$150 billion in profits for illegal labor recruiters and employers through underpayment of wages.<sup>2</sup> The 2016 Global Slavery Index estimated that 45.8 million people are in some form of modern slavery in 167 countries.<sup>3</sup> According to the UN Guiding Principles on Business and Human Rights, companies have the 'corporate responsibility' to respect human rights within their operations and supply chains. ILO Convention 181 and the Dhaka Principles for Migration with Dignity established clear "no fees" principles. As a retail company dependent upon extended supply chains in many countries, Amazon must assess if workers are being recruited into debt bondage, forced labor and, ultimately, slavery.

There is a growing awareness of the role of unscrupulous labor recruiters in the exploitation of workers and job seekers through charging fees, withholding personal papers/passports and failing to provide written contracts spelling out the terms of employments. Failure to put proactive policies and procedures in place exposes company to significant risks, including legal action and media reports that negatively impact reputation.

The State of California and the United Kingdom have passed laws requiring companies to report on their actions to eradicate human trafficking and slavery.

Amazon has a policy in its Supplier Code of Conduct that prohibits the use of forced labor and charging recruitment fees. However, Amazon does not specify how it verifies compliance with this policy.

Amazon's policy on forced labor and its lack of disclosure on tracing, risk assessment associated with recruitment practices and managerial accountability in implementing the policy gives investors insufficient information to gauge how well the company is addressing this serious risk to workers and to the company.

A number of companies including Coca Cola<sup>4</sup>, Unilever<sup>5</sup> and HP<sup>6</sup> report on the implementation of their ethical recruitment policy throughout their supply chains.

**RESOLVED**, Shareholders request that by December 2018 the Company issue a report, at reasonable cost, omitting proprietary information, detailing its approach to assessing and implementing its ethical recruitment policy and remedial efforts taken to ensure that its global supply chains are free of forced or bonded labor, including any efforts to reimburse workers for recruitment fees that were paid in violation of the Company's policies.

1 International Labor Organization ILO

2 [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/publication/wcms\\_243391.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_243391.pdf)

3 <http://www.globalslaveryindex.org/findings/>

4 <http://www.coca-colacompany.com/stories/2016-human-and-workplace-rights>

5 [https://www.unilever.com/Images/unilever-human-rights-report-2015\\_tcm244-437226\\_en.pdf](https://www.unilever.com/Images/unilever-human-rights-report-2015_tcm244-437226_en.pdf)

6 <http://www8.hp.com/us/en/hp-information/global-citizenship/governance/humanrights.html>

## Proxy Resolutions: Human Rights/Human Trafficking

### Ethical Labor Recruitment

Williams-Sonoma, Inc.

WHEREAS, recent Global Estimates found that 16 million people are trapped in conditions of forced labor in the extended supply chains of the private sector, generating over \$150 billion in profits for illegal labor recruiters and employers through underpayment of wages. The 2016 Global Slavery Index estimated that 45.8 million people are in some form of modern slavery in 167 countries. According to the UN Guiding Principles on Business and Human Rights, companies have the 'corporate responsibility' to respect human rights within their operations and supply chains. ILO Convention 181 and the Dhaka Principles for Migration with Dignity established clear "no fees" principles. As a retail and manufacturing company dependent upon extended supply chains in many countries, Williams-Sonoma, Inc. (Williams- Sonoma) must assess if workers are being recruited into debt bondage, forced labor and, ultimately, slavery.

There is a growing awareness of the role of unscrupulous labor recruiters in the exploitation of workers and job seekers through charging fees, withholding personal papers/passports and failing to provide written contracts spelling out the terms of employments. Failure to put proactive policies and procedures in place exposes company to significant risks, including legal action and media reports that negatively impact reputation.

The State of California and the United Kingdom have passed laws requiring companies to report on their actions to eradicate human trafficking and slavery.

Williams-Sonoma's Supply Chain Labor Practices Policy prohibits the use of forced labor. However, Williams Sonoma does not specify how it verifies compliance with this policy nor does the company publicly disclose its measures to ensure responsible recruitment in its labor supply chain or ensure that its suppliers cascade these expectations. Williams-Sonoma's policy on forced labor and its lack of disclosure on tracing, risk assessment associated with recruitment practices and managerial accountability in implementing the policy gives investors insufficient information to gauge how well the company is addressing this serious risk to workers and to the company.

A number of companies including Coca Cola, Unilever and HP report on the implementation of their ethical recruitment policy throughout their supply chains.

RESOLVED, Shareholders request Williams-Sonoma publish, at reasonable cost and excluding proprietary information, a report disclosing its due diligence efforts to ensure responsible recruitment within its operations and supply chain, by December 2018.

Supporting Statement: Proponents believe the Report should include:

- Assessment of the nature and prevalence of recruitment risks in Williams-Sonoma's supply chain;
- Transparency of sourcing countries for commodities at high risk of recruitment abuses; and
- Disclosure of due diligence efforts, including goals and key performance indicators, to reduce ethical recruitment violations by prohibiting recruitment fees paid by job seekers, prohibiting confiscation of worker's identity documents, and providing written contracts for workers.



## Proxy Resolutions: Human Rights/Human Trafficking

### Ethical Labor Recruitment

#### Hershey Company

WHEREAS, The International Labor Organization (ILO) estimates that 16 million of the 24.9 million people trapped in conditions of forced labor are exploited by the private sector.<sup>1</sup> Migrant laborers face greater risks of forced labor, debt bondage, discrimination, retaliation, and illegal wage deductions.<sup>2</sup> This heightened vulnerability is driven in part by unethical recruitment practices, where recruiters may charge migrant workers fees to secure employment, fail to provide written contracts documenting the terms of employment, or withhold identity documents. Failure to put proactive policies and procedures in place to address ethical recruitment exposes Hershey to significant legal and reputational risks.

Globally, 70 percent of agricultural workers are in debt bondage, where personal debt is used to forcibly obtain labor.<sup>3</sup> In the U.S. agricultural industry, migrant workers comprise over half the labor force. Migrant laborers often use labor brokers, heightening the vulnerability of forced labor or recruitment abuses.<sup>4</sup>

Many of Hershey's key inputs — cattle, sugar, nuts, cocoa, palm oil, and corn — are known to be produced in some countries using forced and child labor or by migrant workers.<sup>5</sup> Workers within these supply chains may face labor violations related to recruitment.

The UN Guiding Principles on Business and Human Rights state that corporations have a responsibility to respect human rights within their operations and supply chains. As a multinational company dependent upon extended supply chains which employ migrant workers, Hershey must assess and mitigate risks of workers being recruited into forced labor.

There is increased regulatory pressure for robust disclosure on supply chain due diligence, as demonstrated by legislation in California, the United Kingdom, and France, requiring corporations to report on actions to eradicate human trafficking and slavery.

Hershey commits to responsible sourcing and addresses forced labor in its Code of Conduct and Supplier Code. However, Hershey does not publicly disclose its measures to ensure responsible recruitment in its labor supply chain or ensure that its suppliers cascade these expectations. A benchmark published by Know the Chain gives Hershey a score of 27 out of 100 for disclosure on its management of forced labor and human trafficking risks, and 0 out of 100 for disclosure on ethical recruitment.<sup>6</sup> Investors have insufficient information to assess how the company is addressing this risk to workers and the company.

**RESOLVED**, Shareholders request Hershey publish, at reasonable cost and excluding proprietary information, a report disclosing its due diligence efforts to ensure responsible recruitment within its operations and supply chain, by December 2018.

**Supporting Statement:** Proponents believe the Report should include:

- Assessment of the nature and prevalence of recruitment risks in Hershey's supply chain;
- Transparency of sourcing countries for commodities at high risk of recruitment abuses; and
- Disclosure of due diligence efforts, including goals and key performance indicators, to reduce ethical recruitment violations by prohibiting recruitment fees paid by job seekers, prohibiting confiscation of worker's identity documents, and providing written contracts for workers.

1 <http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>

2 <http://contratados.org/en/NAFTA>

3 [http://www.alliance87.org/global\\_estimates\\_of\\_modern\\_slavery-forced\\_labour\\_and\\_forced\\_marriage.pdf](http://www.alliance87.org/global_estimates_of_modern_slavery-forced_labour_and_forced_marriage.pdf)

4 [https://www.verite.org/wp-content/uploads/2016/11/Help\\_Wanted\\_2010.pdf](https://www.verite.org/wp-content/uploads/2016/11/Help_Wanted_2010.pdf)

5 <https://www.dol.gov/ilab/reports/childlabor/list-of-goods/>

6 <https://knowthechain.org/benchmarks/2/>



## Proxy Resolutions: Human Rights/Human Trafficking

### Ethical Labor Recruitment

Motorola Solutions Inc

WHEREAS, the 2016 Global Slavery Index estimates that 45.8 million people are in some form of modern slavery in 167 countries (<http://www.globalslaveryindex.org/findings/>). According to the UN Guiding Principles on Business and Human Rights, companies have the 'corporate responsibility' to respect human rights within their operations and supply chains. As a multinational company dependent upon extended supply chains in many countries, Motorola Solutions must assess if workers are being recruited into debt bondage, forced labor and, ultimately, slavery.

There is growing awareness of the role of unscrupulous labor recruiters in exploiting workers and job seekers through charging fees, withholding personal papers/passports and failing to provide written contracts spelling out the terms of employment. Failure to put proactive policies and procedures in place exposes a company to significant risks, including legal action and media reports that negatively impact reputation.

The electronics industry has come under increased scrutiny for labor abuses in factories including the exploitation of migrant workers who have paid fees to obtain employment. According to a US Department of Labor funded study, "92 percent of the migrant workers in Malaysia's electronics industry had paid recruitment fees and that 92% of that group had paid fees that exceeded legal or industry standards." ("Report Cites Forced Labor in Malaysia's Electronics Industry," New York Times, September 17, 2014)

In its June 2016 ICT Benchmark Findings Report, KnowTheChain found that only four of 20 publicly traded companies reviewed demonstrated awareness of the risks when recruitment agencies are used to hire workers. Based on this finding, unethical recruitment of migrant labor is a serious risk for the entire sector. Motorola Solutions was not included in the report.

The State of California and the United Kingdom have passed laws requiring companies to report on what they are doing to eradicate human trafficking and slavery. U.S. federal contractors are currently required to put in place compliance programs for their extended supply chains to assess and address any abuses associated with charging workers recruitment fees.

Motorola Solutions is a government contractor, has ethical recruitment policies, and describes its process for implementing its forced labor and human trafficking policies. However, out of its entire global supply chain, Motorola Solutions only audited fifteen sites in 2016. It reports that 13 "freely chosen employment" issues were identified, but provides no further information. Investors have insufficient information to gauge how well the company is addressing this serious risk to workers and to the company.

**RESOLVED**, Shareholders request that by December, 2017 the Company begin publishing, at reasonable cost and excluding proprietary information, an annual report disclosing specific remedial efforts taken to ensure that its global supply chain is free of forced or bonded labor, including any efforts to reimburse workers for recruitment fees that were paid in violation of the Company's policies.



## Proxy Resolutions: Human Rights/Human Trafficking

### Adopt Human Rights Policy Emphasizing Ethical Recruitment

Dean Foods Company

WHEREAS, recent global estimates found that 16 million people are trapped in conditions of forced labor in the extended supply chains of the private sector, generating over \$150 billion in profits for illegal labor recruiters and employers through underpayment of wages. Of these workers, over 70% are in debt bondage and forced to work in industries such as agriculture and food processing.

In the U.S. it is estimated that over half of workers in the food and agriculture industries are migrant workers. Studies by the Center for North American Studies (CNAS) indicate that 62% of milk in the U.S. was produced by farms employing immigrant labor. To secure employment in the U.S. food industry, unethical recruiters often charge migrant workers the equivalent of thousands of dollars in fees.

Migrant workers in U.S. and globally are prime targets for exploitation. This takes many forms, including discrimination, retaliation, debt bondage, illegal deductions from wages and confiscated or restricted access to personal documents, limiting workers' freedom of movement leading to forced labor and human trafficking.

According to the UN Guiding Principles on Business and Human Rights, companies have the 'corporate responsibility' to respect human rights within their operations and supply chains. Any company directly or indirectly employing migrant workers must have a policy that assesses if workers are being recruited into debt bondage, forced labor and, ultimately, slavery.

The State of California and the United Kingdom have passed laws requiring companies to report on their actions to eradicate human trafficking and slavery.

Dean Foods is aware of requirements of the California Transparency in Supply Chains Act of 2010 (SB 657), which requires manufacturers and retailers to disclose their efforts to track forced labor and human trafficking in their supply chains. However, Dean Foods does not have a policy that addresses recruitment of workers and the company's risk of forced labor from unethical recruitment practices in its supply chain.

Given company's lack of disclosure, investors have insufficient information to gauge how well the company is addressing this serious risk to the company and to workers.

**RESOLVED**, Shareholders request that the Company adopt a Human Rights Policy based on the UN Guiding Principles on Business and Human Rights, including a section on ethical recruitment and issue a report at reasonable cost, omitting proprietary information, by December 2018.

**Supporting Statement:** The ethical recruitment provisions should include: company operations and its supply chains, prohibition of payment of recruitment fees by job-seekers and confiscation of worker's personal documents and the requirement of written contracts for workers in their native language at the point of recruitment.



## Proxy Resolutions: Human Rights/Human Trafficking

### Adopt Human Rights Policy Emphasizing Ethical Recruitment

McDonald's Corp.

WHEREAS, recent global estimates found that 16 million people are trapped in conditions of forced labor in the extended supply chains of the private sector, generating over \$150 billion in profits for illegal labor recruiters and employers through underpayment of wages. Of these workers, over 70% are in debt bondage and forced to work in industries such as agriculture and food processing.

In the U.S. it is estimated that over half of workers in the food and agriculture industries are migrant workers. Studies by the Center for North American Studies (CNAS) indicate that 62% of milk in the U.S. was produced by farms employing immigrant labor. To secure employment in the U.S. food industry and similarly overseas in commodities like palm oil, unethical recruiters often charge migrant workers the equivalent of thousands of dollars in fees.

Migrant workers globally are prime targets for exploitation. This takes many forms, including discrimination, retaliation, debt bondage, illegal deductions from wages and confiscated or restricted access to personal documents, limiting workers' freedom of movement leading to forced labor and human trafficking.

According to the UN Guiding Principles on Business and Human Rights, companies have the 'corporate responsibility' to respect human rights within their operations and supply chains. Any company directly or indirectly employing migrant workers must have a policy that assesses if workers are being recruited into debt bondage, forced labor and, ultimately, slavery.

The State of California and the United Kingdom have passed laws requiring companies to report on their actions to eradicate human trafficking and slavery.

McDonald's Supplier Code of Conduct prohibits the use of forced labor in company's supply chains. However, McDonald's does not have a policy that addresses recruitment of workers and the company's risk of forced labor from unethical recruitment practices in its supply chain.

In addition, in the 2017 Corporate Human Rights Benchmark report, McDonald's scored 10 out of 100 on the implementation of the UN Guiding Principles on Business and Human Rights and other internationally recognized standards.

The company's lack of disclosure means that investors have insufficient information to gauge how well the company is addressing this serious risk to the company and to workers.

**RESOLVED**, Shareholders request that McDonald's adopt a Human Rights Policy based on the UN Guiding Principles on Business and Human Rights, including a section on ethical recruitment and issue a report at reasonable cost, omitting proprietary information, by November 2018.

**Supporting Statement:** The ethical recruitment provisions should include company operations and its supply chains, prohibition of payment of recruitment fees by job-seekers and confiscation of worker's personal documents, and the requirement of written contracts for workers in their native language at the point of recruitment.

# Proxy Resolutions: Human Rights/Human Trafficking

## Implement Program to Address Human Trafficking

Marten Transport, Ltd.

*A similar resolution was submitted to Saia LTL Freight*

WHEREAS: Human trafficking is the act of recruiting, harboring, transporting, providing, or obtaining a person for compelled labor or commercial sex acts through the use of force, fraud, or coercion. The U.S. government has emphasized the importance of training for individuals who may encounter victims of human trafficking, and has identified transportation professionals as being particularly well-placed to identify trafficking victims.<sup>1</sup>

According to the International Labor Organization's most recent global estimate, there are at least 40.3 million victims of modern slavery including forced labor, trafficking, and slavery in the world today.<sup>2</sup> In the United States, over 100,000 children each year are at risk of being exploited by human trafficking.<sup>3</sup>

Trafficking victims are often hidden in plain view at construction sites, restaurants, agricultural fields, and rest or truck stops. The trucking industry has the potential to play a vital role in identifying and assisting these victims. Since its creation, the National Human Trafficking Resource Center (NHTRC)<sup>4</sup> hotline has received over 160,000 contacts and more than 1900 reports have been from callers who self-identified as truckers.<sup>5</sup>

Failure to address the risks of human trafficking in its operations, places Marten Transport, Ltd. (Marten) behind their peers. Other companies in the trucking industry, such as Ryder, CR England, J.B. Hunt, Werner and Landstar, have addressed the issue through training for drivers, publicly partnering with organizations like Truckers Against Trafficking and providing resources to combat human trafficking. Marten's publicly available reporting does not indicate any such efforts.

We believe a company associated with incidents of human trafficking or child sexual exploitation could suffer substantial negative financial impacts, as well as loss of reputation and adverse publicity.

We believe commercial advantages may accrue to our company by adopting a more extensive policy addressing the commercial sexual exploitation of children, and by promoting training and programs to combat human trafficking.

**RESOLVED:** The shareholders request that the Board of Directors prepare a report on the implementation of a program to address human trafficking internally and in its supply chain, at reasonable cost and omitting proprietary/confidential information, and provide the report to shareholders by October 30, 2018.

**Supporting Statement:** We believe the report should be comprehensive, transparent, and verifiable, and we request that it address the following:

- A statement of company policy on human trafficking,
- an overview of employee and customer awareness, education and training on the issue of human trafficking,
- a plan for communicating information to customers,
- methods of informing truckers of "key persons" at any destination who can address the issue, and
- annually publish the progress report.

1 [https://www.dhs.gov/xlibrary/training/dhs\\_awareness\\_training\\_fy12/launchPage.htm](https://www.dhs.gov/xlibrary/training/dhs_awareness_training_fy12/launchPage.htm)

2 <http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>

3 <https://www.dhs.gov/sites/default/files/publications/blue-campaign/Blue%20Campaign%20-%20Human%20Trafficking%20101%20for%20School%20Administrators%20and%20Staff.pdf>

4 <https://humantraffickinghotline.org/states>

5 <http://www.truckersagainsttrafficking.org/making-an-impact/>



## Proxy Resolutions: Human Rights/Human Trafficking

### Assess Human Trafficking/Forced Labor in Supply Chain

Monster Beverage Corp

WHEREAS: An estimated 40 million people are victims of modern slavery, with 24.9 million in forced labor.<sup>1</sup> These victims work in virtually every industry and across sectors in a company's supply chain. According to the U.N. Guiding Principles,<sup>2</sup> companies have a corporate responsibility to respect human rights within their operations and supply chains. The issue is seen as a material risk for shareholders due to potential litigation and loss of revenue by brand association with slavery.

