

ICCR'S  
**2021**  
PROXY RESOLUTIONS  
& VOTING GUIDE



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February 21, 2021

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# 2021 Executive Summary

CCR's distinguished record of achievement in shareholder engagement over the past five decades has had demonstrable impact on corporate policies and practices that impact people and planet. Our more than 300 member organizations—faith institutions, regional coalitions, labor unions, pension funds, asset managers, and other institutional investors—are the backbone of that work. ICCR provides a collaborative venue through which numerous institutions come together to use their collective investments to catalyze change on critical environmental and social issues, including human rights/worker rights, climate change, inclusiveness and racial justice, health equity, food justice, and a range of cross-cutting governance issues such as corporate lobbying and political spending.

We are grateful to be able to count on the expertise and experience of an ever-growing network of organizations in the responsible investing, NGO and civil society communities and know that our work is stronger because of these partnerships. One of our greatest—and most unique—strengths as an organization is our ability to work in coalition, to collectively harness our diverse areas of expertise and to share knowledge, strategies, innovations and insights in order to enhance our collective impact and achieve our common goals.

This principle is best exemplified by our coalitional partners including Coalitions for Responsible Investment (CRIs) and other partners that coordinate the critical shareholder engagement work of their respective constituents. These are:

- Benedictine Coalition for Responsible Investment
- California Catholic Congregations for Responsible Investments
- Conference on Corporate Responsibility of Indiana-Michigan
- Investor Advocates for Social Justice
- Northwest Coalition for Responsible Investment
- Philadelphia Area Coalition for Responsible Investment
- Region VI Coalition for Responsible Investment
- Seventh Generation Interfaith Coalition for Responsible Investment
- Socially Responsible Investment Coalition

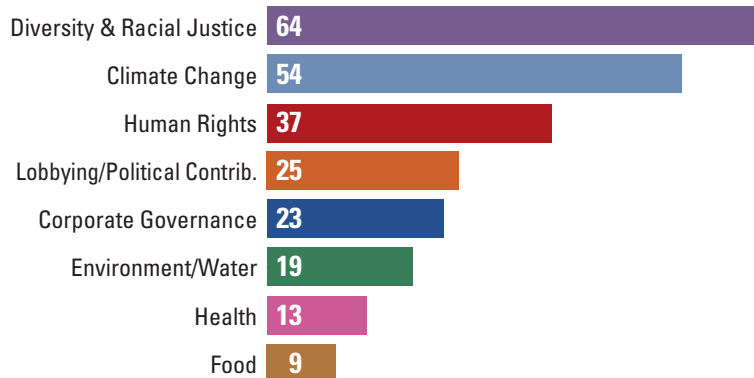
We stand at a pivotal moment in time, faced as we are with an overwhelming series of challenges—a global pandemic, centuries of racial injustice, and a worsening climate crisis, among them—that no one organization can hope to solve on its own. But together we can harness our power, increasing both the breadth and depth of our work. We hope you'll consider joining us.

To see the full list of our investor members, visit our website: <https://www.iccr.org/membership/iccr-members>

This guide presents ICCR member-sponsored resolutions—both as lead- and co-filer—for 2021 corporate proxies, as of February 21. The majority of these proposals will go to a vote at company annual meetings this spring. Some proposals,



### Resolutions by Issue



however, have been challenged by companies or withdrawn by their proponents; **we indicate the current status of proposals as of the date of publication in the ICCR Member Resolutions by Company section, which begins on page 7.** If you are an investor, we invite you to read these proposals and vote your proxies in support of those resolutions you can. Note that any un-voted proxies are considered abstentions and are counted as votes for management by default, so we strongly urge you to practice “active ownership” by voting your proxies every year.

To get a fuller sense of the breadth of our members’ work, visit our website, [www.iccr.org](http://www.iccr.org).

### Methodology

Again, the proposals covered in this Guide are confined to those filed or co-filed by our members; we have made them public for the purposes of building investor support. **The full list of the investors that filed the resolutions contained in this Guide is on p. 213.** As much of ICCR’s current work is interconnected, addressing multiple overlapping social and environmental issues, for the purposes of reporting we categorize shareholder resolutions according to their **primary** focus. For example, resolutions calling for corporate action on food waste but indirectly referencing climate change are considered *food* resolutions.

### 2021 Proxy Season Overview

This coming fall, the SEC will be raising the thresholds of stock ownership needed to file a shareholder proposal, both in terms of the number of shares and length of time they must be held. In addition, the new rules will make it much more difficult to refile proposals. These changes were prompted by years of lobbying by powerful industry trade associations that have long sought to limit shareholder engagement with corporations on critical ESG issues. ICCR has joined together with the Shareholder Rights Group, CERES, the Council of Institutional Investors, US SIF, PRI, and other stakeholders to push back against these attacks on shareholder rights. **Together, we are pressing key decision makers to preserve Rule 14a-8 in its present form,** as the most effective and efficient means for shareholders to communicate with boards of directors, corporate management, and their fellow shareholders.

ICCR members have filed 244 resolutions at 152 companies for 2021 corporate proxies. Additional filings are planned for the spring. To date, 42 resolutions have been successfully withdrawn for agreement and 62 have been challenged by companies and are being adjudicated at the SEC. Emboldened by the new SEC rulings mentioned above, ICCR members are seeing a sharp increase in no action requests this year.

In terms of the issues raised, at 64 proposals, resolutions addressing **racial justice and diversity** are the most numerous this year, up 50 percent from last year. **Climate-related proposals** are the second most numerous at 54, and proposals addressing **human rights and worker rights** are the third largest group, with 37.

## New Topics this Year

(With lead filers)

**Access to Covid-19 Products:** Boston Common Asset Management, Mercy Investment Services, Midwest Capuchins, Oxfam America, Trinity Health

**Banking the Bomb:** Sisters of St. Joseph, Brentwood

**Company Policies Reinforcing Racism:** NorthStar Asset Management

**Diverse Candidate Search Policy:** AFL-CIO

**Executive Remuneration Indicator:** As You Sow

**Indigenous Relations:** SHARE

**Paid Sick Leave:** As You Sow, CtW Investment Group, Domini Impact Investments, Sisters of St. Francis of Philadelphia, Trillium Asset Management, United for Respect, Zevin Asset Management

**Partnerships with Local Police:** Nathan Cummings Foundation

**Racial Equity Audit/Analysis:** Newground Social Investment, New York State Retirement Fund, SEIU, Trillium Asset Management

**Reduce PFAS:** As You Sow

**Shareholder Advisory Votes on Climate Change:** As You Sow

**Starting Pay and Racial Equity:** Franciscan Sisters of Perpetual Adoration

## Noteworthy Trends

### Rising racial justice concerns shape investor

**priorities.** Diversity and racial justice have been key engagement issues since ICCR's founding. This past year—spurred by the rise of the Black Lives Matter (BLM) movement—they have grown to be the largest category of resolutions, at 64—increasing 50 percent over 2020. In June of 2020, a broad coalition of investors had committed themselves to **addressing systemic racism** through their portfolios; many of this year's resolutions take direct aim at workplace policies that reinforce racism in company culture and throughout society.

**The far-reaching impact of COVID.** Altogether, 44 resolutions this year address the pandemic's widespread, long-lasting impacts across multiple sectors, through calls to prohibit price-gouging on COVID-19 vaccines, and for the implementation of paid sick leave (PSL) as a standard U.S. employee benefit. While some companies provided temporary PSL for employees at the height of the pandemic, many companies in low-wage sectors have not adopted permanent PSL policies to adequately protect their workers, an area of much concern for investors. There were additional mentions of the pandemic's impacts in inclusiveness, governance, and lobbying resolutions.

### Amazon once again the target of multiple share-

**holder resolutions for ESG failures.** Amazon's unrivaled global impact has grown explosively during the pandemic, further increasing its multiple environmental and social risks. ICCR members filed nine proposals at Amazon – more than they sent to any other company this year, matching the number they sent the company last year. The proposals call for a civil rights and diversity audit, enhanced customer due diligence, action on hate speech and more. Amazon is seeking to block six of these from its proxy.





### **New strategies emerge to confront the climate crisis.**

In the wake of the U.S.' rejoining of the Paris Climate Accord and GM's announcement of an ambitious plan to sell only zero-emissions vehicles by 2035, corporate lobbying against climate-forward legislation now appears both backwards and fraught with risk. New resolutions are asking companies to evaluate whether their lobbying activities align with the Paris Agreement's goal of limiting global temperature rise to 1.5°C. Another new resolution asks companies to provide shareholders with the opportunity for an advisory vote on the company's climate policies and strategies.

**Capitol attack dramatically underscores risks in tech sector, corporate political spending.** Social media companies have come under widespread and well-deserved criticisms for their failure to adequately manage and stop the spread of online hate speech, gross disinformation, conspiracy theories, and incitement of violent extremism, including racist violence. More broadly, the tech sector faces a difficult future in which it must navigate a path between support of a free and open society, and active facilitation of hate speech and violence. Twenty-one resolutions were sent to companies in the tech sector this year. On the heels of the January 6 attack and subsequent refusal by 147 members of Congress to certify the results of the Presidential election, many companies took the unprecedented step of temporarily halting their political spending. Ten resolutions this year tackle corporate political spending.

## **A Note on Voluntary Withdrawals and SEC Challenges**

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, in which case it will not appear on the company's proxy statement.

Every year ICCR members negotiate roughly one hundred of these successful agreements. 2020 was another strong year for the ICCR coalition, as our members negotiated 114 substantive corporate commitments on a broad range of issues. At the time of publishing, ICCR members had **withdrawn 42** 2021 resolutions in exchange for substantive agreements with companies directly related to their resolutions. We expect the number of withdrawals to grow in the next few months, and to be consistent with last year.

In addition, it is also likely that a few of the resolutions published here will be successfully challenged by corporations at the SEC, and subsequently omitted from proxy statements. Our website will provide an update on these withdrawal agreements, challenges, and vote results in early summer when the proxy season comes to a close.

**Note:** Filings received after the February closing date are not included in this Guide but will be made available on [www.iccr.org](http://www.iccr.org).

## ICCR Member Resolutions by Company

Company	Resolution	Status	Page
3M Company	Worker Pay in Executive Compensation	Pending	63
Abbott Laboratories	Disclosure on Plans and Policies Aligned with Achieving Racial Equality	Pending	90
	Lobbying Expenditures Disclosure	Pending	198
AbbVie	Executive Compensation and Drug Pricing Risks- Feasibility Report	Pending	145
	Independent Board Chair	Pending	65
	Lobbying Expenditures Disclosure	Pending	198
Advance Auto Parts, Inc.	Quantitative Goals for Increasing Renewable Energy/Energy Efficiency	Pending	55
Allstate	Assess Company Diversity and Inclusion Efforts	Withdrawn	96
Alphabet, Inc.	Evaluate Company Whistleblower Policies and Practices	Pending	167
	Executive Pay—Incorporate Diversity and Sustainability Metrics	Pending	110
	Give Each Share an Equal Vote	Pending	73
	Human/Civil Rights Expert on Board	Pending	173
	Report on Government-Mandated Content Removal Requests	Pending	170
Altria Group, Inc.	Discourage Nicotine Use Among Youth	Pending	149
	Lobbying Expenditures Disclosure	Pending	201
Amazon.com, Inc.	Civil Rights, Equity, Diversity and Inclusion Audit	Challenged	83
	Customer Due Diligence	Challenged	165
	Diverse Candidate Search Policy	Challenged	94
	Hate Speech Products	Challenged	168
	Hourly Associate on Board of Directors	Challenged	60
	Independent Board Chair	Challenged	64
	Lobbying Expenditures Disclosure	Pending	197
	Reduce Plastics Use	Pending	115
	Rekognition - Facial Recognition Technology	Pending	166
American Express Co.	Assess Company Diversity and Inclusion Efforts	Pending	96
American Int'l Group (AIG)	Paris-Aligned Climate Lobbying	Withdrawn	21
Amgen Inc.	Civil Rights, Equity, Diversity and Inclusion Audit	Pending	83
Apple Computer, Inc.	Executive Pay and Sustainability Metrics	Withdrawn	75
	Freedom of Expression / Curbs on VPNs	Omitted	171
Archer-Daniels-Midland	Deforestation Policy	Pending	133
AT&T Inc.	Corporate Alignment of Stated Values with Public Policy Involvement	Withdrawn	206
Autodesk Inc.	Executive Leadership Diversity	Pending	103
Badger Meter Inc.	Solutions for Increasing Diversity on Board of Directors	Pending	106

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Company	Resolution	Status	Page
Bank of America Corp.	Funding Drilling in the Arctic National Wildlife Refuge	Withdrawn	41
	Report on Reducing GHG Emissions Associated with Financing Activities	Withdrawn	37
Bank of Nova Scotia	Adopt Quantitative Targets for Reducing GHG Emissions from Lending/Underwriting	Pending	36
Berkshire Hathaway Inc.	Assess Company Diversity and Inclusion Efforts	Pending	96
Best Buy Co., Inc.	Lobbying Expenditures Disclosure - Systemic Racial Inequities	Pending	194
Beyond Meat Inc.	Sustainability Reporting	Pending	125
Biogen, Inc.	Gender Pay Gap	Pending	101
BioMarin	Quantitative Goals for Increasing Renewable Energy/ Energy Efficiency	Pending	56
BJ's Wholesale	Workforce Diversity Report	Pending	107
BlackRock, Inc.	Change Company Management Systems to Implement BRT Statement of Purpose	Challenged	77
	Proxy Voting Policies Related to Climate Change	Pending	27
Bloomin' Brands Inc.	Deforestation Policy	Pending	134
Boeing Company	Lobbying Expenditures Disclosure	Pending	199
Booking Holdings	Assess Company Diversity and Inclusion Efforts	Pending	96
	Climate Transition Reporting	Pending	35
	Report on Plans to Align Operations with Paris Agreement	Pending	30
	Shareholder Advisory Votes on Climate Change	Pending	26
Boralex, Inc.	Oversight of Human Capital Management	Pending	112
Boston Scientific	Include Non-Management Employees on the Board	Pending	61
Bristol-Myers Squibb Company	Independent Board Chair	Pending	65
Bunge Ltd.	Deforestation Policy	Pending	132
Burlington Stores Inc	Worker Pay in Executive Compensation	Pending	62
Canadian Imp. Bank of Com. (CIBC)	Adopt a Net Zero Carbon Emissions Target	Pending	52
CarMax	Report on Plans to Align Operations with Paris Agreement	Pending	34
Caterpillar Inc.	Assess Company Diversity and Inclusion Efforts	Pending	96
	Report on Net Zero Benchmark	Pending	51
Charles Schwab Corp. (The)	Disclosure on Plans and Policies Aligned with Achieving Racial Equality	Challenged	90
Charter Communications, Inc.	Assess Company Diversity and Inclusion Efforts	Pending	96
Chartwell Retirement Residences	Workforce Disclosure and Board Oversight	Pending	162
Chevron Corp.	Climate Change Impacts on Financial Position and Assumptions	Challenged	42
	Environmental Justice and Racial Equity Analysis	Challenged	86
	Independent Board Chair	Challenged	70
	Lobbying Expenditures Disclosure - Climate Change	Pending	205
	Report on Human Rights Risks in Conflict-Affected and High-Risk Areas Policies	Challenged	186



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Company	Resolution	Status	Page
Chevron Corp., <i>continued</i>	Shareowners Right to Call Special Meeting	Challenged	76
Chipotle Mexican Grill, Inc.	Strengthen Board Oversight of Workplace Equity Issues	Pending	92
CIGNA Corporation	Gender Pay Gap	Pending	100
Citigroup	Lobbying Expenditures Disclosure	Challenged	196
	Report on Reducing GHG Emissions Associated with Financing Activities	Withdrawn	37
Comcast Corp.	Assess Company Diversity and Inclusion Efforts	Challenged	96
	Lobbying Expenditures Disclosure	Pending	200
	Report on Plans to Align Operations with Paris Agreement	Withdrawn	30
CoreCivic	Racial Equity Audit	Withdrawn	85
Costco Wholesale Corp.	Deforestation Policy	Withdrawn	130
	Report on Plans to Align Operations with Paris Agreement	Withdrawn	29
CSX Corp.	Paris-Aligned Climate Lobbying	Pending	20
CVS Health Corp	Assess Company Diversity and Inclusion Efforts	Pending	96
	Feasibility of Paid Sick Leave as a Standard Employee Benefit	Challenged	159
Danaher Corp.	Assess Company Diversity and Inclusion Efforts	Omitted	96
	Report on Plans to Align Operations with Paris Agreement	Pending	30
Diamondback Energy	Political Contributions	Pending	208
Dine Brands Global, Inc.	Disclosure of Antibiotics Use in Meat Supply Chain	Withdrawn	135
	Food Waste	Withdrawn	129
Disney (Walt) Company / ABC	Assess Company Diversity and Inclusion Efforts	Omitted	96
	Lobbying Expenditures Disclosure - Climate Change	Pending	203
	Strengthen Board Oversight of Workplace Equity Issues	Withdrawn	93
Dollar General Corporation	Feasibility of Paid Sick Leave as a Standard Employee Benefit	Withdrawn	158
Dollar Tree Stores	Assess Company Diversity and Inclusion Efforts	Challenged	96
Dominion Energy	Report on Reducing Contribution to Climate Change through Electrification	Withdrawn	47
Dow Chemical Company	Report on Petrochemical Resiliency Risks	Withdrawn	121
DTE Energy	Political Contributions	Pending	208
	Report on Reducing Contribution to Climate Change through Electrification	Pending	47
Duke Energy Corp.	Disclosure of GHG Emissions in Natural Gas Supply Chain	Withdrawn	49
	Paris-Aligned Climate Lobbying	Withdrawn	22
DuPont Company	Report on Plastic Pellet Pollution	Pending	119
Eastman Chemical Company	Report on Plastic Pellet Pollution	Withdrawn	119
Eli Lilly and Company	Access to COVID-19 Products	Challenged	139
	Assess Company Diversity and Inclusion Efforts	Omitted	96
	Independent Board Chair	Pending	67
Entergy Corp.	Paris-Aligned Climate Lobbying	Withdrawn	21

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Company	Resolution	Status	Page
Expedia, Inc.	Report on Human Rights Risks in Conflict-Affected and High-Risk Areas Policies	Pending	185
Expeditors International	Adopt Time-Bound, Company-Wide Science-Based GHG Target	Pending	44
Exxon Mobil Corporation	Climate Change Impacts on Financial Position and Assumptions	Challenged	43
	Independent Board Chair	Pending	66
	Lobbying Expenditures Disclosure	Pending	202
	Paris-Aligned Climate Lobbying	Challenged	24
	Political Contributions	Pending	209
	Report on Petrochemical Resiliency Risks	Challenged	120
Facebook Inc.	Child Sexual Exploitation Online	Pending	187
	Give Each Share an Equal Vote	Pending	72
	Report on #RebootFacebook	Pending	164
First Solar, Inc.	Report on Steps to Address Board Diversity	Pending	105
FirstEnergy Corporation	Paris-Aligned Climate Lobbying	Pending	23
Foot Locker, Inc.	Disclosure on Plans and Policies Aligned with Achieving Racial Equality	Withdrawn	90
General Dynamics Corporation	Human Rights Due Diligence	Omitted	178
General Electric Company	Disclosure of Net Zero GHG Indicator	Pending	50
General Motors Corp.	Paris-Aligned Climate Lobbying	Pending	21
	Report on the Executive Remuneration Indicator	Pending	45
GEO Group Inc.	Lobbying Expenditures Disclosure - Immigration	Pending	195
German American Bancorp	Report on Steps to Address Board Diversity	Pending	104
Gilead Sciences, Inc.	Access to COVID-19 Products	Withdrawn	142
	Independent Board Chair	Pending	68
Goldman Sachs Group Inc.	Impact of Use of Mandatory Arbitration	Pending	98
	Report on Reducing GHG Emissions Associated with Financing Activities	Pending	37
Great-West Lifeco Inc.	Indigenous Relations	Pending	97
Hannon Armstrong	Executive Compensation and Diversity in Senior Level Mgmt	Pending	111
Home Depot, Inc.	Report on Prison Labor in the Supply Chain	Pending	188
	Workforce Diversity Report	Pending	108
HSBC Holdings	Set Targets to Reduce Exposure to Fossil Fuels Assets	Pending	39
IDEX	Solutions for Increasing Diversity on Board of Directors	Pending	106
Imperial Oil Limited (Int'l Co.)	Adopt a Net Zero Carbon Emissions Target	Pending	53
Intel	Report on Whether Company Policies Reinforce Racism in Company Culture	Pending	91
IPG Photonics Corporation	Executive Leadership Diversity	Withdrawn	103
	Report on Steps to Address Board Diversity	Challenged	104

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Company	Resolution	Status	Page
J.P. Morgan Chase & Co.	Measure and Disclose Financed GHG Emissions	Withdrawn	38
Johnson & Johnson	Access to COVID-19 Products	Challenged	144
	Assess Company Diversity and Inclusion Efforts	Omitted	96
	Board Oversight - Risks Related to the Opioid Crisis	Withdrawn	147
	Civil Rights Audit	Pending	84
	Establish Deferral Period for Senior Executive Bonuses	Withdrawn	146
	Independent Board Chair	Pending	65
Keurig Dr. Pepper	Reduce Plastics Use	Pending	115
KeyCorp	Racial Impact of Overdraft Policies and Practices	Pending	88
Kimberly-Clark Corporation	Political Contributions	Pending	208
Kinder Morgan	Political Contributions	Pending	208
Kohl's Corporation	Feasibility of Paid Sick Leave as a Standard Employee Benefit	Challenged	160
Kraft Heinz Company	Deforestation Policy	Pending	131
	Human Rights Impact Assessment	Withdrawn	181
	Measuring Pesticide Use in Agricultural Supply Chains	Withdrawn	127
	Reduce Plastics Use	Withdrawn	116
Kroger Co.	Feasibility of Paid Sick Leave as a Standard Employee Benefit	Pending	159
	Human Rights Due Diligence	Pending	180
	Reduce Plastics Use	Pending	116
Lockheed Martin Corporation	Human Rights Due Diligence	Pending	177
Loews Corporation	Political Contributions	Pending	208
McDonald's Corp.	Assess Company Diversity and Inclusion Efforts	Pending	95
	Feasibility of Paid Sick Leave as a Standard Employee Benefit	Challenged	155
	Phase Out Single Use Beverage Cups	Challenged	118
	Prevention of Sexual Harassment	Pending	99
	Report on Actions to Reduce PFAS in Food Contact Materials	Withdrawn	122
Merck & Co., Inc.	Access to COVID-19 Products	Pending	143
Mondelez International, Inc.	Reduce Plastics Use	Pending	116
Monster Beverage Corp	Disclosure on Plans and Policies Aligned with Achieving Racial Equality	Pending	89
	Shareholder Advisory Votes on Climate Change	Pending	25
NextEra Energy	Assess Company Diversity and Inclusion Efforts	Challenged	96
NFI Group	Oversight of Human Capital Management	Pending	112
NIKE, Inc.	Political Contributions	Pending	207
Norfolk Southern Corporation	Paris-Aligned Climate Lobbying	Pending	19
Northland Power	Oversight of Human Capital Management	Pending	112
Northrop Grumman Corporation	Human Rights Impact Assessment	Challenged	182
Omnicom Group Inc.	Advertising Policy and Social Media	Challenged	169

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Company	Resolution	Status	Page
Paycom Software Inc	Executive Leadership Diversity	Pending	103
PayPal	Report on Whether Company Policies Reinforce Racism in Company Culture	Challenged	91
PDC Energy, Inc.	Report on Reduction of Routine Flaring	Withdrawn	48
PepsiCo, Inc.	Measuring Pesticide Use in Agricultural Supply Chains	Pending	128
	Reduce Plastics Use	Challenged	116
Pfizer, Inc.	Access to COVID-19 Products	Challenged	140
	Assess Company Diversity and Inclusion Efforts	Omitted	96
	Lobbying Expenditures Disclosure	Pending	198
Phillips 66	Paris-Aligned Climate Lobbying	Pending	21
Pilgrim's Pride Corp	Human Rights Due Diligence	Challenged	176
	Reduce Water Pollution from Supply Chain	Challenged	123
PNC Financial Services Group, Inc.	Stop Banking the Bomb	Pending	190
Power Corporation	Indigenous Relations	Pending	97
PPG Industries, Inc.	Independent Board Chair	Pending	71
Public Storage	Report on Plans to Align Operations with Paris Agreement	Withdrawn	33
Raytheon Technologies Corp.	Human Rights Due Diligence	Withdrawn	179
Regeneron Pharmaceuticals, Inc.	Access to COVID-19 Products	Pending	141
Restaurant Brands International	Reduce Plastics Use	Challenged	115
Rite Aid Corp.	Health Risks of In-Store Tobacco Sales in the Age of COVID-19	Pending	148
Royal Bank of Canada	Adopt Quantitative Targets for Reducing GHG Emissions from Lending/Underwriting	Pending	36
Sanderson Farms, Inc.	Human Rights Due Diligence	Withdrawn	175
SBA Communications Corp.	Executive Leadership Diversity	Pending	103
Sempra Energy	Paris-Aligned Climate Lobbying	Challenged	18
Shake Shack	Sustainability Reporting	Pending	124
Southern Company	Disclosure of GHG Emissions in Natural Gas Supply Chain	Withdrawn	49
Southern Copper	Independent Board Chair	Pending	69
Square Inc.	Give Each Share an Equal Vote	Pending	74
Stryker	Include Non-Management Employees on the Board	Pending	61
Sun Life Financial Inc.	Indigenous Relations	Pending	97
T-Mobile USA	Political Contributions	Pending	208
T. Rowe Price Associates, Inc.	Proxy Voting Policies Related to Climate Change	Pending	28
Target Corp.	Partnerships with Local Police - Likelihood of Violations of Civil and Human Rights	Challenged	87
	Quantitative Goals for Reducing Plastics Use	Pending	117
	Reduce Plastics Use	Challenged	116
Texas Instruments Inc.	Assess Company Diversity and Inclusion Efforts	Omitted	96
Thermo Fisher Scientific	Workforce Diversity Report	Withdrawn	109

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Company	Resolution	Status	Page
TJX Companies, Inc.	Assess Company Diversity and Inclusion Efforts	Challenged	96
	Report on Prison Labor in the Supply Chain	Challenged	189
	Worker Pay in Executive Compensation	Pending	62
TripAdvisor, Inc.	Human Rights Policy	Pending	184
Twitter	Report on Net Zero Benchmark	Pending	54
Tyson Foods, Inc.	Human Rights Due Diligence	Pending	174
Union Pacific Corporation	Assess Company Diversity and Inclusion Efforts	Pending	96
	Climate Transition Reporting	Challenged	35
	Shareholder Advisory Votes on Climate Change	Challenged	26
	Workforce Diversity Report	Pending	109
United Airlines Holdings, Inc.	Disclosure of Net Zero GHG Indicator	Withdrawn	50
	Human Rights Disclosure	Pending	183
	Paris-Aligned Climate Lobbying	Pending	24
United Parcel Service, Inc.	Assess Company Diversity and Inclusion Efforts	Pending	96
	Lobbying Expenditures Disclosure - Climate Change	Pending	204
	Report on Plans to Align Operations with Paris Agreement	Pending	31
UnitedHealth Group Inc.	Assess Company Diversity and Inclusion Efforts	Pending	96
US Physical Therapy Inc	Report on Steps to Address Board Diversity	Withdrawn	104
Valero Energy Corporation	Paris-Aligned Climate Lobbying	Withdrawn	22
	Report on the Executive Remuneration Indicator	Challenged	46
Verizon Communications Inc.	Executive Compensation Link to User Data Privacy	Pending	172
Vertex Pharmaceuticals Inc.	Political Contributions	Pending	209
Walgreens Boots Alliance	Establish Deferral Period for Senior Executive Bonuses	Withdrawn	146
	Health Risks of In-Store Tobacco Sales in the Age of COVID-19	Pending	148
Walmart Stores, Inc.	Feasibility of Paid Sick Leave as a Standard Employee Benefit	Challenged	154
	Gender and Racial Pay Equity	Pending	102
	Lobbying Expenditures Disclosure	Pending	193
	Reduce Plastics Use	Pending	116
	Starting Pay and Racial Equity	Pending	163
Wells Fargo & Company	Report on Reducing GHG Emissions Associated with Financing Activities	Challenged	37
Wendy's International, Inc.	Protecting Essential Food Chain Workers During Covid-19	Challenged	161
	Report on Plans to Align Operations with Paris Agreement	Withdrawn	32
Yum! Brands, Inc.	Feasibility of Paid Sick Leave as a Standard Employee Benefit	Challenged	156

## Climate Change

**O**n his first day in office, President Biden signed multiple executive orders reversing the policies of his predecessor, including recommitting the U.S. to the Paris Climate Accord, and ending the Keystone XL pipeline. His Clean Energy Revolution plan sets the U.S. on a path to achieving a 100% clean energy economy, and reaching net-zero emissions by 2050.

