INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

SHAREHOLDERS CALLING THE WORLD'S MOST POWERFUL COMPANIES TO ADDRESS THEIR IMPACTS ON THE WORLD'S MOST VULNERABLE COMMUNITIES.

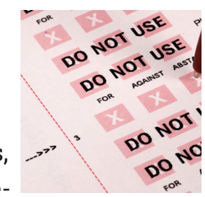
CATALYZING CORPORATE CHANGE

ICCR MEMBERS SCORE OVER 100 WINS DURING 2021 PROXY SEASON

The filing of shareholder proposals is an important tool investors can use to catalyze environmental and social change at corporations. Shareholder proposals help raise awareness among the board, management, other shareholders, and key stakeholders of the need for further information or for changes to corporate policies and practices to address risks that may impact shareholder value. In most cases, ICCR member resolutions are filed by groups of investors working in coalition - a lead filer joined by multiple co-filers, lending their support. Together, this collective action typically leads to 100+ successful agreements with companies each year.

During the 2021 proxy season, ICCR members filed **297 resolutions** at **nearly 200 publicly traded companies** on a range of issues. Of these, **128 went to a vote** at annual general meetings of shareholders. What follows is a brief recap of the outcomes of these proposals, as reported to ICCR. We name resolutions' lead filers; for the full list of co-filers see our [2021 Proxy Resolutions and Voting Guide,] which also contains proposals texts.

RISING SUPPORT HERALDS NEW MOMENTUM BEHIND SHAREHOLDER EFFORTS ON KEY ESG ISSUES



Traditionally, only a small number of shareholder proposals pass at annual meetings every year, as there are several obstacles to achieving a majority vote. Many large mainstream investors haven't supported E&S resolutions in the past, and many investors don't always vote their proxies. Moreover, many institutional investors retain proxy advisory firms or fund managers to vote proxies on their behalf, and these firms have historically voted with management, even when more recent outcomes suggest this last dynamic is poised to change. When you consider that all abstentions are automatically voted in favor of management positions, and that the founders and CEOs of some publicly traded companies such as Amazon, Facebook, and Tyson Foods retain control of the majority of voting stock, achieving majority votes for shareholder-sponsored proposals can be challenging.

In the 2021 proxy season, **a record 20 ICCR member-sponsored proposals passed** at corporate annual meetings, many supported by management. Not only did the number of majority votes more than double versus 2020, but the votes also achieved record highs. The average majority vote in 2021 was 77% compared to 60% in 2020.

While majority votes have historically been achieved by proposals focused on governance concerns such as "say on pay", this year's majority votes were in favor of proposals citing environmental and social risks that investors are increasingly viewing as both systemic and material. Eight proposals that gained majority votes addressed **the climate crisis** and another eight proposals cited **racial justice/diversity, equity and inclusion (DEI)** risks. Among the winning climate proposals, a group of first-time proposals requesting companies align their lobbying spending with the goals of the Paris climate agreement were noteworthy.

Recommendations from proxy advisory services ISS and Glass Lewis, as well as proxy support from major funds such as BlackRock, Vanguard, and State Street which hold significant stakes in companies, were important drivers for this year's successes: **BlackRock supported 45 or nearly 35% of the 128 ICCR member-led resolutions** appearing on the proxy this year, a significant increase from the 7 out of 124 they supported last year. ICCR members have increased their engagement in recent years with proxy advisors and major investors to help build the proxy vote for key resolutions.

Average votes are also rising, up this year to 32% overall vs 28% a year ago. Average votes for racial justice/DEI resolutions rose significantly to 50% from 39% in 2020 while average votes for climate proposals saw an even larger increase, reaching 46% in 2021 vs 29% a year ago.

2021 MAJORITY VOTES

ICCR member proposals achieved 20 majority votes this season, with 6 reaching the 90th percentile. Racial justice, diversity, equity and inclusion-focused resolutions dominated the list.