The October 2016, Know the Chain, Food & Beverage Benchmark Findings Report scored Monster at zero (0), stating, "Monster Beverage Corporation places last on the benchmark, underperforming across all thematic areas relative to its peers." This reflects poor transparency and disclosure in managing human trafficking and forced labor risks in its supply chain. In contrast, Coca-Cola, Nestlé, and Pepsico, scored 58, 57, and 45 respectively. While Monster has since published its forced labor policies on its website, it still does not report risk analysis and monitoring metrics down to the commodity level consistent with its peers.

Monster Beverage's ingredients lists contain sucrose and glucose, both are derived from cane or beet sugar. Forced labor is known to be present in the production of sugar cane in Bolivia, Brazil, Dominican Republic, Guatemala, India, Myanmar, and Pakistan according to the U.S. Department of Labor.<sup>3</sup> Verité, an independent NGO, confirms the forced labor practices in the sugar cane industry globally. Monster has not disclosed what practices it has in place to address forced labor in these countries although nine other peers have done so according to the August 2017 report, "How Food and Beverage Companies Tackle Forced Labor Risks in Sugarcane Supply Chains."

Monster also does not report on Supply Chain Transparency or Monitoring and Certification. Peers including Coca-Cola, a major Monster shareholder, discloses a map highlighting countries of origin. Others disclose names and addresses of sugar suppliers. Many of Monster's peers disclose how they monitor sugarcane field working conditions.

Monster states that it does not conduct unannounced supplier compliance audits because of assumed minimal risk of slavery and human trafficking, yet there is no detail of how this was determined, beyond simple assurances by suppliers of compliance with the law. As shareholders, we lack confidence in Monster's conclusion that it is exposed to minimal risk of slavery and trafficking based on the limited information provided and the number of sugar production countries where forced and child labor is known to exist.

**BE IT RESOLVED:** Shareholders request Monster Beverage to issue a report containing the criteria and analytical methodology used to determine its conclusion of "minimal risk" of slavery and human trafficking in its sugarcane supply chain. The report should be available by November 15, 2018, prepared at reasonable cost, and omitting proprietary and privileged information.

**Supporting Statement:** In its report Monster should consider following industry peers' best practices for verifying that suppliers comply with its standards.

1 [http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms\\_575479.pdf](http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_575479.pdf)

2 <https://www.unglobalcompact.org/library/2>

3 <https://www.dol.gov/ilab/reports/child-labor/list-of-goods/>

## Proxy Resolutions: Human Rights/Human Trafficking

### Policy Prohibiting Sexual Exploitation of Minors

Spirit Airlines Incorporated

*A similar resolution was submitted to JetBlue Airways Corporation*

WHEREAS: Human trafficking is the act of recruiting, harboring, transporting, providing, or obtaining a person for compelled labor or commercial sex acts through the use of force, fraud, or coercion. The U.S. Department of State has emphasized the importance of training for individuals who may encounter victims of human trafficking, and has identified transportation professionals as being particularly well-placed to identify trafficking victims.

The Global Slavery Index estimates that 45.8 million people are subject to some sort of enslavement around the world.<sup>1</sup> The Polaris Project has found that reports of human trafficking in the U.S. are increasing every year, mostly due to an increase of awareness. In 2016, Polaris Project identified 8,042 cases of human trafficking, a 35% jump over 2015.<sup>2</sup> According to the national Center for Missing & Exploited (NCMEC) children one out of every six runaways reported to NCMEC in 2014 was likely a victim of sex trafficking.<sup>3</sup>

The National Human Trafficking Hotline averages 100 calls per day. More than 31,600 cases have been reported through the Hotline since 2007.<sup>4</sup> Trafficking victims are often hidden in plain view because of its clandestine nature making awareness and training for certain industries all the more important.

Both Delta Air Lines and American Airlines have signed “The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism” (The Code).

The Code is sponsored by ECPAT, a network of organizations around the world, including tour operators, hotels, airlines and service organizations. The Code contains six criteria:

- Statement of company policy,
- An overview of employee education and tourism personnel training,
- Supplier contracts stating a common repudiation of CSEC,
- Plan for communicating information to travelers,
- Methods for informing local “key persons” at travel destinations, and
- An annual progress report.

We believe a company without adequate policies and practices addressing this issue risks being associated with incidents of human trafficking or child sex exploitation, and could suffer substantial negative impacts in terms of reputation and adverse publicity. We believe commercial advantages may accrue to our company by adopting an effective policy addressing human trafficking and the commercial sexual exploitation of children.

**RESOLVED:** The shareholders request the Board of Directors to adopt a human rights policy including prohibition of sexual exploitation of minors and to report, at reasonable cost and omitting proprietary/confidential information, on implementation of this policy to shareholders by December 2019.

**Support Statement:** We believe Spirit Airlines’s policy should be comprehensive, transparent and verifiable and address the provisions of “The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism” ([www.thecode.org](http://www.thecode.org)) that are relevant to Spirit Airlines’s business.

1 The Global Slavery Index, 2016: <https://www.globalslaveryindex.org/findings/>

2 The Polaris Project, 2016 Hotline Statistics: <https://polarisproject.org/resources/2016-hotline-statistics>

3 National Center for Missing & Exploited Children: [http://www.missingkids.org/en\\_US/publications/missingchildrenstatecare.pdf](http://www.missingkids.org/en_US/publications/missingchildrenstatecare.pdf)

4 The Polaris Project, 2016 Hotline Statistics: <https://polarisproject.org/resources/2016-hotline-statistics>

### Lobbying and Political Contributions

Corporations regularly invest millions of dollars in undisclosed “dark money” to influence our legislative and political systems. Companies exert their influence through membership in and donations to trade associations and organizations like the Chamber of Commerce and the tax exempt group the America Legislative Exchange Council (ALEC), which writes and endorse model legislation that often favors industry at the expense of social and environmental regulations, including renewable energy standards and the EPA Clean Power Plan. Many corporations are also members of the Business Roundtable, which is currently leading a campaign attacking investors’ rights to file shareholder resolutions. Corporations also channel millions of dollars to political candidates, parties, and committees to influence elections at the state and national levels.

Investors believe that this spending can be used to advance agendas which are in conflict with companies’ stated positions on environmental, social and governance matters, creating potential conflicts of interest and exposing companies to unnecessary reputational risk.

Filings addressing corporate lobbying and political contributions were the third most popular category of filings this year, with 45.



Proposal Topic	Quantity
<b>Lobbying and Political Contributions</b>	<b>45</b>
Lobbying Expenditures Disclosure - Climate	19
Lobbying Expenditures Disclosure	15
Political Contributions*	9
Political Contributions Cost-Benefit Analysis Report <b>NEW</b>	2
<i>*includes 1 spring filing</i>	

#### Lobbying Expenditures Disclosure

Under the Lobbying Disclosure Act, companies are required to file quarterly reports showing dollars spent on lobbying legislators and regulators. Few, though, are completely transparent in their reporting. This year, investors sought to highlight corporate lobbying on a multitude of issues including anti-smoking laws, benzene pollution, fracking bans, net neutrality, coal ash rules, the Clean Water Act, workers’ comp, initiatives to lower drug prices, and membership in the Chamber of Commerce and ALEC.

Investors asked 15 companies including Abbvie and Vertex Pharmaceuticals to report on their direct and indirect lobbying activities and expenditures to assess whether their lobbying is consistent with their expressed goals and in the best interests of their respective shareholders.

Shareholders withdrew their resolution at Atmos Energy after the company agreed to produce a lobbying report and disclose trade association memberships and dues payments.

ICCR members also filed 19 resolutions emphasizing anti-climate lobbying. These resolutions called for transparency regarding corporate payments used for direct and indirect lobbying and grassroots lobbying communications on legislation, as well as membership in model legislation groups and were sent to AT&T, Alphabet, Chevron, Conoco Phillips, ExxonMobil, Ford and UPS, among others.

## Proxy Resolutions: Lobbying and Political Contributions



**“Companies and company PACs (political action committees) annually pour millions of dollars into our political system, often supporting politicians who work at cross-purposes to the goals companies have set internally. For example, companies often advocate for setting worldwide climate change mitigation goals, but then undermine their own efforts by supporting politicians that adamantly disavow the reality of climate change and pursue public policies that would further our climate change threat.**

Customers, clients, and investors continue to scrutinize political contributions increasingly closely as disclosure and digital access to data flourish. Shareholder advocates have achieved major enhancements to corporate political contribution disclosure in recent years, but dialogues that go beyond disclosure have been challenging. Now that so many companies are getting on board with greater transparency on political contributions, **what comes next?**

This year’s shareholder proposals at Intel and Home Depot entitled “Political Contributions Cost-Benefit Analysis Report” offer a novel approach to this question. Misaligned contributions have become clear sources of reputational risk (evidenced by Target’s infamous anti-LGBT contribution in 2010), yet companies fail to justify why such a gamble would benefit shareholders. Company management appears to weigh the business prospects and committee membership of a political candidate more heavily than the candidate’s underlying social policy positions when allocating company and PAC political contributions, however shareholders are not given justifications as to why those risks benefit their investments. Given this questionable oversight and the controversies that continue to follow politicians, our proposals ask each company to demonstrate to shareholders what benefit the company’s political contributions provide in contrast to the potential associated risks.”

**Mari Schwartzer, Director of Shareholder Activism and Engagement — NorthStar Asset Management, Inc.**

### Political Contributions

Corporate political donations and their outsized influence on elections and, ultimately, policy and regulation, have been a source of debate ever since Citizens United. Shareholders argue that transparency around how corporations wield financial power to influence elections is critical and, given that these donations may pose reputational risks, this information is of material value to investors.

Investors asked 9 companies, including Alphabet, Emerson, ExxonMobil and Wyndham to publicly disclose their policies and procedures for making contributions and expenditures (direct or indirect) to participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, or influence the general public with respect to an election or referendum.

In addition, Home Depot and Intel were asked to produce cost-benefit analyses of the most recent election cycle’s political and electioneering contributions, examining the effectiveness, benefits, and risks to shareholder value associated with those contributions.



## Proxy Resolutions: Lobbying and Political Contributions



"Since 2011, a coalition comprised of religious investors, foundations, public and labor pension funds, asset managers and individual investors have filed over 300 shareholder proposals asking companies to disclose their federal and state lobbying, trade association payments and support for the American Legislative Exchange Council (ALEC). ALEC promotes bills that undermine regulations on climate change, raising the minimum wage and workplace safety.

Corporate lobbying to influence regulation affects all aspects of the economy, on issues from the environment and drug prices to financial regulation, immigration and workers' rights. Over \$3.3 billion was spent on federal lobbying in 2017. Companies spend more than \$1 billion yearly at the state level, while trade associations spend over \$100 million annually lobbying indirectly on behalf of companies.

Undisclosed trade association lobbying can allow companies to say one thing and do another, resulting in a values incongruity. So a pharmaceutical company supports affordable medicine, yet funds Pharmaceutical Research and Manufacturers of America opposition to lower drug price initiatives, or supports smoking cessation, but belongs to the Chamber of Commerce, which has worked to block global antismoking laws.

The coordinated campaign continues to produce real results, as more than 60 companies have agreed to provide greater lobbying disclosure, and more than 70 that have left ALEC. The 2018 proposals have been filed at companies that spend the most to lobby and do not disclose their trade association involvement, and highlight values incongruities including climate change, drug pricing, net neutrality and tobacco."

**John Keenan, Corporate Governance Analyst — AFSCME**





## Proxy Resolutions: Lobbying and Political Contributions

### Political Contributions Cost-Benefit Analysis Report

Home Depot, Inc.

WHEREAS: The Supreme Court ruling in *Citizens United v. Federal Election Commission* interpreted the First Amendment right of freedom of speech to include certain corporate political expenditures involving "electioneering communications," resulting in greater public and shareholder concern about corporate political spending;

News reports indicate that "there has been a dramatic mobilization of political power among America's largest big-box retailers over the past four election cycles, with federal campaign and lobbying expenditures growing from \$5.2 million during the 2000 political cycle to \$29.8 million during the 2014 cycle, an almost six-fold increase." The same report claims that our company is the second largest donor "among the top 100 political donors overall for the period since 1989";

Our political action committee (HDPAC) donated \$3.7 million in political contributions in the 2015-2016 election cycle, which is more than double the contribution level of the election cycles immediately prior to the cycle in which *Citizens United* was decided;

Shareholders believe Home Depot should minimize risk to the firm's reputation regarding possible future missteps in Company and HDPAC political contributions. Harvard Business Review warns that "[company directors] in a range of industries have been stung by media reports that political intermediaries used corporate money to help fund causes or candidates adverse to a firm's business interests or its espoused values and positions";

Our website and policies indicate that environmental protection and diversity are high priorities for our Company, however analysis of 2015-2017 HDPAC political contributions indicate misaligned contributions, including at least:

- 22 Members of Congress that voted against an amendment to the Justice for Victims of Trafficking Act that included explicit LGBTQ nondiscrimination protections for runaway and homeless youth programs;
- 16 Members of Congress who voted against Employment Non-Discrimination Act (ENDA), a landmark bill that would end decades of employment discrimination against lesbian, gay, bisexual, and transgender Americans;
- 110 Members of Congress who have been identified as climate change deniers;

Given the recent controversies regarding misconduct of politicians and around electioneering contributions in general, as well as the apparent misalignment between many Home Depot-directed political contributions and company values and policies, shareholders are concerned that benefit to the Company of influencing policymakers through Home Depot-directed political contributions may not outweigh the risks associated with political and electioneering contributions.

RESOLVED: Shareholders recommend that the Board of Directors report to shareholders (at reasonable expense, excluding confidential information) a cost-benefit analysis of the most recent election cycle's political and electioneering contributions, examining the effectiveness, benefits, and risks to shareholder value associated with those contributions.

Supporting Statement: "Expenditures for electioneering communications" means spending directly, or through a third party, at any time during the year, on printed, internet or broadcast communications, which are reasonably susceptible to interpretation as in support of or opposition to a specific candidate.



## Proxy Resolutions: Lobbying and Political Contributions

### Political Contributions Cost-Benefit Analysis Report

#### Intel Corporation

WHEREAS: The Supreme Court ruling in *Citizens United v. Federal Election Commission* interpreted the First Amendment right of freedom of speech to include certain corporate political expenditures involving "electioneering communications," resulting in greater public and shareholder concern about corporate political spending;

The New York Times reported that "in the 2014 congressional election cycle, political spending funded by anonymous donors to 501(c) nonprofits — businesses, unions and others (one can't tell) — amounted to \$173 million. That was about 25 percent more than four years earlier. But it was a small share of the \$3.8 billion or so spent on [the 2014] election over all... Companies have other ways to play. Political action committees (PACs) ... spent almost twice as much. Of course, companies also spend many millions more lobbying";

Our political action committee (IPAC) donated \$1.2 million in political contributions in the 2015-2016 election cycle, which is triple the contribution level of the election cycle immediately prior to the cycle in which *Citizens United* was decided;

Shareholders believe Intel should minimize risk to the firm's reputation regarding possible future missteps in Company and IPAC political contributions. Harvard Business Review warned that "[company directors] in a range of industries have been stung by media reports that political intermediaries used corporate money to help fund causes or candidates adverse to a firm's business interests or its espoused values and positions";

Our website and policies indicate that environmental protection and diversity are high priorities for our Company, however analysis of 2015-2017 IPAC political contributions indicate misaligned contributions, including at least:

20 Members of Congress that voted against an amendment to the Justice for Victims of Trafficking Act that included explicit LGBTQ nondiscrimination protections for runaway and homeless youth programs;

15 Members of Congress who voted against the Employment Non-Discrimination Act (ENDA), a landmark bill that would end decades of employment discrimination against lesbian, gay, bisexual, and transgender Americans;

51 Members of Congress who have been identified as climate change deniers;

Given the recent controversies regarding misconduct of politicians and around electioneering contributions in general, as well as the apparent misalignment between many Intel-directed political contributions and company values and policies, shareholders are concerned that benefit to the company of influencing policymakers through Intel-directed political contributions may not outweigh the risks associated with these contributions.

**RESOLVED:** Shareholders recommend that the Board of Directors report to shareholders (at reasonable expense, excluding confidential information) a cost-benefit analysis of the most recent election cycle's political and electioneering contributions by Intel and IPAC, examining the effectiveness, benefits, and risks to shareholder value associated with those contributions.

**Supporting Statement:** "Expenditures for electioneering communications" means spending directly, or through a third party, at any time during the year, on printed, internet or broadcast communications, which are reasonably susceptible to interpretation as in support of or opposition to a specific candidate.

# Proxy Resolutions: Lobbying and Political Contributions

## Political Contributions

### Alphabet, Inc.

*A similar resolution was submitted to Exxon Mobil Corporation. A similar resolution is planned for Nike, Inc.*

RESOLVED, shareholders of Alphabet Inc. (“Alphabet” or “Company”) hereby request the Company to prepare and semiannually update a report, which shall be presented to the pertinent board of directors committee and posted on the Company’s website, that discloses the Company’s –

- (a) Policies and procedures for making political contributions and expenditures (direct and indirect) with corporate funds, including the board’s role (if any) in that process, and
- (b) Monetary and nonmonetary political contributions or expenditures that could not be deducted as an “ordinary and necessary” business expense under section 162(e)(1)(B) of the Internal Revenue Code, including (but not limited to) contributions or expenditures on behalf of political candidates, parties, and committees and entities organized and operating under section 501(c)(4) of the Internal Revenue Code, as well as the portion of any dues or payments made to any tax-exempt organization (such as a trade association) used for an expenditure or contribution that, if made directly by the Company, would not be deductible under section 162(e)(1)(B) of the Internal Revenue Code.

The report shall be made available within 12 months of the annual meeting and identify all recipients and the amount paid to each recipient from Company funds.

**Supporting Statement:** As long-term Alphabet shareholders, we support transparency and accountability in corporate political spending. Disclosure is in the best interest of the Company and its shareholders. The Supreme Court recognized this in its 2010 Citizens United decision: “[D]isclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages.”

Publicly available records show Alphabet has contributed at least \$3,432,736 in corporate funds to state and local parties and candidates, and 527 political committees, since the 2010 election cycle. (CQMoneyLine: [www.moneyline.cq.com](http://www.moneyline.cq.com); FollowtheMoney: [www.followthemoney.org](http://www.followthemoney.org))

We acknowledge that Alphabet publicly discloses a policy on corporate political spending and its direct contributions to candidates, parties, and committees. We believe this is deficient because Alphabet does not disclose the following:

- A full list of trade associations to which it belongs and the non-deductible portion under section 162(e)(1)(B) of the dues paid to each; and
- Payments to any other third-party organization, including those organized under section 501(c)(4) of the Internal Revenue Code, that could be used for election-related purposes.

Information on indirect political spending through trade associations and 501(c)(4) groups cannot be obtained by shareholders unless the Company discloses it. This proposal asks the Company to disclose all of its election-related spending, direct and indirect. This would bring our company in line with a growing number of leading companies, including Microsoft and Intel, which present this information on their websites.

The Company’s board and shareholders need comprehensive disclosure to be able to fully evaluate the political use of corporate assets. We urge your support for this critical governance reform.