The country has lost some ground over the past four years in the fight against the climate crisis, and the new administration is rightfully laser-focused on redressing this. Obama-era policies such as **federal methane standards and robust auto emissions standards** must be re-instated and augmented in light of evolving climate science. We must also continue to **de-emphasize fossil fuels and build a clean energy economy** within a **just transition framework**, linking support for necessary climate action with commitments to high road jobs and upholding environmental justice.

Accordingly, climate-focused resolutions were the second-most active area of filing this year, at 54 resolutions, up from 35 last year. This year's resolutions show that shareholders are more concerned than ever about the substantial material risk that the climate crisis poses for their companies and their portfolios, and they



## Climate Change 54

### Proposal Topic Quantity

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are seeking clear and consistent disclosures regarding how companies are managing and mitigating that risk.

ICCR's members encourage corporations to advance a just transition to a clean energy



Investors are increasingly asking their portfolio companies to be more transparent about how they align their direct and indirect lobbying activities with the goal of limiting average global warming to well below two degrees Celsius, consistent with the Paris Agreement.

A wide range of investors, including faith- and values-based investors, mutual funds, unions, foundations and public pension funds, recognize that climate risk is a material issue for their portfolios. There is growing discussion at the federal, state and local levels, including the September 2020 report by the U.S. Commodity Futures Trading Commission, warning that climate change poses serious emerging risks to the U.S. financial system and calling for regulators to move urgently and decisively to confront them.

U.S. companies stand in sharp contrast to many European companies on climate lobbying. Royal Dutch Shell and Equinor have standalone climate lobbying reports. Along with Total, these companies have an evolving set of principles to evaluate and act upon their trade association memberships and the climate lobbying positions of these associations. These companies have clearly committed to supporting the Paris Agreement goals, as well as carbon pricing, as an appropriate climate policy measure.

Accordingly, the Presbyterian Church (U.S.A.) is taking a leadership role in the ICCR Climate Lobbying Initiative by submitting climate lobbying shareholder proposals and engaging companies to align their direct and indirect lobbying with the Paris Agreement goals and their internal monitoring processes – including their boards' oversight role.

**Rob Fohr, Director of Faith-Based Investing and Corporate Engagement—Presbyterian Church U.S.A.**

economy by adopting Paris-compliant, science-based GHG reduction commitments through increased energy efficiency and the adoption of renewable energy. The Paris Agreement seeks to decrease global net carbon emissions to “net zero” by 2050 in order to keep planetary warming well below 2°C, preventing the worst aspects of climate change. In December of 2020, we launched **a new initiative to speed decarbonization** by pressing companies to align their lobbying activities with the goals of the Paris agreement.

In the section that immediately follows, we present those 2021 resolutions whose asks directly invoked climate change. As the climate crisis intersects with so many other issues, still other resolutions this year referenced climate change indirectly in combination with other concerns, and are discussed in the Food, Lobbying, and Environmental Health/Sustainability/Water sections.

### Paris-Aligned Climate Lobbying

As the climate crisis worsens, corporate lobbying activities that seek to prevent climate-forward legislation and regulation present growing risk for investors. Delays in implementing the Paris Agreement's decarbonization goals not only increase the physical risks of climate change, they pose systemic risk to our economy.

ICCR members asked seven companies this year—**American International Group, CSX, Duke Energy, Entergy, FirstEnergy, Norfolk Southern and Sempra Energy**—to evaluate if, and how, each company's lobbying activities (direct and indirect through trade and other associations) align with the Paris Agreement's goal to limit temperature rise to 1.5 degrees Celsius, and how they plan to mitigate risks presented by any misalignment. Similar climate lobbying resolutions were filed by ICCR members at five other companies, for a total of 12 resolutions this proxy season.

### Proxy Voting Policies Related to Climate Change

Many large asset managers are responsible for voting the proxies of their investor clients each year and therefore, have tremendous influence over the results of the many proposals put forward for a vote at annual shareholder meetings. All too often, however, there can be a disconnect between an asset manager's stated policies on ESG issues and asset owners who are their clients—and nowhere is this more evident than with climate-focused shareholder proposals. For the past 10 years, investors have filed shareholder resolutions addressing this gap, and recently, some asset managers have begun to listen. Blackrock is a case in point; for years the company had resisted investors' calls to support climate-focused proposals. In the past two years however, the company has reset its course and begun to carve out a bolder public position on climate. And earlier this year, CEO Larry Fink sent an open letter to corporate CEOs acknowledging "the global threat of climate change" and revealing that "No issue ranks higher than climate on our clients' list of priorities". **Shareholders are hopeful that Fink's statement will translate into increased votes for this season's crop of climate proposals.**

Investors asked **BlackRock** to initiate a review assessing its 2020 proxy voting record and proxy voting policies and guiding criteria related to climate change. Investors also asked **T. Rowe Price** to report on the climate-related proxy voting policies and practices of its subsidiaries, assessing any incongruities between its public statements and pledges, and the voting policies and practices of its subsidiaries.

### Report on Plans to Align Operations with the Paris Agreement

Despite the tremendous carbon reductions called for in the Agreement, many companies have still only adopted a number of ad-hoc initiatives, having neither set de-carbonization goals, nor created and implemented plans to reduce GHG emissions throughout their operations and value chains. Seeking to spur action, ICCR members this year filed resolutions calling for policy alignment with the goals of the Paris Agreement at companies in a range of industries, from tourism (which accounts for 8% of global GHG emissions), to food-based businesses, real estate, health care, and industrials.

ICCR members asked eight companies this year – including **Booking Holdings, Costco, Public Storage and Wendy's** – to report on whether and how they plan to measure and reduce their total contributions to climate change, including emissions from their supply chains, and to align their operations with the Paris Agreement's goals.

### Shareholder Advisory Votes on Climate Change

Just over a decade ago, ICCR members launched a pioneering a "say on executive pay" campaign, asking for shareholders to be given an opportunity at annual shareholder meetings to vote on an advisory basis whether to ratify the compensation of a company's executive officers. As part of the Dodd-Frank legislation, that ask was made mandatory. In light of the climate crisis, this year a number of investors have begun using a similar approach, calling for a shareholder say on company climate policy.

Investors asked **Booking Holdings, Monster Beverage and Union Pacific** to allow their shareholders an advisory vote on whether they approve of the company's climate policies and strategies.



### Disclosure of Net Zero GHG Indicator/ Net Zero Benchmark

A core indicator of company alignment with the Paris Agreement is setting a net zero ambition (i.e., carbon neutrality). In late 2020, the Climate Action 100+ initiative, a coalition of more than 500 investors, issued a Net Zero Company Benchmark which calls on the largest carbon emitting companies to work toward reducing their GHG emissions to net zero, a campaign reflected in the asks of several of this year's resolutions.

For the 2021 proxy season, ICCR members filed six resolutions on net zero targets. **General Electric** and **United Airlines** were asked to evaluate if they have met the criteria of the Net Zero Indicator, and whether they intend to revise their policies to be fully responsive to the Indicator if they have not. **Twitter** and **Caterpillar** were asked to disclose their climate policies, performance, and improvement targets responsive to the Net Zero Indicator, or their rationale for failure to adopt such metrics. **Imperial Oil Limited** was called to adopt a corporate wide ambition to achieve net zero carbon emissions.

### Report on Reducing GHG Emissions Associated with Financing Activities

As the climate crisis escalates, investors have become increasingly concerned about the inherent risks of the banking sector's ongoing financial commitment to fossil fuels. Thirty-three global banks have provided the fossil fuel industry with \$1.9 trillion in financing since the Paris Agreement was signed, enabling carbon producing industries and activities that will cause global temperatures to rise by more than 4°C—twice the GHG limit called for by the Paris Agreement.

ICCR members this year asked **Bank of America**, **Citigroup**, **Goldman Sachs** and **Wells Fargo** to report to shareholders how they intend to make their financing Paris compliant. **CIBC** was asked to adopt a corporate-wide target to achieve net-zero GHG emissions associated with its lending and investment activities.

### Adopt Time-Bound, Company-Wide Science-Based GHG Target

Setting a time-bound, science-based greenhouse gas emissions target (SBT) is an essential way a company can transparently address emissions in its operations and throughout its value chain, and begin to align its long-term emissions outlook with the objectives of the Paris Agreement. Increasing the scale, pace, and rigor of its climate-related initiatives by setting robust SBTs further helps a company prepare for future carbon-related regulations.

Noting that while **Expeditors** has set targets for reducing its GHG emissions in the past, those goals have since lapsed, with no new GHG reduction goals having been set; shareholders asked the company to adopt time-bound, quantitative, company-wide, science-based targets for reducing its total greenhouse gas (GHG) emissions, taking into account the goals of the Paris Climate Agreement.



### Paris-Aligned Climate Lobbying Sempra Energy

WHEREAS: The Intergovernmental Panel on Climate Change released a report finding that “rapid, far-reaching” changes are necessary in the next 10 years to avoid disastrous global warming.<sup>1</sup> The economic impacts of exceeding 1.5°C warming are projected to be in the tens to hundreds of trillions of dollars by 2100.<sup>2,3</sup>

According to the most recent annual United Nations Environment Programme “Emissions Gap Report,”<sup>4</sup> critical gaps remain between national governments’ climate commitments and the level of action necessary to prevent catastrophic climate change.

Companies have an important role to play in enabling policymakers to close these gaps. Corporate lobbying activities that seek to prevent climate-related laws and regulations present growing risk to investors. Delays in implementing the Paris Agreement’s decarbonization goals increase the physical risks of climate change, pose systemic risk to economic stability, and introduce uncertainty and volatility into investor portfolios.

Investors believe that Paris-aligned climate lobbying, including lobbying by trade groups, helps to mitigate these risks and contributes positively to the long term value of investment portfolios. Over a dozen large European companies have reached agreements with investors regarding Paris aligned lobbying disclosure, and Shell, BP, and Total have published reports evaluating the positions their trade associations take on climate change.<sup>5</sup>

Investors currently lack sufficient information to understand how Sempra ensures its lobbying activities, both direct lobbying and indirect lobbying through trade associations, align with the Paris Agreement’s goals, and what actions Sempra is taking to address any misalignments.

Unlike peers, Sempra has no net zero or long term climate targets. Instead, it continues to invest in greenhouse gas intensive natural gas assets,<sup>6</sup> acknowledging this will cause its emissions to balloon.<sup>7</sup> While Sempra discloses how its trade associations align with its own views on climate change,<sup>8</sup> current reporting does not disclose whether its lobbying is aligned with Paris goals, especially regarding natural gas use. Sempra’s climate-related lobbying has already sparked concern. Subsidiary Southern California Gas Company (SoCalGas) is currently under investigation by the California Public Utilities Commission’s (CPUC) Public Advocates Office (PAO) regarding the use of ratepayer funds and lobbying groups to promote gas.<sup>9</sup> Already, PAO has recommended a \$255 million fine for undermining energy efficiency rules.<sup>10</sup> SoCalGas has also filed lawsuits with California agencies fighting clean truck regulations and electrification policy.<sup>11</sup> Federal legislators recently took issue with Sempra’s anti-climate lobbying and actions, sending a public letter questioning SoCalGas’ efforts to undermine California’s greenhouse gas targets.<sup>12</sup>

We urge the Board and management to report to shareholders on this critical issue.

**RESOLVED:** Shareholders request the Board of Directors evaluate and issue a report (at reasonable cost, omitting proprietary information) describing if, and how, Sempra’s lobbying activities (direct and through trade associations) align with the Paris Agreement’s goal to limit temperature rise to 1.5 degrees and how Sempra plans to mitigate risks presented by any misalignment.

1. <https://www.ipcc.ch/2018/10/08/summary-for-policymakers-of-ipcc-special-report-on-global-warming-of-1-5c-approved-by-governments/>

2. <https://www.nature.com/articles/d41586-018-05219-5>

3. <https://www.nature.com/articles/s41467-020-18797-8/>

4. <https://www.unenvironment.org/resources/emissions-gap-report-2019>

5. <https://www.ceres.org/news-center/press-releases/major-us-investors-call-largest-corporate-emitters-disclose-how-their>

6. <https://rmi.org/wp-content/uploads/2020/03/Methane-Insight-Brief.pdf>

7. <https://www.sempra.com/sites/default/files/content/files/node-media-document/2019/2019-sempra-corporate-sustainability-report.pdf>, p.36

8. CDP Reporting

9. <https://www.latimes.com/environment/story/2020-07-23/is-americas-biggest-gas-utility-fighting-climate-action-california-demands-answers>

10. <https://earthjustice.org/sites/default/files/files/r1311005-public-advocates-office-opening-brief.pdf>

11. <https://www.latimes.com/environment/story/2020-08-04/california-sued-by-nations-biggest-gas-utility-in-climate-change-dispute>

12. [https://www.utilitydive.com/news/california-federal-legislators-press-social-gas-on-reported-efforts-to-under/588174/?utm\\_source=Sailthru&utm\\_medium=email&utm\\_campaign=Issue:%202020-11-02%20Utility%20Dive%20Newsletter%20%5Bissue:30588%5D&utm\\_term=Utility%20Dive](https://www.utilitydive.com/news/california-federal-legislators-press-social-gas-on-reported-efforts-to-under/588174/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-11-02%20Utility%20Dive%20Newsletter%20%5Bissue:30588%5D&utm_term=Utility%20Dive)

### **Paris-Aligned Climate Lobbying**

#### **Norfolk Southern Corporation**

According to the most recent annual “Emissions Gap Report” issued by the United Nations Environment Programme (November 26, 2019), critical gaps remain between the commitments national governments have made and the actions required to prevent the worst effects of climate change. Companies have an important and constructive role to play in enabling policymakers to close these gaps.

Corporate lobbying activities that are inconsistent with meeting the goals of the Paris Agreement present regulatory, reputational and legal risks to investors. These efforts present systemic risks to our economies, as delays in implementation of the Paris Agreement increase the physical risks of climate change, threaten economic stability, and introduce uncertainty and volatility into our portfolios. We believe that Paris-aligned climate lobbying helps to mitigate these risks and contributes positively to the long-term value of our investment portfolios.

Of particular concern are trade associations and other politically active organizations that speak for business but too often present unnecessary obstacles to progress in addressing the climate crisis.

As investors, we view fulfillment of the Paris Agreement’s agreed goal—to hold the increase in the global average temperature to “well below” 2°C above preindustrial levels, and to pursue efforts to limit the temperature increase to 1.5°C—as an imperative. We believe unabated climate change will have a devastating impact on the value of our portfolio. We see future “business as usual” scenarios of 3-4°C or greater as both unsustainable and unacceptable.

While we commend Norfolk Southern for setting short-term greenhouse gas emission goals and for considering a science-based reduction target,<sup>1</sup> transporting coal represents one of its primary lines of business: in 2019 shipping coal represented 12 percent of its shipping volume and 15 percent of its revenue.<sup>2</sup> According to press reports<sup>3</sup>, Norfolk Southern has supported its coal customers by funding lobbying organizations, such as the American Coalition for Clean Coal Electricity, which work to discredit climate science and oppose most federal climate policies.

We believe it is in the interest of shareholders that Norfolk Southern’s management and Board of Directors ensure that its lobbying activities, both directly and indirectly through its trade and other associations, align with the Paris Agreement’s goals and the company’s own climate risk mitigation actions (e.g. emissions targets). Misalignment squanders company resources and presents reputational and other risks.

Thus, we urge the Board and management to assess Norfolk Southern’s climate-related lobbying and report to shareholders.

1. <http://nscorp.com/content/dam/nscorp/get-to-know-ns/about-ns/environment/Norfolk-Southern-2020-CDP-filing.pdf>, p. 15.

2. <http://www.nscorp.com/content/dam/nscorp/get-to-know-ns/investor-relations/annual-reports/annual-report-2019.pdf>, p. K20, K6

3. <https://www.theatlantic.com/science/archive/2019/12/freight-railroads-funded-climate-denial-decades/603559/>

### Paris-Aligned Climate Lobbying

#### CSX Corp.

Shareholders request that the Board of Directors conduct an evaluation and issue a report within the next year (at reasonable cost, omitting proprietary information) describing if, and how, CSX Corporation's lobbying activities (direct and through trade associations and other organizations) align with the goal of limiting average global warming to well below 2°C (the Paris Climate Agreement's goal) and how the company plans to mitigate risks presented by any misalignment.

#### Supporting Statement:

According to the most recent annual "Emissions Gap Report" issued by the United Nations Environment Programme (November 26, 2019), critical gaps remain between the commitments national governments have made and the actions required to prevent the worst effects of climate change. Companies have an important and constructive role to play in enabling policymakers to close these gaps.

Corporate lobbying activities that are inconsistent with meeting the goals of the Paris Agreement present regulatory, reputational and legal risks to investors. These efforts also present systemic risks to our economies, as delays in implementation of the Paris Agreement increase the physical risks of climate change, pose a systemic risk to economic stability and introduce uncertainty and volatility into our portfolios. We believe that Paris-aligned climate lobbying helps to mitigate these risks and contributes positively to the long-term value of our investment portfolios.

Of particular concern are the trade associations and other politically active organizations that speak for business but, unfortunately, too often present forceful obstacles to progress in addressing the climate crisis.

As investors, we view fulfillment of the Paris Agreement's agreed goal—to hold the increase in the global average temperature to "well below" 2°C above preindustrial levels, and to pursue efforts to limit the temperature increase to 1.5°C—as an imperative. We are convinced that unabated climate change will have a devastating impact on the value of our portfolio. We see future "business as usual" scenarios of 3-4°C or greater as both unacceptable and uninvestable.

While we commend CSX for setting long-term greenhouse gas emission goals<sup>1</sup>, transporting coal represents one of its three primary lines of business: in 2019 shipping coal generated 14 percent of its shipping volume and 17 percent of its revenue.<sup>2</sup> According to press reports<sup>3</sup>, CSX has supported its coal customers by funding lobbying organizations, such as the American Coalition for Clean Coal Electricity, that discredit climate science and oppose most federal climate policies.

CSX does not currently explain how its management and Board of Directors reconcile these conflicting actions; how CSX works to ensure that its lobbying activities, directly in its own name, and indirectly through its trade and other associations, align with the Paris Agreement's goals and CSX's own science-based targets; or whether CSX is taking any action to address any misalignment and the corresponding risks.

Thus, we urge the Board and management to assess CSX's climate-related lobbying and report to shareholders.

1. [https://s2.q4cdn.com/859568992/files/doc\\_presentations/2020/CSX-ESG-Highlights\\_7.23.20.pdf](https://s2.q4cdn.com/859568992/files/doc_presentations/2020/CSX-ESG-Highlights_7.23.20.pdf), at 6.

2. <https://www.sec.gov/ix?doc=/Archives/edgar/data/277948/000027794820000008/csx-12312019x10k.htm#sA07C3B3427B55C338805B4258C34D414>, at 4.

3. <https://www.theatlantic.com/science/archive/2019/12/freight-railroads-funded-climate-denial-decades/603559/>.

### **Paris-Aligned Climate Lobbying**

#### **American International Group, Inc. (AIG)**

*Similar resolutions were submitted to Entergy Corp., Phillips 66, and General Motors Corp.*

**RESOLVED:** Shareholders request that the Board of Directors conduct an evaluation and issue a report within the next year (at reasonable cost, omitting proprietary information) describing if, and how, AIG's lobbying activities (direct and through trade and other associations) align with the goal of limiting average global warming to well below 2°C (the Paris Climate Agreement's goal) and how the company plans to mitigate risks presented by any misalignment.

#### **SUPPORTING STATEMENT**

According to the November 2019 "Emissions Gap Report" issued by the United Nations Environment Programme, critical gaps remain between the commitments national governments have made and the actions required to prevent the worst effects of climate change. Companies have an important and constructive role to play in enabling policymakers to close these gaps.

Corporate lobbying activities that are inconsistent with meeting the goals of the Paris Agreement, however, present regulatory, reputational, legal and financial risks to investors. These efforts also exacerbate systemic risks to our economies, as delays in implementation of the Paris Agreement increase the physical risks of climate change—as we have seen in abundance in 2020 with wildfires and severe storms—and introduce uncertainty and volatility into our portfolios. We believe that Paris-aligned climate lobbying helps to mitigate these risks and contributes positively to the long-term value of our investment portfolios.

Of particular concern are the trade associations and other politically active organizations that speak for business but, unfortunately, too often present forceful obstacles to progress in addressing the climate crisis.

As investors, we view fulfillment of the Paris Agreement's agreed goal—to hold the increase in the global average temperature to "well below" 2°C above preindustrial levels, and to pursue efforts to limit the temperature increase to 1.5°C—as an imperative. We are convinced that unabated climate change will have a devastating impact on the value of our portfolio. We see future "business as usual" scenarios of 3-4°C or greater as both unacceptable and uninvestable.

In 2020, a group of faith- and values-based investors wrote to AIG, seeking information on how the company is managing this critical governance issue. While the company responded to the letter, insufficient information is presently available to help investors understand whether AIG works to ensure that its lobbying activities, directly, in the company's name, and indirectly, through trade and other associations, align with the Paris Agreement's goals, and whether AIG takes any action to address any misalignments it has found.

Thus, we urge the Board and management to assess the company's climate-related lobbying and report to shareholders.

### Paris-Aligned Climate Lobbying

#### Duke Energy Corp.

*A similar resolution was submitted to Valero Energy Corporation.*

**RESOLVED:** Shareholders of Duke Energy (“Duke”) request that the Board of Directors conduct an evaluation and issue a report within the next year (at reasonable cost and omitting proprietary information) describing if, and how, Duke’s lobbying activities (direct and through trade associations and social welfare and nonprofit organizations) align with the Paris Climate Agreement’s goal of limiting average global warming to well below 2°C and how the company plans to mitigate risks presented by any misalignment.

Supporting Statement: According to the United Nation’s Environment Programme’s 2019 annual “Emissions Gap Report”<sup>1</sup> critical shortfalls remain between the commitments national governments have made and the actions needed to prevent the worst effects of climate change. Companies have an important and constructive role to play in closing these gaps.

Corporate lobbying activities that are inconsistent with meeting the goals of the Paris Agreement present regulatory, reputational and legal risks to companies and their investors. Delays in implementation of the Paris Agreement increase the physical risks of climate change, pose a systemic risk to economic stability and introduce uncertainty and volatility into our portfolios. We believe that Paris-aligned climate lobbying helps to mitigate these risks and contributes positively to the long-term value of our investment portfolios.

Trade associations and other politically active organizations that speak for business but too often present forceful obstacles to progress in addressing the climate crisis are particularly concerning to investors.

Two hundred institutional investors managing \$6.5 trillion in assets wrote to Duke in 2019 seeking information on how the company is managing this critical governance issue, and investors have also raised these concerns in meetings with the company and in a follow up letter sent in the fall of 2020. Duke’s reply has not been responsive to this request.

In 2020 Duke committed to reach “net zero” emissions by 2050, in line with the goals of the Paris Agreement. To reach this goal, laws and regulations to support Duke’s investments in new technologies and clean energy resources are needed at local, state and federal levels. However, investors lack enough information to understand whether Duke works to ensure that its direct lobbying activities and its support for indirect lobbying by trade associations and nonprofit organizations aligns with its net zero goals, and whether Duke takes action to address any misalignments.

Duke is a member of the U.S. Chamber of Commerce and its CEO is a member of the Business Roundtable; both recently issued new climate change policies but only after lobbying for many years against effective climate change regulations.<sup>2</sup> Duke does not disclose its support for politically active social welfare and nonprofit organizations. However Duke has been linked in recent years with controversial groups, including the American Legislative Exchange Council,<sup>3</sup> which has supported state anti-climate laws and regulations; the Utility Air Regulatory Group,<sup>4</sup> which worked to roll back federal climate regulations; and the Consumer Energy Alliance,<sup>5</sup> which promoted the Atlantic Coast Pipeline and has opposed state level climate action.

1. <https://www.unenvironment.org/resources/emissions-gap-report-2019>

2. <https://www.politico.com/newsletters/the-long-game/2020/09/22/climate-week-hot-air-490392>; <https://www.responsible-investor.com/articles/influencemap-industry-lobby-groups-have-made-minimal-progress-in-reforming-their-anti-climate-lobbying>

3. <https://www.bizjournals.com/charlotte/news/2018/03/28/duke-energy-won-t-comment-on-top-state-lobbyists.html>

4. <https://www.politico.com/story/2019/02/20/epa-air-pollution-regulations-wehrum-1191258>

5. <https://www.facingsouth.org/2019/12/big-energy-front-group-launches-push-troubled-atlantic-coast-pipeline>

### Paris-Aligned Climate Lobbying

#### FirstEnergy Corporation

**RESOLVED:** Shareholders request that the Board of Directors conduct an evaluation and issue a report within the next year (at reasonable cost, omitting proprietary information) describing if, and how, FirstEnergy Corp.'s lobbying activities (direct and through trade associations) align with the goal of limiting average global warming to below 2 degrees Celsius and how the company plans to mitigate risks presented by any misalignment.

**Supporting Statement:** According to the most recent annual "Emissions Gap Report" issued by the United Nations Environment Programme (November 26, 2019), critical gaps remain between the commitments national governments have made and the actions required to prevent the worst effects of climate change. Companies have an important and constructive role to play in enabling policymakers to close these gaps.

Corporate lobbying activities that are inconsistent with meeting the goals of the Paris Agreement present systemic risks to economies, as delays in implementation of the Paris Agreement increase the physical risks of climate change, as well as introduce uncertainty and volatility into investment portfolios. We believe that Paris-aligned climate lobbying helps mitigate these risks and contributes positively to the long-term value of investment portfolios.

As investors, we view fulfillment of the Paris Agreement's agreed goal—to hold the increase in the global average temperature to "well below" 2°C—as imperative in protecting investor assets.

On November 9, 2020, FirstEnergy committed to achieve carbon neutrality by 2050. It stated: "We believe climate change is among the most important issues of our time, and we're committed to doing our part to ensure a bright and sustainable future for the communities we serve."<sup>1</sup>

However, insufficient information is available to help investors understand whether FirstEnergy works to ensure that its lobbying activities, directly in the company's name and indirectly through trade associations or external organizations, align with the Paris Agreement's goals. Our company does not have a formal political spending disclosure policy to disclose contributions channeled into the political process through trade associations and tax-exempt social welfare groups; groups which generally need not disclose their contributors.

By contrast, global companies like ConocoPhillips, Shell, BP and Total have published reports evaluating the positions that their trade associations are taking on climate change.

On the same day it announced its carbon neutrality commitment, FirstEnergy announced the termination of its chief legal officer and general counsel.<sup>2</sup> These separations are linked to allegations of FirstEnergy's involvement in a sixty-one million dollar "dark money" scandal in Ohio. The company's payments to the associated organization, Generation Now, were not captured by FirstEnergy's existing disclosure process.

It is reasonable for investors to be concerned that FirstEnergy's lack of disclosure of its payments to trade associations and social welfare groups for political purposes presents serious management, regulatory, reputational and business risks that may harm shareholder value.

1. <https://www.firstenergycorp.com/environmental.html>

2. <https://www.law.com/corpcounsel/2020/11/10/firstenergy-corp-fires-2-top-attorneys-amid-federal-corruption-probe/>

### **Paris-Aligned Climate Lobbying**

#### **Exxon Mobil Corporation**

*A similar resolution was submitted to United Airlines Holdings, Inc.*

Shareholders request that the Board of Directors conduct an evaluation and issue a report within the next year (at reasonable cost, omitting proprietary information) describing if, and how, ExxonMobil's lobbying activities (direct and through trade associations) align with the goal of limiting average global warming to well below 2°C (the Paris Climate Agreement's goal). The report should also address the risks presented by any misaligned lobbying and the company's plans, if any, to mitigate these risks.

Supporting Statement According to the United Nations Environment Programme's most recent annual "Emissions Gap Report" (November 26, 2019), critical gaps remain between the commitments of national governments and the actions required to prevent the worst effects of climate change. Companies have an important and constructive role to play in enabling policy-makers to close these gaps.

Corporate lobbying that is inconsistent with the goals of the Paris Agreement presents regulatory, reputational and legal risks to investors. These efforts also present systemic risks to our economies, as delays in implementation of the Paris Agreement increase the physical risks of climate change, pose a systemic risk to economic stability and introduce uncertainty and volatility into our portfolios. We believe that Paris-aligned climate lobbying helps to mitigate these risks, and contributes positively to the long-term value of our investment portfolios.

Of particular concern are trade associations and other politically active organizations that speak for business but too often present forceful obstacles to progress in addressing the climate crisis.

As investors, we view fulfillment of the Paris Agreement's agreed goal—to hold the increase in the global average temperature to "well below" 2°C above preindustrial levels, and to pursue efforts to limit the temperature increase to 1.5°C—as an imperative. We believe that unabated climate change will have a devastating impact on our clients, plan beneficiaries, and the value of their portfolios. We see future "business as usual" scenarios of 3-4°C or greater as both unacceptable and uninvestable.