BUNGE/FILED BY GREEN CENTURY: [CLIMATE]	99%
GENERAL ELECTRIC/FILED BY AS YOU SOW: [CLIMATE]	98%
TMX GROUP/FILED BY SHARE: [DEI]	98%
WENDY'S/FILED BY FRANCISCAN SISTERS: [WORKERS]	95%
PAYCOM/FILED BY TRILLIUM: [DEI]	94%
FIRST SOLAR/FILED BY TRILLIUM: [DEI]	91%
UNION PACIFIC/FILED BY CALVERT: [DEI]	86%
BADGER METER/FILED BY NORTHSTAR: [DEI]	85%
UNION PACIFIC/FILED BY AS YOU SOW: [DEI]	81%
DUPONT/FILED BY AS YOU SOW: [PLASTICS]	81%
NORFOLK SOUTHERN/FILED BY FRIENDS FIDUCIARY: [C. LOBBYING]	76%
BLOOMIN' BRANDS/FILED BY GREEN CENTURY: [CLIMATE]	76%
GEO GROUP/FILED BY OREGON TREASURY*: [LOBBYING]	66%
UNITED AIRLINES/FILED BY PRESBYTERIANS: [C. LOBBYING]	65%
EXXON MOBIL/FILED BY BNP PARIBAS ASSET MGT*: [C. LOBBYING]	64%
PHILLIPS 66/FILED BY CALSTRS*: [C. LOBBYING]	62%
AMERICAN EXPRESS/FILED BY AS YOU SOW: [DEI]	60%
BOOKING HOLDINGS/FILED BY AS YOU SOW: [CLIMATE]	56%
EXXON MOBIL/FILED BY STEELWORKERS: [LOBBYING]	56%
GOLDMAN SACHS/FILED BY NATHAN CUMMINGS FDN.: [DEI]	53%

*Co-filers include ICCR members

Withdrawals for agreement:

When shareholders file a resolution, companies often reach out to request a dialogue with the filers to discuss the proposal. If the company commits to implementing the proposal's main requests, the proponents will "withdraw" it. Every year ICCR members negotiate roughly one hundred of these successful agreements.

This year **ICCR members withdrew 113 resolutions** for agreement, representing 38% of all resolutions filed.

The majority of these agreements centered on **climate issues (37)** followed by **racial justice/DEI (21),** issues which comprised the largest number of member filings in 2021.

What follows are some of this year's key agreements.

PROPOSALS BY ISSUE

CLIMATE CRISIS

2021 has been a remarkable year for shareholder action on the climate crisis; a full **64% of all climate resolutions** filed by our members have been withdrawn in exchange for corporate commitments, a sea change in how these resolutions are typically received. More companies are coming to the table, with more substantive commitments on issues such as greenhouse gas reduction, carbon neutrality targets and fossil fuel financing.

In the fall of 2020, ICCR members launched an initiative to press 25 companies to lobby proactively for climate-forward policies. Of the 5 resolutions that went to a vote this spring, 4 achieved majority votes. ICCR members also reached agreements with 7 companies - **American International Group, CSX, Duke, Entergy, First Energy, General Motors** and **Valero.** The CSX agreement negotiated by the Unitarian Universalist Association (UUA) was particularly strong - the company agreed to provide the requested report; it will show the company's policy positions and compare them to those of their trade associations with mitigation steps where there are conflicts.

As lenders to industry, banks must act

on the long-term risks of financing fossil fuels. As You Sow resolutions led to key breakthroughs at **Bank of America, Citigroup**, **Goldman Sachs, JP Morgan Chase** and **Well Fargo**, all of which announced commitments to achieving net-zero greenhouse gas (GHG) emissions from their financing activities by 2050. SumOfUs likewise persuaded **Bank of Nova Scotia** to adopt company-wide, quantitative, time-bound targets for reducing GHG emissions associated with its underwriting and lending activities. After receiving a resolution filed by Batierente, **CIBC** agreed to join the Partnership for Carbon Accounting Financials and is considering adopting a net zero by 2050 target.

Trillium Asset Management convinced **Bank of America** to commit to ending its financing of Arctic drilling. Green Century persuaded **JPMorgan Chase** to agree to an 8-point deforestation commitment that will require all of its palm oil grower/refining clients to confirm they are NDPE - No Deforestation, No Peat, No Exploitation - compliant.

Climate progress was also made in multiple industries beyond the financial sector. Following a new engagement by As You Sow, **Twitter** announced it would adopt a clearly defined pathway for reducing its GHG emissions in line with the Paris Agreement's net-zero goal, following industry peers Facebook, Microsoft, and Salesforce.

A resolution filed by the Sinsinawa Dominicans was influential in persuading **Wendy's** to announce a commitment to developing a science-based GHG reduction target by the end of 2021. The target, once established and validated, will address Scope 1, 2, and 3 GHG emissions from direct operations and supply chains.

Mercy Investment Services persuaded **United Airlines** to pledge to reach net-zero emissions by mid-century, and the Presbyterian Church U.S.A. persuaded **Entergy** to publicly state its support for limiting average global warming to well below 2 degrees Celsius as well as a commitment to durable climate solutions and the U.S.'s return to the Paris climate accord.

A Green Century resolution moved **CarMax** to commit to achieving net-zero carbon GHG emissions by 2050 in alignment with the Paris Agreement. CarMax also set an important short-term goal: it will cut its Scope 1 and 2 emissions by 50% by 2025. 98% of **General Electric** shareholders voted in favor of an As You Sow resolution calling on the company to evaluate and disclose if and how it has met the criteria of the Net Zero Indicator. An As You Sow resolution persuaded **Valero** to introduce a new "Energy Transition Performance Measure" into its executive incentive compensation program.