# Proxy Resolutions: Lobbying and Political Contributions

## Political Contributions

### Range Resources Corporation

*Similar resolutions were submitted to American Water Works, Inc., Northern Trust Corporation, Xcel Energy, Inc.*

RESOLVED, that the shareholders of Range Resources Corp. ("Range Resources" or "Company") hereby request that the Company provide a report, updated semiannually, disclosing the Company's:

1. Policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to (a) participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum.
2. Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including:
  - a. The identity of the recipient as well as the amount paid to each; and
  - b. The title(s) of the person(s) in the Company responsible for decision-making related to these contributions and expenditures.

The report shall be presented to the board of directors or relevant board committee and posted on the Company's website within 12 months of the date of the annual meeting. This proposal does not encompass spending on lobbying.

**Supporting Statement:** As long-term shareholders of Range Resources, we support transparency and accountability in corporate political spending. This includes any activity considered intervention in a political campaign under the Internal Revenue Code, such as direct and indirect contributions to political candidates, parties or organizations, and independent expenditures or electioneering communications on behalf of federal, state or local candidates.

Disclosure is in the best interest of the Company and its shareholders. The Supreme Court recognized this in its 2010 Citizens United decision: "[D]isclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages."

Publicly available records show that, since the 2010 election cycle, the Company has contributed at least \$2,046,254 to state or local candidates and their campaigns, and to groups that have filed notice of section 527 status with the Internal Revenue Service (CQ: <http://moneyline.cq.com> and National Institute on Money in State Politics: <http://www.followthemoney.org>).

However, relying on publicly available data does not provide a complete picture of the Company's political spending. For example, the Company's payments to trade associations that may be used for election-related activities are undisclosed and unknown. This proposal asks the Company to disclose all of its political spending, including payments to trade associations and other tax-exempt organizations, which may be used for political purposes. This would bring our Company into line with a growing number of leading companies, including Apache Corp. and Anadarko Petroleum Corp., which present this information on their websites.

The Company's board and shareholders need comprehensive disclosure to fully evaluate the political use of corporate assets. We urge your support for this critical governance reform.



## Proxy Resolutions: Lobbying and Political Contributions

### Political Contributions

#### Wyndham Worldwide Corp.

RESOLVED, that the shareholders of Wyndham Worldwide, Inc. ("Wyndham" or "Company") hereby request that the Company provide a report, updated semiannually, disclosing the Company's:

1. Policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to (a) participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum.
2. Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including
  - a. The identity of the recipient as well as the amount paid to each; and
  - b. The title(s) of the person(s) in the Company responsible for decision-making.

The report shall be presented to the board of directors or relevant board committee and posted on the Company's website within 6 months from the date of the annual meeting.

**Supporting Statement:** As long-term shareholders of Wyndham Worldwide, we support transparency and accountability in corporate spending on political activities. These include any activities considered intervention in any political campaign under the Internal Revenue Code, such as direct and indirect contributions to political candidates, parties, or organizations; expenditures for political advertisements; or electioneering communications on behalf of federal, state or local candidates.

Disclosure is in the best interest of the company and its shareholders and critical for compliance with federal ethics laws. Moreover, the Supreme Court's Citizens United decision recognized the importance of political spending disclosure for shareholders when it said, "Disclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages." Gaps in transparency and accountability may expose the company to reputational and business risks that could threaten long-term shareholder value.

Furthermore, in The 2017 CPA-Zicklin Index of Corporate Political Accountability and Disclosure, Wyndham placed Third Tier with a score of 44.3%. While this is up 6 points from last year and from near bottom of the 2015 ranking of just 10%, it behoves our Company to take leadership in the "Trendsetter" category.

Relying on publicly available data does not provide a complete picture of the Company's political spending. For example, the Company's payments to trade associations used for political activities are undisclosed and unknown. This proposal asks the Company to disclose all of its political spending, including payments to trade associations and other tax-exempt organizations used for political purposes. A growing number of companies have adopted disclosure and oversight of their political spending. At the time of the September issuance of The 2017 CPA-Zicklin Index of Corporate Political Disclosure and Accountability, 153 companies, including almost half of the S&P 100, had committed to disclosure of their political spending policies, the details of the spending, and oversight.

## Proxy Resolutions: Lobbying and Political Contributions

### Political Contributions

#### Emerson

RESOLVED, shareholders of Emerson Electric Co. (the "Company") request the Company to prepare and semiannually update a report, which shall be presented to the pertinent board of directors committee and posted on the Company's website, that discloses the Company's:

- a) Use of corporate funds for independent expenditures and electioneering communications, as defined by state and federal law, as well as contributions to or expenditures on behalf of organizations that make such expenditures, and
- b) Contributions to or expenditures on behalf of entities organized and operating under section 501(c)(4) of the Internal Revenue Code, as well as the portion of any dues or payments that are made to any tax-exempt organization (such as a trade association) that are used for an expenditure or contribution that, if made directly by the Company, would not be deductible under section 162(e)(1)(B) of the Internal Revenue Code.

The report shall be made available within 12 months of the annual meeting and identify all recipients and the amount paid to each recipient from Company funds.

**Supporting Statement:** As long-term Emerson Electric Co. shareholders, we support transparency and accountability in corporate spending on political activities. Disclosure is in the best interest of the Company and its shareholders. The Supreme Court's 2010 Citizens United ruling recognized the importance of disclosure when it said: "[D]isclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages."

The Company contributed at least \$1,724,266 in corporate funds since the 2010 election cycle. (CQ <http://moneyline.cq.com>; National Institute on Money in State Politics <http://www.followthemoney.org>)

We acknowledge that our Company discloses a policy on corporate political spending and its contributions to state-level candidates, parties and committees on its website. We believe this is deficient because the Company will not disclose the following expenditures made for political purposes:

- A list of trade associations to which it belongs and how much it gave to each;
- Payments to any other third-party organization, including those organized under section 501(c)(4) of the Internal Revenue Code; and
- Any independent expenditure made directly by the Company.

Information on indirect political engagement through trade associations and 501(c)(4) groups cannot be obtained by shareholders unless the Company discloses it. This proposal asks the Company to disclose all of its political spending, direct and indirect. This would bring our Company in line with a growing number of companies, including Cummins and United Technologies, which support comprehensive political disclosure and accountability and present this information on their websites.

The Company's board and shareholders need comprehensive disclosure to be able to evaluate the political use of corporate assets. We urge your support for this critical governance reform.

## Proxy Resolutions: Lobbying and Political Contributions

### Lobbying Expenditures Disclosure - Climate

#### Ford Motor Company

*Similar resolutions were submitted to Alphabet, Inc., ConocoPhillips, Emerson, International Business Machines Corp. (IBM)*

WHEREAS, we believe in full disclosure of Ford Motor's ("Ford") direct and indirect lobbying activities and expenditures to assess whether Ford's lobbying is consistent with its expressed goals and in the best interests of shareholders.

RESOLVED, the shareholders of Ford request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Ford used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Description of management's decision making process and the Board's oversight for making payments described in section 2 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which Ford is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on Ford's website.

**Supporting Statement:** As shareholders, we encourage transparency and accountability in the use of corporate funds to influence legislation and regulation, both directly and indirectly. Ford spent \$38.6 million from 2010 – 2016 on federal lobbying ([opensecrets.org](http://opensecrets.org)). This figure does not include lobbying expenditures to influence legislation in states, where Ford also lobbies but disclosure is uneven or absent. For example, Ford spent \$2,445,024 on lobbying in California from 2010 – 2016. Ford's lobbying over fuel efficiency standards has attracted media attention ("EPA Chief Pruitt Met with Many Corporate Execs. Then He Made Decisions in Their Favor." *Washington Post*, September 23, 2017).

Ford sits on the boards of the Chamber of Commerce, which has spent more than \$1.3 billion on lobbying since 1998, and the National Association of Manufacturers, which spent over \$25 million lobbying in 2015 and 2016. Ford does not disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying.

We commend Ford for ending its membership in the American Legislative Exchange Council (ALEC) in 2016 ("Ford & LEGO Gang Up On Climate-Denying ALEC," *CleanTechnica*, February 20, 2016). However, we are concerned that Ford's lack of trade association lobbying disclosure presents significant reputational risk. For example, Ford believes climate change is real and is committed to reducing greenhouse gas emissions, yet the Chamber has consistently opposed legislation and regulation to address climate change. And this values incongruity has drawn media scrutiny ("Paris Pullout Pits Chamber against Some of Its Biggest Members," *Bloomberg*, June 9, 2017).

Transparent reporting would reveal whether company assets are being used for objectives contrary to Ford's long-term interests.

# Proxy Resolutions: Lobbying and Political Contributions

## Lobbying Expenditures Disclosure - Climate

Consolidated Edison Company of New York

*Similar resolutions were submitted to AbbVie, Aetna, Motorola Solutions Inc, Verizon Communications Inc.*

WHEREAS, we believe in full disclosure of our company's direct and indirect lobbying activities and expenditures to assess whether Consolidated Edison's lobbying is consistent with its expressed goals and in the best interests of stockholders.

RESOLVED, the stockholders of Consolidated Edison request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Consolidated Edison used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Consolidated Edison's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's and the Board's decision making process and oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which Consolidated Edison is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on Consolidated Edison's website.

**Supporting Statement:** As stockholders, we encourage transparency in the use of corporate funds to influence legislation and regulation. Consolidated Edison spent \$6,301,031 from 2010 – 2016 on federal lobbying ([opensecrets.org](http://opensecrets.org)). In New York alone, Consolidated Edison spent over \$1.8 million on lobbying from 2010 – 2016 (<http://www.jcope.ny.gov/>). These figures do not include lobbying expenditures to influence legislation in states where Consolidated Edison lobbies but disclosure is uneven or absent. Transparency would allow stockholders to better understand the extent of our company's lobbying activities and management and board oversight of any related risks.

Consolidated Edison is a member of the Edison Electric Institute (EEI), which spent \$16,970,000 lobbying in 2015 and 2016. Unlike many of its peers including Edison International, Exelon and Sempra Energy, Consolidated Edison does not disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying. And Consolidated Edison does not disclose membership in or contributions to tax-exempt organizations that write and endorse model legislation.

We are concerned that our company's lack of lobbying and trade association disclosure presents reputational risks. For example, EEI has lobbied to destabilize rooftop solar at the state level ("Rooftop Solar Dims under Pressure from Utility Lobbyists," New York Times, July 8, 2017), yet Consolidated Edison is committed to alternative forms of energy and has invested \$2.5 billion investment in renewable energy. Transparent reporting would allow stockholders to assess whether company assets are being used for objectives contrary to Consolidated Edison's longterm interests.



## Proxy Resolutions: Lobbying and Political Contributions

### Lobbying Expenditures Disclosure - Climate

#### Disney (Walt) Company / ABC

*Similar resolutions were submitted to AT&T Inc., BlackRock, Inc., Chesapeake Energy Corporation, Chevron Corp., Cisco Systems, Inc., Exxon Mobil Corporation, Nucor Corporation*

WHEREAS, we believe in full disclosure of our company's direct and indirect lobbying activities and expenditures to assess whether Disney's lobbying is consistent with Disney's expressed goals and in the best interests of shareholders.

RESOLVED, the shareholders of The Walt Disney Company ("Disney") request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Disney used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Disney's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's decision making process and the Board's oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which Disney is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on Disney's website.

**Supporting Statement:** As shareholders, we encourage transparency and accountability in the use of corporate funds to influence legislation and regulation, both directly and indirectly. Disney spent \$26,685,000 from 2010 through 2016 on federal lobbying (opensecrets.org). This figure does not include lobbying expenditures to influence legislation in states, where Disney also lobbies but disclosure is uneven or absent. For example, Disney spent \$2,524,624 on lobbying in California from 2010 through 2016, and its lobbying in California has attracted media attention ("Family Friendly? Disney Funds Lobbyists Fighting to Deny Americans Parental Leave," Republic Report, May 29, 2012).

Disney is a member of the National Restaurant Association, which spent \$8.18 million lobbying in 2015 and 2016. And according to the U.S. Chamber of Commerce ("Chamber") website, Disney joined as a member in 1922. The Chamber spent over \$1.3 billion on lobbying since 1998. However, Disney does not disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying. Disney will disclose its non-deductible trade association payments used for political contributions, but this does not include payments used for lobbying. This leaves a serious disclosure gap, as trade associations generally spend far more on lobbying than on political contributions. Transparent reporting would reveal whether company assets are being used for objectives that increase reputational and operational risk and that undermine Disney's long-term interests. For example, Disney signed the American Business Act on Climate Pledge, yet the Chamber has sued to block the EPA Clean Power Plan to address climate change.



## Proxy Resolutions: Lobbying and Political Contributions

### Lobbying Expenditures Disclosure - Climate

United Parcel Service, Inc.

WHEREAS, businesses have a recognized legal right to express opinions to legislators and regulators on public policy matters.

We believe in full disclosure of our company's lobbying activities and expenditures to assess whether our lobbying is consistent with UPS's expressed goals and in the best interests of shareholders.

RESOLVED: the shareholders of United Parcel Service ("UPS") request the Board prepare a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by UPS used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. UPS's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of the decision making process and oversight by management and the Board for making payments described in section 2 above

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which UPS is a member.

"Direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or another relevant Board committee and posted on the company's website.

**Supporting Statement:** As shareholders, we encourage transparency and accountability regarding staff time and corporate funds to influence legislation and regulation, both directly and indirectly. We appreciate UPS updating the website's disclosure on political spending and lobbying but crucial information on UPS's payments used for lobbying through trade associations is still secret.

UPS spent over \$34 million in 2012 to 2016 on direct federal lobbying activities. (Senate Reports). These figures may not include grassroots lobbying to directly influence legislation by mobilizing public support or opposition and do not include lobbying expenditures in states that do not require disclosure.

For example, UPS does not disclose or explain to investors its contributions to the highly controversial American Exchange Legislative Council (ALEC) which adopted "model legislation" opposing renewable energy regulations and laws for states. UPS sits on ALEC's Private Enterprise Board.

Over 100 companies have left ALEC because of its controversial positions including BP, Coca Cola, General Electric, Google, Johnson & Johnson, McDonalds, Procter & Gamble, Shell, Unilever and Wal-Mart.

UPS is also a member of the Business Roundtable (BRT) which is leading an attack against shareholder rights to file resolutions.

Finally, UPS sits on the Board of the U.S. Chamber of Commerce, which spent approximately \$1.4 billion lobbying since 1998. The Chamber has aggressively attacked the EPA on climate change. We urge UPS as a Board member to challenge the Chamber's negative climate policy.

# Proxy Resolutions: Lobbying and Political Contributions

## Lobbying Expenditures Disclosure

### Goldman Sachs Group Inc. 109

*Similar resolutions were submitted to Atmos Energy Corporation, Boeing Company, Comcast Corp., Devon Energy, Dicks Sporting Goods Inc., Duke Energy Corp., FirstEnergy Corporation, Franklin Resources, Inc., Goodyear Tire & Rubber Co., Honeywell International Inc., SCANA Corporation, Tyson Foods, Inc., Vertex Pharmaceuticals Incorporated*

WHEREAS, we believe in full disclosure of Goldman Sachs's ("Goldman") direct and indirect lobbying activities and expenditures to assess whether its lobbying is consistent with its expressed goals and in the best interests of shareholders.

RESOLVED, the shareholders of Goldman request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Goldman used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Goldman's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's and the Board's decision making process and oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which Goldman is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Public Responsibilities Committee and posted on Goldman's website.

**Supporting Statement:** As shareholders, we encourage transparency and accountability in Goldman's use of corporate funds to influence legislation and regulation. Goldman spent \$26.49 million from 2010 – 2016 on federal lobbying. This figure does not include lobbying expenditures to influence legislation in states, where Goldman also lobbies but disclosure is uneven or absent. For example, Goldman's lobbying in Florida has attracted media scrutiny ("Goldman Sachs Ramps up Florida Lobbying amid Talk of Venezuela Business Ban," Politico, August 3, 2017). And Goldman's federal lobbying has attracted attention ("Goldman Sachs Hires Trump Campaign Official as Lobbyist: Report," The Hill, May 10, 2017).

Goldman is a member of the Investment Company Institute, Managed Funds Association and Securities Industry and Financial Markets Association ("Gary Cohn's NEC Has Been Lobbied By Goldman Sachs-Backed Industry Groups," International Business Times, August 16, 2017), which together spent over \$34 million on lobbying for 2015 and 2016. Goldman does not disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying. Goldman prohibits its payments to trade associations from being used for political contributions, but this does not cover payments used for lobbying. This leaves a serious disclosure gap, as trade associations generally spend far more on lobbying than on political contributions.

We are concerned that Goldman's lack of lobbying disclosure presents significant reputational risks. According to the 2017 Harris Corporate Reputation Survey, Goldman ranked in the bottom ten of the 100 most visible companies, ranking 98th. Absent a system of accountability, company assets could be used for objectives contrary to Goldman's long-term interests.



## Proxy Resolutions: Lobbying and Political Contributions

### Lobbying Expenditures Disclosure

American Water Works, Inc.

WHEREAS, we believe in full disclosure of our company's direct and indirect lobbying activities and expenditures to assess whether American Water's lobbying is consistent with its expressed goals and in the best interests of shareholders.

RESOLVED, the shareholders of American Water Works Company ("AWK") request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by AWK used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. AWK's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of the decision making process and oversight by management and the Board for making payments described in section 2 and 3 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation.

"Indirect lobbying" is lobbying engaged in by a trade association or other organization of which AWK is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels. Neither "lobbying" nor "grassroots lobbying communications" include efforts to participate or intervene in any political campaign or to influence the general public or any segment thereof with respect to an election or referendum.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on AWK's website.

**Supporting Statement:** As shareholders, we encourage transparency and accountability in the use of corporate funds to influence legislation and regulation. Since 2010, AWK has spent over \$1.1 million on federal lobbying ([opensecrets.org](http://opensecrets.org)). And AWK lobbies extensively at the state level to influence legislation, where disclosure is uneven or absent. For example, AWK spent \$1,046,278 lobbying in New Jersey for 2010 – 2016 and \$387,567 lobbying in California in 2016.

AWK serves on the board of the National Association of Water Companies, which spent \$3.36 million on lobbying from 2010 – 2016, and, at the state level, is a member the Marcellus Shale Coalition (MSC). AWK does not disclose its trade association memberships, nor payments and amounts used for lobbying on its website. And AWK does not disclose its payments to tax-exempt organizations that write and endorse model legislation, such as its support for the American Legislative Exchange Council (ALEC).

We are concerned that our company's lack of trade association and ALEC disclosure presents reputational risks. AWK's membership in MSC has drawn scrutiny ("Private Water Companies Join Forces with Fracking Interests," Think Progress, April 23, 2012), as has its ALEC involvement ("Private Water Industry Defends ALEC Membership," American Independent, May 3, 2012). Over 100 companies have publicly left ALEC, including Alliant Energy, Ameren, Entergy and Shell.