In 2019, two hundred institutional investors managing \$6.5 trillion wrote to ExxonMobil, seeking to understand how the company is managing this critical governance issue. Insufficient information is available to evaluate how ExxonMobil ensures that its lobbying activities, directly, in the company's name, and indirectly, through trade associations, align with the Paris Agreement's goals, and how misalignments are addressed. The investors received no response. By contrast, more than a dozen large European companies have reached agreement with investors. Shell, BP and Total have published reports evaluating the positions their trade associations are taking on climate change.

We commend the company for its public support for strong methane regulations and its decision to withdraw from at least one membership organization due to its positions on climate change. However, publicly available information on ExxonMobil's ongoing lobbying efforts through trade associations still presents serious concerns.

We urge the Board and management to assess the company's climate related lobbying and report to shareholders.



### **Shareholder Advisory Votes on Climate Change**

#### **Monster Beverage Corp**

Whereas: The increasing rate and number of climate-related disasters affecting society is causing alarms to be raised within the executive, legislative and judicial branches of government, making the corporate sector's contribution to climate mitigation a significant policy issue;

The Commodity Futures Trading Commission recently issued a report finding that climate change poses a significant risk to, and could impair the productive capacity of, the U.S. economy;

Shareholders are increasingly concerned about material climate risk to both their companies and their portfolios and seek clear and consistent disclosures from the companies in which they invest, including credible climate transition plans;

BlackRock notes that investment flows into "sustainable" and climate aligned assets will drive long term outperformance;

In response to material climate risk, the steering committee of the Climate Action 100+ initiative, a coalition of more than 500 investors with over \$52 trillion in assets, issued a Net Zero Company Benchmark (Benchmark) outlining metrics that create climate accountability for companies and transparency and comparability for shareholders on greenhouse gas (GHG) emissions, GHG targets, improved climate governance, and climate related financial disclosures;

Climate-related decisions by a company have portfolio-wide and economy-wide implications. Disclosing reduction targets, detailing strategies for embedding climate change throughout a company's business models and services, and providing progress therein to shareholders, is an important means of assuring shareholders that management is taking seriously the risks associated with climate change. Shareholders believe that planning and reporting by Monster Beverage Corporation on its climate transition plans and strategies will benefit the company and its investors, as well as global climate change objectives.

Monster currently has no reporting of its Scope 1, 2, or 3 greenhouse gas emissions, nor has it disclosed its climate transition planning, if any.

Resolved: By investors to Amend Article I of the Bylaws by adding the following section:

Section 16. Annual Proxy Vote and Report on Climate Change. The annual corporate proxy statement shall include a proposal requesting an advisory vote by shareholders expressing non-binding advisory approval or disapproval of the Company's publicly available climate policies and strategies, in consideration of key climate benchmarks.

The Board of Directors is authorized to include in the Company's annual proxy statement, or publish elsewhere, a report that characterizes the scale and pace of its responsive measures associated with climate change, including referring, at Board discretion, to the Company's alignment with climate-related benchmarks.

Nothing in this section shall be construed as constraining the discretion of the board or management in disclosing or managing issues related to a climate change transition.

### **Shareholder Advisory Votes on Climate Change**

#### **Union Pacific Corporation**

*A similar resolution was submitted to Booking Holdings.*

**WHEREAS:** Increasingly, investors are seeking to ascertain whether their companies' climate strategies are being undertaken at a scale and pace necessary to reduce climate transition risk and address global climate change needs. Shareholders therefore seek a voice in advising the Company regarding its plans related to climate change.

In response to material climate risk, investors frequently refer to two key benchmarks of progress.

The steering committee of the Climate Action 100+ initiative, a coalition of more than 500 investors with over \$52 trillion in assets, has developed a Net Zero Company Benchmark (Benchmark) outlining metrics of climate accountability for companies, and transparency for shareholders, including metrics related to greenhouse gas (GHG) emissions, GHG targets, improved climate governance, and climate related financial disclosures, among others.

The Science-Based Targets Initiative (SBTi) has established a credible means of assuring that corporate targets align with climate science. The initiative's robust validation process helps to provides investors a standardized view for evaluating climate targets.

**BE IT RESOLVED:** Shareholders of the Union Pacific Corporation request that the Company provide shareholders with the opportunity, in the annual proxy statement (starting with 2022) to vote to express non-binding, advisory approval or disapproval of the Company's publicly available climate policies and strategies, in consideration of key climate benchmarks.

**SUPPORTING STATEMENT:** In assessing the company's policies and strategies, shareholders can refer to benchmarks such as the Net Zero Benchmark and/or Science Based Targets.

Nothing in this proposal shall be construed as constraining the discretion of the board and management in its disclosures or implementation of a climate change transition strategy.

### Proxy Voting Policies Related to Climate Change

#### BlackRock, Inc.

BlackRock is a respected global leader in the financial services industry with several relevant policies and practices addressing environmental, social and governance (ESG) topics.

CEO Larry Fink's 2020 open letter to corporate CEOs made BlackRock's position on climate change clear: "Climate risk is investment risk" and "Given the groundwork we have already laid engaging on disclosure, and the growing investment risks surrounding sustainability, we will be increasingly disposed to vote against management and board directors when companies are not making sufficient progress on sustainability-related disclosures and the business practices and plans underlying them."<sup>1</sup>

BlackRock is a member of the Principles for Responsible Investment, a global network of investors and asset owners representing more than \$89 trillion in assets. One of the Principles encourages investors to vote conscientiously on ESG issues. In 2019, BlackRock also joined Climate Action 100+, an important investor initiative which calls the world's largest greenhouse gas emitting companies to reduce emissions consistent with the Paris Agreement's goal of limiting global average temperature increase to well below 2 degrees Celsius.

Yet, according to Morningstar, in 2020 BlackRock only supported 14% of the climate-related resolutions it voted on—a drop from last year's 25%.<sup>2</sup>

In contrast, BlackRock's peers, State Street and Fidelity, supported 55% and 47% of climate-related resolutions, respectively.<sup>3</sup>

Shareholders recognize that BlackRock's practices on voting against directors on climate-underperforming boards is part of aligning to its statements about climate change to companies, but the contradiction of climate resolution "no votes" is creating reputational risk for the company with both clients and investors. Moreover, proxy voting practices that are out of step with climate change risks seem to ignore the amplification effects of a vote supporting climate change disclosure in its invested companies. Shareholder affirmative votes on climate change proposals identify the need for change and for accountability at particular companies and in particular sectors.

BlackRock's stated views on climate risk are at odds with much of its proxy voting practices and the company would better serve all its stakeholders by creating a more holistic voting response. In addition, it is out of step with its own philosophy, as for BlackRock lags the investment industry on supporting climate change proposals.

We believe it is BlackRock's fiduciary responsibility to review how climate change quantitatively impacts portfolio companies, evaluate how specific shareholder resolutions on climate may impact shareholder value, and vote accordingly. Thus, we request this review of our 2020 proxy voting record.

Resolved: Shareowners request that the Board of Directors initiate a review assessing BlackRock's 2020 proxy voting record and evaluate the Company's proxy voting policies and guiding criteria related to climate change, including any recommended future changes. A summary report on this review and its findings shall be made available to shareholders and be prepared at reasonable cost, omitting proprietary information.

1. <https://www.blackrock.com/us/individual/larry-fink-ceo-letter>

2. <https://www.responsible-investor.com/articles/blackrock-voted-against-80-of-climate-related-resolutions-in-2020-says-morningstar>

3. <https://www.responsible-investor.com/articles/blackrock-voted-against-80-of-climate-related-resolutions-in-2020-says-morningstar>

### **Proxy Voting Policies Related to Climate Change**

#### **T. Rowe Price Associates, Inc.**

WHEREAS: T. Rowe Price Group is a respected leader in the financial services industry with several policies and practices addressing environmental, social and governance (ESG) topics.

TROW's "Policy Statement on Environmental, Social, and Governance Issues" describes how "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 must be addressed carefully by investors.

In its "Guidelines for Incorporating Environmental and Social Factors," TROW acknowledges the importance of climate change risk: "We believe that speaking with company managements and other stakeholders about climate change is a good way to gather valuable investment insights as to the management's process for assessing long-term risks and helps reinforce the notion that climate-related risk assessment should remain a priority."

TROW seems knowledgeable about the risks of climate change and the need for action by companies.

TROW's subsidiaries, which vote proxies, are guided by clients' economic interests and support certain governance reforms proposed by shareholders who believe that these issues affect shareholder value. We believe ESG issues such as climate change risk also have a profound impact on shareholder value.

TROW is a member of the Principles for Responsible Investment, a global network of investors and asset owners representing more than \$100 trillion in assets. One of the Principles encourages investors to vote conscientiously on ESG issues.

Yet the 2020 publicly reported proxy voting records for TROW's subsidiaries reveal consistent votes against the vast majority of climate-focused shareholder proposals, such as requests for enhanced disclosure or adoption of greenhouse gas reduction goals, even when independent experts advance a strong business and economic case for support. In contrast, funds managed by investment firms such as JPMorgan, Columbia, and State Street supported the majority of climate-focused resolutions in 2020. TROW's own "2020 Aggregate Proxy Voting Summary" reports only 17 percent support for resolutions on environmental topics.

The voting practices of subsidiaries appear inconsistent with our Company's statements about ESG and climate change. This contradiction poses reputational risk with both clients and investors. Moreover, proxy voting practices that do not properly take account of climate change seem to ignore significant company-specific and economy-wide risks associated with negative impacts of climate change.

Investors seek information on whether the practices of TROW and its subsidiaries are suited to address material ESG considerations in proxy voting.

RESOLVED: Shareowners request that the Board of Directors initiate a review and issue a report on the proxy voting policies and practices of its subsidiaries related to climate change, prepared at reasonable cost and omitting proprietary information, and including an assessment of any incongruities between the Company's public statements and pledges regarding climate change (including ESG risk considerations associated with climate change), and the voting policies and practices of its subsidiaries.

### **Report on Plans to Align Operations with Paris Agreement**

#### **Costco Wholesale Corp.**

WHEREAS: Climate change presents systemic portfolio risks to investors; a warming climate contributes to supply chain disruptions, lost productivity, commodity price volatility, adverse human health impacts, and regulatory risk, among others. The widely recognized Paris Climate Agreement established the imperative to limit global temperature increases well below 2°C to prevent the worst impacts of climate change. Alarming, the most recent science shows achieving this goal is now “extremely unlikely.”<sup>1</sup> Thus, more urgent and ambitious action is needed from all sectors.

While Costco Wholesale Corporation (Costco) has adopted some initiatives to begin to address its climate impact, including installing renewable energy at some facilities, measuring its scope 1 and 2 carbon emissions, and working to reduce energy use, its measured carbon footprint continues to grow, up 6.5% in 2018 alone. Significantly, Costco has not measured the carbon footprint of its supply chains—called scope 3 emissions—that are often many times larger than a company’s direct footprint. Costco says its supply chain emissions are “relevant,” but it has not disclosed plans to measure or reduce them.

Agricultural supply chains are particularly susceptible to climate change. The 2018 National Climate Assessment found “climate change presents numerous challenges to sustaining and enhancing crop productivity, livestock health, and the economic vitality of rural communities,” and rising temperatures are “the largest contributing factor to declines in the productivity of U.S. agriculture.” Costco is heavily reliant on agriculture as it derived over 50% of its FY19 revenue from its “Food and Sundries” and “Fresh Foods” merchandise categories. Moreover, Costco’s Kirkland Signature brand accounts for roughly 25% of Costco’s total sales.<sup>2</sup> Thus, the impacts of climate change on, and the emissions generated from, Costco’s agricultural supply chains are major issues for the Company.

Several retailers and food-based businesses including Walmart, BestBuy, Target, McDonald’s, PepsiCo, Nestle, Mars, Kellogg, and Danone are not only measuring their full value chain emissions (scopes 1, 2, and 3) but are also pursuing long-term, science-based emissions reductions consistent with the goals of the Paris Climate Agreement.

Each company is implementing different strategies to achieve this common goal. Examples include working with farmers on low-carbon agricultural techniques, focusing resiliency efforts on at-risk producers, and collaborating with other companies to scale efforts.

Given the clear need for more urgent and ambitious action on climate change, proponents believe committing to measure and reduce Costco’s full value chain emissions footprint is a vital course of action that will help reduce risks associated with climate change, including production and supply disruptions, and help prepare the Company for future carbon-related regulations.

**RESOLVED:** Shareholders request Costco issue a report, at reasonable cost and omitting proprietary information, describing if, and how, it plans to measure and reduce its total contribution to climate change, including emissions from its supply chains, and align its operations with the Paris Agreement’s goal of maintaining global temperature increases well below 2°C.

1. <https://www.wcrp-climate.org/news/science-highlights/1604-climate-sensitivity-2020>

2. <https://www.businessinsider.com/costco-kirkland-brand-drives-growth-2019-3>

### Report on Plans to Align Operations with Paris Agreement

#### Booking Holdings

*Similar resolutions were submitted to Comcast and Danaher Corp.*

WHEREAS: In 2018, the Intergovernmental Panel on Climate Change advised that net carbon emissions must fall 45 percent by 2030 and reach net zero by 2050 to limit warming below 1.5°C thereby preventing the worst consequences of climate change.

The Fourth National Climate Assessment (2018) reports that with continued growth in emissions, annual U.S. economic losses could reach “hundreds of billions of dollars by 2100.”

A warming climate is associated with systemic portfolio risks to investors, including supply chain dislocations, reduced resource availability, lost productivity, commodity price volatility, infrastructure damage, and disruptions from severe weather events, among others.

While Booking Holdings has adopted various ad-hoc initiatives to increase energy efficiency in its offices and data centers and has pledged, through membership in Travalyst, to “reduce and offset carbon emissions associated with our trips”, the Company has neither goals nor a plan to reduce greenhouse gas emissions from either its operations or in its value chain. Many companies including those that manage or lease office space such as JLL, Landsec, and Boston Properties and data center providers like Digital Realty and Iron Mountain have adopted science-based greenhouse gas reduction targets. It also lags hospitality providers like Hilton and MGM Resorts and airlines like British Airways and Iberia which also have adopted sciencebased greenhouse gas reduction targets.

Ramping up the scale, pace, and rigor of its climate-related initiatives could secure a leadership role for Booking Holdings that unlocks opportunities for growth as customers increasingly demand environmental accountability. It may also help prepare the Company for future climate-related regulations.

Tourism currently accounts for 8% of global greenhouse gas emissions. (Nature Climate Change, 2018). Given the impact of climate change on the economy, the environment, and human systems, and the short amount of time in which to address it, proponents believe Booking Holdings has a clear responsibility to its investors and other stakeholders to account for whether, and how, it plans to reduce its ongoing climate contributions across its value chain.

RESOLVED: Shareholders request Booking issue a report, at reasonable cost and omitting proprietary information, describing if, and how, it plans to reduce its total contribution to climate change in alignment with the Paris Agreement’s goal of maintaining global temperature increases well below 2°C, ideally striving for 1.5°C.

Supporting Statement: In the report shareholders seek information, among other issues at board and management discretion, on the relative benefits and drawbacks of integrating the following actions:

- Developing a low-carbon transition plan;
- Adopting short- and long-term greenhouse gas emissions reduction targets for the Company’s carbon footprint (Scope 1, 2, and 3) aligned with the Paris Agreement;
- Increasing the scale, pace, and rigor of existing initiatives aimed at reducing the carbon intensity of Booking Holdings products and operations;
- Adopting renewable energy, energy efficiency, and electric vehicles targets; or
- Engaging with affected stakeholders including employees, their representatives, and communities impacted by the company’s transition plan, if applicable.

### **Report on Plans to Align Operations with Paris Agreement**

United Parcel Service, Inc.

WHEREAS: In 2018, the Intergovernmental Panel on Climate Change updated the goals of the 2015 Paris Agreement to advise that net carbon emissions must fall 45 percent by 2030 and reach net zero by 2050 to limit warming below 1.5°C, thereby preventing the worst consequences of climate change. However, in 2020, the UN reported the world is “way off-track” from achieving these goals.<sup>1</sup>

Climate change impacts present risks to investors. A warming climate is associated with increased supply chain disruptions, reduced resource availability, lost production, commodity price volatility, infrastructure damage, political instability, reduced worker efficiency, and adverse health impacts that disproportionately affect low-income communities and communities of color.

The U.S. Energy Information Administration identifies the transportation sector as the largest producer of greenhouse gas (GHG) emissions and its emissions are steadily increasing.

While UPS has set a climate science based target for its road operations, it has not made similar commitments for its airline. This is a problematic oversight as UPS’s airline accounts for 60 percent of its total operational emissions; emissions from UPS’s airline increased 22 percent from 2015 to 2019, leading to a 16 percent increase in its total operational footprint over the same timeframe.

More than 1,500 companies have now committed to achieve the Paris Agreement’s climate goals by becoming net zero by 2050,<sup>2</sup> including UPS’s peer DHL Group. Amazon aims to achieve the Paris goals by 2040. Many airlines have committed to net zero operations by 2050 or sooner, including Delta, Qantas, British Airways, and American Airlines. Lufthansa and JetBlue are actively implementing Sustainable Aviation Fuel (SAF) that can reduce air emissions up to 80%.

Ramping up the scale, pace, and rigor of climate-related efforts may help unlock opportunities for growth as major business customers are increasingly demanding environmental accountability from suppliers. It may also help prepare UPS for future carbon-related regulations.

Given the impact of climate change on the economy, the environment, and human systems, and UPS’s contribution to it, proponents believe UPS has a responsibility to its investors and stakeholders to clearly account for whether, and how, it plans to reduce its ongoing climate impacts.

RESOLVED: Shareholders request UPS issue a report, at reasonable cost and omitting proprietary information, describing if, and how, it plans to reduce its total contribution to climate change and align its operations with the Paris Agreement’s goal of maintaining global temperature increases at or below 1.5°C.

Supporting Statement: In the report, shareholders seek information, among other issues at board and management discretion, on the relative benefits and drawbacks of integrating the following actions:

- Adopting overall short-, medium-, and long-term, absolute GHG emissions reduction targets for the Company’s full carbon footprint, including its airline, aligned with the Paris Agreement;
- Increasing the scale, pace, and rigor of initiatives aimed at reducing the carbon intensity of UPS’s services and operations;
- The feasibility of committing to net zero emissions by 2050, or sooner.

1. [https://library.wmo.int/doc\\_num.php?explnum\\_id=10211](https://library.wmo.int/doc_num.php?explnum_id=10211)

2. [https://newclimate.org/wp-content/uploads/2020/09/NewClimate\\_Accelerating\\_Net\\_Zero\\_Sept2020.pdf](https://newclimate.org/wp-content/uploads/2020/09/NewClimate_Accelerating_Net_Zero_Sept2020.pdf)

### **Report on Plans to Align Operations with Paris Agreement**

Wendy's International, Inc.

WHEREAS: Climate change presents significant risks to restaurant businesses and their supply chains. The 2018 National Climate Assessment found "climate change presents numerous challenges to sustaining and enhancing crop productivity, livestock health, and the economic vitality of rural communities," and rising temperatures are "the largest contributing factor to declines in the productivity of U.S. agriculture."<sup>1</sup> Not only is agricultural production vulnerable to climate change, it also reportedly contributes up to 23 percent of greenhouse gas emissions, making it vulnerable to regulatory actions designed to mitigate climate change.<sup>2</sup>

Wendy's is the third largest quick service restaurant company in the hamburger sandwich segment.<sup>3</sup> Thus, regulatory efforts to reduce emissions from agriculture and the impacts of climate change on agricultural production both constitute material risks to Wendy's.

Proponents commend our company's efforts to reduce emissions from its restaurants, packaging, and transportation.<sup>4</sup> However, Wendy's disclosures regarding its beef supply chain focus primarily on animal welfare, antibiotics, and food safety. Wendy's is therefore only addressing a small fraction of its total carbon footprint. One recent analysis shows emissions from the supply chains of food and beverage companies are, on average, 5.9 times greater than direct emissions.<sup>5</sup>

Competitors including Chipotle, McDonald's, Starbucks, and Yum! Brands are taking responsibility for emissions throughout their full value chains and working to align their total carbon footprints with the Paris Climate Agreement's goal to limit global temperature increases to well below 2°C. Many other companies sourcing significant volumes of beef are doing so as well, including Cargill, Tesco, Tyson Foods, and Walmart. These companies are measuring their full value chain emissions and pursuing science-based goals to manage them. They are using a variety of strategies, such as working with farmers on low-carbon agricultural techniques, focusing resiliency efforts on at-risk producers, and collaborating with other companies to scale efforts. Developing a plan to measure and reduce Wendy's full value chain emissions footprint is a prudent and vital course of action that will help our company reduce risks associated with climate change, including production and supply disruptions, and help prepare it for future carbon-related regulations and industry developments.

RESOLVED: Shareholders request Wendy's Board of Directors issue a report, at reasonable cost and omitting proprietary information, describing whether, and how, the Company plans to measure and reduce its total contribution to climate change, including emissions from its supply chain, and align its operations with the Paris Agreement's goal of maintaining global temperature increases well below 2°C.

Supporting Statement: Shareholders encourage the Board of Directors, in preparing the report, to consider the benefits and drawbacks of:

- Adopting greenhouse gas emissions reduction targets for Wendy's full carbon footprint;
- Increasing the scale, pace, and rigor of initiatives aimed at reducing the carbon intensity of Wendy's supply chain;
- The potential impacts of any considerations regarding increasing the use of plant-based protein.

1. <https://nca2018.globalchange.gov/>

2. [https://www.ipcc.ch/site/assets/uploads/2019/08/4.-SPM\\_Approved\\_Microsite\\_FINAL.pdf](https://www.ipcc.ch/site/assets/uploads/2019/08/4.-SPM_Approved_Microsite_FINAL.pdf)

3. <http://d18rn0p25nwr6d.cloudfront.net/CIK-0000030697/40e58ca0-b473-433d-99b7-561ba60c88bb.pdf>

4. <https://www.wendys.com/sites/default/files/2020-01/Wendys-2019-CSR-0121.pdf>

5. <https://quantis-intl.com/report/dig-in-food-report/>



### **Report on Plans to Align Operations with Paris Agreement**

#### **Public Storage**

WHEREAS: In 2018, the Intergovernmental Panel on Climate Change advised that net carbon emissions must fall 45 percent by 2030 and reach net zero by 2050 to limit warming below 1.5°C and thereby prevent the worst consequences of climate change.

The Fourth National Climate Assessment (2018) reports that with continued growth in emissions, “annual losses in some U.S. economic sectors are projected to reach hundreds of billions of dollars by 2100.”

Climate change impacts present systemic portfolio risks to investors. A warming climate is associated with supply chain dislocations, reduced resource availability, lost productivity, commodity price volatility, infrastructure damage, and an increase in severe weather systems that disrupt operations, among others.

Corporations across all sectors are committing to reduce their emissions in line with the aims of the 2015 Paris Climate Agreement—the landmark global agreement to limit global temperature increases to a target of 1.5°C.

The real estate sector—for which Public Storage is the largest self-storage company and in the top 10 for the Forbes 2020 Global 2000 annual real estate ranking—is particularly vulnerable to the material impacts of climate change. Recognizing this, over 50 global real estate companies have taken responsibility for their greenhouse gas (GHG) emissions by either setting or committing to set certified Science-Based Targets. While Public Storage has published its inaugural sustainability report and reduced Scope 1 and 2 GHG emissions two percent from 2018 to 2019, it does not have a low-carbon transition plan or GHG emission reduction targets aligned with the Paris Agreement’s 1.5° goal, requiring net zero emissions by midcentury.

Given the impact of climate change on the economy, the environment, and human systems, and the short amount of time in which to address it, proponents believe Public Storage has a clear responsibility to its investors and other stakeholders to account for whether, and how, it plans to reduce its ongoing climate contributions across its value chain in alignment with the Paris Agreement.

BE IT RESOLVED: Shareholders request Public Storage issue a report, at reasonable cost and omitting proprietary information, describing if, and how, it plans to reduce its total contribution to climate change and align its operations with the Paris Agreement’s goal of maintaining global temperature rise within 1.5°C.

SUPPORTING STATEMENT: In the report shareholders seek information, among other issues at board and management discretion, on the relative benefits and drawbacks of integrating the following actions:

- Adopting short- and long-term greenhouse gas emissions reduction targets aligned with the Paris Agreement such as Science Based Targets, or others;
- Investing in renewable energy resources and/ or energy efficiency targets.

### **Report on Plans to Align Operations with Paris Agreement** **CarMax**

**Whereas:** In 2018, the Intergovernmental Panel on Climate Change advised that net carbon emissions must fall 45% by 2030 and reach net zero by 2050 to limit warming below 1.5°C, thereby preventing the worst consequences of climate change.

A warming climate is associated with systemic risks such as supply chain dislocations, reduced resource availability, lost productivity, infrastructure damage, and an increase in severe weather systems that disrupt operations. CarMax Inc. (“CarMax”) notes in its 2020 10-K that it is sensitive to these risks.

While CarMax has adopted various ad hoc initiatives to reduce energy consumption and source renewable electricity, it does not have a publicly-stated, absolute greenhouse gas emissions reduction target or transition plan to achieve net zero emissions by midcentury.

Failure to develop a climate transition plan may have a negative effect on the Company’s cost of capital and on shareholders’ financial returns. BlackRock notes that investment flows into sustainable and climate-aligned assets will outperform relative to companies perceived as having weaker sustainability characteristics.

Robust goals, on the other hand, could insulate the Company from carbon emissions-related regulations and adverse physical impacts, produce reputational benefits, reduce operating costs, and enable investors to gauge the Company’s progress toward these ends. Ramping up the scale, pace, and rigor of its climate-related initiatives may help CarMax unlock important opportunities for growth as customers are increasingly making environmental accountability a part of their shopping preferences.

Further, within the Fortune 500, 240 of CarMax’s peers have already set clean energy or greenhouse gas emissions targets in line with the 1.5°C goal of the Paris Climate Agreement—the landmark global agreement to prevent catastrophic climate impacts.

Given the impact of climate change on the economy, the environment, and human systems, and the short amount of time in which to address it, proponents believe CarMax has a clear responsibility to its investors to account for whether, and how, it plans to reduce its ongoing climate contributions across its value chain.

**Resolved:** Shareholders request that CarMax issue a public report, at reasonable cost and omitting proprietary information, describing if, and how, it plans to reduce its total contribution to climate change and align its operations with the Paris Agreement’s goal of limiting global temperature increases to 1.5°C.

**Supporting Statement:** In the report shareholders seek information, among other issues at board and management discretion, on the relative benefits and drawbacks of integrating the following actions:

- Adopting short- and long-term greenhouse gas emissions reduction targets, that are aligned with the Paris Agreement, for the Company’s carbon footprint, Scopes 1 and 2;
- Evaluating the Company’s Scope 3 value chain emissions;
- Developing a plan for achieving its greenhouse gas emissions targets;
- Adopting renewable energy, energy efficiency, and electric vehicle targets within its operations.

### **Climate Transition Reporting**

#### **Union Pacific Corporation**

*A similar resolution was submitted to Booking Holdings.*

**WHEREAS:** The increasing rate and number of climate-related disasters affecting society is causing alarms to be raised within the executive, legislative and judicial branches of government, making the corporate sector's contribution to climate mitigation a significant policy issue;

The Commodity Futures Trading Commission recently issued a report finding that climate change poses a significant risk to, and could impair the productive capacity of, the U.S. economy;

Shareholders are increasingly concerned about material climate risk to both their companies and their portfolios and seek clear and consistent disclosures from the companies in which they invest, including credible climate transition plans. BlackRock notes that investment flows into "sustainable" and climate aligned assets will drive long term outperformance;

In response to material climate risk, the steering committee of the Climate Action 100+ initiative, a coalition of more than 500 investors with over \$47 trillion in assets, issued a Net Zero Company Benchmark (Benchmark) outlining metrics that create climate accountability for companies and transparency for shareholders on greenhouse gas (GHG) emissions, GHG targets, improved climate governance, and climate related financial disclosures;

Climate-related decisions by a company have portfolio-wide and economy-wide implications. Disclosing reduction targets, detailing strategies for embedding climate change throughout a company's business models and services, and providing progress therein to shareholders, is an important means of assuring shareholders that management is taking seriously the physical and transition risks associated with climate change. Shareholders believe that planning and reporting by Union Pacific Corp. on its climate transition plans and strategies will benefit the company and its investors, as well as global climate change objectives.

**BE IT RESOLVED:** Shareholders request that the Board of Directors issue a climate transition report, at least 120 days prior to the next annual meeting, and updated annually, that addresses the scale and pace of its responsive measures associated with climate change.