The UUA persuaded **Comcast** to set a goal to be carbon neutral for Scope 1 & 2 emissions by 2035. Comcast will also work on evaluating and considering its Scope 3 emissions and then seek to work with SBTI for a certification, targeting a submission by the end of 2022. Trinity Health led **PDC Energy** to commit to eliminating all routine methane flaring by 2030. The company also set goals to reduce its GHG and methane emissions intensities. In August PDC announced that it was accelerating its end of non-routine flaring goal by 5 years, to 2025.

Plastics

As the plastic pollution crisis worsens, this season As You Sow secured a string of five commitments from corporations to cut their use of virgin plastics in packaging. **Target** agreed to set a virgin plastic elimination goal for its private brand packaging across its fast-moving goods categories; **Keurig Dr. Pepper** agreed to a 20% reduction by 2025, and **Pepsico** committed to a 5% absolute reduction and a 25% cut in virgin material in its rigid plastic packaging. As You Sow reached similar agreements at **Walmart and Mondelez**.

Green Century persuaded **Coca-Cola** to set a goal to reduce its cumulative use of virgin plastic 3 million metric tons by 2025. As You Sow's **DuPont** resolution on plastics pollution, meanwhile, won 81% of the vote making it the highest ever vote for an opposed environmental shareholder resolution.

RACIAL JUSTICE/DEI

Diversity and racial justice have been central engagement issues since ICCR's founding in 1971. This year's engagements focused on workplace policies that reinforce racism—not only in company culture but more broadly throughout society. Twenty of these filings led to agreements.

Trillium persuaded **Keycorp Bank** to evaluate the racial equity impact of its harmful overdraft policies/practices. SEIU secured a commitment from **CoreCivic** to undertake a racial equity audit analyzing the private prison company's impacts on nonwhite stakeholders and communities of color. An engagement by SEIU and Change to Win led **BlackRock** to announce it plans to institute an external review of its diversity and equity policies, and that it has a responsibility to lead by example.

A shareholder engagement led by Newground Social Investments led **Amgen** to more than double several of its goals for civil rights, diversity, and inclusion while shortening timelines; and connecting its efforts in spending, hiring, education, and clinical trials to benefit minority communities.

SHARE persuaded **Sun Life Financial** to pursue certification in Indigenous relations under an externally-verified and -led program by the Canadian Council for Aboriginal Business, helping to advance Indigenous reconciliation across its operations. In addition, SHARE's resolution on Indigenous relations was supported by **TMX** management, and subsequently won the support of 98% of shareholders.

SHARE also led **McDonald's** to commit to requiring mandatory sexual harassment training in its 37,000 corporateowned and franchised restaurants, addressing a widespread problem in the restaurant chain. The company also committed to developing global brand standards outlining minimum employment requirements that would also apply to all corporate and franchise restaurants.

Boston Trust Walden led **German American Bancorp** to commit to including women and people of color in each candidate pool for future board of directors seats, a move that will ensure that a diversity of viewpoints is included at the top of the organization, including senior management.

After 23 years of sustained pressure from investors led by the Benedictine Sisters of Boerne, Texas and joined by the NYC Comptroller's Office, Trillium Asset Management, and Boston Trust Walden, **The Home Depot** this year finally agreed to disclose its EEO-1 data, a critical first step in diversifying and strengthening its workforce.

WORKER/HUMAN RIGHTS

ICCR members work with companies to address human rights abuses in their operations and global supply chains. Human rights-related filings were the third most active category this year among our members and highlighted a myriad of issues, including the urgent need for paid sick leave for frontline workers and the dangers of hate speech. Investors made measurable progress in the areas of human rights due diligence and the risks of doing business in conflict zones.

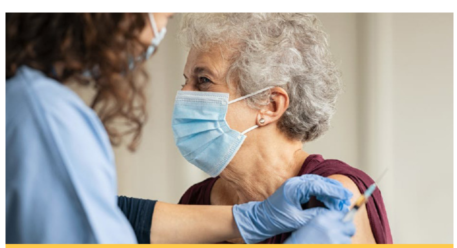
Amazon was targeted with two resolutions addressing human rights risks. A resolution filed by the Sisters of St. Joseph of Brentwood (IASJ) which asked the company to assess the human rights risks of its products and services with surveillance capabilities won 35% of the vote. A resolution on the company's sale of facial recognition technology to authoritarian and repressive governments filed by Harrington Investments won 34%.

A resolution filed by the Franciscan Sisters of Allegany, NY (IASJ) calling on **Wendy's** to protect essential workers during Covid was passed by an overwhelming 95% of shareholders.