### Water

The United Nations has declared the human right to water and sanitation (HRWS) as communities' right to safe, sufficient, and affordable water. Yet, we no longer live in an era when abundant, clean water is a given, and the world is expected to face a 40 percent water shortfall between demand and supply by the year 2030.

To complicate matters, agriculture uses 69 percent of the world's freshwater, and industry an additional 19 percent. Agriculture is also a leading source of water pollution, particularly factory farms, and the cultivation of feed ingredients for livestock, which can contaminate local waterways, endangering public health, workers, and the environment. In addition, energy utilities can also contribute to groundwater contamination, via improperly stored coal ash waste leaks which contaminate nearby rivers and groundwater with arsenic, chromium and lead.

In the face of escalating climate change and water pollution, ICCR urges companies to become responsible stewards of our precious freshwater resources, adopting water stewardship policies that respect communities' human right to water.

Proposal Topic	Quantity
<b>Water</b>	<b>7</b>
Water Impacts of Business Operations	5
Human Right to Water	1
Public Health Risks of Coal Pollution	1

### Human Right to Water

American Water Works — the largest publicly traded water utility in the U.S. — has reportedly sought consumer rate increases of up to 28%. It has also been the subject of a \$151 million class action lawsuit regarding poisoned drinking water, as well as multiple fines for improperly dumping arsenic sludge.

Citing the human right to water and sanitation, investors filed a resolution with American Water Works asking it to track its impacts and responses on the human right to water and sanitation, including: the percentage of customers paying water rates considered unaffordable by the United Nations Development Program; customer demographics for non-payment shutoffs (including age, race, ethnicity, children, elderly or ill, income level, shutoff duration); and whether/how the company evaluates the effectiveness of mechanisms intended to ensure water affordability for those in financial need.



### Water Impacts of Business Operations

Livestock farms and meat processing plants produce toxic nitrate-laden wastewater that is either directly discharged under permit into surface water or is sprayed on fields, presenting a threat to ground and surface water.

Investors asked Pilgrim's Pride and Tyson to implement water stewardship policies designed to reduce risks of water contamination from their direct operations and supply chains, with a focus on: verifiably reducing nitrate contamination; reporting on time-bound goals, key performance indicators and metrics demonstrating conformance to the policy; and financial and technical support to help suppliers implement the policy.

B&G and Blue Buffalo Pet Products were asked to develop water stewardship policies designed to reduce risks related to water scarcity and the impacts of operations and key supply chains on water quality. Proponents believe the water policy should include robust and transparent measures to prevent water pollution incidents, and specific time-bound goals to ensure conformance with policy.

Power company Ameren, which stores its toxic coal ash waste in ponds which can leak and contaminate groundwater, was asked to report on its efforts to identify and reduce environmental and health hazards associated with past, present and future handling of coal combustion residuals.

### Public Health Risks of Coal Pollution

Coal burning results in coal waste - called coal ash- which is laced with heavy metals such as arsenic that can leech into water supplies. Arsenic has been shown to raise the risk of cancer with long-term exposure. Duke Energy has had two high profile coal ash spills since 2014.

Investors asked Duke to publish a report assessing the public health impacts of its coal use on rates of illness, mortality, and infant death due to coal-related air and water pollution in communities adjacent to the company's coal operations, and to provide a financial analysis of the cost to the company of coal-related public health harms, including potential liability and reputational damage.



### Human Right to Water

American Water Works, Inc.

WHEREAS: American Water Works' (AWK) Corporate Responsibility Report states the Company's "support [of] the United Nations' declaration of access to clean water and sanitation as a human right," however it also asserts that human rights are not a material risk for the company:

"[W]ith most of our operations situated in the U.S., and working within a strong regulatory framework, human rights are constitutionally protected, and do not constitute a material risk for us..."

The United Nations defines the human right to water and sanitation (HRWS) as ensuring safe, sufficient, acceptable, physically accessible, and affordable water for personal and domestic use. Through a special UN initiative including leading corporations, the CEO Water Mandate states "a company needs to track its responses to impacts on the human right to water and sanitation in order to evaluate whether its efforts to prevent and address negative impacts are effective";

While our Corporate Responsibility Report notes "regular engagement ... with our stakeholders," the Company's existing reporting does not adequately allow shareholders or communities to understand key trends, challenges, or progress on the HRWS at our company, the largest publicly traded U.S. water and wastewater utility;

#### SUBSTANTIAL HRWS CONCERNS:

- Recent years' reports show the HRWS is implicated frequently in incidents involving our company;
- A class action lawsuit regarding poisoned drinking water for hundreds of thousands of citizens after another company's chemical spill (Charleston, WV), tentatively settled in Sept. 2017 for \$151 million;
- EPA findings that water supplied to a Texas community exceeded uranium maximum contaminant levels;
- Fines for improperly dumping arsenic sludge (California);
- Reports that our company sought rate increases up to 28%;
- Provision of services to hydraulic fracturing operations which are perceived as threatening the sufficiency or quality of water supplies;
- The proponent believes that these and other developments raise potential material operational and reputational risks for our Company.

RESOLVED: Shareholders request that the Board of Directors issue a report to shareholders, omitting proprietary information and at a reasonable cost, tracking our Company's impacts and responses on the human right to water and sanitation.

Supporting Statement: Shareholders suggest the report include narrative and key performance indicators such as:

- Whether/how the Company identifies any business partners with poor track records or protection policies on human rights and/or environment;
- How the Company addresses risks to the HRWS arising from such relationships;
- The most significant events or challenges implicating the HRWS within the past year involving the Company or its business partners and assessing the responses;
- Percentage of customers paying water rates considered unaffordable by the United Nations Development Program (above 2.5–3% of monthly household income);
- Customer demographics for non-payment shutoffs (including age, race, ethnicity, children, elderly or ill, income level, shutoff duration);
- Company policies on public policy advocacy to support the HRWS (to ensure affordability for all);
- Whether/how the company evaluates the effectiveness of mechanisms intended to ensure water affordability for those in financial need.

### Water Impacts of Business Operations

#### Pilgrim's Pride Corp

Meat production is recognized as the leading source of water pollution in the United States, exposing 7 million Americans to nitrates in drinking water.<sup>1</sup> Consumer interest in sustainable food is growing, as is public scrutiny of the meat industry's production practices. Pilgrim's Pride (Pilgrim's) is highly exposed to the risks of unaddressed water pollution linked to its supply chain.

The cultivation of feed ingredients for the 36 million chickens produced weekly by Pilgrim's is a primary source of supply-chain water pollution due to chemicals, especially nitrates, and fertilizer inputs washing off fields.

Animal waste from direct operations combined with over 4,000 growers may contain nutrients, antibiotic-resistant bacteria and pathogens.

Agricultural runoff pollution and poor manure disposal practices contaminate local waterways, endangering public health, workers, and the environment.

Pilgrim's released 544,790 pounds of toxic pollutants into U.S. waterways in 2014, according to U.S. EPA's Toxic Release Inventory. In January 2015, the EPA filed a violation notice of Pilgrim's failure to comply with 24 National Pollutant Discharge permits at its Gainesville, Georgia plant.<sup>2</sup> In 2015, the Atlanta Journal-Constitution found that Pilgrim's has been exceeding state permits for dumping pollutants directly into local waterways since 2006.<sup>3</sup> Pilgrim's recently agreed to pay a record \$1.43 million penalty for violating its Clean Water Act permit, discharging wastewater into the Suwannee River for seven years.<sup>4</sup>

There is a growing trend toward increased state regulation and oversight of animal production and water stewardship, including in Washington, Wisconsin, Maryland, and Virginia with tightened requirements related to nutrient management plans, manure disposal, field application of manure, and groundwater monitoring.

Pilgrim's competitors are taking action to reduce pollution: Smithfield set a target to purchase 75% of its grain from farms managed to reduce water pollution; Perdue launched a large-scale poultry litter recycling operation to prevent nutrient pollution; and Hormel adopted a Sustainable Agriculture Policy with commitments on water quality and supply chain management.

Pilgrim's policies, contracts, and codes do not address water quality, and there is no publicly available disclosure on water quality for operations, supply chain and contract farms for shareholders to evaluate.

Shareholders are concerned that Pilgrim's is exposed to regulatory, reputational, competitive, and financial risks from its water pollution impacts as public attention to the environmental impacts of meat production grows.

**RESOLVED:** Shareholders request the Board of Directors adopt and implement a water stewardship policy designed to reduce risks of water contamination from Pilgrim's direct operations and supply chain.

**Supporting Statement:** Proponents believe the water policy should include:

- Requirements for leading practices for nutrient management and pollutant limits throughout direct operations, contract farms, and feed suppliers, with a focus on verifiably reducing nitrate contamination;
- Reporting on time-bound goals, key performance indicators and metrics demonstrating conformance to the policy;
- Financial and technical support to help suppliers implement the policy; and
- A transparent mechanism to regularly disclose progress on adoption and implementation.

1 <https://www.ewg.org/tapwater/state-of-american-drinking-water.php#.WYnoplgrKM9>

2 <http://media.morristechnology.com/webmedia/upload/gainesville/article/2015/03/23/0324CHICKENDOC1.pdf>

3 [https://chattahoochee.org/wp-content/uploads/2013/08/Few-penalties-lax-oversight-for-chicken-plants-that-pollute--www.myajc\\_.pdf](https://chattahoochee.org/wp-content/uploads/2013/08/Few-penalties-lax-oversight-for-chicken-plants-that-pollute--www.myajc_.pdf)

4 <http://news.wjct.org/post/live-oak-poultry-producer-environmental-groups-reach-deal-over-suwanneeriver-pollution>

### Water Impacts of Business Operations

#### Tyson Foods, Inc.

The UN Human Right to Water calls for the right to sufficient, safe, acceptable and physically accessible and affordable water for personal and domestic uses. Meat production is recognized as the leading source of water pollution in the United States, exposing 7 million Americans to nitrates in drinking water.<sup>1</sup> Contamination of water sources from Tyson Foods operations and supply chain may interfere with the Right to Water, be inconsistent with Tyson's commitment to sustainable food, and pose a risk to shareholder value.

The cultivation of feed ingredients for the 39,621,000 livestock produced weekly by Tyson is a primary source of water pollution due to chemicals, especially nitrates, and fertilizer inputs washing off fields if improperly managed. Animal waste from direct operations and over 11,000 independent or contract farmers may contain nutrients, antibiotic-resistant bacteria and pathogens. These contaminants and poor manure disposal practices pollute local waterways, endangering public health, workers, and the environment.

There are also pollution risks from Tyson's 79 processing plants, which may release huge volumes of toxic substances into waterways. In 2016, Tyson reported 68 wastewater permit exceedances, 19 notices of violation, 5 chemical releases, and paid a \$65,000 fine for a wastewater leak at a Mississippi facility. In July 2017, Tyson paid a \$26,000 fine and completed a corrective action plan after wastewater discharges at a Virginia facility exceeded permitted pollutant limits; the State Water Control Board recently called for greater action.<sup>2</sup>

Walmart, Tyson's largest customer with 17.5% of 2016 sales, has strict supplier expectations on management of water, manure, nutrients, and fertilizer use.<sup>3</sup> Tyson's competitors are taking action: Smithfield set a target to purchase 75% of its grain from farms managed to reduce water pollution; Perdue launched a large-scale poultry litter recycling operation to prevent nutrient pollution; and Hormel adopted a Sustainable Agriculture Policy with commitments on water quality and supply chain management.

As America's largest meat company and a top contributor to water pollution,<sup>4</sup> proponents remain concerned that in spite of its recent partnership with World Resources Institute, Tyson has failed to adopt a water stewardship policy with goals for reducing pollution. Tyson faces risks to its social license to operate, as well as reputational, competitive, and financial risks as consumer attention to the environmental impacts of meat production is increasing.

**RESOLVED:** Shareholders request the Board of Directors adopt and implement a water stewardship policy designed to reduce risks of water contamination at: Tyson-owned facilities; facilities under contract to Tyson; and Tyson's feed suppliers.

**Supporting Statement:** Proponents believe the water policy should include:

- Requirements for leading practices for nutrient management and pollutant limits throughout direct operations, contract farms, and feed suppliers, with a focus on verifiably reducing nitrate contamination;
- Reporting on time-bound goals, key performance indicators and metrics demonstrating conformance to the policy;
- Financial and technical support to help implement the policy; and
- A transparent mechanism to regularly disclose progress on adoption and implementation.

1 <https://www.ewg.org/tapwater/state-of-american-drinking-water.php#.WYnoplgrKM9>

2 <http://www.deq.virginia.gov/Portals/0/DEQ/Enforcement/SignedConsentPN/TysonFarms17.pdf?ver=2017-03-16-075658-940>; <http://www.delmarvanow.com/story/news/2017/07/27/state-board-rejects-tyson-foods-pollution-order/499639001/>

3 [http://www.walmartsustainabilityhub.com/app/answers/detail/a\\_id/242](http://www.walmartsustainabilityhub.com/app/answers/detail/a_id/242)

4 <http://www.environmentamerica.org/news/ame/reporttyson- 1-water-polluter-among-agribusinesses>

### Water Impacts of Business Operations

#### B&G Foods, Inc.

B&G Foods is exposed to regulatory, reputational, and financial risk associated with water availability and pollution from its direct operations, agricultural commodity growers, and other suppliers.

Agriculture accounts for approximately 70 percent of water withdrawals worldwide and according to the U.S. Environmental Protection Agency is the leading cause of impaired waterways. The EPA calls agricultural runoff pollution 'one of America's most widespread, costly, and challenging environmental problems'.

The World Economic Forum ranked water scarcity among the top 5 global risks in The Global Risks Report 2017, which catalogues the trends that global economic leaders believe are most important in shaping development during the next ten years.

Water has emerged as an area of focus for investors and companies, in particular for companies in the packaged food and meats sector. The Sustainability Accounting Standards Board disclosure standards for food and agricultural products includes significant emphasis on water in both manufacturing and in company supply chains.

The Task Force on Climate-Related Financial Disclosures highlights the importance to packaged food and meat companies, and their investors, of disclosure of water management and water use, in particular in relation to assets in areas of water stress. The company states that it's Green Giant's manufacturing facility located in Irapuato, Mexico is in an area of water scarcity.

Runoff pollution from agriculture is a leading cause of water contamination and greenhouse gas emissions globally, and is due largely to nitrogen leaching from fields that produce row-crops.

The 2017 dead zone in the Gulf of Mexico was the largest on record, according to the National Oceanic and Atmospheric Administration, due to nutrient pollution primarily from agriculture and development.

Major customers are asking food companies about how they manage environmental matters including water. Wal-Mart, B&G Foods' largest customer, uses a Sustainability Index to assess suppliers.

While B&G Foods acknowledges the importance of water in manufacturing and supply chains, the company does not provide investors a water risk assessment or management strategy, beyond anecdotal information related to one manufacturing plant.

According to the Ceres report Feeding Ourselves Thirsty companies that B&G Foods includes in its executive compensation peer group including Whitewave Foods, Hain Celestial, and McCormick and Co. have made notable progress in disclosing their management of water related risks and impacts. These peers are addressing water in their direct operations and in their agricultural supply chains.

**RESOLVED:** Shareholders request the Board of Directors adopt and implement a water stewardship policy designed to reduce the risks related to water scarcity and the impacts of operations and key supply chains on water quality.

**Supporting Statement:** Proponents believe the water policy should include:

- Robust and transparent measures to prevent water pollution incidents;
- Specific time-bound goals to ensure conformance with the policy; and
- A transparent mechanism to regularly disclose progress on adoption and implementation of the policy.

### Water Impacts of Business Operations

Blue Buffalo Pet Products, Inc.

Blue Buffalo is exposed to regulatory, weather-related and financial risk associated with water availability and/or pollution from its direct operations, agricultural commodity growers, and other suppliers.

Agriculture accounts for approximately 70 percent of water withdrawals worldwide and according to the U.S. Environmental Protection Agency is the leading cause of impaired waterways. The EPA calls agricultural runoff pollution 'one of America's most widespread, costly, and challenging environmental problems'. Meat production in particular is a major user of water and a leading contributor to water pollution.

The World Economic Forum ranked water scarcity among the top 5 global risks in The Global Risks Report 2017, which catalogues the trends that global economic leaders believe are most important in shaping development during the next ten years.

Water has emerged as an area of focus for investors and companies, in particular for companies in the packaged food and meats sector. The Sustainability Accounting Standards Board disclosure standards for food and agricultural products includes significant emphasis on water in both manufacturing and in company supply chains.

The Task Force on Climate-Related Financial Disclosures highlights the importance to packaged food and meat companies, and their investors, of disclosure of water management and water use, in particular in relation to assets in areas of water stress.

In its 2017 10K the company reports that its Heartland manufacturing facility is expected to produce thirty-five to forty-five percent of dry food during the next several years. The facility is located in Joplin, Missouri, which is in a region that due to development, population growth, and cycles of drought is expected to create water supply problems.

The 2017 dead zone in the Gulf of Mexico was the largest on record, according to the National Oceanic and Atmospheric Administration, due to nutrient pollution primarily from agriculture and development.

Blue Buffalo does not describe its approach to water related risks, nor to other environmental matters in its public disclosures. The company does not address the environmental risks and impacts of its manufacturing nor of its agricultural commodity supply chain.

According to the Ceres report Feeding Ourselves Thirsty, more than 90 food sector companies identified water risks in their earnings calls in 2017.

The world will need more food to feed a growing population, which along with development is likely to lead to greater competition for water. Blue Buffalo, a maker of pet food, may be competing for water with companies producing food for human consumption. This would challenge the company's ability to pass costs along to customers.

**RESOLVED:** Shareholders request the Board of Directors adopt and implement a water stewardship policy designed to reduce water scarcity risks and water quality impacts in direct operations and key supply chains.

### Water Impacts of Business Operations

#### AMEREN (Union Electric)

The World Economic Forum 2015 Global Risk Report ranked water as the top societal risk facing the world in terms of potential economic impact.<sup>1</sup> The Human Right to Water, formally recognized by the United Nations in 2010, clarifies that it is the responsibility of companies to ensure their operations do not infringe upon the right of individuals to sufficient, safe, acceptable, accessible, and affordable water. This human right is further buttressed by the UN's Sustainable Development Goal 6, which includes a target for improving water quality by reducing pollution and minimizing the discharge of hazardous chemicals and materials.<sup>2</sup>

Coal combustion residual (CCR) waste is a by-product of burning coal and contains arsenic, mercury, lead and other heavy metals and toxins.

In October 2015, the EPA CCR Rule became effective, setting minimum federal standards for CCR disposal. While Ameren has thus far filed the minimum information required by the CCR Rule, significant questions remain regarding risks posed by its numerous ash ponds along the Mississippi and Missouri Rivers. In 2017, 46.47% of shareholders supported a resolution requesting a report on Ameren's efforts to identify and reduce environmental and health hazards associated with water discharge Practice and Policy. Ameren has responded with only general information regarding the risks associated with its coal ash disposal practices.

Ameren plans to leave coal ash in its ash ponds when it closes them, unlike other utilities in Missouri and elsewhere, even where the ponds were dug deep into groundwater; ash can readily contaminate groundwater and surface water indefinitely.

Where Ameren already knows of groundwater contamination caused by its ash ponds, there is no indication that it has taken steps to clean up existing contamination or provided meaningful estimates of future cleanup costs.