**SUPPORTING STATEMENT:** Shareholders recommend that the transition report, in the board and management's discretion:

- Quantifies the Company's Scope 1, 2 and 3 greenhouse gas emissions; (The Greenhouse Gas Protocol Initiative defines scopes of GHG emissions. Scope 1 emissions address direct emissions from sources owned or controlled by the company. Scope 2 referred to generation of purchased electricity consumed by the company. Scope 3 includes all other indirect emissions from activities of the company but occurring from sources not owned or controlled by the company, for example use of products.)
- Sets forth a Reduction Plan with goals, ambitions, and time frames that the Company has adopted (or proposes to adopt) to reduce those greenhouse gas emissions over time, if any;
- Benchmarks the Reduction plan and progress against segment peers and scientifically based consensus standards (such as the Net Zero Benchmark, Science Based Targets. The Science-Based Targets Initiative (SBTi) has established a credible means of assuring that corporate targets align with climate science. The initiative's robust validation process helps to provides investors a standardized view for evaluating climate targets.)
- Discloses any other information that the Board deems appropriate.

### **Adopt Quantitative Targets for Reducing GHG Emissions from Lending/Underwriting Bank of Nova Scotia**

*A similar resolution was submitted to Royal Bank of Canada.*

**RESOLVED:** Shareholders request that The Bank of Nova Scotia (“Scotiabank” or the “Company”) adopt company-wide, quantitative, time-bound targets for reducing greenhouse gas (GHG) emissions associated with the Company’s underwriting and lending activities and issue an annual report, at reasonable cost and omitting proprietary information, discussing its plans and progress towards achieving these targets.

Supporting Statement: Scotiabank’s 2019 annual report recognizes climate change as a critical risk to the bank: “Climate change has the potential to impact the Bank’s retail and business banking profitability through credit losses. Severe weather can damage Bank properties and disrupt operations. Emerging policy/regulatory actions on climate can elevate the Bank’s reputational, legal and regulatory compliance risks.” Scotiabank has responded by announcing a financing target of C\$100 billion in low-carbon initiatives by 2025 and has taken steps to reduce emissions from its operations.

Yet these steps do not address the much greater risks arising from exposure to high carbon projects in its lending portfolio and underwriting. In a recent report that ranked banks on their exposure to carbon intensive industries, Scotiabank ranked 10th globally and third in Canada, just behind TD Bank. Scotiabank ranked 8th globally and third in Canada among companies financing the top 100 companies expanding fossil fuels.

The Intergovernmental Panel on Climate Change recently underscored the harm of climate change, announcing that “rapid, far-reaching” changes are necessary to avoid disastrous levels of global warming; net emissions of carbon dioxide must fall 45 percent by 2030, reaching “net zero” by 2050.

Recently a U.S. government entity, the Commodity Futures Trading Commission, issued a report that concludes: “U.S. financial regulators must recognize that climate change poses serious emerging risks to the U.S. financial system, and they should move urgently and decisively to measure, understand, and address these risks.”<sup>1</sup> The bank’s exposure to high carbon industries and projects, including oil sands development, put it on a collision course with the coming transition to a low carbon economy called for in the Paris Agreement.

Shareholders need transparency from the bank on the carbon footprint of its portfolio. The industry-led Partnership for Carbon Accounting Financials (PCAF), has issued the Global Carbon Accounting Standard<sup>2</sup>, which measures the carbon emissions arising from loans and underwriting, including Scope 3. PCAF reports that 78 financial institutions with \$13.8 trillion USD in financial assets have committed to disclosing the GHG emissions associated with their portfolios.<sup>3</sup>

Reporting against this standard would enable the Company to establish targets aligned with science, such as those described by the Science Based Targets Initiative. US Peers, including Bank of America, Morgan Stanley, and Citibank, are already taking action, and in Canada, TD Bank recently committed to net zero emissions by 2050 in line with the Paris Agreement.

Proponents believe establishing time-bound, science-based, quantitative targets for reducing GHG emissions, including scope 3, associated with the bank’s lending and underwriting activities would serve to align new and existing initiatives, mitigate risk, and enhance shareholder value.

1. <https://www.cftc.gov/PressRoom/PressReleases/8234-20>

2. <https://carbonaccountingfinancials.com/>

3. <https://carbonaccountingfinancials.com/financial-institutions-taking-action>

### Report on Reducing GHG Emissions Associated with Financing Activities

#### Citigroup

*Similar resolutions were submitted to Wells Fargo & Company, Bank of America Corp., and Goldman Sachs Group Inc.*

WHEREAS: Banks play a critical role in meeting the Paris Agreement's goal of limiting global warming to 1.5°C, requiring net zero greenhouse gas (GHG) emissions by 2050. Projections have found that limiting global warming to 1.5 degrees versus 2 degrees will save \$20 trillion globally by 2100,<sup>1</sup> and exceeding 2 degrees could lead to climate damages in the hundreds of trillions.<sup>2</sup> Yet in 2019, the Bank of England reported that the global financial system supports carbon producing activities that will cause temperature rise greater than 4°C—double the limit necessary to avoid catastrophic warming.<sup>3</sup>

This carbon intensive funding creates systemic portfolio risks to the global economy, investors, and banks' profitability. The United States' Commodity Futures Trading Commission recently acknowledged that climate change could impair the productive capacity of the national economy.<sup>4</sup> Recognizing growing risk, the European Investment Bank, the largest global multilateral lender, will stop funding fossil fuel projects in 2021.<sup>5</sup> Over half the syndicated lending of major American banks is exposed to climate transition risk, with Citibank placing in the top three.<sup>6</sup>

Citigroup's financing contributes to this global climate risk. Citi is the third largest source of financing to fossil fuel companies globally, averaging nearly \$47 billion annually since the Paris Agreement was signed.<sup>7</sup> Its investments in fossil fuels have increased each year since 2016, with an over 13% increase in 2019.

In contrast, peer U.S. banks are following the lead of other global banks in beginning to address the GHG emissions associated with their financing activities. Morgan Stanley has committed to reach net zero financed emissions by 2050.<sup>8</sup> JPMorgan made a Paris aligned financing commitment, with interim 2030 targets to be set soon. Bloomberg noted the importance of interim targets, challenging banks to pursue 50 percent reductions by 2030.<sup>9</sup>

While Citi joined the Principles for Responsible Banking in 2019, has announced a sustainable impact fund and other sustainability measures, conducts climate risk assessments, announced its participation in the global Partnership for Carbon Accounting Financials (PCAF) to measure and disclose its financed emissions,<sup>10</sup> and has limited coal and Arctic lending, it has not indicated whether it plans to reduce its total financed emissions in alignment with the Paris Agreement's 1.5 degree goal, requiring net zero emissions. Its financing of fossil fuels has consistently been moving in the opposite direction.

RESOLVED: Shareholders request that Citigroup issue a report, at reasonable cost and omitting proprietary information, outlining if and how it intends to reduce the GHG emissions associated with its financing activities in alignment with the Paris Agreement's 1.5 degree goal, requiring net zero emissions.

Supporting Statement: Shareholders recommend the report disclose, among other issues, at board and management discretion: Whether the bank is considering setting Paris aligned, net zero targets, such as Science Based or other targets, and on what timeline, to reduce the carbon footprint of its financing activities.

1. <https://www.nature.com/articles/d41586-018-05219-5>

2. <https://www.nature.com/articles/s41467-020-18797-8/>

3. [https://www.theguardian.com/business/2019/oct/15/bank-of-england-boss-warns-global-finance-it-is-funding-climate-crisis?CMP=Share\\_iOSApp\\_Other](https://www.theguardian.com/business/2019/oct/15/bank-of-england-boss-warns-global-finance-it-is-funding-climate-crisis?CMP=Share_iOSApp_Other)

4. <https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf>

5. <https://www.reuters.com/article/us-climate-eib/european-investment-bank-to- cease-funding-fossil-fuel-projects-by-end-2021-idUSKBN1X020S>

6. [https://www.ceres.org/resources/reports/financing-net-zero-economy-measuring-and-addressing-climate-risk-banks?utm\\_source=twitter&utm\\_medium=organic&utm\\_campaign=accelerator&utm\\_content=report](https://www.ceres.org/resources/reports/financing-net-zero-economy-measuring-and-addressing-climate-risk-banks?utm_source=twitter&utm_medium=organic&utm_campaign=accelerator&utm_content=report)

7. [https://www.ran.org/wp-content/uploads/2020/03/Banking\\_on\\_Climate\\_Change\\_\\_2020\\_vF.pdf](https://www.ran.org/wp-content/uploads/2020/03/Banking_on_Climate_Change__2020_vF.pdf)

8. <https://www.businesswire.com/news/home/20200921005255/en/Morgan-Stanley-Announces-Commitment-to-Reach-Net-Zero-Financed-Emissions-by-2050>

9. <https://www.bloomberg.com/news/articles/2020-10-30/it-s-hard-to-tell-how-serious-wall-street-is-about-climate>

10. <https://carbonaccountingfinancials.com/>

### Measure and Disclose Financed GHG Emissions

J.P. Morgan Chase & Co.

WHEREAS: Banks play a critical role in meeting the Paris Agreement’s goal of limiting global warming to 1.5 degrees Celsius which requires net zero greenhouse gas (GHG) emissions by 2050. Projections have found that limiting global warming to 1.5 degrees versus 2 degrees will save \$20 trillion globally by 2100,<sup>1</sup> and going beyond 2 degrees could lead to climate damages in the hundreds of trillions.<sup>2</sup> Yet, the Bank of England notes that, as of 2019, the global financial system supports carbon producing activities that will cause global temperature to rise greater than 4°C—double the limit necessary to avoid catastrophic warming.<sup>3</sup>

This carbon intensive funding creates systemic portfolio risks to the global economy, investors, and banks. The United States’ Commodity Futures Trading Commission recently acknowledged that climate change could impair the productive capacity of the national economy.<sup>4</sup> Recognizing growing risk, the European Investment Bank, the largest global multilateral lender, will stop funding fossil fuel projects in 2021.<sup>5</sup>

Chase’s financing contributes substantially to this global climate risk. Chase is by far the largest source of financing to fossil fuel companies globally (averaging over \$67 billion annually since signing of the Paris Agreement).<sup>6</sup> Its financing of carbon intensive fossil fuel activities puts the company, investors, and society at risk of catastrophic climate impacts.

Chase recently announced a Paris aligned commitment for its financed emissions. Yet, Chase does not disclose the carbon footprint associated with its financing activities or the method by which it will measure those emissions. As noted by Bloomberg, measuring the financed emissions of a portfolio enables financial institutions to “perform scenario analysis, set targets, inform actions and disclose progress. These areas are crucial for portfolio alignment and decarbonization.”<sup>7</sup>

Joining a globally accepted standard such as the Partnership for Carbon Accounting Financials (PCAF), or otherwise disclosing its financed emissions and the methodologies and assumptions used in measuring those emissions, will create necessary transparency for investors. PCAF is designed not only to assist banks in measuring their financed emissions, but to help create consistency in measurement and disclosure across banks such that investors are able to compare bank progress and make better informed investment decisions.

Peer banks are beginning to measure and report the GHG emissions associated with their financing activities. Over 80 global banks have committed to measure and disclose their financed emissions through the PCAF standard, including Bank of America, Citigroup, and Morgan Stanley.<sup>8</sup>

RESOLVED: Shareholders request that JPMorgan Chase issue a report, at reasonable cost and omitting proprietary information, addressing whether, when, and how it will measure and disclose the greenhouse gas footprint of its financing activities.

Supporting Statement: Shareholders recommend the report disclose, among other issues, at board and management discretion:

- Whether the bank will join its peers in adopting the global PCAF measurement and reporting standard;
- Any other actions Chase is taking to measure and publicly disclose the GHG emissions associated with its financing activities.

1. <https://www.nature.com/articles/d41586-018-05219-5>

2. <https://www.nature.com/articles/s41467-020-18797-8/>

3. [https://www.theguardian.com/business/2019/oct/15/bank-of-england-boss-warns-global-finance-it-is-funding-climate-crisis?CMP=Share\\_iOSApp\\_Other](https://www.theguardian.com/business/2019/oct/15/bank-of-england-boss-warns-global-finance-it-is-funding-climate-crisis?CMP=Share_iOSApp_Other)

4. <https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf>

5. <https://www.reuters.com/article/us-climate-eib/european-investment-bank-to- cease-funding-fossil-fuel-projects-by-end-2021-idUSKBN1X020S>

6. [https://www.ran.org/wp-content/uploads/2020/03/Banking\\_on\\_Climate\\_Change\\_\\_2020\\_vF.pdf](https://www.ran.org/wp-content/uploads/2020/03/Banking_on_Climate_Change__2020_vF.pdf)

7. <https://news.bloomberglaw.com/bloomberg-law-analysis/analysis-future-pressure-on-financial-sector-for-climate-action>

8. <https://carbonaccountingfinancials.com/>

### **Set Targets to Reduce Exposure to Fossil Fuels Assets**

#### **HSBC Holdings**

**Core Wording:** To promote the long-term success of the Company, given the risks and opportunities associated with climate change, and in accordance with the Company's ambition to "reduce financed emissions from [its] portfolio of customers to net zero by 2050 or sooner", the Company and the Directors be authorised and directed by the shareholders to set and publish a strategy and short-, medium- and long-term targets to reduce its exposure to fossil fuel assets on a timeline aligned with the goals of the Paris agreement (the "Paris goals") and starting with coal.

The Company should report on progress against its targets and strategy in its annual report on an annual basis, starting from 2022 onwards, including a summary of the framework, methodology, timescales and core assumptions used. Disclosure and reporting should be done at reasonable cost and omit proprietary information. (1) Exposure in terms of provision of financial services, particularly project finance, corporate finance and underwriting. (2) As set out by Article 2.1(a) and Article 4.1 of the Paris Agreement.

**Supporting Statement:** Investors recognise the Company (HSBC hereafter)'s progress on climate change in a number of important areas. HSBC recently committed to "reduce financed emissions from [its] portfolio of customers to net zero by 2050 or sooner, in line with the goals of the Paris Agreement," and to "support customers with between US\$750 billion and US\$1 trillion of finance and investment by 2030 to help with their transition". These commitments build on the bank's positive reputation for its sustainable finance work. However, the provision of sustainable finance must occur in conjunction with a gradual reduction of exposure to high-carbon assets, on a timeline aligned with the Paris goals.

#### **HSBC's exposure to fossil fuel assets**

HSBC has provided more than US\$86.5 billion in fossil fuel financing since the Paris agreement was signed. This makes HSBC Europe's second largest fossil fuel financier, and the 12th largest in the world<sup>1</sup>. Investors welcome HSBC's recent commitment "not [to] finance any new coal-fired power plants anywhere globally". Every other top 20 European bank has made a similar commitment. However, the effect of such a policy is limited, as only around 5% of total coal power finance is project finance, the rest being corporate lending and underwriting<sup>2</sup>. HSBC is one of the only mainstream banks in Europe that has not yet instituted a corporate finance exclusion policy for coal power. In May 2019, a coalition of investors representing US\$1 trillion asked the bank to strengthen its coal project and corporate finance policy, and to define a clear, time-bound plan to phase out existing exposure to coal-related assets<sup>3</sup>. Furthermore, the need to "phase out thermal coal power worldwide by set deadlines" was recognized in the 2019 Global Investor Statement on Climate Change, which was endorsed by a group of 631 investors managing over US\$37 trillion in assets. More recently, a group of 30 asset owners asserted that no further thermal coal power plants should be financed, insured, built, developed, or planned, and that there should be a phase-out of all unabated existing coal-fired electricity generation in accordance with 1.5°C pathways<sup>4</sup>.

A recent report showed that in the 12 months preceding HSBC's net-zero announcement, the bank provided financing to companies heavily exposed to the fossil fuel sector and/or known for lobbying against policy-making on climate change. These include utilities highly dependent on coal and/or working to expand coal-related infrastructure (KEPCO, CEZ), and companies working to expand oil sands infrastructure (Enbridge, TC Energy)<sup>5</sup>. In 2017, HSBC was mandated as a top adviser to the Saudi Aramco IPO, a position it maintains.

#### **Investor expectations of HSBC**

As a systemically important global bank, the financing and underwriting activities of HSBC will influence whether or not the Paris goals are met. To better appraise the long-term investment proposition, investors need to understand the steps the Company is taking to reduce its exposure to fossil fuel assets in the short-, medium- and long-term, on a timeline aligned with the Paris goals.

*Continued on next page*

HSBC, continued

HSBC's peers have already started taking more ambitious steps to align their fossil fuel financing with the Paris goals:

- Unicredit recently committed to phasing out its exposure to coal by 2028. The bank has asked its clients to publish "a credible plan for phasing out from the coal business by 2028" by the end of 2021. It will not do business with companies reliant for more than 25% of revenues on coal<sup>6</sup>;
- Credit Agricole excludes all companies developing new coal assets. It has asked its clients to publish "a climate-friendly transition path and provide by 2021 a phasing out plan of the coal industry," which should involve a coal exit by 2030 for EU and OECD countries and by 2040 for the rest of the world<sup>7</sup>;
- In 2017, BNP Paribas announced it would no longer do business with companies "whose principal business activity is the exploration, production, distribution, marketing or trading of oil and gas from shale and/or oil from tar sands." The bank also ceased financing of projects that are primarily involved in the transportation or export of oil and gas from shale or oil from tar sands<sup>8</sup>; and
- RBS asked its oil major clients to publish credible transition plans by the end of 2021, or the bank will gradually phase out support for these companies<sup>9</sup>.

Investors would expect HSBC to introduce robust project and corporate finance restriction criteria and a 1.5°C-aligned engagement policy for its clients in high-carbon sectors. HSBC should set explicit conditions when providing financing tied to net-zero commitments, with clear timelines and milestones for reducing emissions. This will allow the bank to reduce financing of and its exposure to Paris-misaligned activities while scaling up green financing. Investors encourage HSBC to use climate scenarios that do not rely excessively on Negative Emissions Technologies when developing its targets. Investors are concerned that these technologies may not be available in time and at the scale required to avert the worst consequences of climate change. The IPCC special report on 1.5°C states that "Carbon cycle and climate system understanding is still limited about the effectiveness of net negative emissions to reduce temperatures after they peak," adding that CO<sup>2</sup> removal "deployed at scale is unproven and reliance on such technology is a major risk in the ability to limit warming to 1.5°C."<sup>10</sup>

Finally, investors encourage the bank to consider the Just Transition when developing its climate change strategy. Tackling climate change will require the transformation of sectors and economies, with important implications for the global workforce. The Paris Agreement is clear about the need to "[take] into account the imperatives of a Just Transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities". Investors representing more than US \$10.2 trillion have expressed support for the just transition<sup>11</sup>. Banks have a key role to play to drive the Just Transition<sup>12</sup>.

1. [https://www.ran.org/wp-content/uploads/2020/03/Banking\\_on\\_Climate\\_Change\\_\\_2020\\_vF.pdf](https://www.ran.org/wp-content/uploads/2020/03/Banking_on_Climate_Change__2020_vF.pdf)

2. <https://banktrack.org/coaldevelopers/>

3. <https://shareaction.org/investors-hold-hsbcs-feet-to-the-fire-on-coal/>

4. <https://www.unepfi.org/news/industries/investment/u-n-convened-net-zero-asset-owner-alliance-rules-out-new-thermal-coal-investment/>

5. <https://shareaction.org/resources/a-detailed-analysis-of-hsbcs-net-zero-ambition/>

6. [https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/sustainability/our-vision-of-a-sustainable-bank/policies-and-guidelines/UniCredit-Coal-sector-Policy---summary-\(final\)---1.1.pdf](https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/sustainability/our-vision-of-a-sustainable-bank/policies-and-guidelines/UniCredit-Coal-sector-Policy---summary-(final)---1.1.pdf)

7. <https://www.credit-agricole.com/en/pdfPreview/122250>

8. <https://group.bnpparibas/en/press-release/bnp-paribas-takes-measures-accelerate-support-energy-transition#>

9. <https://www.natwestgroup.com/our-purpose/downloads.html>

10. <https://www.ipcc.ch/sr15/>

11. <https://www.unpri.org/download?ac=10382>

12. [https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2020/07/Financing-climate-action-with-positive-social-impact\\_How-banking-can-support-a-just-transition-in-the-UK-1.pdf](https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2020/07/Financing-climate-action-with-positive-social-impact_How-banking-can-support-a-just-transition-in-the-UK-1.pdf)



### **Funding Drilling in the Arctic National Wildlife Refuge**

Bank of America Corp.

WHEREAS: Climate change is a global challenge that continues to gain widespread attention for its numerous, significant environmental and social impacts. Particular subsectors of fossil fuels, including Arctic exploration and production, have become hot button political and significant policy issues, because of their impacts on the global climate, the local environment, and Indigenous rights. Protests surrounding drilling in the Arctic are among the high-profile concerns.

Through 2019 and 2020, Morgan Stanley, Goldman Sachs Group Inc., JPMorgan Chase & Co., Citibank, and Wells Fargo & Co. made commitments amounting to a rejection of much funding of oil and gas development in the Arctic. This leaves Bank of America as the last large U.S. bank not to do so.

According to a poll conducted in 2019 by Yale and George Mason University, 67% of voters oppose drilling in the Arctic National Wildlife Refuge.

In September 2019, the House of Representatives voted 225-193 to reinstate a ban on drilling the refuge.

In February 2020, 16 U.S. Senators and 33 members of the U.S. House of Representatives sent letters to Bank of America and other major banks urging the companies to not finance drilling in the Arctic National Wildlife Refuge.

In July 2020 a group of faith leaders including the North Carolina Council of Churches, Presbyterian Church (U.S.A.), Office of Public Witness, and the Fourth Episcopal District African Methodist Episcopal Church wrote to Bank of America "in solidarity with the Gwich'in people in Alaska ... to urge [the company] to oppose oil and gas exploration and development in the Arctic National Wildlife Refuge."

In August 2020, the UN Committee on the Elimination of Racial Discrimination announced it is conducting an investigation into the U.S. government's respect for Free Prior and Informed Consent, the adequacy of protection of sacred sights, and the adequacy of protections against violence against indigenous women related to the leasing of land for oil and gas development in the Arctic National Wildlife Refuge.

Beyond the Arctic National Wildlife Refuge, drilling anywhere in the Arctic threatens Indigenous rights and impacts a fragile ecosystem.

RESOLVED: shareholders request that the Board of Directors issue a report (at reasonable expense, within a reasonable time, and omitting confidential or propriety information) describing if and how Bank of America plans to respond to rising reputational risks for the company related to involvement in Arctic oil and gas exploration and production.

### **Climate Change Impacts on Financial Position and Assumptions**

#### **Chevron Corp.**

WHEREAS: As evidence of the severe impacts from climate change mounts, policy makers, companies, and financial bodies are increasingly focused on the economic impacts from driving greenhouse gas (GHG) emissions to well-below 2°C below pre-industrial levels (including 1.5°C ambitions), as outlined in the Paris Agreement.

This focus has led many Chevron peers (including BP, Eni, Equinor, Repsol, Royal Dutch Shell, and Total) to commit to major GHG reductions, including setting “net zero emission” goals by 2050.

Investors are also calling for high-emitting companies to test their financial assumptions and resiliency against substantial reduced-demand climate scenarios, and to provide investors insights about the potential impact on their financial statements.

As of December 2020, Chevron Corporation had neither committed to net-zero emissions by 2050 across its value chain, nor disclosed how its financial assumptions would change from doing so.

In contrast, the audit reports for other high GHG-emitting companies clearly discussed this connection:

- BP: how climate change and a global energy transition impacted the capitalization of exploration and appraisal costs and risks that oil and gas price assumptions could lead to financial misstatements;
- Shell: how long-term price assumptions impacted by climate change could affect asset values and impairment estimates;
- National Grid: noted estimates inconsistent with 2050 “net zero” commitments.

Additionally, in 2020, BP, Shell and Total reviewed their 2019 financial accounting practices in light of the accelerating low-carbon energy transition. All three subsequently adjusted critical accounting assumptions, resulting in material impairments, and disclosed how climate change affected the adjustments.

In October 2020, the International Energy Agency (IEA) issued a new “Net Zero 2050” scenario which describes what it would mean for the energy sector globally to reach net-zero GHG emissions by 2050. This more aggressive global action to curtail climate change is consistent with a 1.5°C temperature increase globally.

BE IT RESOLVED: Shareholders request that Chevron’s Board of Directors issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions. The Board should summarize its findings to shareholders by January 31, 2022, and the report should be completed at reasonable cost and omitting proprietary information.

SUPPORTING STATEMENT: Proponents recommend that in issuing the report, the company take account of information on:

- Assumptions, costs, estimates, and valuations that may be materially impacted; and
- The potential for widespread adoption of net-zero goals by governments and peers.

Proponents recommend that the report be supported by reasonable assurance from an independent auditor.

### **Climate Change Impacts on Financial Position and Assumptions**

#### **Exxon Mobil Corporation**

WHEREAS: As evidence of the severe impacts from climate change mounts, policy makers, companies, and financial bodies are increasingly focused on the economic impacts<sup>1</sup> from driving greenhouse gas (GHG) emissions to well-below 2°C below pre-industrial levels (including 1.5° C ambitions), as outlined in the Paris Agreement;

This focus has led many ExxonMobil peers (including BP, Eni, Equinor, Repsol, Royal Dutch Shell, and Total) to commit to major GHG reductions, including setting “net zero emission” goals by 2050;<sup>2 3</sup>

Investors are also calling for high-emitting companies to test their financial assumptions and resiliency against substantial reduced-demand climate scenarios,<sup>4</sup> and to provide investors insights about the potential impact on their financial statements;<sup>5 6 7</sup>

As of November 2020, ExxonMobil had neither committed to net-zero emissions by 2050 across its value chain, nor disclosed how its financial assumptions would change from doing so;

In contrast, the audit reports for other high GHG-emitting companies clearly discussed this connection:

- BP: how climate change and a global energy transition impacted the capitalization of exploration and appraisal costs and risks that oil and gas price assumptions could lead to financial misstatements;
- Shell: how long-term price assumptions impacted by climate change could affect asset values and impairment estimates;
- National Grid: noted estimates inconsistent with 2050 “net zero” commitments;

Additionally, in 2020, BP, Shell and Total reviewed their 2019 financial accounting practices in light of the accelerating low-carbon energy transition. All three subsequently adjusted critical accounting assumptions, resulting in material impairments, and disclosed how climate change affected the adjustments;

In October 2020, the International Energy Agency (IEA) issued a new “Net Zero 2050” scenario which describes what it would mean for the energy sector globally to reach net-zero GHG emissions by 2050. This more aggressive global action to curtail climate change is consistent with a 1.5°C temperature increase globally.<sup>8</sup>

RESOLVED: Shareholders request that ExxonMobil’s Board of Directors issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions. The Board should summarize its findings to shareholders by January 31, 2022, and the report should be completed at reasonable cost and omitting proprietary information.

SUPPORTING STATEMENT: Proponents recommend that in issuing the report, the company take account of information on:

- Assumptions, costs, estimates, and valuations that may be materially impacted; andThe potential for widespread adoption of net-zero goals by governments and peers.<sup>9</sup>
- Proponents recommend that the report be supported by reasonable assurance from an independent auditor.

1. <https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf>
2. <https://www.reuters.com/article/climate-change-carbon-targets/factbox-big-oils-climate-targets-idUSL8N2H01B4>
3. <https://carbontracker.org/reports/fault-lines/>
4. <https://www.iigcc.org/news/investor-groups-call-on-companies-to-reflect-climate-related-risks-in-financial-reporting/>
5. <https://www.unpri.org/sustainability-issues/accounting-for-climate-change>
6. <https://www.iigcc.org/download/investor-expectations-for-paris-aligned-accounts/?wpdm=4001&masterkey=5fab4d15595d>
7. <https://cdn.ifrs.org/-/media/feature/news/2019/november/in-brief-climate-change-nick-anderson.pdf?la=en>
8. <https://www.iea.org/reports/world-energy-outlook-2020/achieving-net-zero-emissions-by-2050>
9. <https://www.climatechangenews.com/2019/06/14/countries-net-zero-climate-goal/>

### **Adopt Time-Bound, Company-Wide Science-Based GHG Target**

#### **Expeditors International**

**RESOLVED:** Shareholders request that Expeditors International of Washington’s 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, subject to board and management discretion, and report, at reasonable cost and omitting proprietary information, on its plans to achieve these goals.

**WHEREAS:** In 2018, the Intergovernmental Panel on Climate Change updated the goals of the 2015 Paris Agreement to advise that net carbon emissions must fall 45 percent by 2030 and reach net-zero by 2050 to limit warming below 1.5°C, thereby preventing the worst consequences of climate change. However, in 2020, the UN reported the world is “way off track” from achieving these goals and averting catastrophic warming.<sup>1</sup>

Climate change impacts present risks to investors. A warming climate is associated with increased supply chain disruptions, reduced resource availability, lost production, commodity price volatility, infrastructure damage, political instability, reduced worker efficiency, and adverse health impacts that disproportionately affect low-income communities and communities of color.

The U.S. Energy Information Administration identifies the transportation sector as the largest producer of GHG emissions and its emissions are steadily increasing. Expeditors is a non-asset owning logistics provider. Nevertheless, our Company has significant climate change risks related to customer operations, increasingly stringent climate change regulations, and fluctuating fuel prices.