Oxfam persuaded **Kroger** to issue a revamped human rights due diligence (HRDD) statement that includes commitments to align its HRDD with the UN Guiding Principles and to take a risk-based approach to understanding high-risk geographies and sectors.

In an era when doing business in conflict-affected and high-risk areas (CAHRA) presents a growing risk for corporations, the Presbyterian Church U.S.A. persuaded **Expedia** to develop and publish more robust disclosure incorporating shareholder input, to address risks associated with activities in CAHRA.

Kraft Heinz sources tomatoes from a region of China where forced Uighur labor is used. The Midwest Capuchins filed a resolution calling on the company to conduct robust human rights due diligence, which they successfully withdrew after the company made progress on an initial impact assessment.



HEALTH EQUITY

This year, ICCR members filed resolutions addressing COVID's far-reaching impacts and sought to ensure widespread access to COVID technologies that were made possible by substantial public investment. They also continued their work to encourage companies to expand access and rein in high drug prices and address the opioid crisis. In addition, several filings highlighted youth smoking and the health risks of tobacco sales in the age of COVID.

Outcomes for health resolutions were evenly split: 7 went to a vote, 7 were withdrawn for agreement, and 1 was omitted. Votes for health-related resolutions averaged 28%, with the highest reaching 36%. Pharma companies also received several governance resolutions calling for separation of the roles of CEO and Chair to reduce conflicts of interest, and these earned strong votes, with **Bristol-Myers Squibb** reaching 44% and **Johnson & Johnson** 43%.

A big story this year was engagements on tobacco: Trinity Health persuaded **Rite Aid** to issue a report assessing how the increased health risks of severe COVID-19 infections to its customers who smoke impact the company's evaluation of risks associated with selling tobacco products. ICCR members have been engaging Rite Aid since 2009 about the harms of drug store sales of tobacco products. The first signs that this behavior was about to change, however, emerged in 2020 when COO Jim Peters announced that "tobacco will not be part of the [Rite Aid] store of the future."

POLITICAL SPENDING AND LOBBYING

Each year, corporations channel millions of dollars to trade associations and lobbyists to exert influence on U.S. public policy impacting nearly every industry. Corporations' substantial spending to influence elections and ballot measures at local, state, and national levels is often untraceable. ICCR's members consistently press companies for transparency around lobbying and political spending to ensure our democratic structures are safeguarded.

The January 6 2021 attack on the U.S. Capitol starkly highlighted the risks of political donations for U.S. companies and helped spur investor progress in gaining greater transparency around these activities.

The Nathan Cummings Foundation secured a commitment from **Best Buy** to evaluate the alignment of its lobbying expenditures with its public commitments to social justice and racial equity; the company also agreed to take steps to address any misalignment found. The Foundation also persuaded **Diamondback Energy** to agree to significantly strengthen and enhance its election-related spending and related policies. Similarly, **Vertex** agreed to disclose its non-deductible payments to 501(c)(4) organizations that engage in lobbying or political activity after receiving a Friends Fiduciary resolution.

The UUA persuaded **Kinder Morgan** to report on its political spending in line with the Center for Political Accountability's best practice reporting framework, and persuaded **T-Mobile** to enhance disclosure of its election-related spending, and strengthen its policies. Transparency and oversight of this kind are essential to ensuring a robust democracy.

SEC CHALLENGES

Companies were more aggressive in challenging shareholder resolutions at the SEC this year, likely emboldened by recent changes to rule 14a-8, restricting shareholders' access to the proxy process. (The new rules will affect any proposal submitted for AGMs taking place on or after January 1, 2022). **Corporations challenged 61 ICCR member resolutions in 2021,** a significant increase from 45 last year. "Substantial implementation" was the argument for omission most frequently cited by companies in 2021, followed by "ordinary business".

Companies also pushed back – and in numerous instances, won – not on the substance of the resolutions - but on 'procedural' grounds, frequently targeting proponents (funds and foundations) who filed on behalf of individual investors. The SEC challenge ground "failure to provide proof of ownership" was used 17 times this year, up from only two the year before. This argument was wielded most frequently against a crop of new DEI resolutions calling for the assessment of company diversity and inclusion efforts.

Despite corporations' more litigious attitude this season, **the ICCR coalition continues to be extremely successful at defeating SEC challenges,** annually winning the majority of such contests; this year, **our members again won more than half – 55%** (34 challenges).

In June of 2021, ICCR and its allies [filed a lawsuit] in federal district court challenging the Trump-era rule changes that would significantly curb the filing of shareholder proposals; widely supported by institutional investors, the lawsuit is in its early stages with a hopeful resolution in the spring of 2022.