Ameren has submitted but not received third-party Verification for the CDP Water 2017 report:

Ameren's primary coal source is the Powder River Basin; Ameren continues to claim that PRB is not a water stressed area despite reports by World Business Council of Sustainable Development and others.

Despite its claims that "our facilities are located in an area of ample water supply," Ameren admits that if facilities would need to close due to lack of water availability, the financial impact would be 'medium-high.'

Ameren has reported no data on water quality, pollution in discharges, or thermal impacts.

**RESOLVED:** Shareholders request that the Board prepare a complete report on the company's efforts, above and beyond current compliance, to identify and reduce environmental and health hazards associated with past, present and future handling of coal combustion residuals, and how those efforts may reduce legal, reputational and financial risks to the company. This report should be available to shareholders within 6 months of the 2018 annual meeting, be prepared at reasonable cost, and omit confidential information such as proprietary data or legal strategy.

1 "Insight Report, Global Risks, 2015: 10th Edition." WEF

2 UNSDG 6.3

### Public Health Risks of Coal Pollution

Duke Energy Corp.

WHEREAS: The use of coal produces well-established harms to public health including water contamination, poor air quality, and climate change:

Toxic contamination. Coal burning results in coal waste -also called coal ash- which is laced with heavy metals such as arsenic, and which can contaminate water and raise cancer risk with long term exposure. Duke Energy had two high profile coal ash spills since 2014, at the Dan River and H.F. Lee coal plants, incurring brand damage, environmental and water impacts, and millions of dollars in clean-up costs. Maps released this year by the company show that homes and communities near coal ash ponds are at risk of damage and contamination if dams were to fail.

Harm to low income communities of color. Though the EPA and states regulate the management and disposal of coal ash, in 2016, the U.S. Civil Rights Commission criticized current regulations for disproportionately impacting low income communities of color.

Declining air quality. Burning coal results in sulfur dioxide, nitrous oxide, mercury, and particulate matter. These pollutants can cause serious health problems such as respiratory illnesses, including asthma and lung diseases; heart attacks; reduced life expectancy; and increased infant mortality.

Climate change. Coal burning releases carbon dioxide, which is the primary greenhouse gas driving climate change. Climate change results in many health harms and challenges from extreme temperatures, to declining air and water quality, to the spread of warm weather pests and diseases to new areas. In addition to the health impacts, climate change intensified extreme storms and flooding threaten the reliability and safety of coal ash infrastructure and increase the risk of water contamination. For example, Duke's coal ash spill at H.F. Lee coal plant occurred following flooding from Hurricane Matthew.

Despite all this, Duke remains committed to coal. As of 2015, Duke Energy burned the second highest level of coal of U.S. electric power producers, and had the second highest carbon pollution emissions of any U.S. power producer. (Ceres, Benchmarking Utility Air Emissions, 2017)

RESOLVED: Shareholders request that Duke Energy publish a report assessing the public health impacts of its coal use on rates of illness, mortality, and infant death, due to coal related air and water pollution in communities adjacent to Duke's coal operations, and provide a financial analysis of the cost to the Company of coal-related public health harms, including potential liability and reputational damage. The report should be published by 2019, at reasonable expense, and omit proprietary information.

Supporting Statement: Investors request the report consider and describe:

- The public health impacts of climate change and how Duke Energy's coal burning exacerbates them;
- How the Company's coal operations, including its coal ash disposal, impacts the public health of low income communities of color, as per the report of the U.S. Civil Rights Commission.

### Shareholder Advocacy and the Proxy Process

Shareholder advocacy covers a wide spectrum of tactics used by investors to influence the companies they own on questions of corporate social responsibility (CSR). Levels of advocacy can range from proxy voting in favor of shareholder-sponsored resolutions, to direct engagement of management in investor dialogues, to the filing of shareholder resolutions. The intensity of engagement depends on the priorities and resources of the investor.

What is implicit in this work, however, is an acknowledgement of the responsibility that comes with stock ownership to ensure that management is doing what it can to improve its performance both financially and in terms of environmental, social and governance (ESG) measures, as this has direct implications throughout corporate global supply chains, and for communities where they operate.

Visit ICCR's website ([www.iccr.org](http://www.iccr.org)) for more information on shareholder advocacy.

#### What is a Shareholder Resolution?

Every year beginning roughly in March, American corporations begin sending out proxy statements to their shareholders. Proxy statements list all the resolutions scheduled for a vote at a company's upcoming shareholder meeting, both those proposed by management, and those proposed by shareholders. Roughly one page in length, these resolutions contain a formal resolved clause, which is a specific request or "ask", with a number of carefully-researched rationales in the form of "whereas clauses" as supporting statements. The timetable for soliciting votes for the annual meeting depends largely on a company's meeting date, which usually is determined by the board of directors.

Proxy statements also include important information that the Securities and Exchange Commission (SEC) requires corporations provide to their shareholders, such as corporate governance and financing information, like nominations for the board of directors, proposed incentive structures, or capitalization plans.

Shareholders are part-owners of companies, and as such they have the right to participate in annual general meetings (AGMs) where key decision making takes place. Therefore, any shareholder who has held at least one share of company stock for at least two months or more may vote on resolutions, either in person at the company's annual meeting, or via a proxy ballot, which can be done online using special voting websites like [www.proxyvote.com](http://www.proxyvote.com), or by return mail. It is important to note that proxy voting is the primary forum by which management seeks affirmation of its actions: At the same time, it is the primary method investors use to reach out to other shareholders for support of their resolutions.

If you don't actively vote your proxies, they automatically default to a vote for management. For this reason you should carefully review the company proxy statements you receive in the mail and exercise your shareholder rights by voting your proxies.

The rules governing these decisions can be found on the SEC website: <http://www.sec.gov/interp/legal/cfslb14.htm>

#### Who Can File a Shareholder Resolution?

Any shareholder or group of shareholders owning \$2,000 or more of a company's stock for a minimum of a year can introduce a proposal. Shareholder-sponsored resolutions must be filed with companies' corporate secretaries by specific dates in order to be placed on the company proxy

ballot. Individual investors new to the process might want to consider teaming up with more experienced investors as the SEC rules on the drafting and submission of resolutions can be somewhat difficult to navigate and, if they are challenged at the SEC, they can be difficult to appeal.

ICCR members are familiar enough with the process that they can draft resolutions that are not only more likely to withstand challenges at the SEC but will achieve a higher vote at the AGM. Moreover, by working in coalition and co-filing with other ICCR members, our proposals are likely to receive greater attention from management who may wish to negotiate a withdrawal in exchange for taking some action on the issue.

### What are the Guidelines for Writing a Shareholder Resolution?

The text of a resolution may not exceed 500 words (including any accompanying statement of support) and it may not contain any materially false or misleading statements. The matter addressed in the shareholder proposal must be “relevant” — i.e., it must relate to at least 5% of the company’s total assets and at least 5% of its net earnings and gross sales for the most current fiscal year. A shareholder proposal may be excluded from the proxy statement if it conflicts with a resolution put forward by another investor on the same subject, or if the company has already substantially implemented the proposal.

The proposal may not advocate action that would be improper under the laws of the state in which the company is organized or incorporated. Some states consider it improper for shareholders to issue mandates to the board of directors. (However, the SEC usually interprets shareholder proposals to be recommendations or requests rather than mandates.) The proposal may not recommend action that would violate any state, federal, or foreign law, nor can it call for action

that the company has no power or authority to implement.

Corporate management may ask the SEC for permission to exclude a proposal that does not conform to all requirements. The filers have a right to appeal a company’s challenge, and this is usually done through legal counsel.

### What Does it Take to Get a Resolution Adopted?

At the annual meeting one of the filers (or a designee) must make a motion from the floor to put the resolution to a vote (each Class A share gets one vote). In some cases, there must also be someone to second the motion.

A resolution need not garner 51% of the vote to “win” — something that rarely happens for a number of reasons; not only is it rare for 100% of company shareholders to vote, in many cases, shareholder votes — particularly institutional shareholder votes — are determined by proxy voting firms which advise shareholders. Proxy voting firms generally prefer to leave decisions regarding day-to-day management, as well as social, environmental or political issues, to management and the board, and therefore vote in line with management recommendations on proxy ballots.

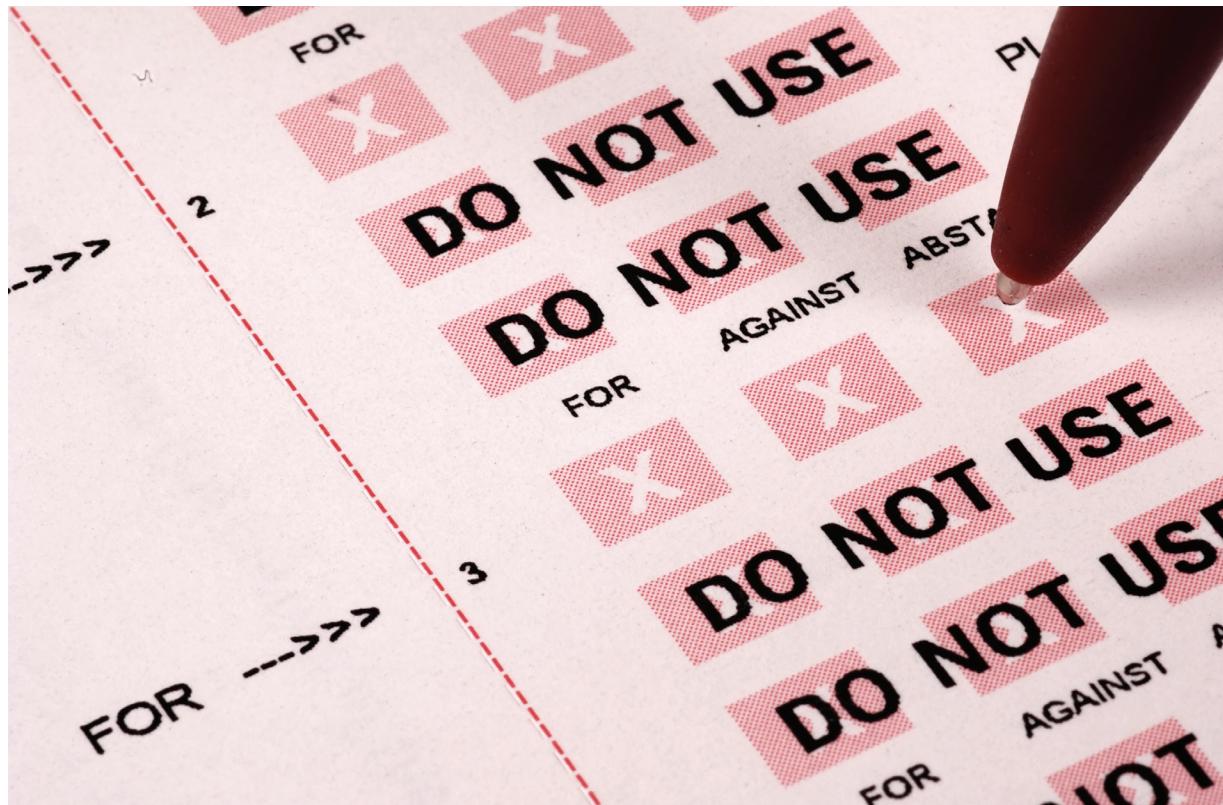
In fact, votes in the double digits are generally considered very successful in focusing investor and management attention on issues. The SEC’s rules recognize this and give small shareholders a voice by requiring a fairly low threshold of support for a proposal to be resubmitted a second and third year. A resolution must get at least 3% of the vote in its first year; 6% of the vote in its second year; and 10% in its third year, and every year thereafter, to be eligible to remain on the ballot. This gives shareholder advocates the opportunity to mount multi-year education campaigns on proposals before a company. Outreach

to pension funds and other institutional investors is especially important to increase the size of the vote for a resolution each year.

### What if All My Investments are in Mutual Funds?

Mutual funds have the clout to hold the companies in their portfolios accountable. Furthermore, they have a duty to do so. As companies which fail to address corporate responsibility and sustainability are at risk for financial losses, lawsuits, and insurance problems, mutual funds act responsibly by ensuring that the companies in their portfolios minimize risk. But many mutual funds fall far short of addressing investor concerns.

As a first step, you should find out how your mutual funds vote. Because a fund's Form N-PX filing with the SEC is publicly available, you can find proxy voting record information for a mutual fund by searching the SEC's EDGAR database (<http://www.sec.gov/edgar/searchedgar/webusers.htm>). This information is also available in mutual funds' semi-annual and annual reports to shareholders. You may also want to contact the financial managers who run your mutual funds directly, and request their voting records, as well as their policies on voting shareholder resolutions. You can then encourage them to vote for ESG resolutions. In addition, websites like ProxyDemocracy.org help individual investors follow and evaluate the voting trends of mutual funds and large institutional investors.



# Resolution Leads and Co-Filers

\* Denotes lead sponsor of the resolution

### ABBVIE

#### Lobbying Expenditures Disclosure - Climate

Congregation of Sisters of St. Agnes [38]; \* Zevin Asset Management

### ABBVIE

#### Senior Executive Incentives - Integrate Drug Pricing Risk

Mercy Health; Mercy Investment Services; Religious of the Sacred Heart of Mary, Western American Province; Sisters of Providence, Mother Joseph Province [11]; Sisters of St. Francis of Philadelphia; Sisters of St. Joseph of Orange; Trinity Health; UAW Retiree Medical Benefits Trust; \* United Church Funds; Zevin Asset Management [350]

### ABBVIE

#### Separate CEO & Chair

Congregation of Divine Providence - San Antonio, Texas; \* Dana Investment Advisors [41000]; Providence Trust

### ACUITY BRANDS

#### Sexual Orientation & Gender Identity/Expression Non-Discr. *(withdrawn by filer)*

\* Trillium Asset Management Corporation

### ACUITY BRANDS

#### Sustainability Reporting - GHG Emphasis

\* Trillium Asset Management Corporation

### AES

#### Business Plan for 2C Warming Scenario

JLens Network; Mercy Health; \* Mercy Investment Services

### AETNA

#### Lobbying Expenditures Disclosure - Climate

\* Daughters of Charity, Province of St Louise; Mercy Investment Services

### ALKERMES PLC

#### Sustainability Reporting

Benedictine Sisters of Mount St. Scholastica [479]; \* Trillium Asset Management Corporation

### ALPHABET

#### Board Executive Committee Diversity

Benedictine Sisters of Virginia [50]; Northwest Women Religious Investment Trust [5]; \* Trillium Asset Management Corporation

### ALPHABET

#### Executive Pay-Incorporate Diversity & Sustainability Metrics

Azzad Asset Management; Benedictine Sisters of Mount St. Scholastica [352]; Boston Common Asset Management; Grand Rapids Dominicans; \* Zevin Asset Management

### ALPHABET

#### Lobbying Expenditures Disclosure - Climate

44S Foundation [400]; Benedictine Sisters, Sacred Heart Monastery; Community Church of New York [90]; Dana Investment Advisors [3100]; First Parish In Cambridge - Unitarian Universalist [100]; Max and Anna Levinson Foundation [100]; Mercy Investment Services; Monasterio Pan de Vida [6]; Needmor Fund [50]; Oblate International Pastoral Investment Trust [851]; Pax World Management Corp.; Sisters of Notre Dame de Namur-Boston [200]; Sisters of the Holy Family, CA [250]; \* Walden Asset Management (Boston Trust & Investment Management Company) [21051]; Walden Equity Fund [2800]

### ALPHABET

#### One Vote Per Share

\* James McRitchie; \* NorthStar Asset Management

### ALPHABET

#### Political Contributions

\* Clean Yield Group

### ALTRIA GROUP

#### Begin Reducing Nicotine to Less Addictive Level

Catholic Health Initiatives; Sisters of St. Dominic of Caldwell, NJ; \* Sisters of St. Francis of Philadelphia; Sisters of St. Joseph of Carondelet of St. Paul Province; Trinity Health

# Resolution Leads and Co-Filers

## AMAZON.COM, INC

### Criminal Background Checks in Hiring Decisions

Friends Fiduciary Corporation; \* Zevin Asset Management [7]

## AMAZON.COM, INC

### Ethical Labor Recruitment

Adrian Dominican Sisters Portfolio Advisory Board; Dignity Health; \* Mercy Investment Services

## AMAZON.COM, INC

### Executive Pay - Incorporate Diversity & Sustainability Metrics

Azzad Asset Management; Benedictine Sisters of Baltimore - Emmanuel Monastery [15]; Benedictine Sisters of Mount St. Scholastica [367]; Grand Rapids Dominicans; Missionary Oblates of Mary Immaculate [750]; Monasterio Pan de Vida [16]; Unitarian Universalist Association; \* Zevin Asset Management

## AMAZON.COM, INC

### Majority Vote

\* Investor Voice

## AMAZON.COM, INC

### Reduce Food Waste

\* Green Century Capital Management, Inc. [12]; \* JLens Network [22]

## AMEREN (UNION ELECTRIC)

### Business Plan for 2C Warming Scenario

Daughters of Charity, Province of St Louise; \* Mercy Investment Services; Portico Benefit Services (ELCA) [31000]; Trinity Health

## AMEREN (UNION ELECTRIC)

### Water Impacts of Business Operations

As You Sow Foundation; \* School Sisters of Notre Dame Central Pacific Province

## AMERICAN EXPRESS

### Gender Pay Gap

\* Arjuna Capital; Walden Asset Management (Boston Trust & Investment Management Company) [500000]

## AMERICAN INTERNATIONAL GROUP, INC. (AIG)

### Business Plan for 2C Warming Scenario

As You Sow Foundation; Mercy Investment Services; \* Presbyterian Church (USA)

## AMERICAN OUTDOOR BRANDS (SMITH & WESSON)

### Gun Safety

Adrian Dominican Sisters Portfolio Advisory Board; Catholic Health Initiatives; Congregation of St. Joseph; Daughters of Charity, Province of St Louise; Mercy Health; Mercy Investment Services; Sisters of Bon Secours USA; Sisters of Providence, Mother Joseph Province; \* Sisters of the Holy Names of Jesus and Mary, US Ontario Province [200]

## AMERICAN WATER WORKS

### Human Right to Water

\* NorthStar Asset Management

## AMERICAN WATER WORKS

### Lobbying Expenditures Disclosure

\* Boston Common Asset Management [4110]

## AMERICAN WATER WORKS

### Political Contributions

\* Trillium Asset Management Corporation

## AMERISOURCE BERGEN

### Executive Incentive Pay Clawback

\* UAW Retiree Medical Benefits Trust

## AMERISOURCE BERGEN

### Financial & Reputational Risks Related to the Opioid Crisis

JLens Network; Oblate International Pastoral Investment Trust; \* Sisters of St. Francis of Philadelphia; Trinity Health

## AMGEN

### Senior Executive Incentives - Integrate Drug Pricing Risk

Benedictine Sisters of Mount St. Scholastica; Dana Investment Advisors [15800]; Friends Fiduciary Corporation [6300]; \* Mercy Investment Services; Monasterio Pan de Vida; Sisters of St. Francis Charitable Trust; Sisters of St. Francis of Philadelphia; Trinity Health; UAW Retiree Medical Benefits Trust

## ANADARKO PETROLEUM

### Business Plan for 2C Warming Scenario

\* As You Sow Foundation

## Resolution Leads and Co-Filers

### ANADARKO PETROLEUM

#### Methane Emissions - Measure Leakage & Disclose

Adrian Dominican Sisters Portfolio Advisory Board; Domestic and Foreign Missionary Society of the Episcopal Church [100]; Mercy Investment Services; \* Miller/Howard Investments

### ANIKA THERAPEUTICS INC

#### Board Diversity (*withdrawn by filer*)

\* Walden Asset Management (Boston Trust & Investment Management Company) [200000]

### ANSYS

#### Board Diversity

\* Trillium Asset Management Corporation

### APPLE COMPUTER

#### Executive Pay-Incorporate Diversity & Sustainability Metrics

Friends Fiduciary Corporation [27000]; Grand Rapids Dominicans; \* Zevin Asset Management

### AT&T

#### Executive Pay: Incorporate Sustainability Metrics (*withdrawn by filer*)

\* Zevin Asset Management

### AT&T

#### Lobbying Expenditures Disclosure - Climate

Benedictine Sisters of Mount St. Scholastica; Dana Investment Advisors [41000]; Grand Rapids Dominicans [3382]; Max and Anna Levinson Foundation [200]; Monasterio De San Benito [300]; Needmor Fund [1550]; Sisters of the Holy Family, CA [173]; \* Walden Asset Management (Boston Trust & Investment Management Company) [47000]

### ATMOS ENERGY

#### Lobbying Expenditures Disclosure (*withdrawn by filer*)

\* Friends Fiduciary Corporation [450]

### B&G FOODS

#### Water Impacts of Business Operations

\* Calvert Investment Management, Inc.