Expeditors has taken steps to measure GHG emissions, and it has set targets for reducing emissions in the past. Evidently, however, those goals have lapsed, and Expeditors has not set new GHG reduction goals.

Science-based targets (SBTs) are important tools to transparently address emissions in a company’s own operations and throughout its value chain. SBTs are designed to help align a company’s long-term emissions outlook with the objectives of the Paris Agreement. More than 500 major corporations have developed SBTs approved by the Science Based Targets Initiative ([www.sciencebasedtargets.org](http://www.sciencebasedtargets.org)).

Increasing the scale, pace, and rigor of its climate-related initiatives may help Expeditors prepare for future carbon-related regulations. Such efforts may also help our Company unlock opportunities for growth as major corporations are increasingly demanding environmental accountability from business partners.

More than 1,500 companies have now committed to achieve net-zero GHG emissions by 2050.<sup>2</sup> 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 2050 target for 50 percent reduction in emissions per ton/km.

In its 2019 10-K, Expeditors states that it “is committed to continual improvement in reducing the impact of our operations on the environment and assisting our customers in their efforts to reduce their carbon footprint.” Clear and disclosed GHG reduction targets should be an integral part of this effort.

1. [https://library.wmo.int/doc\\_num.php?explnum\\_id=10211](https://library.wmo.int/doc_num.php?explnum_id=10211)

2. [https://newclimate.org/wp-content/uploads/2020/09/NewClimate\\_Accelerating\\_Net\\_Zero\\_Sept2020.pdf](https://newclimate.org/wp-content/uploads/2020/09/NewClimate_Accelerating_Net_Zero_Sept2020.pdf)

### Report on the Executive Remuneration Indicator

#### General Motors

Whereas: The increasing rate and number of climate-related disasters affecting society is causing alarms to be raised within the executive, legislative and judicial branches of government, making the corporate sector's contribution to climate mitigation a significant policy issue;

The Commodity Futures Trading Commission's Climate Related Risk Subcommittee recently issued a report finding that climate change poses a significant risk to, and could impair the productive capacity of, the U.S. economy;

Shareholders are increasingly concerned about material climate risk to both their companies and their portfolios and seek clear and consistent disclosures from the companies in which they invest;

In response to material climate risk, the steering committee of the Climate Action 100+ initiative (CA100+), a coalition of more than 500 investors with over \$47 trillion in assets, issued a Net Zero Company Benchmark (Benchmark) calling on the largest carbon emitting companies – including our Company – to work toward reducing greenhouse gas (GHG) emissions to net zero, improving climate governance, and providing specific climate related financial disclosures;

An important indicator of company alignment with the Paris Agreement's 1.5 degree goal is Sub-indicator 8.2, which seeks disclosure on whether the company's executive remuneration scheme incorporates climate change performance elements ("Executive Remuneration Indicator");

Indicator 8.2 criteria include: (1) The company's CEO and/or at least one other senior executive's remuneration arrangements specifically incorporate climate change performance as a KPI determining performance-linked compensation (reference to 'ESG' or 'sustainability performance' are insufficient) and (2) that the company's CEO and/or at least one other senior executive's remuneration arrangements incorporate progress towards achieving the company's GHG reduction targets as a KPI determining performance-linked compensation (requires meeting relevant long, medium, and short term targets for Scope 1 – 3 emissions, consistent with net zero emissions by 2050 or sooner).

While GM has set GHG reduction targets, it has not reported a remuneration structure that links compensation awards with progress in achieving such targets – a governance best practice for reducing climate risk. Since executive compensation is an effective way to incentivize achievement of performance targets, disclosing relevant metrics can assure investors that management is setting and effectively implementing policies aligned with achieving the Paris 1.5 degree goal. GM's current trajectory is well above 2 degrees, and it has continued to increase the size of its large SUVs and trucks.

**RESOLVED:** Shareholders request the Board of Directors issue a report, at reasonable expense and excluding confidential information, evaluating and disclosing if and how the company has met the criteria of the Executive Remuneration Indicator, or whether it intends to revise its policies to be fully responsive to such Indicator.

**SUPPORTING STATEMENT:** Proponents suggest, at Company discretion, the report also include any rationale for a decision not to set and disclose metrics in line with the Executive Remuneration Indicator.

### **Report on the Executive Remuneration Indicator**

#### **Valero Energy Corporation**

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

**WHEREAS:** The increasing rate and number of climate-related disasters affecting society is causing alarms to be raised within the executive, legislative and judicial branches of government, making the corporate sector's contribution to climate mitigation a significant policy issue;

The Commodity Futures Trading Commission's Climate Related Risk Subcommittee recently issued a report finding that climate change poses a significant risk to, and could impair the productive capacity of, the U.S. economy;

Shareholders are increasingly concerned about material climate risk to both their companies and their portfolios and seek clear and consistent disclosures from the companies in which they invest; JP Morgan Chase

In response to material climate risk, the steering committee of the Climate Action 100+ initiative (CA100+), a coalition of more than 500 investors with over \$47 trillion in assets, issued a Net Zero Company Benchmark (Benchmark) calling on the largest carbon emitting companies—including our Company—to work toward reducing greenhouse gas (GHG) emissions to net zero, improving climate governance, and providing specific climate related financial disclosures;

BlackRock notes that investment flows into "sustainable" and climate aligned assets will drive long term outperformance relative to companies perceived as having weaker sustainability characteristics;

A core indicator of company alignment with the Paris Agreement's 1.5 degree goal is Indicator 8.2, which seeks disclosure on whether the Company's CEO's remuneration arrangements specifically incorporate climate change performance in determining performance-linked compensation ("Executive Remuneration Indicator");

Criteria of this indicator include: The company's CEO and/or at least one other senior executive's remuneration arrangements specifically incorporate climate change performance as a KPI determining performance-linked compensation (reference to 'ESG' or 'sustainability performance' are insufficient). Also, that the company's CEO and/or at least one other senior executive's remuneration arrangements incorporate progress towards achieving the company's GHG reduction targets as a KPI determining performance-linked compensation (requires meeting relevant long, medium, and short term targets for Scope 1–3 emissions, consistent with net zero emissions by 2050 or sooner).

While Valero has set near term GHG reduction targets, it has not reported a remuneration structure that links progress toward achieving such targets with compensation awards—a governance best practice for reducing climate risk. Since executive compensation is an effective way to incentivize achievement of performance targets, disclosing any relevant metrics can assure investors that management is effectively setting and implementing policies aligned with achieving Paris goals.

**BE IT RESOLVED:** Shareholders request the Board of Directors issue a report, at reasonable expense and excluding confidential information, evaluating and disclosing if and how the company has met the criteria of the Executive Remuneration Indicator, or whether it intends to revise its policies to be fully responsive to such Indicator.

**SUPPORTING STATEMENT:** Proponents suggest, at Company discretion, the report also include any rationale for a decision not to set and disclose metrics in line with the Executive Remuneration Indicator.

### **Report on Reducing Contribution to Climate Change through Electrification**

#### **Dominion Energy**

*A similar resolution was submitted to DTE Energy.*

**WHEREAS:** The Intergovernmental Panel on Climate Change reports “rapid, far-reaching” changes are necessary in the next decade to avoid catastrophic global warming. The energy sector must play a critical role in mitigating this risk. Already, the sector is transitioning away from coal, yet its growing reliance on natural gas creates new risk, locking in long-term emissions.

Natural gas use contributes to climate change throughout its supply chain, from upstream methane leaks to downstream combustion in buildings. Gas combustion for heating and cooking is a primary reason commercial and residential buildings account for 12.3% of greenhouse gas (GHG) emissions nationwide. Approximately 30% of emissions disclosed by Dominion are from customer gas use. This does not include gas’ upstream emissions, which Dominion does not report.

Electrification of heating and cooking has emerged as a cost-effective approach to decarbonize buildings. Related technologies are becoming more economical and studies show increased climate benefits as electric grids transition off fossil fuels. Growing support is evidenced by cities nationwide introducing building codes to incentivize electrification over gas. Recognizing this disruptive trend, multiple states have launched official investigations into the future of gas distribution systems. As electrification becomes more cost-competitive, supportive policies gain traction, and utilities face pressure to reduce GHGs, hybrid power and gas utilities like Dominion face transition challenges and opportunities.

While some utilities and industry groups defend continued reliance on gas, investors are concerned this will lead to overinvestment in gas distribution, and related stranded asset risk, and to missed opportunities to grow clean power demand. Recently, Dominion lost billions after abandoning the Atlantic Coast Pipeline project. Meanwhile, peers like Entergy and PG&E are actively promoting electrification through incentives and public statements.

Dominion’s current GHG reduction commitments for gas use are commendable but insufficient to meet Paris goals. Its disclosures lack information about whether Dominion has fully reported the climate impacts of continuing to invest in gas distribution or assessed opportunities for transitioning toward building electrification to meet urgent climate goals.

**BE IT RESOLVED:** Shareholders request the Board of Directors prepare a report (at reasonable cost and omitting proprietary information) exploring options as to whether and how the Company could reduce its total contribution to climate change by encouraging electrification of the built environment within the company’s service areas as part of a Company transition toward enterprise-wide alignment with the Paris Climate Agreement.

**SUPPORTING STATEMENT:** Shareholders seek information, at board and management discretion, on the relative benefits and drawbacks of integrating the following actions:

- Providing expertise and financial support or incentives for commercial and residential electrification efforts;
- Supporting public policies that encourage new building construction to utilize electricity rather than gas for heating and cooking, and to transition buildings currently served by gas;
- Setting time bound targets related to the actions above.

### Report on Reduction of Routine Flaring

#### PDC Energy, Inc.

Whereas, over the last 15 years, the US shale oil and gas boom and lax regulation have made the country the world's third highest flaring nation (in 2019), with flaring volumes increasing each year since 2016.<sup>1</sup>

Flaring and venting waste 8% of global natural gas production annually, contribute 6% of global greenhouse gas emissions, and disperse a range of pollutants that harm human health and local environments.<sup>2</sup>

Flaring is a major source of methane pollution, with one in ten flares in the Permian basin malfunctioning or unlit.<sup>3</sup>

Routine flaring is utilized when gas is produced during oil (or gas condensates) production operations and companies do not reinject, utilize or move it to the gas market.<sup>4,5</sup>

Companies which do not manage venting and flaring activity risk their reputation and license to operate, as investors, regulators and civil society are setting expectations to address this issue.

In 2020, investors managing more than \$2 trillion called on the Texas Railroad Commission to support policies to achieve zero routine flaring by 2025.<sup>6</sup> Corporate, city, state and national entities who have committed to net-zero emissions goals will increasingly be scrutinizing sources of emissions throughout the value chain, similarly to Europe.<sup>7</sup> For example, in October 2020 the French government blocked an LNG supply deal between the utility Engie and project developer NextDecade because of concerns about flaring and methane emissions among US gas producers.<sup>8</sup>

PDC Energy is the 30th largest U.S. natural gas producer.<sup>9</sup> According to 2019 pre-pandemic data, PDC's operations in the Permian Basin had a flaring rate of 5.4%<sup>10</sup>, significantly higher than their peers, who have demonstrated that routine flaring and venting can be dramatically reduced using existing technology and improved planning. Producers such as Chevron, Pioneer, EOG and Occidental report achieving flaring intensities of 1% or lower in the Permian.<sup>11</sup> Pioneer Natural Resources recently announced a target of "Zero routine flaring by 2030, with an aspiration to reach this goal by 2025".<sup>12</sup> ExxonMobil also stated in 2020 that "zero routine flaring is within everyone's reach".<sup>13</sup>

Resolved, shareholders request that the Board reports on if, and how, PDC Energy will curtail its impact on climate change from routine flaring and venting, beyond existing efforts. The report should be made available to shareholders, omit proprietary information and be prepared at reasonable cost by November 1, 2021.

Supporting Statement: At management's discretion, we recommend consideration of the feasibility of the following in the report:

- Setting time-bound goals to significantly reduce routine flaring and venting from operated and non-operated wells, and well completions;
- Committing to the World Bank's "Zero Routine Flaring by 2030" initiative, as 40 oil companies have done;<sup>14</sup>
- Validating flaring and venting data through a qualified and third-party audit.

1. <http://pubdocs.worldbank.org/en/503141595343850009/WB-GGFR-Report-July2020.pdf>

2. <https://www.pnas.org/content/pnas/early/2020/05/12/2006774117.full.pdf?versioned=true>

3. <https://data.permianmap.org/pages/flaring>

4. <https://www.worldbank.org/en/programs/zero-routine-flaring-by-2030>

5. <http://blogs.edf.org/energyexchange/2020/10/07/simplifying-the-debate-about-routine-flaring/>

6. <https://www.bloomberg.com/news/articles/2020-09-04/investment-giants-urge-texas-to-end-most-flaring-of-natural-gas>

7. [https://ec.europa.eu/energy/sites/ener/files/eu\\_methane\\_strategy.pdf](https://ec.europa.eu/energy/sites/ener/files/eu_methane_strategy.pdf)

8. <https://www.bloomberg.com/professional/blog/gas-flaring-catches-up-with-u-s-lng/>

9. <https://www.ngsa.org/wp-content/uploads/sites/3/2020/08/First-Q-2020-production.pdf>

10. <https://mft.rrc.texas.gov/link/fe3298a2-8788-4234-b2a0-90ee41558d75>

11. [https://www.gaffneycline.com/sites/g/files/cozyhq681/files/2020-06/Tackling%20Flaring\\_Final.pdf](https://www.gaffneycline.com/sites/g/files/cozyhq681/files/2020-06/Tackling%20Flaring_Final.pdf)

12. <https://investors.pxd.com/news-releases/news-release-details/pioneer-natural-resources-releases-2020-sustainability-report>

13. <https://energyfactor.exxonmobil.com/perspectives/reducing-natural-gas-flaring/>

14. <https://www.worldbank.org/en/programs/zero-routine-flaring-by-2030#4>



### **Disclosure of GHG Emissions in Natural Gas Supply Chain**

#### **Duke Energy Corp.**

*A similar resolution was submitted to Southern Company.*

**WHEREAS:** The energy sector has a critical role to play in mitigating climate risk. The sector is rapidly transitioning away from coal, but growing reliance on natural gas creates ongoing risk. Natural gas is a major contributor to climate change due to methane leaks occurring throughout the supply chain. In 2018, gas contributed to an increase in power sector emissions, jeopardizing chances of achieving greenhouse gas (GHG) reductions in line with the Paris Agreement's goal of keeping global warming below 1.5°C.

Disclosure of indirect GHG emissions from a company's natural gas supply chain is critical for investors to understand the extent of a company's climate risk. In the utility sector, where use of natural gas for power generation and distribution is increasing, supply chain emissions constitute a material climate impact and transition risk.

Currently, many utilities' emission reduction strategies rely on natural gas, highlighting emissions savings over coal during combustion, but ignoring supply chain releases from sources like fugitive methane, venting, and flaring. Recent supply chain studies, however, have concluded that supply chain methane losses are at least 60% higher than current Environmental Protection Agency estimates, with gas production in North America likely to have contributed one-third of total increased emissions globally in recent years. The fossil gas supply chain also contributes to climate breakdown in other ways—millions of orphan wells remain unplugged, leaking methane into the atmosphere.

Duke Energy's climate plan indicates an intent to continue building out expensive natural gas infrastructure (see page 10). Duke currently discloses downstream emissions from its customers' use of natural gas, but does not calculate and disclose indirect GHG releases from upstream sources such as the exploration, production, and transport of natural gas.

Given the material, long-term business risks associated with climate change, and the need for Duke to participate successfully in the low-carbon energy transition, investors believe it is essential that the company provide annual public reporting of the company's GHG emissions across its full value chain, including indirect upstream emissions. While Duke has acknowledged some responsibility for upstream emissions by seeking the purchase of gas from suppliers with low methane emissions, investors lack data to assess the relative impact of such action in relation to its continued build out of, and reliance on, natural gas infrastructure.

**BE IT RESOLVED:** In order that investors can better understand and measure the material, long-term climate risks associated with our company's GHG emissions, shareholders request that Duke provide annual public reporting of the indirect upstream GHG emissions from its supply chain. The reporting should be prepared at reasonable cost and omit proprietary information.

### Disclosure of Net Zero GHG Indicator

#### United Airlines Holdings, Inc.

*A similar resolution was submitted to General Electric Company.*

WHEREAS: The increasing rate and number of climate-related disasters affecting society is causing alarms to be raised within the executive,<sup>1</sup> legislative,<sup>2</sup> and judicial<sup>3</sup> branches of government, making the corporate sector's contribution to climate mitigation a significant policy issue;

The Commodity Futures Trading Commission recently issued a report<sup>4</sup> finding that climate change poses a significant risk to, and could impair the productive capacity of, the U.S. economy;

Shareholders are increasingly concerned about material climate risk to both their companies and their portfolios and seek clear and consistent disclosures from the companies in which they invest;

In response to material climate risk, the steering committee of the Climate Action 100+ initiative (CA100+), a coalition of more than 500 investors with \$52 trillion in assets, issued a Net Zero Company Benchmark (Net Zero Benchmark) calling on the largest carbon emitting companies—including our Company—to work toward reducing greenhouse gas (GHG) emissions to net zero, improving climate governance, and providing specific climate related financial disclosures;<sup>5</sup>

A core indicator of company alignment with the Paris Agreement is Indicator 1, titled “Net Zero GHG emissions by 2050 (or sooner) ambition,” which seeks disclosure on whether the company has set an ambition to achieve net zero GHG emissions by 2050 or sooner and whether any such ambition statement covers all relevant emissions scopes (“Net Zero Indicator”);

United has not yet complied with the Net Zero Indicator. In 2018, United set a goal of reducing its emissions 50 percent below 2005 levels by 2050;<sup>6</sup> however MSCI reports that United's current absolute emissions reduction rate together with its low rate of aircraft replacement puts it at risk for not meeting even this target.<sup>7</sup> United is also lagging behind its peers, many of whom have made more ambitious pledges, aligned with achieving carbon neutrality by 2050. In September 2020, American Airlines and its Oneworld alliance partners, including Qantas and British Airways, committed to reach net zero emissions by 2050.<sup>8</sup> Earlier this year, JetBlue announced its carbon neutral plan for domestic flights.<sup>9</sup> Delta Airlines also committed \$1 billion to becoming “carbon neutral.”<sup>10</sup>

BlackRock notes that investment flows into “sustainable” and climate aligned assets will drive long term outperformance relative to companies perceived as having weaker sustainability characteristics.<sup>11, 12</sup>

RESOLVED: Shareholders request the Board of Directors issue a report, at reasonable expense and excluding confidential information, evaluating and disclosing if and how the company has met the criteria of the Net Zero Indicator, or whether it intends to revise its policies to be fully responsive to such Indicator.

Supporting Statement: Proponents suggest, at Company discretion, the report also include any rationale for a decision not to set and disclose goals in line with the Net Zero Indicator.

1. <https://www.cnn.com/2020/11/11/politics/climate-executive-actions-joe-biden/index.html>

2. [https://www.govtrack.us/congress/bills/subjects/climate\\_change\\_and\\_greenhouse\\_gases/6040#sort=-introduced\\_date](https://www.govtrack.us/congress/bills/subjects/climate_change_and_greenhouse_gases/6040#sort=-introduced_date)

3. <https://www.nature.com/articles/d41586-020-00175-5>

4. <https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf>

5. <https://climateaction100.wpcomstaging.com/wp-content/uploads/2020/11/FINAL-CA100-Master-Indicators.pdf>

6. <https://www.united.com/ual/en/us/fly/company/global-citizenship/environment/fuel-efficiency-and-emissions-reduction.html#:~:text=Our%20goal%3A%2050%20percent%20emissions,what%20we%20produced%20in%202005.>

7. United Airlines MSCI ESG Ratings, Dec. 18, 2019.

8. <https://www.oneworld.com/news/2020-09-11-oneworld-member-airlines-commit-to-net-zero-carbon-emissions-by-2050>

9. <https://www.businesswire.com/news/home/2020106005549/en/JetBlue-Prepares-Business-New-Climate-Reality>

10. <https://news.delta.com/delta-commits-1-billion-become-first-carbon-neutral-airline-globally>

11. <https://www.blackrock.com/corporate/literature/whitepaper/bii-portfolio-perspectives-february-2020.pdf>

12. <https://www.morningstar.com/articles/994219/sustainable-funds-continue-to-rake-in-assets-during-the-second-quarter>

### **Report on Net Zero Benchmark**

#### **Caterpillar Inc.**

Whereas: The increasing rate and number of climate-related disasters affecting society is causing alarms to be raised within the executive, legislative and judicial branches of government, making the corporate sector's contribution to climate mitigation a significant policy issue.

The Commodity Futures Trading Commission's Climate Related Risk Subcommittee recently issued a report finding that climate change poses a significant risk to, and could impair the productive capacity of, the U.S. economy.

Shareholders are increasingly concerned about material climate risk to both their companies and their portfolios and seek clear and consistent disclosures from the companies in which they invest.

In response to material climate risk, the steering committee of the Climate Action 100+ initiative (CA100+), a coalition of more than 500 investors with over \$47 trillion in assets, issued a Net Zero Company Benchmark (Benchmark) calling on the largest carbon emitting companies—including our Company—to work toward reducing greenhouse gas (GHG) emissions to net zero, improving climate governance, and providing specific climate related financial disclosures.

The Net Zero Benchmark includes ten indicators of company alignment with the Paris Agreement including a statement of ambition to achieve net zero greenhouse gas emissions ("Net Zero") by 2050 for the Company's Scope 1, 2, and applicable scope 3 emissions in alignment with the Paris 1.5 degree goal.

Caterpillar's climate related targets were set through the current year of 2020 and only address the companies Scope 1 and 2 emissions. This leaves significant emissions unaddressed and the company's long term decarbonization ambition unclear. In contrast, 15 peers in the construction materials sector have set, or committed to validate, their GHG targets through the Science-Based Targets initiative.

BlackRock notes that investment flows into "sustainable" and climate aligned assets will drive long term outperformance relative to companies perceived as having weaker sustainability characteristics;

Resolved: Shareholders request that the Board of Directors issue a report, at reasonable expense and excluding confidential information, disclosing the Company's climate policies, performance, and improvement targets, if any, responsive to each of the indicators set forth in the Net Zero Benchmark, or any rationale for failure to adopt such metrics.

Supporting Statement: Proponents suggest, at Company discretion, the report provide:

- Any Net Zero by 2050 GHG emissions reduction targets covering all relevant emissions scopes;
- Any other medium or long term GHG reduction goals;
- Any climate performance elements incorporated into executive remuneration.

### **Net Zero Carbon Emissions Target**

#### **Canadian Imperial Bank of Commerce (CIBC)**

**RESOLVED:** Shareholders request that CIBC adopt a corporate-wide target to achieve net-zero greenhouse gas emissions associated with its lending and investment activities, as defined by best practice carbon accounting standards, by 2050.

**Supporting Statement:** The Intergovernmental Panel on Climate Change (IPCC) Special Report on global warming of 1.5°C estimates that human activities have already caused about 1°C of global warming above pre-industrial levels. If global greenhouse gas emissions (GHG) emissions continue to increase at the current rate, warming is likely to reach 1.5°C by 2040 and up to 4°C by the end of the century leading to significant economic and social disruptions.

To limit global warming to 1.5°, all sectors of the economy will need to decarbonize and collectively reach net zero emissions by 2050. Canada is part of a growing list of countries that have adopted net zero by 2050 and aims to reduce GHG emissions by 30% by 2030.

According to Tiff Macklem, Governor of the Bank of Canada: “Many types of business face significant transition risks related to the revaluation of assets and the reassessment of projected earnings and expenses.” The largest impact financial services companies have on climate change is not through their own operations but through their investment and lending activities.

CIBC is planning to disclose GHG associated with its investment and lending activities but has not indicated any plans to set targets to reduce those financed emissions. CIBC recognizes that climate change is “one of the world’s most difficult and urgent problems” (CIBC 2019 TCFD Report). CIBC is committed to increasing sustainable finance, but a comprehensive climate change plan would also include a commitment to reduce financed emissions. This would provide investors with relevant information to assess the bank’s ability to manage climate related risks and opportunities.

Although there are uncertainties about how businesses can decarbonize, many companies, including financial institutions such as TD, HSBC and Morgan Stanley, have adopted net zero by 2050 targets. Over 30 institutional investors, including CDPQ and Calpers have committed to transitioning their investment portfolios to net-zero GHG emissions by 2050 (Net Zero Asset Owner Alliance). More than 50 financial institutions have committed to set emissions reduction targets through the Science-Based Target Initiative. 80 financial institutions have committed to measure financed emissions through the Partnership for Carbon Accounting Financials (PCAF), a best practice carbon accounting standards.

This ambition to achieve net zero carbon emission at or before 2050 should be accompanied by interim targets (e.g., 2025, 2030, 2040). A strong climate strategy should also include a governance framework with board’s oversight, expertise and training on climate-related issues, as well as linking executive compensation to any climate-related targets, in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Given the material long-term business risks and opportunities associated with climate change and the low-carbon energy transition, CIBC should provide greater clarity on how it plans to achieve net zero GHG for its financed emissions. We urge shareowners to vote FOR this proposal.

### **Adopt a Net Zero Carbon Emissions Target**

Imperial Oil Limited (Int'l co.)

**RESOLVED:** Shareholders request that Imperial Oil adopt a corporate wide ambition to achieve net zero carbon emissions at or before 2050. Covered emissions should include scope 1 and 2.

Supporting Statement: Climate change presents financial risks to the global economy. Human activities have already caused about 1°C of global warming above pre-industrial levels. If global greenhouse gases (GHG) emissions continue to increase at the current rate, warming is likely to reach 1.5°C by around 2040 and up to 4°C by the end of the century, leading to significant economic and social disruptions.

Oil and gas companies are highly exposed to low-carbon transition risks as well as opportunities.

While Imperial has a goal to achieve a 10 percent decrease in greenhouse gas (GHG) emissions intensity by 2023, it has not committed to longer term targets in line with what is needed to achieve the goal of the Paris agreement (i.e., "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C...").

Investors increasingly favor companies with energy transition strategies. Climate Action 100+, an investor initiative with 545 investors from across dozens of countries, who manage nearly USD \$52 trillion in assets under management, is encouraging the world's largest companies in terms of GHG emissions to adopt strategies to reduce their carbon footprint and to reach net zero by 2050.

Several oil and gas companies have adopted net zero by 2050 targets, including Cenovus, Enbridge, ConocoPhillips, Occidental, BP, Repsol, Shell and Total. More than 1,000 companies worldwide are setting long term emissions reduction targets through the Science Based Targets Initiative.

A growing number of financial companies are adopting net zero by 2050 targets for their financed emissions, including TD, HSBC, Morgan Stanley and Barclays. 33 institutional investors, including CDPQ, Calpers and Axa Group, have committed to transitioning their investment portfolios to net-zero GHG emissions by 2050.

28 countries, including Canada, have adopted net zero targets by 2050. Canada's Nationally Determined Contribution (NDC) under the Paris Agreement aims to reduce GHG emissions by 30% by 2030.

A net zero by 2050 ambition should cover Imperial's total scope 1 emissions (i.e. direct emissions from the activities of an organization) and Scope 2 emissions (i.e. indirect emissions from electricity purchased and used by the organization).

Such long term ambition should be accompanied by interim targets (e.g., 2025, 2030, 2040). A strong climate strategy should also include a governance framework with board's oversight, expertise and training on climate-related issues, as well as linking executive compensation to any climate-related targets, in line with what the Task Force on Climate-related Financial Disclosures (TCFD) has recommended.

Given the material long-term business risks and opportunities associated with the low-carbon energy transition, Imperial Oil must provide more clarity on how it plans to reduce scope 1 and 2 emissions in line with our collective need to achieve net zero GHG emissions. We urge shareowners to vote FOR this proposal.

### Report on Net Zero Benchmark

#### Twitter

WHEREAS: The increasing rate and number of climate-related disasters affecting society is raising alarms within the executive, legislative, and judicial branches of government, making the corporate sector's contribution to climate mitigation a significant policy issue.

The Commodity Futures Trading Commission's Climate Related Risk Subcommittee recently issued a report finding that climate change poses a significant risk to, and could impair the productive capacity of, the U.S. economy.

Shareholders are increasingly concerned about material climate risk to both their companies and their portfolios and seek clear and consistent disclosures from the companies in which they invest.

In response to material climate risk, the steering committee of the Climate Action 100+ initiative (CA100+), a coalition of more than 500 investors with \$52 trillion in assets, issued a Net Zero Company Benchmark (Net Zero Benchmark) calling on carbon emitting companies to work toward reducing greenhouse gas (GHG) emissions to net zero, improving climate governance, and providing specific climate related financial disclosures.

The Net Zero Benchmark includes ten indicators of company alignment with the Paris Agreement including a statement of ambition to achieve net zero greenhouse gas emissions by 2050 for the Company's scope 1, 2, and applicable scope 3 emissions in alignment with the Paris 1.5 degree goal.

Failure to address such critical climate issues may have a negative effect on our Company's cost of capital and shareholders' financial returns. BlackRock notes that investment flows into "sustainable" and climate aligned assets will drive long term outperformance relative to companies perceived as having weaker sustainability characteristics.

Twitter discloses no GHG emissions data. The company states a goal for its current data centers to achieve 100 percent carbon neutral power by 2022, without defining "carbon neutral power." The company states it is offsetting current carbon emissions, but lacks clarity as to whether all Scope 1-3 emissions are being offset. Twitter is also lagging behind peers, many of which have made pledges, aligned with achieving net zero emissions by 2050. For example, Google pledged it will run entirely on carbon-free, not carbon neutral, energy at all times by 2030. Salesforce has validated its GHG targets through the Science-Based Targets Initiative.

Shareholders ask our Company to provide disclosure that satisfies the Net Zero Benchmark metrics to reduce material governance, financial, and regulatory risk, and materially increase the potential for strong financial performance.

BE IT RESOLVED: Shareholders request the Board of Directors issue a report, at reasonable expense and excluding confidential information, disclosing the Company's climate policies, performance, and improvement targets responsive to the indicators set forth in the Net Zero Benchmark, or any rationale for failure to adopt such metrics.

SUPPORTING STATEMENT: Proponents suggest, at Company discretion, the report provide:

- Scope 1, 2, and 3 GHG emissions data;
- Any targets to achieve net zero GHG emissions including all relevant emission scopes;
- Any climate performance targets incorporated into executive remuneration.

### **Quantitative Goals for Increasing Renewable Energy/Energy Efficiency**

Advance Auto Parts, Inc.

RESOLVED: Shareholders request that Advance Auto Parts (the “Company”), with oversight from the Board of Directors, issue a report describing if, and how, the company plans to reduce its total contribution to climate change. In the report, shareholders seek information on—among other things, at board and management discretion—the relative benefits and drawbacks of adopting quantitative and company-wide goals for increasing the Company’s use of renewable energy and energy efficiency (together, “clean energy”). The report should be issued within one year of the 2021 annual general meeting, be at reasonable cost and omit proprietary information.

Supporting Statement: The Intergovernmental Panel on Climate Change’s October 2018 report, *Global Warming of 1.5°C*, estimates that a 45% reduction in anthropogenic greenhouse gas (GHG) emissions globally is needed from 2010 levels by 2030 to avoid the worst impacts of climate change.

The Company has noted in its 2019 10K filing that “[l]aws enacted to reduce GHG that directly or indirectly affect our suppliers ... could adversely affect our business, financial condition, results of operations and cash flows.” Thus, adoption of time-bound, quantitative goals to increase use of clean energy and other GHG-reducing measures could serve as a practical step towards mitigating regulatory risks and saving energy costs.

Renewable energy sources like wind and solar have become some of the most cost effective ways to bring down GHG emissions and insulate the company from climate risks. In fact, some companies have entered into power purchase agreements with utilities to buy wind power because “[o]nshore wind is cheaper than new gas-fired plants for bulk electricity generation in most areas of the U.S.” according to the 2019 *Sustainable Energy in America Factbook* (Bloomberg). In addition, a 2018 report from Lawrence Berkeley National Laboratory found that corporate investments in improving energy efficiency cost about one-quarter the average cost of buying the same amount of grid electricity.

Unfortunately, the Company lacks specific goals for renewable energy or energy efficiency measures. A number of corporations have set emission reduction or clean energy goals to drive their decision-making and performance. Over 260 companies have made a commitment to adopting 100% renewable energy.<sup>1</sup> For instance, other retail companies such as Target and Walmart have committed to procure 100 percent renewable electricity. Walmart has set energy intensity improvement goals for both its operations and its supply chain. Walmart also plans to electrify its entire vehicle fleet by 2040, reducing emissions to zero. Best Buy has set a goal to reduce consumer GHG emissions 20% by 2030 through sales of energy-efficient products. All three companies have set ambitious GHG reduction goals.

Accordingly, we urge the Company to consider the benefits of setting goals to increase usage of clean energy and adopting other measures in order to take practical steps to reduce its contribution to climate change.

1. <https://www.there100.org/re100-members>

### **Quantitative Goals for Increasing Renewable Energy/Energy Efficiency** BioMarin

#### **Whereas:**

Climate change is an existential threat. Without a robust effort to curb greenhouse gas emissions, the pharmaceutical industry is likely to face significant systemic risks such as an increase in severe weather systems, infrastructure damage, reduced resource availability, lost productivity, and supply chain disruptions. Further, people with underlying health conditions, like the patients BioMarin Pharmaceutical (“BioMarin”) is dedicated to treating, may suffer disproportionately from climate change-induced weather such as increased incidents of heat waves.

As governments acknowledge the potential costs of a changing climate, they are moving to limit greenhouse gas emissions through such mechanisms as carbon taxes, emissions trading systems, and state or national emissions limits. This creates risk for the pharmaceutical industry. According to an analysis by McMaster University, the global pharmaceutical industry released more carbon emissions than the global automotive industry by a staggering 55% in 2015. Consequently, many pharmaceutical companies, identifying their exposure to this regulatory risk, have taken steps to adopt greenhouse gas emission reduction goals.

Companies that start addressing regulatory risk now, may be better positioned to meet future regulations at a lower capital investment. In California, where BioMarin’s headquarters and a major manufacturing facility are located, an executive order was signed in 2018 committing California to carbon neutrality by 2045. Similarly, a law was passed during the same year committing California to source 100% renewable energy, also by 2045.

While BioMarin has taken steps to mitigate its risk – through construction of solar panels and charging stations and purchase of renewable energy – investors lack insight into Company’s overarching reduction goals. In addition to setting a greenhouse gas reduction target, we believe it is best practice to adopt public-facing renewable energy procurement and energy efficiency improvement targets. Adoption of such targets makes good business sense. They indicate to investors that BioMarin has an overall plan to manage climate risk, and increased renewable energy usage and improved energy-efficiency can also reduce operating costs and hedge against a future rise in fossil fuel prices.

Given the impact of climate change on the economy, the environment, and vulnerable human populations, proponents believe BioMarin has a clear responsibility to its investors to account for whether, and how, it plans to reduce its ongoing climate impacts.

#### **Resolved:**

Shareholders request that BioMarin issue a public report, at reasonable cost and omitting proprietary information, describing if, and how, it plans to reduce its total contribution to climate change and set public-facing greenhouse gas reduction, renewable energy, and energy efficiency targets.

#### **Supporting Statement:**

In the report shareholders seek information, among other issues at board and management discretion, on the relative benefits and drawbacks of integrating the following actions:

Quantifying BioMarin’s greenhouse gas emissions for direct (Scope 1) and indirect (Scope 2) emissions,

- Adopting short- and long-term greenhouse gas emissions reduction targets that are aligned with the Paris Agreement,
- Developing a public-facing plan for achieving its GHG targets,
- Adopting public-facing renewable energy and energy efficiency targets.



## Corporate Governance

Sound corporate governance structures serve as the bedrock for healthy, long-term financial performance, creating value for all stakeholders. Key pillars of good corporate governance supported by ICCR members include access to the proxy, separation of the roles of CEO and Chairman for improved accountability, reducing pay disparities, executive compensation packages tied to long-term performance goals, equitable vote counting methods, and protocols for annual general meetings (AGMs) of shareholders.

AGMs in particular are an important venue for enforcing corporate accountability—they are the one time in the year when CEOs and the board are obligated to present themselves to their shareholders and submit to their questions. The COVID-19 pandemic forced most companies to abandon in-person 2020 AGMs and switch to a virtual format; we will be watching the unfolding 2021 season closely, as it will likely once again be heavily or completely virtual.

Our members filed 23 corporate governance resolutions in 2021: half of these emphasized the importance of independent board chairs. This year also saw three resolutions calling for worker pay to be taken into consideration when setting executive compensation. One resolution called

### Corporate Governance 23

Proposal Topic	Quantity
For the full list of investors who filed these resolutions, see p. 213.	
Independent Board Chair	11
Worker Pay in Executive Compensation	3
Give Each Share an Equal Vote	3
Include Non-Management Employees on the Board	2
Change Company Management Systems to Implement BRT Statement of Purpose	1
Executive Pay and Sustainability Metrics	1
Hourly Associate on Board of Directors	1
Shareowners Right to Call Special Meeting	1

for changing company management systems to implement the Business Roundtable (BRT) statement of purpose and another three resolutions called for hourly associates and non-management employees to serve on the board of directors.

In addition, four of this year’s health resolutions strongly emphasized corporate governance themes, including board oversight of risks related to the opioid crisis; incorporating drug pricing risk into senior executive incentives; and executive bonus deferral due to risky behavior by companies regarding opioids. These proposals are discussed in detail in the Health section. (See page 136.)





This year the United Steelworkers (USW) has filed a proposal at 3M requesting that the Compensation Committee take into consideration the pay grade and/or salary ranges of all employees when setting target amounts for CEO compensation.

The issues of economic disparity and human capital management have been under the spotlight during the coronavirus pandemic when essential workers face health risks to provide much needed goods and services — such as 3M’s essential workers who manufacture personal protective equipment and other medical supplies.

When determining CEO compensation, a system that uses peer group benchmarks of what other CEOs are paid without taking into account the pay grades or salary ranges of all employees tends to result in CEO pay inflation. A 2016 MSCI study found that, on average, companies with higher pay disparities had lower labor productivity.

3M CEO’s 2019 total compensation was \$18,321,566 while its median employee made \$57,494 — a 319 to 1 ratio. Workers at 3M’s manufacturing facilities in St. Paul and Fairmont, Minnesota, received a 2.4% wage increase in 2019, while the CEO’s total compensation increased by 8%.

The “S” in ESG deserves more emphasis moving forward, especially as it pertains to executive and employee compensation. We believe a more responsible and rounded approach to executive and employee compensation gives companies a competitive advantage to attract and retain talent at all levels of the organization.

**Katrina Fitzgerald, Shareholder Advocate—  
United Steelworkers**

### Independent Board Chair

Numerous institutional investors, including Glass Lewis, agree that companies are best served by an independent Board Chair who can provide oversight and accountability, including over ESG risks. According to ISS, “the past decade has witnessed a significant rise in the number of companies with independent Chairs and a corresponding decline in the prevalence of the combined roles of CEO-Chair.”

This year ICCR members filed resolutions calling for 11 companies to either adopt a policy or amend their bylaws to require that the Chair of the Board be an independent member. Recipient companies include **Amazon, Chevron, Exxon Mobil and Facebook**. The **Amazon** proposal cited concerns regarding the company’s surveillance technology, its workplace safety practices related to COVID-19, warehouse injuries, and community relations. The **Exxon** proposal cited the company’s numerous and significant climate-related missteps.

Investors in pharmaceutical companies filed independent board requests at **AbbVie, Bristol-Myers Squibb, Eli Lilly, Gilead Sciences, and Johnson & Johnson**. The **AbbVie** resolution cited the company’s patent/anticompetitive litigation. **Bristol-Myers’s** cited the company’s opioid lawsuits and underpayment of Medicaid rebates. **Johnson & Johnson’s** cited the company’s opioid lawsuits.

### Worker Pay in Executive Compensation

The ratio of CEO pay to average worker pay has soared dramatically in the past few decades, from 35 to 1 in 1979, to 248 to 1 in 1998. By 2019, the average S&P 500 CEO made 264 times that of their median employee. The current system of determining CEO compensation—which does not factor in the pay of average company employees—has led to glaring inequality between the average workers who produce value for shareholders and the economy, and CEOs.

ICCR members this year asked **3M, Burlington Stores** and **TJX** to take into consideration the pay grades and/or salary ranges of all classifications of company employees when setting targets for CEO compensation.



### Hourly Associate/Non-Management Employee on the Board of Directors

There is growing recognition that the presence of hourly employees on corporate boards can help drive companies' long-term sustainability; research by the National Bureau of Economic Research indicates that giving workers formal control rights raises capital formation and increases female representation. In addition, several European countries already require employee representation on boards.

Noting that the company has been widely criticized for mistreating its workers—including via unsafe working conditions, anti-union activities, and low pay that forces employees to rely on food stamps, investors asked **Amazon** to adopt a policy of promoting employee participation in corporate decision-making by requiring that the initial list of candidates from which new board nominees are chosen include hourly associates. **Boston Scientific** and **Stryker** also received similar resolutions calling on them to include non-management employees on their boards.

### Hourly Associate on Board of Directors

Amazon.com, Inc

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

**WHEREAS:** There is growing consensus that the employees on corporate boards can contribute to the long-term sustainability of a company.

Policymakers have noted that maintaining the status quo of corporate governance contributes to “stagnant wages, runaway executive compensation and underinvestment in research and innovation.”<sup>1</sup> The business community makes similar observations: the Business Roundtable, which counts Amazon among its members, recently announced that it is reevaluating the purpose of a corporation to align with stakeholders’ interests and to generate shared prosperity for business and society, because investing in employees and communities offers “the most promising way to build long-term value.”<sup>2</sup>

New research suggests that employee representation grows the value of a company in several ways. According to the National Bureau of Economic Research, giving workers formal control rights raises capital formation and increases female representation.<sup>3</sup> In Germany, the “co-determination” model of shared governance has been lauded as a check against short-termist capital allocation practices.<sup>4</sup>

Legislators are supportive of this notion as well. Nearly one-third of Senate Democrats support an initiative led by Senators Tammy Baldwin<sup>5</sup> and Elizabeth Warren which would codify employee representation on boards, as they acknowledge that modern corporate governance needs to be accountable to and inclusive of a wider array of interests, notably employees.<sup>6</sup> Additionally, polling demonstrates substantial public support (over 53%) across party lines for employee representation.<sup>7</sup> The UK recently adopted a rule mandating that boards engage with employees to enhance worker voice in the boardroom, which may include appointing a non-executive employee as director.<sup>8</sup>

The Amazon board lacks representation from the hourly Associates who thoroughly understand the company’s daily operations. Women and racial minorities, which constitute a large percentage of Amazon’s hourly associates, are also comparatively underrepresented at the board level, which remains predominantly male and white.<sup>9</sup> Amazon has been publicly excoriated for mistreating workers—including criticism over dehumanizing working conditions, anti-union activities, and placing significant strain on taxpayers by forcing their employees to rely upon food stamps.<sup>10</sup> Employees have described workplace conditions as “hellish.”<sup>11</sup> Because protecting the company’s reputation and ability to retain its workforce factor heavily into shareholder value, the Board should ensure that it has worker representation so that it may assess and address these risks directly.

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

1. <https://www.nytimes.com/2019/01/06/opinion/warren-workers-boards.html>
2. <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>
3. <http://economics.mit.edu/files/17273>
4. <https://prospect.org/labor/codetermination-difference/>
5. <https://www.baldwin.senate.gov/>
6. <https://www.wsj.com/articles/companies-shouldnt-be-accountable-only-to-shareholders-1534287687>  
<https://www.baldwin.senate.gov/press-releases/reward-work-act-2019>
7. <https://www.dataforprogress.org/blog/2018/12/14/employee-governance>
8. <https://www.pinsentmasons.com/out-law/analysis/corporate-governance-employee-voice-workplace-reporting>
9. <https://www.seattletimes.com/business/amazon/amazon-more-diverse-at-its-warehouses-than-among-white-collar-ranks/>
10. [https://d3n8a8pro7vnmx.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats\\_Wrong\\_With\\_Amazon\\_-\\_website.pdf?1543959297](https://d3n8a8pro7vnmx.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats_Wrong_With_Amazon_-_website.pdf?1543959297);  
<https://time.com/5629233/amazon-warehouse-employee-treatment-robots/>;
11. <https://nypost.com/2019/07/13/inside-the-hellish-workday-of-an-amazon-warehouse-employee/>

### **Include Non-Management Employees on the Board**

#### **Stryker**

*A similar resolution was submitted to Boston Scientific.*

#### **WHEREAS:**

In 2019, the Business Roundtable, an association of chief executive officers of America's leading companies, issued a new Statement on the Purpose of a Corporation which emphasized "a fundamental commitment to all of our stakeholders" including employees. Stryker's CEO signed this statement;

Coupled with a worldwide increased interest in environmental and social considerations, this new focus on "stakeholder capitalism" can be understood to imply that a company's fiduciaries must address or reflect the interests of all stakeholders;

However, observers have struggled to find evidence that signatories have used the Statement to revise corporate policies or actions. Recently, JUST Capital found that "while 72% of respondents believe corporate leaders are serving shareholders well, only 47% believe they're having a positive impact on the financial well-being of their workers";

In 2018, the Accountable Capitalism Act was introduced into the U.S. Congress to combat "America's fundamental economic problems" such as companies' failure to reinvest proceeds in their operations, including employees. The Act would require that "boards ... include substantial employee participation ... ensur[ing] that no fewer than 40% of [a board's] directors are selected by the corporation's employees";

Furthermore, the World Economic Forum has stated that "[i]ssues that were previously considered secondary for CEOs and boards – matters once handled by companies' stakeholder-relations, philanthropy, and information-technology departments – have become important determinants of firms' capacity to create and sustain economic value ... The talent and motivation of a firm's workforce, an innovative corporate culture, individual know-how, and data all are becoming increasingly important sources of value";

Proponents believe that our company can work to fulfill its commitment to the Roundtable's Statement and advance long-term value creation through a board that includes non-management employee involvement in company governance.

**RESOLVED:** Shareholders of Stryker Corporation urge the Board of Directors to prepare a report to shareholders describing any benefits to the company related to employee participation in company governance.

**SUPPORTING STATEMENT:** The report should be prepared within one year, at reasonable cost and excluding proprietary and privileged information. The Board is encouraged to assess:

- Potential benefits and efficiencies associated with board membership of non-management employees;
- Comparison of pros and cons of board participation against other options for employee participation in governance such as employee councils, joint labor-management committees, or labor unions;
- Procedures through which non-management employees could gain nomination to the board, such as allocation of board slots, special nomination processes, building upon the existing proxy access provision, and/or changes to corporate articles of incorporation or bylaws that might help accomplish such changes;
- Any legal, technical, practical, or organizational impediments to non-management employees gaining board seats.

For purposes of this proposal, the term "non-management employees" should be understood to be employees that are neither management nor company executives.

### **Worker Pay in Executive Compensation**

#### **TJX Companies, Inc.**

*A similar resolution was submitted to Burlington Stores Inc.*

RESOLVED: Shareholders of The TJX Companies, Inc. (the “Company”) request that the Executive Compensation Committee (the “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. 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: This proposal encourages the Committee to consider whether the CEO’s compensation is internally aligned with the Company’s pay practices for its other employees. Under this proposal, the Committee will have discretion to determine how other employees’ pay should influence CEO compensation. This proposal does not require the Committee to use employee pay data in a specific way to set CEO compensation.

This proposal is not a request for new disclosures. Rather, it is a suggested improvement and enhancement to the Committee’s process for setting target amounts for the CEO’s compensation. Under this proposal, how the Committee would consider employee compensation is within its discretion. The Committee also retains authority to use peer group data or any other relevant information when setting CEO pay targets.

Like at many companies, the Committee has used peer group benchmarks of what other companies pay their CEOs to set its target CEO pay. To ensure that the Company’s CEO compensation is reasonable relative to the Company’s overall employee pay philosophy and structure, we believe that the Committee should also consider the pay grades and/or salary ranges of all Company employees when setting CEO compensation target amounts.

Over time, using peer group benchmarks as the primary measure to set CEO compensation targets 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. (Elson and Ferrere, “Executive Superstars, Peer Groups and Overcompensation,” *Journal of Corporation Law*, Spring 2013).

According to one study, labor productivity as measured by sales per employee was lower for companies with higher pay ratios. (Block, “Income Inequality and the Intracorporate Pay Gap,” MSCI, April 2016). Another study found high pay ratios can negatively affect consumer purchases. (Mohan et al., “Consumers Avoid Buying From Firms With Higher CEO-to-Worker Pay Ratios,” *Journal of Consumer Psychology*, April 2018).

High pay disparities between CEOs and other senior executives can undermine collaboration and teamwork. High levels of CEO pay can also negatively affect the morale and productivity of non-senior executive employees. In 2020, the International Corporate Governance Network concluded that “executive pay policy should reflect the experience of the overall workforce...”

The Company reports that it paid its median employee \$12,006 in fiscal 2020. In its 2019 CSR Report, it reports 78% of its global workforce is female and 57% of its U.S. workforce is people of color.

### **Worker Pay in Executive Compensation**

#### **3M Company**

**RESOLVED:** Shareholders of 3M Corporation (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).

The current system of using peer group benchmarks, without taking into account the pay grades or salary ranges of all company employees, when determining CEO compensation has had the effect of CEO pay far outpacing that of average employees. In 2019, the average S&P 500 CEO made 264 times that of their median employee. For our Company, the CEO/median employee ratio calculated in 2019 was 319 to 1.

According to the 2006 report *The State of Working America* the ratio of CEO pay to average worker pay has risen from 35 to 1 in 1979, to 71 to 1 in 1989, to 248 to 1 in 1998. The current system of determining CEO compensation without taking into account the pay of average company employees has led to glaring inequality between the workers who make our company what it is and the person who sits at the top. For those reasons, we urge you to vote in favor of this proposal.

### Independent Board Chair

#### Amazon.com, Inc

RESOLVED: Shareholders of Amazon.com Inc (“Amazon” or the “Company”) urge the Board of Directors (the “Board”) to adopt a policy to require that the Chair of the Board shall be an independent director who has not previously served as an executive officer of the Company.

This policy should be implemented so as not to violate any contractual obligations, with amendments to the Company’s governing documents as needed. The policy should also specify the process for selecting a new independent Chair if the current Chair ceases to be independent between annual meetings of shareholders. Compliance with the policy may be excused if no independent director is available and willing to be Chair.

#### Supporting Statement:

Amazon’s Chief Executive Officer (CEO) Jeff Bezos also serves as Board Chair. We believe the combination of these two roles in a single person weakens a corporation’s governance, which can harm shareholder value. The Board’s oversight of management can be diminished when the Chair is not an independent director.

According to Institutional Shareholder Services, “the past decade has witnessed a significant rise in the number of companies with independent Chairs and a corresponding decline in the prevalence of combined CEO-Chairs.”<sup>1</sup> In 2019, 34 percent of S&P 500 companies had an independent Chair, up from 31 percent in the previous year and 16 percent in 2009.<sup>2</sup>

According to Glass Lewis, “shareholders are better served when the board is led by an independent chairman who we believe is better able to oversee the executives of the Company and set a pro-shareholder agenda without the management conflicts that exists when a CEO or other executive also serves as chairman.”<sup>3</sup>

An independent Chair will be particularly useful at Amazon to provide more robust oversight of risk, including on environmental, social, and governance issues. An independent Chair will strengthen the ability of the Board to provide objective feedback to the CEO and enhance management accountability.

Amazon has faced increasing criticism over its relationships with key constituencies, such as small businesses,<sup>4</sup> workers,<sup>5</sup> and communities in which it operates.<sup>6</sup> Amazon has also been criticized regarding workplace safety practices related to COVID-19<sup>7</sup> and warehouse injuries.<sup>8</sup> The Company’s surveillance technology has provoked concerns.<sup>9</sup> The Company has also been criticized regarding gender<sup>10</sup> and racial<sup>11</sup> diversity.

These controversies and operating challenges may have resulted from Amazon’s rapid growth, but they threaten to damage our Company’s corporate reputation and financial performance. An independent Chair would more likely result in improved policies and practices to mitigate these business risks.

1. <https://www.issgovernance.com/library/independent-board-leadership-matters/>

2. [https://www.spencerstuart.com/-/media/2019/ssbi-2019/us\\_board\\_index\\_2019.pdf](https://www.spencerstuart.com/-/media/2019/ssbi-2019/us_board_index_2019.pdf)

3. <https://www.glasslewis.com/wp-content/uploads/2016/03/2016-In-Depth-Report-INDEPENDENT-BOARD-CHAIRMAN.pdf>

4. <https://www.yalelawjournal.org/note/amazons-antitrust-paradox>; [https://ilsr.org/amazons\\_tollbooth/](https://ilsr.org/amazons_tollbooth/)

5. <https://www.vice.com/en/article/5dp3yn/amazon-leaked-reports-expose-spying-warehouse-workers-labor-union-environmentalgroups-social-movements>;

<https://www.vox.com/recode/2020/10/6/21502639/amazon-union-busting-tracking-memo-spoc>

6. <https://www.nytimes.com/2019/02/14/opinion/amazon-hq2-new-york.html>;

<https://www.theatlantic.com/business/archive/2018/02/amazon-warehouses-poor-cities/552020/>

7. <https://www.nytimes.com/2020/05/07/technology/amazon-coronavirus-whistleblowers.html>

8. <https://www.revealnews.org/article/how-amazon-hid-its-safety-crisis/>

9. <https://www.washingtonpost.com/technology/2019/11/19/police-can-keep-ring-camera-video-forever-share-with-whomevertheyd-like-company-tells-senator/>;

<https://www.nytimes.com/2020/11/27/opinion/amazon-halo-surveillance.html>

10. <https://www.nytimes.com/2017/10/20/technology/amazon-sexual-harassment.html>

11. <https://www.nytimes.com/2020/06/24/technology/amazon-racial-inequality.html>



### **Independent Board Chair**

#### **Johnson & Johnson**

*Similar resolutions were submitted to Bristol-Myers Squibb Company and AbbVie.*

RESOLVED: Shareholders request the Board of Directors adopt as policy, and amend the bylaws as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, be an independent member of the Board. This independence policy shall apply prospectively so as not to violate any contractual obligations. 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.

This policy would be phased in for the next CEO transition.

#### **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 have an inside director act as Chair.

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. Taking this step is in the long-term interests of shareholders and will promote effective oversight of management.

As of March 2020, approximately 33% of S&P 500 firms had an independent chair. ISS reported in September 2020 that 85 percent of investors responding to its policy survey indicated that an independent chair is their preferred model.

In August 2019 a judge in Oklahoma found as a factual matter that Johnson & Johnson had intentionally played down the dangers and oversold the benefits of opioids. The judge also concluded that the company broke Oklahoma's public nuisance law, finding that had it had developed "false, misleading, and dangerous marketing campaigns" that had "caused exponentially increasing rates of addiction, overdose deaths" and babies born exposed to opioids.

In September 2020 New York filed civil charges against the company alleging that it played a leading role in "originating, supplying, facilitating, and actively creating a dangerous market for opioids for chronic pain treatment."

The company's recent controversies also extend to claims that its talcum powder contained asbestos and caused cancer. In May 2020 the company announced discontinued production of its talc-based baby powder in the United States and Canada. However, in a July 2020 op-ed, the National Women's Health Network took the company to task for continuing to sell talc-based baby powder abroad, "which means, this product will continue to impact Black and Brown communities, particularly in places like Africa, where it has operations in South Africa, Ghana, and Kenya, and in Brazil, which is home to all three of its business segments."

In order to ensure that our Board can provide rigorous oversight for our Company with greater independence and accountability, we urge a vote FOR this shareholder proposal.

### **Independent Board Chair**

#### **Exxon Mobil Corporation**

**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:**

The supporting statement provides additional detail and rationale supporting the resolution.

#### **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 independent 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 a separate independent Board Chair who provides 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 and the number of companies separating these roles is growing.

With the unprecedented climate change challenges facing global energy companies as they face important transitions to a low carbon economy, it is important to ensure our company's governance is the best it can be, and the board is empowered to provide strong direction and leadership. Exxon Mobil and the industry faces numerous and significant climate related challenges from decisions about developing new oil and gas fields for the market to revising its climate related lobbying.

This resolution to Exxon Mobil received a vote in support of approximately 41% in 2019 and 33% in 2020, a significant showing. To simplify the transition, this new policy would be phased in when a next CEO is chosen.

### **Independent Board Chair**

#### **Eli Lilly and Company**

RESOLVED, Eli Lilly (“Lilly” or the “Company”) shareholders request the Board of Directors adopt as policy (the “Policy”), and amend the bylaws as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, be an independent member of the board. The Policy shall apply prospectively so as not to violate any contractual obligations. 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. This policy would be phased in for the next CEO transition.

#### **Supporting Statement**

In 2018, the Minnesota Attorney General sued three makers of synthetic insulin, including Lilly, alleging that the companies’ publication of “deceptive and misleading” list prices for insulin violates federal and state law. According to the complaint, substantial list price increases for insulin have imposed financial burdens on patients because list prices are used to determine the amount some patients and institutional purchasers must pay. Congressional hearings have been held on the rising cost of insulin, and media attention continues to focus on the effects of high insulin prices, including patient deaths.

The risk of lawsuits, sustained public controversy and regulatory intervention, whether ultimately found to be justified or not, are strong arguments for the need for continuous, effective and unconflicted board oversight of corporate management. The board is responsible for this oversight, but conflicts of interest may arise when one person holds both the Chair and CEO positions. 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. We believe that Lilly’s board should adopt best practice governance policies, including having an independent board chair.