### BANK OF AMERICA

#### Indigenous Peoples Rights

\* Harrington Investments; Mercy Investment Services

### BANK OF NEW YORK MELLON

#### Proxy Voting Policies - Climate Change

Daniel Altschuler 1986 Trust [754]; \* Friends Fiduciary Corporation; Mercy Investment Services; United Church Funds

### BED BATH & BEYOND

#### Ethical Labor Recruitment

\* Mercy Investment Services, The Sisters of the Humility of Mary

### BIOGEN

#### Senior Executive Incentives - Integrate Drug Pricing Risk

\* Azzad Asset Management; Boston Common Asset Management; Domini Impact Investments LLC; Mercy Investment Services; Northwest Women Religious Investment Trust [50]; Oblate International Pastoral Investment Trust [159]; Sisters of St. Francis Charitable Trust; Trinity Health; UAW Retiree Medical Benefits Trust

### BLACK KNIGHT FINANCIAL SERVICES

#### Board Diversity

\* Calvert Investment Management, Inc.

### BLACKROCK

#### Lobbying Expenditures Disclosure - Climate

\* Unitarian Universalist Association [150]

### BLUE BUFFALO PET PRODUCTS

#### Water Impacts of Business Operations

\* Calvert Investment Management, Inc.

### BOEING

#### Lobbying Expenditures Disclosure

Benedictine Sisters of Chicago [41]; \* City of Philadelphia Public Employees Retirement System; Missionary Oblates of Mary Immaculate

# Resolution Leads and Co-Filers

## BRISTOL-MYERS SQUIBB

### Senior Executive Incentives - Integrate Drug Pricing Risk

American Baptist Home Mission Society [620]; Boston Common Asset Management; Catholic Health Initiatives; Congregation of Divine Providence - San Antonio, Texas [100]; Daughters of Charity, Province of St Louise; Friends Fiduciary Corporation [4000]; Mercy Health; Mercy Investment Services; Monasterio De San Benito [200]; School Sisters of Notre Dame Cooperative Investment Fund; Sisters of St. Francis of Philadelphia; \* Trinity Health; UAW Retiree Medical Benefits Trust

## BUNGE

### Supply Chain Impact on Deforestation

\* Green Century Capital Management, Inc.; \* New York State Common Retirement Fund

## C.H. ROBINSON WORLDWIDE

### Greenhouse Gas Reduction - Science-Based Targets

\* Sisters of the Presentation of the Blessed Virgin Mary, SD

## CAMBREX CORP

### Sustainability Reporting

\* Trillium Asset Management Corporation

## CATERPILLAR

### Independent Director with Human Rights Expertise

Congregation des Soeurs des Saints Noms de Jesus et de Marie [100]; Congregation of Benedictine Sisters, Boerne TX; \* Domestic and Foreign Missionary Society of the Episcopal Church; Mercy Investment Services

## CATO CORPORATION (THE)

### Board Diversity

\* Providence Trust

## CATO CORPORATION (THE)

### Sexual Orientation & Gender Identity/Expression Non-Discr.

\* Walden Small Cap Innovations Fund [450]

## CHEMED

### Sexual Orientation & Gender Identity/Expression Non-Discr. (*withdrawn by filer*)

\* Walden Asset Management (Boston Trust & Investment Management Company) [160042]

## CHESAPEAKE ENERGY

### Lobbying Expenditures Disclosure - Climate

\* Unitarian Universalist Association [1008]

## CHEVRON

### Lobbying Expenditures Disclosure - Climate

Benedictine Sisters of Mount St. Scholastica [85]; Carol Master [140]; City of Philadelphia Public Employees Retirement System; Congregation of the Sisters of the Holy Cross, Indiana [25]; Daughters of Charity, Province of St Louise; Needmor Fund [100]; School Sisters of Notre Dame Cooperative Investment Fund; Sisters of St. Francis Charitable Trust; The Oneida Tribe of Indians Trust Fund for the Elderly [2300]; \* Walden Asset Management (Boston Trust & Investment Management Company) [9871]; Zevin Asset Management

## CHEVRON

### Low Carbon Business Model

American Baptist Home Mission Society; \* Arjuna Capital; \* As You Sow Foundation; Zevin Asset Management

## CHEVRON

### Methane Emissions - Measure Leakage & Disclose

Adrian Dominican Sisters Portfolio Advisory Board; As You Sow Foundation; Congregation of St. Joseph; Dignity Health; Dominican Sisters of Hope; \* Park Foundation

## CHEVRON

### No Business with Governments Complicit in Genocide - Burma

\* Azzad Asset Management [717]; Benedictine Sisters of Baltimore - Emmanuel Monastery [125]; Congregation of Benedictine Sisters, Boerne TX; Dana Investment Advisors [25000]; Mercy Investment Services; Ursuline Sisters of Tildonk, US Province

## CHEVRON

### Separate CEO & Chair

Mercy Health; Sisters of St. Francis of Philadelphia; \* Zevin Asset Management

## CHEVRON

### Shareowners Right to Call Special Meeting

\* Investor Voice

## Resolution Leads and Co-Filers

### CIGNA

#### Workplace Diversity

\* Trillium Asset Management Corporation

### CISCO SYSTEMS

#### Lobbying Expenditures Disclosure - Climate

\* Unitarian Universalist Association

### CITIGROUP

#### Golden Parachute

\*AFL-CIO [1640]

### CITIGROUP

#### Indigenous Peoples Rights

\* Mercy Investment Services

### CITRIX SYSTEMS

#### Executive Pay-Incorporate Diversity & Sustainability Metrics

\* Zevin Asset Management

### CMS ENERGY

#### Business Plan for 2C Warming Scenario

\* Sisters of the Presentation of the Blessed Virgin Mary, SD

### COHEN & STEERS INC

#### Proxy Voting Policies - Climate Change

Christopher Reynolds Foundation, Inc. [425]; Needmor Fund [775]; \* Walden Asset Management (Boston Trust & Investment Management Company) [115000]

### COMCAST

#### Greenhouse Gas Reduction - Energy Efficiency

\* Walden Asset Management (Boston Trust & Investment Management Company) [2299722]

### COMCAST

#### Lobbying Expenditures Disclosure

444S Foundation [15000]; Benedictine Sisters of Mount St. Scholastica [70]; Congregation of the Sisters of St. Joseph of Brighton [700]; \* Friends Fiduciary Corporation [18300]; The Swift Foundation [2000]; Tides Foundation [28000]; Walden Asset Management (Boston Trust & Investment Management Company)

### COMCAST

#### Prohibit Virtual-Only AGM

Needmor Fund [3400]; \* Sisters of St. Francis of Philadelphia; Society of the Holy Child Jesus - American Province [3410]; Trinity Health

### CONOCOPHILLIPS

#### Lobbying Expenditures Disclosure - Climate

Benedictine Sisters of Baltimore - Emmanuel Monastery [125]; Brainerd Foundation [200]; Community Church of New York [100]; Congregation of St. Joseph; Congregation of the Sisters of St. Joseph of Brighton [700]; First Parish In Cambridge - Unitarian Universalist [75]; Glenmary Home Missioners (Home Missioners of America) [450]; Lemmon Foundation [350]; Mercy Investment Services; Rockefeller and Co. [22084]; School Sisters of Notre Dame Cooperative Investment Fund; Sisters of Notre Dame [450]; Sisters of Notre Dame de Namur-Boston [5000]; Sisters of the Holy Family, CA [5750]; State of Rhode Island and Providence Plantations [31723]; The Oneida Tribe of Indians Trust Fund for the Elderly [3800]; Tides Foundation [250]; \* Walden Asset Management (Boston Trust & Investment Management Company) [411200]; Walden Equity Fund [66000]

### CONOCOPHILLIPS

#### Prohibit Virtual-Only AGM (*withdrawn by filer*)

Church of the Brethren Benefit Trust; Needmor Fund [100]; \* Sisters of St. Francis of Philadelphia

### CONSOLIDATED EDISON COMPANY OF NEW YORK

#### Lobbying Expenditures Disclosure - Climate

\* Friends Fiduciary Corporation [10800]

### CORVEL

#### Sexual Orientation & Gender Identity/Expression Non-Discr.

\* Walden Asset Management (Boston Trust & Investment Management Company) [130000]

### COSTCO WHOLESALE

#### Gender Pay Gap (*withdrawn by filer*)

\* Arjuna Capital; \* Zevin Asset Management

### COSTCO WHOLESALE

#### Supply Chain Policy on Prison Labor

\* NorthStar Asset Management

# Resolution Leads and Co-Filers

## CVS HEALTH CORP

### Paid Family Leave

Benedictine Sisters of Baltimore - Emmanuel Monastery [225]; Benedictine Sisters of Mount St. Scholastica [667]; Benedictine Sisters of Virginia; Congregation of Benedictine Sisters, Boerne TX; Friends Fiduciary Corporation [10500]; Missionary Oblates of Mary Immaculate [3500]; Monasterio Pan de Vida; \* Zevin Asset Management

## CVS HEALTH CORP

### Workplace Diversity

\* Trillium Asset Management Corporation

## DEAN FOODS

### Adopt Human Rights Policy Emphasizing Ethical Recruitment

\* Mercy Investment Services

## DENNY'S

### Phase Out Medically Important Antibiotics in Supply Chain

\* As You Sow Foundation; Benedictine Sisters of Mount St. Scholastica [1185]

## DEVON ENERGY

### Lobbying Expenditures Disclosure

Needmor Fund [150]; \* State of Rhode Island and Providence Plantations [14844]

## DEVON ENERGY

### Oil and Gas Reserve Additions as a Metric in Executive Comp.

\* As You Sow Foundation

## DEVON ENERGY

### Report on Hydraulic Fracturing Policies

Mercy Investment Services; \* Miller/Howard Investments; Portico Benefit Services (ELCA) [20000]

## DEVON ENERGY

### Review Public Policy Advocacy on Climate

\* Unitarian Universalist Association [1815]

## DICKS SPORTING GOODS INC

### Gun Safety

Catholic Health Initiatives; Congregation of St. Joseph; Domestic and Foreign Missionary Society of the Episcopal Church; Mercy Health; \* Mercy Investment Services; Sisters of the Humility of Mary, OH

## DICKS SPORTING GOODS INC

### Lobbying Expenditures Disclosure

Sisters of St. Francis of Philadelphia; Sisters of the Holy Names of Jesus and Mary, US Ontario Province [200]; \* Ursuline Sisters of Tildonk, US Province

## DISCOVER FINANCIAL SERVICES

### Gender Pay Gap

\* Pax World Management Corp.

## DISCOVER FINANCIAL SERVICES

### Workplace Diversity (*withdrawn by filer*)

Benedictine Sisters of Baltimore - Emmanuel Monastery [225]; Providence Trust; \* Walden Asset Management (Boston Trust & Investment Management Company) [750000]

## DISCOVERY COMMUNICATIONS

### Board Diversity

\* Nathan Cummings Foundation

## DISCOVERY COMMUNICATIONS

### Sustainability Reporting - GHG Emphasis

\* Clean Yield Group

## DISNEY (WALT) COMPANY / ABC

### Lobbying Expenditures Disclosure - Climate

Center for Community Change [175]; Congregation of St. Joseph; Daniel Altschuler 1986 Trust [500]; Missionary Oblates of Mary Immaculate; \* Zevin Asset Management [100]

## DOLLAR GENERAL

### Sustainability Reporting - GHG Emphasis

\* New York State Common Retirement Fund; Sisters of St. Francis of Philadelphia

## DOLLAR GENERAL

### Workplace Diversity (*withdrawn by filer*)

\* Walden Asset Management (Boston Trust & Investment Management Company) [300000]

# Resolution Leads and Co-Filers

## DOMINION RESOURCES

### **Business Plan for 2C Warming Scenario**

Mercy Investment Services; \* New York State Common Retirement Fund; Pax World Management Corp.; Presbyterian Church (USA) [76]

## DOMINION RESOURCES

### **Methane Emissions - Measure Leakage & Disclose**

\* Arjuna Capital; \* As You Sow Foundation

## DOWDUPONT

### **Executive Pay: Incorporate Sustainability Metrics**

\* As You Sow Foundation; Unitarian Universalist Association

## DOWDUPONT

### **Impact of the Bhopal Chemical Explosion**

\* Amnesty International USA; School Sisters of Notre Dame Cooperative Investment Fund

## DOWDUPONT

### **Shareowners Right to Call Special Meeting**

\* Investor Voice

## DR. PEPPER SNAPPLE GROUP

### **Report on Risks Related to Obesity**

Dana Investment Advisors [28200]; Grand Rapids Dominicans; Missionary Oblates of Mary Immaculate [3000]; \* Trinity Health

## DTE ENERGY

### **Business Plan for 2C Warming Scenario**

Mercy Investment Services; \* New York State Common Retirement Fund

## DTE ENERGY

### **Methane Emissions - Measure Leakage & Disclose**

\* As You Sow Foundation

## DUKE ENERGY

### **Lobbying Expenditures Disclosure (withdrawn by filer)**

\* Mercy Investment Services; Sisters of St. Francis of Philadelphia

## DUKE ENERGY

### **Public Health Risks of Coal Pollution**

\* As You Sow Foundation; Congregation of Divine Providence - San Antonio, Texas; \* Daughters of Charity, Province of St Louise; Providence Trust

## EBAY

### **Executive Pay-Incorporate Diversity & Sustainability Metrics**

Unitarian Universalist Association; \* Zevin Asset Management [11000]

## ELI LILLY AND COMPANY

### **Senior Executive Incentives - Integrate Drug Pricing Risk**

American Baptist Home Mission Society [40]; Catholic Health Initiatives; Daughters of Charity, Province of St Louise; Friends Fiduciary Corporation [2500]; Mercy Health; \* Mercy Investment Services; Oblate International Pastoral Investment Trust; Sisters of St. Francis Charitable Trust; Trinity Health; UAW Retiree Medical Benefits Trust

## EMERSON

### **Greenhouse Gas Reduction - Science-Based Targets**

444S Foundation; As You Sow Foundation; Brainerd Foundation [225]; Community Church of New York [1100]; Congregation of the Sisters of St. Joseph of Brighton [350]; First Parish In Cambridge - Unitarian Universalist [300]; Friends Fiduciary Corporation [16900]; Glenmary Home Missioners (Home Missioners of America) [500]; Gwendolen Noyes [300]; Haymarket People's Fund [675]; Lemmon Foundation [210]; Max and Anna Levinson Foundation [3400]; Merck Family Fund [1625]; Mercy Investment Services; Portico Benefit Services (ELCA) [9000]; Sisters of the Holy Family, CA [4600]; The Oneida Tribe of Indians Trust Fund for the Elderly [200]; Tides Foundation [12000]; \* Walden Asset Management (Boston Trust & Investment Management Company) [651340]; Walden Equity Fund [40000]

## EMERSON

### **Lobbying Expenditures Disclosure - Climate**

\* The Sustainability Group at Loring Wolcott & Coolidge

## EMERSON

### **Political Contributions**

School Sisters of Notre Dame Cooperative Investment Fund; \* Trillium Asset Management Corporation

## EMERSON

### **Separate CEO & Chair**

\* Needmor Fund [1600]

# Resolution Leads and Co-Filers

## ENERGEN

### Methane Emissions - Measure Leakage & Disclose

Friends Fiduciary Corporation [150]; \* Miller/Howard Investments; Portico Benefit Services (ELCA) [2200]

## ENSIGN GROUP

### Sexual Orientation & Gender Identity/Expression Non-Discr.

\* Walden Asset Management (Boston Trust & Investment Management Company) [401675]

## ENTERGY

### Business Plan for 2C Warming Scenario

\* Arjuna Capital; \* As You Sow Foundation

## EOG RESOURCES

### Greenhouse Gas Reduction - Science-Based Targets

Miller/Howard Investments; \* Trillium Asset Management Corporation

## EQT

### Methane Emissions - Measure Leakage & Disclose

Friends Fiduciary Corporation [1600]; \* Miller/Howard Investments

## EQUIFAX

### GAAP Financial Metrics for Executive Compensation

\* AFL-CIO; As You Sow Foundation

## EQUIFAX

### Report on Board Oversight of Consumer Data Breach

Azzad Asset Management [4153]; Friends Fiduciary Corporation [350]; \* UAW Retiree Medical Benefits Trust

## EXELON

### Methane Emissions - Measure Leakage & Disclose

\* As You Sow Foundation

## EXPEDITORS INTERNATIONAL

### Executive Pay: Incorporate Sustainability Metrics

\* Clean Yield Group; Zevin Asset Management

## EXPRESS SCRIPTS

### Separate CEO & Chair

\* John Chevedden; Walden Asset Management (Boston Trust & Investment Management Company) [5000]

## EXXON MOBIL

### Business Plan for 2C Warming Scenario

*(withdrawn by filer)*

Brainerd Foundation [150]; Carol Master [175]; Congregation of St. Joseph [100]; Dominican Sisters of Hope; Gwendolen Noyes [150]; \* New York State Common Retirement Fund; School Sisters of Notre Dame Cooperative Investment Fund; Sisters of Providence, Mother Joseph Province [35]; Sisters of St. Francis, Academy of Our Lady of Lourdes, Rochester; Sisters of the Holy Family, CA [100]; Sisters of the Holy Names of Jesus and Mary, US Ontario Province [70]; The Oneida Tribe of Indians Trust Fund for the Elderly [2875]; Walden Asset Management (Boston Trust & Investment Management Company) [520898]