We believe:

The role of the CEO and management is to run the company;The role of the board is to provide independent oversight of management and the CEO;There is an inherent conflict of interest when the same person occupies both the role of CEO and Chair.

According to PWC’s 2019 survey of over 700 directors, 57% of directors surveyed who sit on a board with a combined Chair/CEO say it is difficult to voice dissent—a 37% higher result than on boards with an independent Chair.

33% of companies in the S&P 500 have an independent Chair. Numerous institutional investors recommend such a move. For example, California’s Retirement System CalPERS’ Principles & Guidelines encourage separation, even with a lead director in place. The Council of Institutional Investors’ corporate governance policies favor independent board chairs.

In order to ensure that our board can provide rigorous oversight for our Company and management with greater independence and accountability, we urge a vote FOR this shareholder proposal.

### **Independent Board Chair**

#### **Gilead Sciences, Inc.**

**RESOLVED:** Gilead Sciences (“Gilead” or the “Company”) shareholders request the Board of Directors adopt a policy (the “Policy”), and amend the bylaws as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, be an independent member of the board. The Policy shall apply prospectively so as not to violate any contractual obligations. 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 our board of directors should be chaired by an independent director. A chair is better positioned to represent shareholder interests when the role is held by a director that is independent of corporate management. The Company’s recent performance relative to peers as well as controversies involving the pricing of its products makes this an opportune time to adopt a policy requiring an independent director serve as board chair. At our Company, the CEO Daniel O’Day also serves as Chairman of the Board. Shareholders manifested opposition to Gilead’s executive pay at the 2020 annual general meeting, where 16.3% voted against the advisory vote on executive compensation. Proxy advisor ISS found a misalignment in pay for performance with Gilead underperforming its peer group on a one, three and five year basis while compensating its CEO well above the peer median.

On September 23, 2020, the Department of Justice reported that Gilead agreed to pay \$97 million to resolve allegations that it violated the False Claims Act by paying kickbacks. Eleven State Treasurers have questioned Gilead on price gouging on its Remdesivir anti-viral during a global pandemic.

The current Lead Independent Director, Kevin Lofton, is not a sufficient substitute for an independent Chair. Mr. Lofton appears overstretched with directorships at two other Fortune 500 companies (Rite Aid and Medtronic) and several non-profit boards. We also question Mr. Lofton’s independence after serving on the board for over 11 years.

An independent chair is a fundamental corporate governance best practice and is preferred by many investors. ISS reported in September 2020 that 85 percent of investors responding to its policy survey indicated that an independent chair is their preferred model. Thirty-four percent of S&P 500 boards have an independent chair, according to a 2019 Spencer Stuart report, up from 31 percent the previous year. The Council of Institutional Investors’ corporate governance policies favor independent board chairs. A similar proposal filed with Gilead last year saw significant support with a vote in favor of 43.39%.

In order to ensure that our Board can provide rigorous oversight for our Company with greater independence and accountability, we urge a vote FOR this shareholder proposal.

### **Independent Board Chair** **Southern Copper**

**RESOLVED:** Shareholders of Southern Copper Corporation (the “Company”) urge the Board of Directors (the “Board”) to take the steps necessary to adopt a policy to require that the Chair of the Board (the “Chair”), whenever possible, be an independent member of the Board. This independence policy shall apply prospectively so as not to violate any contractual obligations. The policy should also specify the process for selecting a new independent Chair if the current Chair ceases to be independent between annual meetings of shareholders. Compliance with the policy may be excused if no independent director is available and willing to be Chair.

**Supporting Statement:** In our view, the Chair should be an independent director, who has not previously served as an executive of the Company, in order to provide robust oversight and accountability of management and to facilitate effective deliberation of corporate strategy.

The appointment of an independent board chair has become a more common practice in recent years. In 2019, 34 percent of S&P 500 boards were chaired by an independent director, compared to 16 percent in 2009.<sup>1</sup> The Company’s Chair German Larrea Mota-Velasco is a non-independent member of the Board. Grupo Mexico S.A.B. de C.V. (“Grupo Mexico”) beneficially owns more than 50 percent of the Company’s voting stock. German Larrea Mota-Velasco serves as President and CEO of Grupo Mexico. German Larrea Mota-Velasco also serves as a non-independent member of the Board’s Compensation and Corporate Governance committees. He previously served as the Company’s CEO until 2004.

In our opinion, an independent Chair will increase investor confidence in our Company and support enhanced oversight of the Company’s executive officers. The Board is responsible for monitoring the executive officers’ performance and providing objective guidance to the executives. Having a non-independent Chair has the potential to weaken the Board’s independent oversight. We also believe that an independent Chair will enhance the independence and objectivity of the Board in reviewing the Company’s various related party transactions with Grupo Mexico.

According to Institutional Shareholder Services, “boards with independent leadership (either via an independent Chair or a Lead Director) are more likely to be more diverse, have a more balanced tenure, are more responsive to shareholders, while their CEO pay levels are less likely to be excessive relative to peers.”<sup>2</sup> According to Glass Lewis, “shareholders are better served when the board is led by an independent chairman who we believe is better able to oversee the executives of the Company and set a pro-shareholder agenda without the management conflicts that exists when a CEO or other executive also serves as chairman.”<sup>3</sup>

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

1. 2019 U.S. Spencer Stuart Board Index, Spencer Stuart, 2019, available at [https://www.spencerstuart.com/-/media/2019/ssbi-2019/us\\_board\\_index\\_2019.pdf](https://www.spencerstuart.com/-/media/2019/ssbi-2019/us_board_index_2019.pdf)

2. Independent Board Leadership Matters: Evidence from Governance Practices, Institutional Shareholder Services, November 9, 2018, available at <https://www.issgovernance.com/library/independent-board-leadership-matters/>

3. In-Depth: Independent Board Chairman, Glass Lewis, March 2016, available at <https://www.glasslewis.com/wp-content/uploads/2016/03/2016-In-Depth-Report-INDEPENDENT-BOARD-CHAIRMAN.pdf>

### **Independent Board Chair**

#### **Chevron Corp.**

RESOLVED: Shareholders request the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require that whenever possible the Chair of the Board of Directors be an independent member of the Board. This policy would phase in for the next CEO transition. If the Board determines that a Chair who was independent when selected is no longer independent, within a reasonable period it shall select a new Chair who satisfies the requirements of this policy. Compliance with this policy can be waived if no independent director is available and willing to serve as Chair. Supporting Statement: We believe that inadequate board oversight has led to management mishandling of a number of issues, which has increased both risk and cost to stockholders.

For example, Chevron mishandled risk related to an ongoing legal effort by communities in Ecuador to enforce a \$9.5 billion judgment 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. In 2018, Ecuador's Constitutional Court unanimously confirmed a \$9.5 billion judgment against Chevron.

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

As well, investors are concerned that Chevron has not adequately addressed climate change—a massive risk that is already manifest and set to intensify over time via regulation, energy price swings, and growing uncertainty around the value of fossil fuel reserves. Chevron has published a climate risk scenario report and attempted to reduce capital spending; however, investor concerns remain because:

- Of Chevron's December 2019 announcement of a \$10 billion+ write-down on the value of its assets.
- Climate-related tort claims and similar litigation against Chevron are mounting.
- Chevron's climate risk reports have downplayed significant factors, such as potential competition from low-carbon energy technologies.
- Chevron has supported lobbying and trade associations that spread dis-information on climate science and policy, such as the American Legislative Exchange Council ("ALEC") and the American Petroleum Institute ("API").

In addition, inadequate board attention could intensify ongoing risks and controversies related to global operations—such as renewed attacks on Chevron's Nigeria assets in 2016, controversy over operations in Myanmar (given United Nations reports of genocide and crimes against humanity committed by the Burmese army against the Rohingya and other ethnic minorities in Burma), and a landmark enforcement action against Chevron for alleged tax evasion in Australia.

An independent Chair would improve oversight of management, and the attention paid to long-range risks such as those noted above.

THEREFORE: Please vote FOR this common-sense governance enhancement.

### **Independent Board Chair**

#### **PPG Industries, Inc.**

**RESOLVED:** Shareholders request the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require that whenever possible the Chair of the Board of Directors be an independent member of the Board. This policy would phase in for the next CEO transition. If the Board determines that a Chair who was independent when selected is no longer independent, within a reasonable period it shall select a new Chair who satisfies the requirements of this policy. Compliance with this policy can be waived if no independent director is available and willing to serve as Chair.

**WHEREAS:** The role of the Board of Directors is to provide independent oversight of management and the CEO. Michael McGarry has served as PPG's CEO since 2015 and the Chairman since 2016. Charles Bunch previously served in both roles from 2005 to 2015. S&P 500 companies are increasingly separating the roles, which strengthens corporate governance by enabling independent oversight and reducing conflicts of interest.<sup>1</sup>

Proponents believe that the Board has underprioritized oversight of effective management of human rights risks and community impacts, resulting in increased risks and costs to shareholders.

The manufacturing of paints and coatings presents risks to human health and the environment by exposing workers and communities to toxic substances. Human rights risks are also present in PPG's supply chain, such as child labor in mica mining.

Many of PPG's inputs are associated with occupational health risks. Working with epoxies, resins, and solvents may increase risks of adverse reproductive effects, and titanium dioxide is a possible carcinogen.<sup>2</sup> PPG faces human capital management risks, including facing a consumer boycott by a labor union due to concerns that PPG's web-based contracting service "threatens wages, standards, and benefits of the painting industry."<sup>3</sup>

PPG's history of pollution has resulted in harm to communities, legal action, financial penalties, and reputational damage. PPG is responsible for paying \$367 million to clean up industrial waste from a New Jersey chromium plant and a \$5 million settlement to impacted property owners.<sup>4</sup> In 2019, PPG paid a \$1.2 million penalty for environmental violations and is responsible for cleaning up toxic discharges from a glass plant in Pennsylvania.<sup>5</sup>

PPG's supply chains for commodities like mica present significant human rights risks, such as dangerous working conditions, child labor, and health risks.<sup>6</sup> The COVID-19 pandemic has deprived mica mining communities of their primary income stream due to lockdowns and decreased demand of mica-containing products like automotive paints.<sup>7</sup>

PPG has a Global Code of Ethics and Supplier Code of Conduct. While its Board Audit Committee and Technology and Environment Committee oversee compliance with these Codes, the severity of PPG's actual and potential human rights impacts in its operations and supply chain warrant increased Board oversight of human rights risks management.

1. <https://www.wsj.com/articles/more-u-s-companies-separating-chief-executive-and-chairman-roles-11548288502>

2. <https://www.cdc.gov/niosh/topics/repro/specifcexposures.html> ; <https://www.cdc.gov/niosh/idlh/13463677.html>

3. <https://www.post-gazette.com/business/career-workplace/2020/01/30/PPG-paints-boycott-painters-union-gig-economy-wages-Pittsburgh-wages-glidden-olympic/stories/202001300153> ; <https://boycottppg.com/>

4. <https://www.msn.com/en-us/news/us/ppg-responsible-for-dollar367-million-cleanup-cost-of-jersey-city-chromium-site-federal-appeals-court-says/ar-BB13HvaE> ; <https://www.nj.com/hudson/2020/10/ppg-industries-reaches-5-million-settlement-with-jersey-city-homeowners-over-chromium-contamination.html>

5. <https://www.post-gazette.com/business/pittsburgh-company-news/2019/04/02/PPG-settlement-pollution-glass-plant-Ford-City-Armstrong-County/stories/201904020121> ; <https://archive.triblive.com/local/valley-news-dispatch/judge-ppg-solely-liable-for-pollution-near-ford-city/>

6. [https://www.somo.nl/wp-content/uploads/2018/03/NL180313\\_GLOBAL-MICA-MINING-.pdf](https://www.somo.nl/wp-content/uploads/2018/03/NL180313_GLOBAL-MICA-MINING-.pdf) ; <https://www.somo.nl/child-labour-in-madagascars-mica-sector/>

7. <https://responsible-mica-initiative.com/responsible-mica-initiative-participates-in-emergency-response-to-mitigate-covid-19s-impact-on-mica-dependent-communities> ; <https://investor.ppg.com/news/news-details/2020/PPG-Reports-Record-Third-Quarter-2020-Financial-Results/default.aspx>

### **Give Each Share an Equal Vote**

#### **Facebook Inc**

**RESOLVED:** Shareholders request that our Board take all practicable steps in its control to initiate and adopt a recapitalization plan for all outstanding stock to have one vote per share. We recommend that this be done through a phase-out process in which the board would, within seven years or other timeframe justified by the board, establish fair and appropriate mechanisms through which disproportionate rights of Class B shareholders could be eliminated. 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 2019, Facebook was fined \$5 billion by the Federal Trade Commission for mishandling users' personal information. This followed a tumultuous year of scandals that has resulted in the loss of users, decline in user confidence, and included a one-day stock price drop that wiped off "more than \$119bn ... [from] Facebook's market value" in July 2018.

Election scandals have continued to threaten company value. The Brennan Center for Justice notes that "Facebook has been criticized by many, including 200 of its own employees, for its lax position on political lies. And it has been blasted for its role in Russia's misinformation campaign during the 2016 election. In 2018, Facebook paid a \$200,000 settlement to the state of Washington for flouting the state's election laws, which require the social media giant to be more transparent about who is buying ads on its platform."

The Proponents believe that management and Board decisions are responsible for the public scandals that have threatened or caused losses in shareholder value.

With its unequal voting structure, our company takes public shareholder money but does not provide all shareholders equal voice in company governance, and therefore severely limits shareholders' ability to provide effective feedback to management and the board. Founder Mark Zuckerberg controls over 53% of the vote, though he owns less than 13% of the economic value of the firm.

Without equal voting rights, shareholders cannot hold management accountable. This is exemplified by the 2016 attempt by Facebook to create a non-voting class of stock even though almost 1.5 billion shares of stock voted AGAINST its creation.

Facebook's 10-K describes the risk of the current share system: "Mr. Zuckerberg is entitled to vote his shares ... in his own interests, which may not always be in the interests of our stockholders generally."

The Council for Institutional Investors (CII) recommends a seven year phase-out of dual class share offerings. The International Corporate Governance Network supports CII's recommendation "to require to a time-based sunset clause for dual class shares to revert to a traditional one-share/one-vote structure no more than seven years after a company's IPO date."

Fake news, election interference, and threats to our democracy—shareholders need more than deny, deflect, and delay from our Company's management. We urge shareholders to vote FOR a recapitalization plan for all outstanding stock to have one vote per share.



### Give Each Share an Equal Vote

Alphabet, Inc

#### RESOLVED:

Shareholders request that our Board take all practicable steps in its control to initiate and adopt a recapitalization plan for all outstanding stock to have one vote per share. We recommend that this be done through a phase-out process in which the board would, within seven years or other timeframe justified by the board, establish fair and appropriate mechanisms through which disproportionate rights of Class B shareholders could be eliminated. 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 multi-class voting structure, Class B stock has 10 times the voting rights of Class A. As a result, Mr. Page and Mr. Brin currently control over 51% of our company's total voting power while owning less than 12% of stock – and will continue to do so even though they have stepped down from leading our company. This raises concerns that the interests of public shareholders may be subordinated to those of our co-founders.

Due to this voting structure, our company takes public shareholder money but refuses shareholders an equal voice in our company's management. For example, it was primarily the weight of the insiders' 10 votes per share that permitted the creation of a non-voting class of stock (class C) despite the fact that the "majority of [shareholders] voted to oppose the maneuver." *The New York Times* reported that "only about 12.7 percent of Google's Class A stockholders — other than Mr. Brin, Mr. Page and other Google directors and employees — voted in support of issuing the Class C stock ... With little regard for the shareholders' opinion, Google continued with the plan."

A variety of corporate governance experts illustrate a growing concern about multi-class share structures:

- As of July 2017, the S&P Dow Jones Indices announced that certain indices will no longer add companies with multiple share class structures;
- The Council for Institutional Investors (CII) recommends a seven year phase-out of dual class share offerings. The International Corporate Governance Network supports CII's recommendation "to require to a time-based sunset clause for dual class shares to revert to a traditional one-share/one-vote structure no more than seven years after a company's IPO date."
- The International Corporate Governance Network supports CII's recommendation "to require to a time-based sunset clause for dual class shares to revert to a traditional one-share/one-vote structure no more than seven years after a company's IPO date."
- The Investor Stewardship Group recommends that "shareholders should be entitled to voting rights in proportion to their economic interest" and "boards should have a strong, independent leadership structure."
- As of November 2, 2019, Institutional Shareholder Services (ISS), which rates companies on governance risk, gave our company a 10, its highest risk category, for the Governance QualityScore.

Shareholders are encouraged to vote FOR this good governance request to allow better shareholder oversight.

### **Give Each Share an Equal Vote**

Square Inc.

RESOLVED: Shareholders request that our Board take all practicable steps in its control to initiate and adopt a recapitalization plan for all outstanding stock to have one vote per share. We recommend that this be done through a phase-out process in which the board would, within seven years or other timeframe justified by the board, establish fair and appropriate mechanisms through which disproportionate rights of Class B shareholders could be eliminated. 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, Class B stock has 10 times the voting rights of Class A. As a result, Mr. Dorsey and Mr. McKelvey together own less 15% of shares but control over 62% of the shareholder vote. These facts raise concerns that the interests of public shareholders may be subordinated to those of our co-founders.

A variety of corporate governance experts illustrate a growing concern about multi-class share structures:

- As of July 2017, the S&P Dow Jones Indices announced that certain indices will no longer add companies with multiple share class structures;
- The executive director of the Council of Institutional Investors (CII) has stated that "multi-class structures ... rob shareholders of the power to press for change when something goes wrong" and recommends a seven year phase-out of dual class share offerings;
- The International Corporate Governance Network supports CII's recommendation "to require to a time-based sunset clause for dual class shares to revert to a traditional one-share/one-vote structure no more than seven years after a company's IPO date."
- The Council for Institutional Investors (CII) recommends a seven year phase-out of dual class share offerings. The International Corporate Governance Network supports CII's recommendation "to require to a time-based sunset clause for dual class shares to revert to a traditional one-share/one-vote structure no more than seven years after a company's IPO date."
- The Investor Stewardship Group recommends that "shareholders should be entitled to voting rights in proportion to their economic interest" and "boards should have a strong, independent leadership structure."
- As of November 2, 2019, Institutional Shareholder Services (ISS), which rates companies on governance risk, gave our company a 10, its highest risk category, for the Governance QualityScore.

Without equal voting rights, shareholders cannot hold management accountable. Shareholders are encouraged to vote FOR this good governance request to allow better shareholder oversight.

### **Executive Pay and Sustainability Metrics**

#### **Apple Computer, Inc.**

**RESOLVED:** Shareholders request the Board Compensation Committee prepare a report assessing the feasibility of integrating sustainability metrics into performance measures, performance goals or vesting conditions that may apply to 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 senior executives are judged. Linking sustainability metrics to executive compensation could reduce risks related to sustainability underperformance, incentivize employees to meet sustainability goals and achieve resultant benefits, and increase accountability. Metrics relevant to our Company could include indicators related to pressing issues such as: environmental impacts and waste, human rights, supply chain labor standards and risk management, worker health and safety, diversity and inclusion, and data privacy and security.

**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.

BlackRock, the largest asset manager in the world, said in 2017: "Environmental, social, and governance... factors relevant to a company's business can provide essential insights into management effectiveness and thus a company's long-term prospects."

Apple has taken steps to address ESG issues and provide public disclosure. However, our Company has not explicitly linked sustainability goals with senior executive incentives. Investors seek clarity on how Apple drives sustainability improvement and how that strategy is supported by executive accountability. Integrating sustainability into executive compensation assessments would enhance Apple's approach.

Many multi-national companies, including Intel, Alcoa, PepsiCo, and Mead Johnson, have integrated sustainability metrics into their executive pay incentive plans. Another prominent example is Royal Dutch Shell, which announced in December 2018 its plans to tie a portion of executive pay to concrete targets linked to the company's net carbon footprint.

The increasing incorporation of sustainability metrics into executive pay evaluative criteria stems from the growing recognition that sustainability strategies can drive growth, as well as enhance profitability and shareholder value.

The 2016 Glass Lewis report *In-Depth: Linking Compensation to Sustainability* found 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 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."

### **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 35% of shares voted in 2019, representing approximately \$54 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 2018 when Ecuador’s Constitutional Court, in an 8-0 decision, 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 lasted 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.

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 Ecuadoran 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.

### **Change Company Management Systems to Implement BRT Statement of Purpose**

**BlackRock, Inc.**

WHEREAS: Our Company's Chairman and Chief Executive Officer (CEO) Larry Fink, in August 2019, signed a Business Roundtable (BRT) "Statement on the Purpose of a Corporation," (Statement) committing our Company to serve all stakeholders including employees, customers, supply chain, communities where we operate, and shareholders.

The CEO has made other public statements underscoring the importance of a company's public purpose. In his 2020 annual letter to CEOs Larry Fink wrote:

The importance of serving stakeholders and embracing purpose is becoming increasingly central to the way that companies understand their role in society ... a company cannot achieve long-term profits without embracing purpose and considering the needs of a broad range of stakeholders.... Ultimately, purpose is the engine of long-term profitability.

BlackRock's existing governance documents evolved in an environment of shareholder primacy. While the Statement may be beneficial to associate with our brand, the Statement as company policy may conflict with Delaware law and/ or be interpreted as greenwashing or puffery unless integrated into Company governance documents, including bylaws, Articles of Incorporation, and/or Committee Charters.

The Company's actions and policies should also integrate with the Statement. The Company currently engages in various actions that appear to contradict the Statement. As an example related to climate:

Data show that BlackRock holds companies with reserves in fossil fuels amounting to a staggering 9.5 gigatonnes of CO<sub>2</sub> emissions—or 30 percent of total energy-related carbon emissions from 2017 (see report p. 2). BlackRock has the highest ratio of coal investments compared to overall size among the ten largest fund managers. A report from German NGO Urgewald showed that Blackrock is the largest investor in companies building new coal power capacity across the world with a total investment of over \$17.6 billion USD (see report p. 8). BlackRock's 2020 publicly reported proxy voting record reveals consistent votes against virtually all climate-related resolutions (having voted for only 3 of 36 such resolutions) such as requests for enhanced disclosure or adoption of greenhouse gas reduction goals, even where independent experts advance a strong business and economic case for supporting the proposal (see report p. 31).

Although the Statement of Purpose implies accountability to stakeholders, without clear mechanisms in place to implement the Purpose, this broadened standard could reduce accountability to shareholders while providing accountability to none.

**BE IT RESOLVED:** Shareholders request our Board prepare a report based on a review of the BRT Statement of the New Purpose of a Corporation, signed by our Chairman and Chief Executive Officer, and provide the board's perspective regarding how our Company's governance and management systems should be altered, if at all, to fully implement the New Statement of Purpose.

**Supporting Statement:** Implementation may include, at Board discretion, actions including amending the bylaws or articles of incorporation to integrate the new "Purpose;" linking related goals or metrics to executive or board compensation; providing for representation of stakeholders in governance of our Company.

## Diversity and Racial Justice

**D**iversity and racial justice have been central engagement issues since ICCR’s founding in 1971. However, this year —spurred by events including the very public murders by the police of Black people including George Floyd and Breonna Taylor, and the subsequent rise of the Black Lives Matter (BLM) movement—at 64, they have grown to be the largest category of resolutions this year.

The severe and disproportionate impacts the COVID-19 pandemic is having on communities of color—who comprise the majority of frontline workers—has also focused investor attention on the country’s systemic racism, racial violence, and inequities.

Together, these events have prompted a structural realignment of investor priorities. In June of 2020, a broad coalition of investors committed themselves to **addressing systemic racism** through their portfolios, corporate engagements and policy advocacy. While earlier investor strategies frequently called for corporations to release workforce diversity reports as a way to increase the representation of women and PoC on their boards of directors and in senior management, many of this year’s engagements and resolutions are going a step further by taking aim directly at workplace policies that reinforce racism—not only in company culture—but more broadly throughout society.



### Diversity and Racial Justice 64

Proposal Topic	Quantity
For the full list of investors who filed these resolutions, see p. 213.	
Assess Company Diversity and Inclusion Efforts	21
Disclosure on Plans and Policies Aligned with Achieving Racial Equality	4
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Indigenous Relations	3
Oversight of Human Capital Management	3
Civil Rights, Equity, Diversity and Inclusion Audit	2
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Report on Whether Company Policies Reinforce Racism in Company Culture	2
Solutions for Increasing Diversity on Board of Directors	2
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Diverse Candidate Search Policy	1
Environmental Justice and Racial Equity Analysis	1
Executive Compensation and Diversity in Senior Level Management	1
Executive Pay-Incorporate Diversity and Sustainability Metrics	1
Gender and Racial Pay Equity	1
Impact of Use of Mandatory Arbitration	1
Partnerships with Local Police - Likelihood of Violations of Civil and Human Rights	1
Prevention of Sexual Harassment	1
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## Proxy Resolutions: Diversity and Racial Justice



ICCR members have engaged with Chevron for over a decade, encouraging the company to meet its environmental and human rights responsibilities. This year, our proposal asks for meaningful change to ensure that its operations are not contributing to systemic racism. In spite of engagement on Chevron's Human Rights Policy for years, investors remain concerned that Chevron's policies are designed to protect the company and fail to protect communities. Chevron's core business is driving climate change and is especially detrimental to environmental justice communities.



We are asking Chevron to “assess long-term cumulative contributions to climate change and disparate impacts on health of communities of color”. Chevron points to some community consultation and relies on its Environmental, Social and Health Impact Assessment (ESHIA) process. Yet there is no meaningful disclosure on its effectiveness and ESHIA lacks a human rights or racial equity framework. Numerous controversies and litigation against Chevron point to a pattern of environmental racism that disparately impacts communities of color and low-income communities. For example, in Richmond, CA, Chevron's refinery is the city's largest source of pollution. 80% of Richmond residents are people of color, and 15% of residents live below the poverty line. Given its role in the local economy, Chevron has significant political, economic, philanthropic, and environmental influence in Richmond, but race has not been factored into any known assessments or mitigation efforts.

Protecting environmental justice and racial equity in the U.S. and abroad is critical, especially now, because long-term exposure to air pollution causes more severe COVID-19 symptoms and higher mortality rates. Chevron's philanthropy cannot offset the risk its operations pose to human health, dignity, and the environment. The company must assess its racial equity impacts so that it can prevent, mitigate, and remedy potential harms.

**Nora Nash, Director of Corporate Social Responsibility—  
The Sisters of St. Francis of Philadelphia**

**Mary Beth Gallagher, Executive Director—  
Investor Advocates for Social Justice**



### Assess Company Diversity and Inclusion Efforts

Significant barriers remain for women and people of color seeking to advance within companies. While women enter the workforce in almost equal numbers as men (48%), they comprise only 22% of persons in the executive suite. Similarly, people of color comprise 33% of entry level positions, and just 13% of the C-suite.

Investors this year asked 21 companies, including **American Express, CVS Health, Disney, McDonald's, Pfizer and UPS** to issue reports assessing their diversity and inclusion efforts, including the process that their boards follow for assessing the effectiveness of their programs, and any assessment of program effectiveness, as reflected in goals, metrics, and trends related to its promotion, recruitment, and retention of protected classes of employees.



After the televised murder of George Floyd, systemic racism became front page news leading companies, investors, and consumers to acknowledge their roles in perpetuating racist policies and practices. While companies issued statements of support, investors and consumers began demanding corporate transparency and disclosure on racial and ethnic diversification. Companies now realize that given the heightened awareness of systemic racism, failing to act raises the material risk of revenue loss and reduces brand value.

*As You Sow's* Racial Justice Initiative (RJI) was formed to examine the corporate statements issued in the aftermath of Floyd's murder as well as corporations' DEI policies to address organizational barriers to equity. RJI created Racial Justice Corporate Scorecards on the S&P250 to help investors and consumers rank corporations on their racial justice actions.

Our racial justice resolutions request companies to provide statistical data on hiring, retention, and promotion rates of people of color (POC), as well as potential policies the company could adopt to promote racial justice in its corporate workplaces and operations. Using the Racial Justice Scorecards as the basis for corporate engagement, *As You Sow* has filed resolutions with Abbott Labs, Charles Schwab, Foot Locker and Monster Beverage. These companies failed to provide detailed statistical data. We are currently in dialogue with Abbott and Monster to create corporate plans of action on racial justice and disclosure. Schwab was omitted on technical matters and Foot Locker was withdrawn. RJI will actively support and educate companies on the importance and materiality of incorporating racial justice into their corporate frameworks. We will lead them on the path to end their complicit relationship with racist policies by encouraging racial data disclosure, and incorporating antiracism into their corporate cultures.