## EXXON MOBIL

### Lobbying Expenditures Disclosure - Climate

Benedictine Sisters of Baltimore - Emmanuel Monastery [275]; Congregation of Benedictine Sisters, Boerne TX; Congregation of Sisters of St. Agnes; Congregation of the Sisters of the Holy Cross, Indiana [30]; Dana Investment Advisors [28600]; Daughters of Charity, Province of St Louise; Investor Voice; Mercy Investment Services; Missionary Oblates of Mary Immaculate; Needmor Fund [100]; Northwest Women Religious Investment Trust [50]; Province of St. Joseph of the Capuchin Order (Midwest Capuchins); Sinsinawa Dominicans; Sisters of St. Francis Charitable Trust; Sisters of St. Francis of Philadelphia; \* United Steel Workers; Ursuline Sisters of Tildonk, US Province; Walden Asset Management (Boston Trust & Investment Management Company) [64802]; Zevin Asset Management

## EXXON MOBIL

### Low Carbon Business Model

\* Arjuna Capital; \* As You Sow Foundation; Zevin Asset Management

## EXXON MOBIL

### Political Contributions

Clean Yield Group; Investor Voice; \* Unitarian Universalist Association

# Resolution Leads and Co-Filers

## EXXON MOBIL

### Separate CEO & Chair

Adrian Dominican Sisters Portfolio Advisory Board; American Baptist Home Mission Society; Benedictine Sisters of Mount St. Scholastica [94]; Dignity Health; \* Kestrel Foundation of Maine [320]; Maryknoll Sisters [100]; Mercy Health; Vermont Pension & Investment Committee; Zevin Asset Management

## FACEBOOK

### One Vote Per Share

\* NorthStar Asset Management

## FACEBOOK

### Risk Oversight Committee

As You Sow Foundation; Benedictine Sisters of Mount St. Scholastica [2257]; Missionary Oblates of Mary Immaculate [4380]; \* Trillium Asset Management Corporation

## FIRST REPUBLIC BANK

### Workplace Diversity

\* Trillium Asset Management Corporation

## FIRSTENERGY

### Business Plan for 2C Warming Scenario

\* As You Sow Foundation

## FIRSTENERGY

### Lobbying Expenditures Disclosure

\* Nathan Cummings Foundation

## FORD MOTOR

### Lobbying Expenditures Disclosure - Climate

Benedictine Sisters of Virginia; \* Unitarian Universalist Association [10882]

## FORD MOTOR

### Report on GHG Emissions and CAFE Fuel Economy Standards

\* As You Sow Foundation

## FRANKLIN RESOURCES

### Lobbying Expenditures Disclosure

Friends Fiduciary Corporation [1500]; \* Zevin Asset Management

## GENERAL MOTORS

### Report on GHG Emissions and CAFE Fuel Economy Standards

\* As You Sow Foundation

## GENESEE & WYOMING

### Greenhouse Gas Reduction - Science-Based Targets

\* Calvert Investment Management, Inc.

## GENUINE PARTS

### Sustainability Reporting - GHG Emphasis

\* Clean Yield Group

## GILEAD SCIENCES

### Greenhouse Gas Reduction - Energy Efficiency

\* Boston Common Asset Management [6090]

## GOLDMAN SACHS GROUP

### Indigenous Peoples Rights

As You Sow Foundation; \* Harrington Investments; Mercy Investment Services

## GOLDMAN SACHS GROUP

### Lobbying Expenditures Disclosure

Monasterio Pan de Vida; Oblate International Pastoral Investment Trust [50]; \* Unitarian Universalist Association

## GOODYEAR TIRE & RUBBER

### Lobbying Expenditures Disclosure

\* Unitarian Universalist Association [155]

## GULFPORT ENERGY

### Board Diversity

Domestic and Foreign Missionary Society of the Episcopal Church; \* Miller/Howard Investments; The Church Pension Fund (Episcopal)

## HERSHEY

### Ethical Labor Recruitment

Adrian Dominican Sisters Portfolio Advisory Board [26]; \* American Baptist Home Mission Society [165]; Congregation of the Sisters of the Holy Cross, Indiana [50]; Friends Fiduciary Corporation [700]; Presbyterian Church (USA) [24]; Sisters of Providence, Mother Joseph Province [22]; Sisters of St. Francis of Philadelphia

## HEWLETT-PACKARD

### Gender Pay Gap

\* Pax World Management Corp.

## Resolution Leads and Co-Filers

### HOME DEPOT

#### Political Contributions Cost-Benefit Analysis Report

\* NorthStar Asset Management

### HOME DEPOT

#### Workplace Diversity

Benedictine Sisters of Baltimore - Emmanuel Monastery [175]; Benedictine Sisters of Virginia; \* Congregation of Benedictine Sisters, Boerne TX

### HONEYWELL INTERNATIONAL

#### Lobbying Expenditures Disclosure

\* Azzad Asset Management; Mercy Investment Services

### IBERIABANK

#### Workplace Diversity

\* Calvert Investment Management, Inc.

### ILG

#### Sustainability Reporting

\* Calvert Investment Management, Inc.

### ILLINOIS TOOL WORKS

#### Greenhouse Gas Reduction - Science-Based Targets

\* Trillium Asset Management Corporation

### INTEL

#### Political Contributions Cost-Benefit Analysis Report

\* NorthStar Asset Management

### INTERNATIONAL BUSINESS MACHINES CORP. (IBM)

#### Lobbying Expenditures Disclosure - Climate

Fresh Pond Capital; Friends Fiduciary Corporation [2200]; Mercy Investment Services; Needmor Fund [125]; School Sisters of Notre Dame Cooperative Investment Fund; \* Walden Asset Management (Boston Trust & Investment Management Company) [30058]; Walden Equity Fund [2000]

### INVESTORS BANCORP

#### Workplace Diversity

\* Calvert Investment Management, Inc.

### IPG PHOTONICS

#### Sexual Orientation & Gender Identity/Expression Non-Discr. (*withdrawn by filer*)

\* Walden Asset Management (Boston Trust & Investment Management Company) [60000]

### J.B. HUNT TRANSPORT SERVICES

#### Greenhouse Gas Reduction - Science-Based Targets

\* Trillium Asset Management Corporation

### J.P. MORGAN CHASE & CO.

#### Risks of Lending, Underwriting in Tar Sands Production

As You Sow Foundation; Mercy Investment Services; \* Proxy Impact; School Sisters of Notre Dame Cooperative Investment Fund

### JETBLUE AIRWAYS

#### Human Rights Policy Prohibiting Sexual Exploit. of Minors

\* Presbyterian Church (USA)

### JOHNSON & JOHNSON

#### Separate CEO & Chair (*withdrawn by filer*)

Adrian Dominican Sisters Portfolio Advisory Board [25]; Boston Common Asset Management; Catholic Health Initiatives; Congregation of Benedictine Sisters, Boerne TX; Dana Investment Advisors [22000]; Daughters of Charity, Province of St Louise; Dignity Health; Friends Fiduciary Corporation [14000]; Mercy Health; Mercy Investment Services; Missionary Oblates of Mary Immaculate; Northwest Women Religious Investment Trust [50]; Sisters of Providence, Mother Joseph Province; Sisters of St. Dominic of Caldwell, NJ; \* Sisters of St. Francis of Philadelphia; Sisters of the Holy Names of Jesus and Mary, US Ontario Province [3250]; Walden Asset Management (Boston Trust & Investment Management Company) [1825000]; Zevin Asset Management

### KAISER ALUMINUM

#### Sustainability Reporting

\* Pax World Management Corp.

### KANSAS CITY SOUTHERN INDUSTRIES

#### Greenhouse Gas Reduction - Science-Based Targets

\* Calvert Investment Management, Inc.

### KEYCORP

#### Gender Pay Gap

\* Pax World Management Corp.

### KEYCORP

#### Workplace Diversity

\* Trillium Asset Management Corporation

## Resolution Leads and Co-Filers

### KINDER MORGAN, INC

#### Business Plan for 2C Warming Scenario

\* Zevin Asset Management [550]

### KINDER MORGAN, INC

#### Methane Emissions - Measure Leakage & Disclose

Mercy Investment Services; \* Miller/Howard Investments

### KRAFT HEINZ

#### Environmental Impacts of Non-Recyclable Packaging

\* As You Sow Foundation; Sisters of St. Francis of Philadelphia

### KROGER

#### Environmental Impacts of Non-Recyclable Packaging

\* As You Sow Foundation

### KROGER

#### Greenhouse Gas Reduction - Renewable Energy

\* As You Sow Foundation

### LOGMEIN INC

#### Board Diversity

\* Trillium Asset Management Corporation

### MALLINCKRODT GROUP

#### Financial & Reputational Risks Related to the Opioid Crisis

Catholic Health Initiatives; \* Mercy Investment Services; \* Providence Trust

### MANHATTAN ASSOCIATES

#### Workplace Diversity

\* Calvert Investment Management, Inc.

### MARATHON PETROLEUM

#### Environmental and Human Rights Due Diligence - DAPL

Adrian Dominican Sisters Portfolio Advisory Board; Congregation of St. Joseph; Mercy Health; \* New York State Common Retirement Fund; Oblate International Pastoral Investment Trust; Trillium Asset Management Corporation; Unitarian Universalist Association; United Church Funds

### MARRIOTT INTERNATIONAL

#### Gender Pay Gap

\* Zevin Asset Management

### MARTEN TRANSPORT

#### Implement Program to Address Human Trafficking (*withdrawn by filer*)

\* Mercy Investment Services; Portico Benefit Services (ELCA) [500]; Providence Trust [78]

### MASTERCARD INCORPORATED

#### Gender Pay Gap

\* Clean Yield Group

### MCDONALD'S

#### Adopt Human Rights Policy Emphasizing Ethical Recruitment

Adrian Dominican Sisters Portfolio Advisory Board; \* Mercy Investment Services; Sisters of St. Francis Charitable Trust; Sisters of the Humility of Mary, OH [790]

### MCDONALD'S

#### Environmental Impact of Polystyrene Foam Beverage Cups

\* As You Sow Foundation; JLens Network [43]

### MCDONALD'S

#### Phase Out Medically Important Antibiotics in Supply Chain

ACTIAM; As You Sow Foundation; Benedictine Sisters of Baltimore - Emmanuel Monastery [175]; Benedictine Sisters, Sacred Heart Monastery [155]; \* Congregation of Benedictine Sisters, Boerne TX; Dominican Sisters of San Rafael, CA (Congregation of the Most Holy Name); Religious of the Sacred Heart of Mary, Western American Province; Sisters of Providence, Mother Joseph Province [32]; Sisters of St. Francis of Philadelphia; Sisters of St. Francis, Academy of Our Lady of Lourdes, Rochester; Sisters of St. Joseph of Orange

### MCKESSON

#### GAAP Financial Metrics for Executive Compensation

\* AFL-CIO; As You Sow

### MIDDLEBY

#### Sustainability Reporting - GHG Emphasis

\* Trillium Asset Management Corporation

### MINERALS TECHNOLOGIES INC

#### Greenhouse Gas Reduction - Science-Based Targets

\* Trillium Asset Management Corporation

## Resolution Leads and Co-Filers

### MONDELEZ INTERNATIONAL

#### Environmental Impacts of Non-Recyclable Packaging

\* As You Sow Foundation

### MONSANTO

#### Create Board Committee on Human Rights - Glyphosate

Adrian Dominican Sisters Portfolio Advisory Board; Congregation of St. Joseph; \* Harrington Investments; Mercy Investment Services

### MONSTER BEVERAGE CORP

#### Assess Human Trafficking/Forced Labor in Supply Chain

\* As You Sow Foundation

### MORNINGSTAR

#### Workplace Diversity (*withdrawn by filer*)

\* Walden Asset Management (Boston Trust & Investment Management Company) [250000]

### MOTOROLA SOLUTIONS INC

#### Ethical Labor Recruitment

\* Domini Impact Investments LLC

### MOTOROLA SOLUTIONS INC

#### Independent Director with Human Rights Expertise

\* Domestic and Foreign Missionary Society of the Episcopal Church [20]

### MOTOROLA SOLUTIONS INC

#### Lobbying Expenditures Disclosure - Climate

Dominican Sisters of Hope; \* Mercy Investment Services

### NATIONAL OILWELL VARCO

#### Sexual Orientation & Gender Identity/Expression

#### Non-Discr. (*withdrawn by filer*)

\* Trillium Asset Management Corporation

### NATURAL GAS SERVICES GROUP

#### Sustainability Reporting - GHG Emphasis

\* Walden Asset Management (Boston Trust & Investment Management Company) [200000]

### NIKE

#### Political Contributions

Sponsorship is under consideration by: \* Investor Voice

### NIKE

#### Responsible Tax Principles

\* AFL-CIO; Domini Impact Investments LLC

### NOBLE ENERGY

#### Business Plan for 2C Warming Scenario

As You Sow Foundation; Mercy Investment Services; Portico Benefit Services (ELCA) [23000]; \* Presbyterian Church (USA); Unitarian Universalist Association

### NORTHERN TRUST

#### Political Contributions

\* Unitarian Universalist Association

### NUCOR

#### Lobbying Expenditures Disclosure - Climate

\* Domini Impact Investments LLC

### OLD REPUBLIC INTERNATIONAL

#### Board Oversight of Climate Change Policies

\* Pax World Management Corp.

### ORACLE SYSTEMS

#### Gender Pay Gap

Sponsorship is under consideration by: \* Pax World Management Corp.

### PALO ALTO NETWORKS

#### Workplace Diversity

\* Trillium Asset Management Corporation

### PEPSICO

#### Report on Policies to Minimize Risks from Glyphosate

\* As You Sow Foundation

### PFIZER

#### Drug Pricing

Adrian Dominican Sisters Portfolio Advisory Board [87]; American Baptist Home Mission Society; Catholic Health Initiatives; Dignity Health; Mercy Investment Services; Miller/Howard Investments; Sisters of Providence, Mother Joseph Province [29]; Sisters of St. Dominic of Caldwell, NJ; Sisters of the Holy Names of Jesus and Mary, US Ontario Province [6380]; \* Trinity Health; UAW Retiree Medical Benefits Trust; United Church Funds; Ursuline Sisters of Tildonk, US Province

# Resolution Leads and Co-Filers

## PFIZER

### Separate CEO & Chair

Dana Investment Advisors [79000]; Mercy Health;  
\* Sisters of St. Francis of Philadelphia

## PHILIP MORRIS INTERNATIONAL

### Disclose Relationship with Foundation for a Smoke-Free World (*withdrawn by filer*)

Catholic Health Initiatives; Sisters of St. Francis of Philadelphia; \* Trinity Health

## PILGRIM'S PRIDE CORP

### Board Diversity

\* Oxfam America

## PILGRIM'S PRIDE CORP

### Water Impacts of Business Operations

Adrian Dominican Sisters Portfolio Advisory Board; Friends Fiduciary Corporation [6000]; Mercy Investment Services; Oblate International Pastoral Investment Trust [14264]

## PNC FINANCIAL SERVICES GROUP

### Workplace Diversity

\* Trillium Asset Management Corporation

## PNM RESOURCES

### Board Oversight of Climate Change Policies

\* Edith P. Homans Family Trust

## PNM RESOURCES

### Business Plan for 2C Warming Scenario

\* Max and Anna Levinson Foundation [100]; Miller/Howard Investments

## PNM RESOURCES

### Separate CEO & Chair

\* Robert Andrew Davis [100]

## PNM RESOURCES

### Stranded Assets Due to Climate Change

Missionary Oblates of Mary Immaculate [9500]; \* Sam and Wendy Hitt Family Trust [100]

## PRAXAIR

### Board Diversity

\* NorthStar Asset Management

## PRICELINE GROUP

### Sustainability Reporting

\* Zevin Asset Management

## PRICELINE GROUP

### Workplace Diversity

\* Trillium Asset Management Corporation; \* Zevin Asset Management

## RANGE RESOURCES

### Methane Emissions - Measure Leakage & Disclose

\* Unitarian Universalist Association

## RANGE RESOURCES

### Political Contributions

\* Nathan Cummings Foundation

## RITE AID

### Sustainability Reporting

\* Sisters of St. Francis of Philadelphia; Trinity Health

## SAIA LTL FREIGHT

### Implement Program to Address Human Trafficking (*withdrawn by filer*)

\* Mercy Investment Services; Portico Benefit Services (ELCA) [700]; Providence Trust

## SANDERSON FARMS

### Adopt Proxy Access Bylaw

\* Christian Brothers Investment Services

## SANDERSON FARMS

### Phase Out Medically Important Antibiotics in Supply Chain

\* As You Sow Foundation; Oblate International Pastoral Investment Trust [5500]

## SBA COMMUNICATIONS

### Sexual Orientation & Gender Identity/Expression Non-Discr. (*withdrawn by filer*)

\* Trillium Asset Management Corporation

## SCANA

### Lobbying Expenditures Disclosure

\* Friends Fiduciary Corporation [1500]

## SEALED AIR

### Board Diversity

\* Trillium Asset Management Corporation

## SERVICENOW

### Workplace Diversity

\* Calvert Investment Management, Inc.

## Resolution Leads and Co-Filers

### SKECHERS U.S.A.

#### Sustainability Reporting

\* Calvert Investment Management, Inc.

### SMITH (A.O.)

#### One Vote Per Share

\* NorthStar Asset Management

### SMITH (A.O.)

#### Sustainability Reporting - GHG Emphasis

Miller/Howard Investments; \* Trillium Asset Management Corporation

### SPIRIT AIRLINES INCORPORATED

#### Human Rights Policy Prohibiting Sexual Exploit. of Minors *(withdrawn by filer)*

\* Presbyterian Church (USA)

### STARBUCKS

#### Paid Family Leave

Friends Fiduciary Corporation [9000]; Pax World Management Corp.; \* Zevin Asset Management

### STARBUCKS

#### Scale Up Efforts on Sustainable Packaging

\* As You Sow Foundation

### STARBUCKS

#### Workplace Diversity

\* Trillium Asset Management Corporation

### STEEL DYNAMICS

#### Sustainability Reporting - GHG Emphasis

\* Calvert Investment Management, Inc.

### STIFEL FINANCIAL

#### Workplace Diversity

\* Trillium Asset Management Corporation

### STURM RUGER & COMPANY

#### Gun Safety

Adrian Dominican Sisters Portfolio Advisory Board; \* Catholic Health Initiatives; Congregation of St. Joseph; Daughters of Charity, Province of St Louise; Mercy Health; Mercy Investment Services; Sisters of Bon Secours USA; Sisters of Providence, Mother Joseph Province; Sisters of the Holy Names of Jesus and Mary, US Ontario Province; Trinity Health [200]

### SUNTRUST BANKS

#### Sustainability Reporting - GHG Emphasis

444S Foundation; Brainerd Foundation [275]; \* Friends Fiduciary Corporation; Max and Anna Levinson Foundation [2850]; Needmor Fund [1140]; The Oneida Tribe of Indians Trust Fund for the Elderly [6500]

### SUNTRUST BANKS

#### Workplace Diversity *(withdrawn by filer)*

Congregation of the Sisters of St. Joseph of Brighton [300]; Mercy Health, MO [15100]; Sisters of Notre Dame de Namur-Boston [3300]; Sisters of the Holy Family, CA [4600]; Tides Foundation [13525]; \* Walden Asset Management (Boston Trust & Investment Management Company) [500000]

### T. ROWE PRICE ASSOCIATES

#### Proxy Voting Policies - Climate Change

#### *(withdrawn by filer)*

Friends Fiduciary Corporation [6500]; Portico Benefit Services (ELCA) [2500]; Unitarian Universalist Association; Walden Asset Management (Boston Trust & Investment Management Company) [440000]; \* Zevin Asset Management

### TESLA

#### Integrate Sustainability into Financial Reporting

\* Calvert Investment Management, Inc.; Lily Bowles

### TESLA

#### Sustainability Reporting

\* Trillium Asset Management Corporation

### TJX

#### Executive Pay: Incorporate Sustainability Metrics

\* The Sustainability Group at Loring Wolcott & Coolidge

### TJX

#### Gender Pay Gap

\* Zevin Asset Management

### TJX

#### Supply Chain Policy on Prison Labor

\* NorthStar Asset Management

# Resolution Leads and Co-Filers

## TJX

### Use of Pay Grades in Setting CEO Compensation Targets

\* New York State Common Retirement Fund [1971078]; Zevin Asset Management [2420]

## TOOTSIE ROLL INDUSTRIES

### Sustainability Reporting

Christopher Reynolds Foundation, Inc. [575]; Needmor Fund [1051]; \* Walden Asset Management (Boston Trust & Investment Management Company) [350000]

## TRACTOR SUPPLY

### Risk Assessment of Products Linked to Pollinator Decline *(withdrawn by filer)*

\* Clean Yield Group; \* Trillium Asset Management Corporation

## TRAVELERS

### Board Oversight of Climate Change Policies *(withdrawn by filer)*

\* Mercy Investment Services; Pax World Management Corp.

## TRAVELERS

### Workplace Diversity

\* Trillium Asset Management Corporation

## TYSON FOODS

### Lobbying Expenditures Disclosure

\* Mercy Investment Services

## TYSON FOODS

### Water Impacts of Business Operations

ACTIAM [70241]; Adrian Dominican Sisters Portfolio Advisory Board; \* American Baptist Home Mission Society; As You Sow Foundation; Daughters of Charity, Province of St Louise; Dignity Health; Felician Sisters of North America [1336]; JLens Network; Monasterio Pan de Vida [139]; PGGM Vermogensbeheer B.V. [635410]; Portico Benefit Services (ELCA) [15000]; Sisters of Providence, Mother Joseph Province; Sisters of St. Francis of Philadelphia; Sisters of the Good Shepherd

## UNITED BANKSHARES

### Workplace Diversity

\* Calvert Investment Management, Inc.

## UNITED PARCEL SERVICE

### Executive Pay: Incorporate Sustainability Metrics

\* Zevin Asset Management

## UNITED PARCEL SERVICE

### Lobbying Expenditures Disclosure - Climate

444S Foundation [2400]; Brainerd Foundation [100]; Center for Community Change [200]; Community Church of New York [700]; Congregation of the Sisters of St. Joseph of Brighton [175]; First Parish In Cambridge - Unitarian Universalist [600]; Fresh Pond Capital [250]; Glenmary Home Missioners (Home Missioners of America) [300]; Grand Rapids Dominicans; Gwendolen Noyes [150]; International Brotherhood of Teamsters [69]; Lemmon Foundation [150]; Max and Anna Levinson Foundation [900]; Merck Family Fund [700]; Mercy Investment Services; Needmor Fund [725]; Sisters of Notre Dame de Namur-Boston [2000]; Sisters of St. Francis of Philadelphia; Sisters of the Holy Family, CA [1975]; The Oneida Tribe of Indians Trust Fund for the Elderly [2500]; The Swift Foundation [29456]; Tides Foundation [5800]; \* Walden Asset Management (Boston Trust & Investment Management Company) [229788]; Zevin Asset Management

## UNITED STATES STEEL

### Greenhouse Gas Reduction - Science-Based Targets

\* Mercy Investment Services; Portico Benefit Services (ELCA) [14000]

## US FOODS HOLDING CORP

### Board Diversity

\* Mercy Investment Services; Pax World Management Corp.

## VALERO ENERGY

### Business Plan for 2C Warming Scenario

*(withdrawn by filer)*

Adrian Dominican Sisters Portfolio Advisory Board; Congregation of Benedictine Sisters, Boerne TX; Congregation of Divine Providence - San Antonio, Texas; Daughters of Charity, Province of St Louise; Dignity Health; Felician Sisters of North America [1501]; \* Mercy Investment Services; Oblate International Pastoral Investment Trust; Pax World Management Corp.; Portico Benefit Services (ELCA) [8000]; Presbyterian Church (USA) [32]; Providence Trust; Sisters of St. Francis Charitable

## Resolution Leads and Co-Filers

Trust; Sisters of the Holy Names of Jesus and Mary, US Ontario Province [200]; Sisters of the Humility of Mary, OH [440]; Trinity Health; Unitarian Universalist Association

### VERIZON COMMUNICATIONS

#### Lobbying Expenditures Disclosure - Climate

\* Boston Common Asset Management [17120]

### VERIZON COMMUNICATIONS

#### Net Zero GHG Emissions by 2030

\* Trillium Asset Management Corporation

### VERIZON COMMUNICATIONS

#### Senior Executive Incentives - Integrate Cyber Security Risks

\* Trillium Asset Management Corporation

### VERTEX PHARMACEUTICALS INCORPORATED

#### Drug Pricing

Benedictine Sisters of Mount St. Scholastica [101]; \* Trinity Health

### VERTEX PHARMACEUTICALS INCORPORATED

#### Lobbying Expenditures Disclosure

\* Friends Fiduciary Corporation

### WALGREENS BOOTS ALLIANCE

#### Executive Pay: Incorporate Sustainability Metrics

\* Clean Yield Group

### WEC ENERGY GROUP

#### Business Plan for 2C Warming Scenario

\* School Sisters of Notre Dame Central Pacific Province

### WELLS FARGO & COMPANY

#### Business Standards/Vision and Values/ Risk Management

AFL-CIO [2689]; American Baptist Home Mission Society [5127]; Benedictine Sisters of Baltimore - Emmanuel Monastery [475]; Congregation of the Sisters of Saint Joseph of Chestnut Hill, Philadelphia; Dominican Sisters of Hope; Dominican Sisters of San Rafael, CA (Congregation of the Most Holy Name); Franciscan Sisters of Perpetual Adoration; Friends Fiduciary Corporation [19900]; Maryknoll Sisters; Missionary Oblates of Mary Immaculate; NEI Investments [129075]; Presbyterian Church (USA) [104]; Religious of the Sacred Heart of

Mary, Western American Province; Sisters of St. Francis Charitable Trust; \* Sisters of St. Francis of Philadelphia; Sisters of St. Joseph of Orange; Sisters of the Holy Names of Jesus and Mary, US Ontario Province [16609]; Society of the Holy Child Jesus - American Province [9425]; State of Connecticut Treasurer's Office [682907]; State of Rhode Island and Providence Plantations [132856]; Unitarian Universalist Association; United Church Funds; Walden Equity Fund [1000]

### WELLS FARGO & COMPANY

#### Indigenous Peoples Rights

As You Sow Foundation; Domestic and Foreign Missionary Society of the Episcopal Church [26795]; Mercy Investment Services; \* Proxy Impact

### WHITE MOUNTAINS INSURANCE GROUP

#### Board Oversight of Climate Change Policies

\* Pax World Management Corp.

### WILLIAMS-SONOMA

#### Ethical Labor Recruitment

\* Mercy Investment Services; Walden Asset Management (Boston Trust & Investment Management Company) [400000]

### WYNDHAM WORLDWIDE

#### Political Contributions

\* Mercy Investment Services; Ursuline Sisters of Tildonk, US Province

### XCEL ENERGY

#### Political Contributions

\* Nathan Cummings Foundation

### YUM! BRANDS

#### Paid Family Leave

Benedictine Sisters of Baltimore - Emmanuel Monastery [200]; Benedictine Sisters of Mount St. Scholastica [1501]; \* Zevin Asset Management

# Contact Details for Filers

**44S Foundation** — Contact: Fred Ackerman-Munson, P.O. Box 1128, Bellevue, WA, 98009, (phone) 425-454-4441, (email) 444s@kamutlake.net

**ACTIAM** — Contact: Kristel Verhoef, Active Ownership Specialist, Postbus 8444, Utrecht, RK, 3503, (email) Kristel.Verhoef@actiam.nl

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**Sisters of Providence, Mother Joseph Province** — Contact: Judy Byron, OP, Coordinator, 1216 NE 65th Street, Seattle, WA, 98115, (phone) 206-223-1138, (fax) 206-223-1139, (email) [jbyron@ipjc.org](mailto:jbyron@ipjc.org)

**Sisters of St. Dominic of Caldwell, NJ** — Contact: Sr. Patricia Daly, OP, Executive Director, 40 South Fullerton Avenue, Montclair, NJ, 07042, (phone) 973-509-8800, (fax) 973-509-8808, (email) [pdaly@tricri.org](mailto:pdaly@tricri.org)

**Sisters of St. Francis, Academy of Our Lady of Lourdes, Rochester** — Contact: Sr. Betty Kenny, OSF, Coordinator, Justice & Peace, 2060 Charlton Street, #208, West St. Paul, MN, 55118, (phone) 654-457-8499, (fax) 651-646-2854, (email) [kennyosf@aol.com](mailto:kennyosf@aol.com)

**Sisters of St. Francis Charitable Trust** — Contact: Sr. Judith Sinnwell, OSF, Trust and SRI Working Group, 3390 Windsor Avenue, Dubuque, IA, 52001, (phone) 563-583-9786 x1266, (email) [sinnwellj@osfdbq.org](mailto:sinnwellj@osfdbq.org)

**Sisters of St. Francis of Philadelphia** — Contact: Tom McCaney, Associate Director, CSR, 609 South Convent Road, Aston, PA, 19014-1207, (phone) 610-558-7764, (fax) 610-558-5855, (email) [tmccaney@osfphila.org](mailto:tmccaney@osfphila.org); Sr. Nora Nash, Our Lady of Angels Convent, 609 South Convent Road, Aston, PA, 19014, (phone) 610-558-7661, (fax) 610-558-5855, (email) [nnash@osfphila.org](mailto:nnash@osfphila.org)

**Sisters of St. Joseph of Carondelet of St. Paul Province** — Contact: Marty Roers, 1884 Randolph Ave., St. Paul, MN, 55105, (phone) 651-690-7054, (email) [mroers@csjstpaul.org](mailto:mroers@csjstpaul.org)

**Sisters of St. Joseph of Orange** — Contact: Sr. Bernadette McNulty, 480 South Batavia, Orange, CA, 92668, (phone) 714-633-8121, (fax) 714-744-3165

**Sisters of the Good Shepherd** — Contact: Toni Palamar, 82-31 Doncaster Place, Jamaica, NY, 11432, (phone) 718-380-3270 x 20, (email) [tonipalamar@nygoodshepherd.org](mailto:tonipalamar@nygoodshepherd.org)

**Sisters of the Holy Family, CA** — Contact: Sr. Gladys Guenther, Congregational President, 159 Washington Boulevard, P.O. Box 3248, Fremont, CA, 94539-0324, (phone) 510-624-4596

**Sisters of the Holy Names of Jesus and Mary, US Ontario Province** — Contact: Judy Byron, OP, Coordinator, 1216 NE 65th Street, Seattle, WA, 98115, (phone) 206-223-1138, (fax) 206-223-1139, (email) [jbyron@ipjc.org](mailto:jbyron@ipjc.org)

**Sisters of the Humility of Mary, OH** — Contact: Sr. Josie Chrosniak, HM, Coordinator, 20015 Detroit Road, Cleveland, OH, 44116, (phone) 440-651-4147, (email) [jchrosniak@hmministry.org](mailto:jchrosniak@hmministry.org)

**Sisters of the Presentation of the Blessed Virgin Mary, SD** — Contact: Sr. Ruth Geraets, Treasurer, Presentation Convent, 1500 N. 2nd St, Aberdeen, SD, 57401-1238, (phone) 605-229-8346, (fax) 605-229-8563, (email) [geraetsr@presentationsisters.org](mailto:geraetsr@presentationsisters.org)

**Society of the Holy Child Jesus - American Province** — Contact: Susan Kapusta, Treasurer, 1341 Montgomery Avenue, Rosemont, PA, 19010, (phone) 610-626-1400 x306, (fax) 610-525-2910, (email) [suekap460@gmail.com](mailto:suekap460@gmail.com)

## Contact Details for Filers

**State of Connecticut Treasurer's Office** — Contact: Denise L. Nappier, State Treasurer, 55 Elm Street, Hartford, CT, 06106, (phone) 860-702-3000

**State of Rhode Island and Providence Plantations** — Contact: Seth Magaziner, General Treasurer, Office of the General Treasure, State House, Rm. 102, Providence, RI, 02903, (phone) 401-222-2397

**The Church Pension Fund (Episcopal)** — Contact: Susan Smith Makos, Director of Social Responsibility, 454 Maple Ridge Ct., Cincinnati, OH, 45244, (phone) 513-673-9992, (email) smakos@mercyinvestments.org

**The Oneida Tribe of Indians Trust Fund for the Elderly** — Contact: Susan White, P.O. Box 365, Oneida, WI, 54155, (phone) 920-497-5855, (fax) 920-497-5854, (email) swhite@oneidanation.org

**The Sustainability Group at Loring Wolcott & Coolidge** — Contact: Larisa Ruoff, 230 Congress Street, Boston, MA, 02110, (phone) 617-622-2213, (email) lruoff@lwcotrust.com

**The Swift Foundation** — Contact: John Swift, President, 1167 Coast Village Road, Suite A, Santa Barbara, CA, 93108

**Tides Foundation** — Contact: Judith Hill, Chief Financial Officer, The Presidio, P.O. Box 29903, San Francisco, CA, 94129-0903

**Trillium Asset Management Corporation** — Contact: Allan Pearce, 711 Atlantic Avenue, Boston, MA, 02111-2809, (phone) 503-953-8345, (email) apearce@trilliuminvest.com; Brianna Murphy, Vice President, Shareholder Advocacy, 711 Atlantic Avenue, Boston, MA, 02111, (phone) 617-532-6662, (email) bmurphy@trilliuminvest.com; Jonas Kron, Attorney, 2940 S.E. Woodward Street, Portland, OR, 97202, (phone) 503-592-0864, (fax) 617-482-6179, (email) jkron@trilliuminvest.com; Susan Baker, 711 Atlantic Avenue, Boston, MA, 02111, (phone) 617-532-6681, (email) sbaker@trilliuminvest.com

**Trinity Health** — Contact: Cathy Rowan, Director, Socially Responsible Investments, 766 Brady Avenue, Apt. 635, Bronx, NY, 10462, (phone) 718-822-0820, (fax) 718-504-4787, (email) rowan@bestweb.net

**UAW Retiree Medical Benefits Trust** — Contact: Cambria Allen, 301 N. Main St., Suite 100, Ann Arbor, MI, 48104, (phone) 734-929-5789, (email) callen@rhac.com; Meredith Miller, (phone) 734-929-5789, (email) mamiller@rhac.com

**Unitarian Universalist Association** — Contact: Tim Brennan, Treasurer & CFO, 24 Farnsworth Street, Boston, MA, 02210, (phone) 617-948-4305, (fax) 617-367-3237, (email) tbrennan@uua.org

**United Church Funds** — Contact: Kathryn McCloskey, Director of Corporate Social Responsibility, 475 Riverside Drive, New York, NY, 10115-1097, (phone) 212-729-2608, (email) katie.mccloskey@ucfunds.org

**United Steel Workers** — Contact: Stanley Johnson, International Secretary-Treasurer, Five Gateway Center, Pittsburgh, PA, 15222, (phone) 412-562-2325

**Ursuline Sisters of Tildonk, US Province** — Contact: Sr. Valerie Heinonen, o.s.u., Consultant, Corporate Responsibility, 205 Avenue C, #10E, New York, NY, 10009, (phone) 212-674-2542, (email) vheinonen@mercyinvestments.org

**Vermont Pension & Investment Committee** — Contact: Elizabeth Pearce, State Treasurer, Vermont State Treasurer's Office, 109 State Street, Montpelier, VT, 05609

**Walden Asset Management (Boston Trust & Investment Management Company)** — Contact: Aaron Ziulkowski, Senior ESG Analyst, One Beacon Street, 33rd Floor, Boston, MA, 02108, (phone) 617-726-7125, (email) aziulkowski@bostontrust.com; Carly Greenberg, ESG Research Analyst, One Beacon Street, 33rd Floor, Boston, MA, 02108, (phone) 617-726-7235, (email) cgreenberg@bostontrust.com; Heidi Soumerai, (phone) 617-726-7233, (fax) 617-695-4775, (email) hsoumerai@bostontrust.com; Timothy Smith, Senior Vice President, One Beacon Street, Boston, MA, 02108, (phone) 617-726-7155, (fax) 617-227-3664, (email) tsmith@bostontrust.com

**Walden Equity Fund** — Contact: Lucia Santini, President, One Beacon Street, 33rd Floor, Boston, MA, 02108

**Walden Small Cap Innovations Fund** — Contact: Timothy Smith, Senior Vice President, One Beacon Street, Boston, MA, 02108, (phone) 617-726-7155, (fax) 617-227-3664, (email) tsmith@bostontrust.com

**Zevin Asset Management** — Contact: Pat Tomaino, 50 Congress Street, Suite 1040, Boston, MA, 02019, (email) pat@zevin.com

## About ICCR

The Interfaith Center on Corporate Responsibility is a coalition of faith and values-driven organizations who view the management of their investments as a powerful catalyst for social change. Our membership comprises nearly 300 organizations including faith-based institutions, socially responsible asset management companies, unions, pension funds, colleges and universities that collectively represent over \$400 billion in invested capital.

ICCR members and staff engage hundreds of multinational corporations annually to promote more sustainable and just practices because we believe in doing so they will secure a better future for their employees, their customers and their shareholders.

While our coalition engages corporations on a host of environmental, social and governance (ESG) issues, since our inception over four decades ago, our principal focus has been on the social impacts of corporate operations and policies and our engagements are often framed within a human rights construct.

The motivation for our work is grounded in the values and principles of our member organizations and stems from the practical conviction that business leaders who choose to serve the common good build more profitable businesses over the long term. With on-the-ground missions all over the world, many of our faith-based members hear directly from community members about corporate impacts — both positive and negative. We have found that, in order to effectively mitigate the negative impacts of their operations and build sustainable communities where they operate, companies must become disciplined listeners, actively seeking the feedback of all relevant stakeholders, primarily community members, and be prepared to include them in the decision-making process.

ICCR's legacy is living proof that positive corporate transformation is possible and we have pledged to mentor others in this important work.

Please join us.

For more information call 212-870-2936 or visit [www.iccr.org/membership](http://www.iccr.org/membership).



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