**Olivia E. Knight, Racial Justice Initiative Coordinator—*As You Sow***

### Disclosure on Plans and Policies Aligned with Achieving Racial Equality

In the wake of George Floyd's murder, a majority of Russell 1000 corporations made public statements expressing their support for racial justice, and investors are planning to hold them accountable for fulfilling those pledges. Investors know that corporations can play a central role in ending systemic racism by actively promoting racial justice, and the resolutions they have filed this year are asking corporations to adopt and share their plans and policies for doing so.

Investors asked **Abbott Labs, Charles Schwab, Foot Locker and Monster Beverage** to disclose their plans, if any, to promote racial justice.

### Indigenous Relations

While Indigenous Peoples have in recent years secured unprecedented recognition of their rights from governments, significant challenges remain, particularly regarding Indigenous sovereignty over land and water, and resource extraction. According to First Peoples Worldwide, 39% of global oil, gas and mining projects and 46% of resource reserves are located on or near Indigenous land, while most troublingly, 35% of such projects exhibit a high risk of community opposition and/or the violation of Indigenous rights.

Investors asked **Great-West Lifeco, Power Corp and Sun Life Financial** to report to shareholders on the extent to which company policies and practices regarding Indigenous community relations, recruitment and advancement of Indigenous employees, internal education on Indigenous reconciliation, and procurement from Indigenous-owned businesses compare to or are certified by external Indigenous-led standards of practice.





The U.S. economy was built on the backs of enslaved Black people and has since thrived on the persistent oppression of Black and brown Americans. The Black Lives Matter protests of 2020 drew national

attention to the bias, prejudice, and systemic racism that has plagued Black Americans for hundreds of years. Many companies were swift to respond to the incidents that ignited these protests – some with condemnations of police violence, others with announcements of targeted philanthropy, many with generalized support for Black employees, yet few companies responded with an admission of being part of the problem and concrete action plans to address the root cause.

Company culture is difficult to capture and change, yet it has profound effects on employees' career trajectories, economic stability, and long-term emotional and psychological health. Racism in the workplace can manifest as overt discrimination but also in more subtle ways. Companies that don't address racism or white supremacy embedded in their company cultures face potential risks such as attrition of talent, notoriety in diverse networks, exposure to discrimination lawsuits, and threats to their brands.

Shareholders are now pushing companies to go beyond high-level diversity data to examine and address the embedded racism in their cultures. Research is clear that discrimination has cost the U.S. economy trillions of dollars in the past twenty years and that reversing these practices is not just the ethical response but also the financially prudent path forward.

**Mari Schwartzer, Director of Shareholder Activism and Engagement — NorthStar Asset Management**

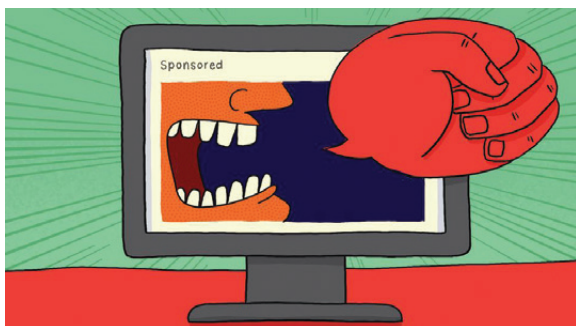
### Civil Rights/Racial Equity/ Inclusion Audit

Ongoing police murders of Black people and contrasting police treatment of Capitol insurgents have galvanized the movement for racial justice and equity, influencing investors to go beyond asking companies for simple disclosure of workforce diversity numbers, and to instead call for companies to assess the ways in which their products, services and overall corporate practices may be discriminatory, racist, or contributing to increasing inequalities.

ICCR members this year asked **Amazon** and **Amgen** to commission racial equity audits analyzing their impacts on civil rights, equity, diversity and inclusion, and the impacts of those issues on their businesses.

**Johnson & Johnson** shareholders noted the ways in which the healthcare sector all too frequently results in disparate outcomes for Black Americans. They asked the company to publish a third-party audit to assess the racial impact of the company's policies, practices, products and services, and to provide recommendations for improving the companies' racial impacts.

Noting that people of color are disproportionately represented in private low- and medium-security prison facilities, as well as the ways in which immigration enforcement has played an increasing role in private prison companies' business models, **CoreCivic** shareholders called for a racial equity audit analyzing the company's impacts on nonwhite stakeholders and communities of color.



### Advertising Policy and Social Media

There is widespread concern that tech companies like Google and Facebook are failing to adequately protect civil and human rights by facilitating hate speech, disinformation, white supremacist activity, and voter suppression. Advertising companies could face potential reputational and business risks if they are seen to be inadvertently promoting harmful content.

**Omnicom** was asked to issue a report assessing how and whether it ensures its advertising policies are not contributing to violations of civil or human rights.

### Partnerships with Local Police – Likelihood of Violations of Civil Rights

Though it has made a public commitment to advancing racial equity, Target has a 'Safe City' program which creates and funds partnerships with local police. In the wake of recent well-documented police violence against BLM protestors, there are concerns that the program could be exacerbating existing systemic racial inequities and violations of civil and human rights.

**Target** shareholders asked the company to institute a prohibition on Safe City partnerships unless the board concludes, after an evaluation using independent evidence, that these partnerships do not increase the likelihood of violations of civil and human rights and do not exacerbate racial inequity.

### Executive Compensation and Diversity in Senior Level Management

Women and people of color are still vastly underrepresented in leadership positions in U.S. companies. Statistics show that roughly 64% of workers in entry level corporate positions are white. Yet, in the top executive ranks, 85% of positions are held by whites, showing that POC still face significant promotion gaps throughout their careers.

Investors asked **Hannon Armstrong** to consider including metrics regarding diversity among its senior management team as a CEO performance metric.

### Prevention of Sexual Harassment

Research indicates that roughly forty percent of women in the fast-food industry have experienced unwanted sexual attention on the job. McDonald's is a case in point. Scores of women have accused the company of fostering a workplace rife with sexual harassment; the company is the subject of multiple harassment lawsuits, including 3 new suits in 2021 alone.

Arguing that **McDonald's** as a company is responsible for setting standards and expectations of human capital management for its franchisees, investors asked it to report on actions it is taking to protect employees from sexual harassment in its branded and franchised operations. This report should include the measures taken to support franchisees in adopting best practices and creating a positive workplace culture, along with key workforce targets and metrics.

### Civil Rights, Equity, Diversity and Inclusion Audit

Amazon.com, Inc

*A similar resolution was submitted to Amgen Inc.*

RESOLVED: Shareholders of Amazon.com, Inc. (“Amazon”) request that the Board of Directors commission a racial equity audit analyzing Amazon’s impacts on civil rights, equity, diversity and inclusion, and the impacts of those issues on Amazon’s business. The audit may, in the board’s discretion, be conducted by an independent third party with input from civil rights organizations, employees, communities in which Amazon operates and other stakeholders. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on Amazon’s website.

Supporting Statement: Recent events, including the murder of George Floyd, have galvanized the movement for racial justice and equity. That movement and the disproportionate impacts of the COVID-19 pandemic have focused the attention of media and policymakers on systemic racism, racial violence, and inequities throughout society. Companies would benefit from assessing the risks of products, services and overall corporate practices that are or are perceived to be discriminatory, racist, or increasing inequalities. In May 2020, Amazon tweeted its solidarity with the fight against systemic racism.<sup>1</sup> But some of Amazon’s actions have been criticized as inconsistent with that pledge:

After a Black warehouse worker led a walkout over safety concerns, he was fired and subsequently described by Amazon’s General Counsel as “not smart or articulate.”<sup>2</sup> The employee has since filed a lawsuit alleging discrimination against Black and Latino workers.<sup>3</sup> Amazon’s disproportionately Black and Latino warehouse workers are paid low wages and exposed to dangerous working conditions, including exposure to COVID-19.<sup>4</sup> Amazon has also been criticized by employees, lawmakers, and regulators for biased promotion practices, discriminatory employee surveillance, and hiding workplace injury rates.<sup>5</sup> Amazon’s fulfillment and distribution facilities, and the air pollution they cause, are disproportionately located in nonwhite neighborhoods.<sup>6</sup> A class action lawsuit has been filed by employees alleging Whole Foods punished employees for wearing Black Lives Matter masks on the job.<sup>7</sup>

Amazon has faced criticism regarding its products and services: Ring doorbell cameras and its app Neighbors have been criticized for leading users to disproportionately tag people of color as suspicious.<sup>8</sup> Allegations that AWS’s facial surveillance technology violates civil rights by disproportionately surveilling people of color, immigrants, and civil society organizations.<sup>9</sup> Reports assert inconsistent implementation of policies prohibiting the sale of products on Amazon’s platform that promote hatred.<sup>10</sup>

Following controversies, Facebook and Starbucks conducted civil rights and equity audits that assisted each company to identify, prioritize, and implement improvements. These efforts provide an emerging model for such audits, typically conducted by a third party, in collaboration with experts in civil rights, and input from an array of stakeholders.

We urge Amazon to commission a racial equity audit of its policies, practices, products, and services to analyze the way Amazon impacts civil rights, equity, diversity and inclusion and the impacts of those issues on Amazon’s business.

1. <https://twitter.com/amazon/status/1267140211861073927>

2. <https://www.vice.com/en/article/5dm8bx/leaked-amazon-memo-details-plan-to-smear-fired-warehouse-organizerhes-not-smart-or-articulate>

3. <https://www.law360.com/newyork/articles/1328761/amazon-case-shows-how-a-gc-s-barbs-can-sting-back>

4. <https://www.nytimes.com/2020/06/24/technology/amazon-racial-inequality.html> ; <https://www.bloomberg.com/news/articles/2020-06-30/amazon-covid-19-outbreak-worse-than-local-minnesotacommunity> ; <https://www.businessinsider.com/amazon-class-action-lawsuit-alleges-racial-discrimination-covid-19-response-2020-11> ; <https://www.bostonglobe.com/business/2017/01/31/fired-amazon-drivers-file-class-actiondiscrimination-complaints/tFikVM12zNoxNXKmFJcgiN/story.html> ; <https://www.propublica.org/article/insidedocuments-show-how-amazon-chose-speed-over-safety-in-building-its-delivery-network>

5. <https://www.reuters.com/article/health-coronavirus-amazon-com/amazon-workers-say-prime-day-rush-breaksvirus-safety-vows-bloomberg-news-idUSKBN2700E9> ; <https://gizmodo.com/exclusive-amazons-own-numbersreveal-staggering-injury-1840025032> ; <https://revealnews.org/episodes/catching-amazon-in-a-lie/>

6. <https://amazonemployees4climatejustice.medium.com/environmental-justice-and-amazons-carbon-footprint9e10fab21138>

7. <https://www.bostonglobe.com/2020/07/25/metro/whole-foods-protests-continues-days-after-workers-fileddiscrimination-lawsuit/>

8. <https://www.vice.com/en/article/qvyvzd/amazons-home-security-company-is-turning-everyone-into-cops>

9. <http://sitn.hms.harvard.edu/flash/2020/racial-discrimination-in-face-recognition-technology/>

10. <https://www.propublica.org/article/the-hate-store-amazons-self-publishing-arm-is-a-haven-for-white-supremacists>

### **Civil Rights Audit Johnson & Johnson**

WHEREAS: The Black Lives Matter protests of 2020 brought the significant policy issue of systemic racism to the forefront of a widespread public discussion and reckoning in America.

It is clear that business as usual in the healthcare sector can result in disparate outcomes for Black Americans. For example, a recent Eli Lilly op-ed notes “Minorities make up nearly 40 percent of the U.S. population but less than 20 percent of participants in the key clinical trials... [t]his low participation is itself a health disparity.”<sup>1</sup> Further, the mortality rate for black women diagnosed with breast cancer is 42 percent higher than the comparable rate for white women.<sup>2</sup>

In June 2020, JNJ made commitments to address underrepresentation in clinical trials, to strengthen existing community medical systems, and to discontinue skin lightening products. While these commitments are positive steps taken during a time of acute reflection on racism in America, we believe a third-party civil rights audit would demonstrate an even deeper commitment, provide rigorous independent insights, and may reveal additional ways in which JNJ can have even more impact on systemic racism.

We are concerned about the ongoing controversies our company faces related to its decision in May 2020 to discontinue sales of talcum-based powder in North America, but continue sales across the globe. Claims of aggressively marketing these products to Black and Brown women after its talc supplier included the WHO’s “possibly carcinogenic” label on shipments are troubling,<sup>3</sup> as are the more than 19,000 lawsuits pending related to its use. In August, more than 200 health and environmental justice organizations from 50 countries called on the company to “walk its talk on racial equity and valuing Black lives” by ending global sales of talcum-based baby powder.<sup>4</sup>

Companies such as Facebook, Airbnb, and Starbucks, when seeking to understand and address their role in contributing to systemic racism, have commissioned third-party audits. For example, in 2019 Starbucks retained former United States Attorney General Eric Holder to evaluate Starbucks’ policies and practices. The report noted strengths and offered recommendations “to promote civil rights, equity, diversity, and inclusion — both within the Company and the communities it serves.”<sup>5</sup>

The audits commissioned by these companies provide a potential template for our company’s own civil rights audit. RESOLVED, shareholders request the company conduct and publish a third-party audit (within a reasonable time, at a reasonable cost, and excluding confidential/proprietary information) to review its corporate policies, practices, products, and services, above and beyond legal and regulatory matters; to assess the racial impact of the company’s policies, practices, products and services; and to provide recommendations for improving the company’s racial impact.

1. <https://www.politico.com/news/agenda/2020/07/20/drug-companies-coronavirus-racial-disparities-372277>

2. DeSantis CE, Siegel RL, Sauer AG, et al, “Progress and opportunities in reducing racial disparities: Cancer Statistics for African Americans, 2016”, CA Cancer J Clin. 2016; 66:290-308

3. <https://www.reuters.com/article/us-johnson-johnson-marketing-specialrepo-idUSKCN1RL1JZ>

4. <https://www.mycentraljersey.com/story/news/local/middlesex-county/2020/08/31/group-calls-johnson-johnson-discontinue-talcum-baby-powder/5655800002/>

5. <https://stories.starbucks.com/uploads/2019/01/Covington-Report-to-Starbucks-Jan-23-2019.pdf>

### Racial Equity Audit

#### CoreCivic

RESOLVED that shareholders of CoreCivic Inc. (“CoreCivic”) urge the Board of Directors to oversee a racial equity audit analyzing CoreCivic’s impacts on nonwhite stakeholders and communities of color. Input from civil rights organizations and employees should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential and proprietary information, should be publicly disclosed on CoreCivic’s website.

Supporting Statement: High-profile police killings of black people—most recently George Floyd—have galvanized the movement for racial justice. That movement, together with the disproportionate impacts of the COVID-19 pandemic, have focused the attention of media, the public and policy makers on systemic racism, racialized violence and inequities in employment, health care, and the criminal justice system.

Several aspects of CoreCivic’s operations suggest that a racial equity audit would be useful. People of color are disproportionately represented in private low and medium security facilities at least in part because contracts tend to exclude elderly and ill inmates who are more likely to be white.<sup>1</sup> Immigration enforcement, which has been called “racial discrimination by proxy,”<sup>2</sup> has played an increasing role in CoreCivic’s business model, with the proportion of revenues derived from contracts with Immigration and Customs Enforcement reaching 29% in 2019.<sup>3</sup>

In 2017, CoreCivic entered into a conciliation agreement settling allegations by the Office of Federal Contract Compliance Programs of discriminating against black Correctional Officer applicants.<sup>4</sup> The company’s 2019 ESG Report discloses that the proportion of its workforce that is “people of color and underrepresented minorities” decreased from 58.5% in 2017 to 56.9% in 2019. All members of the company’s Executive Leadership, and 16 of 18 Vice Presidents, are white.<sup>5</sup>

CoreCivic’s political contributions may have adverse racial equity impacts. CoreCivic contributes to state and local political candidates, parties, committees, and 527 organizations, with corporate funds.<sup>6</sup> CoreCivic’s political activity report does not identify the names or parties of recipients, but contributions from CoreCivic’s Political Action Committee skew strongly Republican.<sup>7</sup> In the NAACP’s most recent scorecard on “key civil rights, human rights, and civil liberties votes,” no Republican Member of Congress received an A rating (one earned a B), while no Democratic Member received a D or F.<sup>8</sup>

CoreCivic has also lobbied for measures with adverse racial impacts. The American Legislative Exchange Council (“ALEC”), a nonprofit organization that drafts and promotes model legislation, arranged meetings between CoreCivic predecessor Corrections Corporation of America, an ALEC member, and Arizona legislators regarding SB 1070.<sup>9</sup> That law required law enforcement to make a reasonable effort to determine the immigration status of anyone stopped, detained or arrested if reasonable suspicion existed to believe they were not in the country legally,<sup>10</sup> and it was widely criticized as promoting racial profiling.<sup>11</sup>

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

1. <http://journal.radicalcriminology.org/index.php/rc/article/view/44/html>
2. <https://scholarship.law.uci.edu/cgi/viewcontent.cgi?article=1044&context=ucilr,n.5>
3. [https://www.sec.gov/ix?doc=/Archives/edgar/data/1070985/000156459020005570/cxw-10k\\_20191231.htm](https://www.sec.gov/ix?doc=/Archives/edgar/data/1070985/000156459020005570/cxw-10k_20191231.htm), at F15.
4. See [https://www.dol.gov/sites/dolgov/files/ofccp/foia/files/CoreCivicInc\\_Redacted.pdf](https://www.dol.gov/sites/dolgov/files/ofccp/foia/files/CoreCivicInc_Redacted.pdf)
5. [corecivic.com/about/executive-leadership](https://www.corecivic.com/about/executive-leadership); <https://www.corecivic.com/about/vice-presidents>
6. <http://ir.corecivic.com/static-files/675786f6-d209-41ac-b5a8-e74cf6ce264a>, at 3.
7. <https://www.opensecrets.org/orgs/corecivic-inc/recipients?id=D000021940&>
8. <https://naacp.org/wp-content/uploads/2020/10/WB-Fed.-Report-Card.pdf>
9. <https://inthesetimes.com/article/corporate-con-game>
10. <https://www.ncsl.org/research/immigration/analysis-of-arizonas-immigration-law.aspx>
11. E.g., <https://www.nbcnews.com/news/latino/generation-sb1070-these-latino-millennials-grew-under-controversial-immigration-law-n821806>

## Environmental Justice and Racial Equity Analysis

### Chevron Corp.

RESOLVED, Shareholders request the Board of Directors commission an independent third-party report, at reasonable cost and omitting proprietary information, analyzing how Chevron's policies, practices, and the impacts of its business, perpetuate racial injustice and inflict harm on communities of color in the United States.

Supporting Statement: This report should:

- Align with the UN Guiding Principles on Business and Human Rights to identify, assess, prevent, mitigate, and remedy human rights impacts;
- Assess long-term cumulative contributions to climate change and disparate impacts on the health of communities of color; and
- Examine alignment of the company's public policy advocacy and respect for civil rights.

In June 2020, Chevron tweeted its view that "black lives matter,"<sup>1</sup> and stated that diversity and inclusion are foundational to The Chevron Way.<sup>2</sup> Chevron faces reputational risk if its practices contribute to systemic racism, in conflict with its own statements.<sup>3</sup> Emissions from the use of Chevron's products contribute to the climate crisis, which disparately impacts people of color,<sup>4</sup> reinforcing and even furthering systemic racism.<sup>5</sup> Chevron's operations, discharges, and leaks also harm human health. These harms fall heavily on environmental justice communities, which are communities disproportionately impacted by multiple sources of pollution and social vulnerabilities, that oftentimes are people of color or low-income communities.<sup>6</sup>

For example, 80% of residents living adjacent to Chevron's Richmond, CA refinery are people of color, and they experience higher rates of cardiovascular disease, cancer, and asthma.<sup>7</sup> Long-term exposure to air pollution causes more severe COVID-19 symptoms and higher mortality rates.<sup>8</sup> Chevron's Richmond facility is the city's largest polluter and the company has spent millions of dollars to influence city politics and funding.<sup>9</sup> Meanwhile, it did not pay any taxes in 2018.<sup>10</sup> Failure to adequately assess and mitigate impacts on communities often results in litigation, project delays, and significant fines.<sup>11</sup> This "cost of doing business" for the company has disparate and significant costs for community members, in the United States and globally.<sup>12</sup> A 2012 refinery explosion cost Chevron \$5 million;<sup>13</sup> this incident sent 15,000 residents to the hospital where the community continues to suffer negative health outcomes.<sup>14</sup> Chevron now faces a lawsuit for health impacts, economic losses, and environmental harm due to its lapses in maintenance and disregard for public safety.<sup>15</sup>

Chevron's Human Rights Policy and Operational Excellence Management System do not address how systemic racism is replicated through its business.<sup>16</sup> A commitment to human rights requires a commitment to non-discrimination. The opposition and fines Chevron faces demonstrate that its policies are not effectively implemented to identify risks, ensure meaningful stakeholder engagement and consultation, reduce negative impacts on communities and the environment, or ensure access to remedy.<sup>17</sup> Analysis on how these impacts uniquely affect communities of color is warranted in order to reduce additional harm and avoid perpetuating further racial inequity.

1. <https://emagazine.com/environmental-justice-a-black-lives-matter-priority/>

2. <https://twitter.com/Chevron/status/1268984687927705600>

3. <https://www.washingtonpost.com/business/2020/06/13/after-years-marginalizing-black-employees-customers-corporate-america-says-black-lives-matter/>

4. <https://e360.yale.edu/features/unequal-impact-the-deep-links-between-inequality-and-climate-change>

5. <https://www.scientificamerican.com/article/pollution-poverty-people-color-living-industry/> ;  
<https://www.globalwitness.org/en/campaigns/oil-gas-and-mining/chevron-stop-funding-racism/>

6. <https://www.epa.gov/environmentaljustice>

7. <https://www.theguardian.com/environment/2019/oct/09/richmond-chevron-california-city-polluter-fossil-fuel>; <https://ej4all.org/life-at-the-fenceline>

8. <https://www.hsph.harvard.edu/biostatistics/2020/04/linking-air-pollution-to-higher-coronavirus-death-rates/>

9. <https://echo.epa.gov/detailed-facility-report?fid=110020506460>; <https://www.eastbaytimes.com/2014/10/10/chevron-unleashes-campaign-spending-to-influence-richmond-election/>; <https://www.latimes.com/business/hiltzik/la-fi-mh-chevron-deluge-of-campaign-money-20141013-column.html>

10. <https://www.motherjones.com/politics/2020/01/chevron-made-4-5-billion-in-2018-so-why-did-the-irs-give-them-a-refund/>

11. <https://www.desertsun.com/story/news/2019/10/02/california-fines-chevron-2-7-million-cymric-oil-spills-kern/3848335002/>;  
<https://cen.acs.org/safety/industrial-safety/Chevron-reaches-160-million-settlement/96/web/2018/10>

12. <https://onezero.medium.com/chevrons-slick-statement-on-racial-injustice-makes-no-sense-90d7e604875a>; <https://www.reuters.com/article/nigeria-oil-idCNL8N1AR5DF>

13. <https://www.kqed.org/news/11665999/chevron-richmond-move-to-settle-lawsuit-over-2012-refinery-fire-that-sickened-thousands>

14. <https://ehjournal.biomedcentral.com/articles/10.1186/s12940-019-0484-4>

15. [https://www.cpmlegal.com/media/cases/147\\_RICHMOND%20CHEVRON%20COMPLAINT.pdf](https://www.cpmlegal.com/media/cases/147_RICHMOND%20CHEVRON%20COMPLAINT.pdf)

16. <https://theenergymix.com/2020/06/23/chevron-anti-racism-tweet-sparks-accusations-of-hypocrisy/>

17. [https://www.corporatebenchmark.org/sites/default/files/chrb\\_2019\\_pdfs/Chevron%20Corporation%20CHRB%202019%20Results%20on%2020190926%20at%20090450.pdf](https://www.corporatebenchmark.org/sites/default/files/chrb_2019_pdfs/Chevron%20Corporation%20CHRB%202019%20Results%20on%2020190926%20at%20090450.pdf)

### **Partnerships with Local Police - Likelihood of Violations of Civil and Human Rights**

#### **Target Corp.**

Target Corporation's Safe City program, which creates and funds partnerships with local police, may exacerbate existing systemic racial inequities and could potentially violate civil and human rights. Financial, reputational, legal and human capital risks related to the company's Safe City program could also adversely affect shareholder value.

Despite Target's commitment to advancing racial equity, (<https://bit.ly/3mrVgfl>) it continues partnerships with law enforcement, providing both legitimacy and funding to policing practices that can exacerbate racial inequity (<https://bit.ly/384Q1CJ>). These partnerships have resulted in negative press because of their harmful impacts on communities of color (<https://bit.ly/37Pct2x> and <https://bit.ly/33YFTtQ>).

Many of Target's Safe City programs expanded local surveillance networks, funding everything from widescale implementation of surveillance cameras to the creation of data sharing networks for law enforcement (<https://bit.ly/3npWiiF>). The U.N. Special Rapporteur on freedom of opinion and expression has noted that "surveillance tools can interfere with human rights" and that "it is critical that companies [...] adhere to their human rights responsibilities, including conducting rigorous human rights assessments" in relation to these tools (<https://bit.ly/389vzjY>).

In addition to civil rights concerns, such as privacy protections, raised at the time of implementation, evidence suggests that Safe City programs shifted policing tactics in some cities from a focus on violent crime to low-level offenses (<https://bit.ly/34gLxI0>). This approach to policing has been shown to increase race-based economic burdens and further criminalize poverty (<https://bit.ly/2Wiu39L>).

Safe City partnerships may hurt Target's ability to establish and maintain good relations with employees and customers. Recent reports demonstrate that more people are seeking employment with companies that match their values. For instance, an Accenture report found that 92% of 2016 college graduates said it was important that their employer demonstrate social responsibility (<https://accntu.re/34iWCs9>). Target has already faced pushback from employees and customers. Over 3,000 people, including employees, customers and others, signed a petition asking Target to "immediately cease its funding of police foundations and its Safe Cities program." (<https://bit.ly/3g0Euvj>)

Although Target commissioned a report assessing its Safe City Program in 2010, the report focused on the efficacy of the program in reducing crime. We are concerned that potential human and civil rights impacts of this program have not received adequate attention from leadership, especially given the company's recent public statements in support of racial equity. With respect to its partnerships with police, Target has stated, "We understand the grave concerns that are being raised and the need for holistic change," yet the public has yet to see any demonstrated change regarding these partnerships.

**RESOLVED:** Shareholders of Target Corporation urge the Board of Directors to instate a prohibition on Safe City partnerships unless the board concludes, after an evaluation using independent evidence, that these partnerships do not increase the likelihood of violations of civil and human rights and do not exacerbate racial inequity.

### **Racial Impact of Overdraft Policies and Practices**

#### **Keycorp.**

WHEREAS: KeyBank charges a flat \$33 fee when it pays a customer's check, ATM withdrawal, or certain other electronic transactions, even though the customer's account lacks sufficient funds to cover the charges (if the customer opts-in). In 2019, this resulted in KeyBank collecting over \$148 million in overdraft/NSF fees. This represented over 7% of its non-interest income and 44% of its service charge income.

According to 2018 and 2020 Center for Responsible Lending reports:

- account holders incurring large numbers of overdraft fees are more often low-income, single, non-white, and renters;
- customers often pay more in overdraft fees than the overage amount; and
- many consumers who opted into fee-based overdraft coverage for debit card transactions after the 2010 change to the Federal Reserve's Regulation E did so as a result of aggressive or deceptive marketing.

The CFPB found the majority of customers that frequently overdraft are more financially vulnerable than those who are not. Pew research has shown approximate 70% of heavy overdrafters earn less than \$50,000/year. A 2020 Bankrate survey found that Blacks and Hispanics reported facing higher monthly fees, including overdraft fees, than white customers typically do.<sup>1</sup>

KeyBank's flat overdraft/NSF fee does not appear to bear any relationship to the cost or risk of covering an overdraft, which casts doubt on its reasons for imposing the fee and raises reputational risks. There may be a tension if a bank sees the fee as a desirable source of revenue while also justifying it as a way to penalize certain spending behaviors.

The flat fee means that almost regardless of the size of the overdraft, the fee is the same – e.g. the cost to the customer is the same whether she is \$50 over her balance or \$500 over her balance. This is concerning since a 2014 CFPB study found customers were paying a median overdraft fee of \$34 for debit card payments of \$24 or less. The Washington Post has reported that this is the equivalent of a loan with a 17,000 percent annual rate.

In comparison, Citibank does not charge overdraft fees for point of sale or ATM withdrawals.

To address these concerns, U.S. Senator Cory Booker has introduced the Stop Overdraft Profiteering Act, which would prohibit banks from imposing overdraft fees on debit card or ATM transactions. Furthermore, it would limit the number of overdraft fees that could be levied on check-based transactions and includes nondiscrimination provisions.

In the wake of the Black Lives Matters protests, there has been increasing attention paid to the ways in which systemic racism exists in many institutions, including banks, and their impacts on society.

RESOLVED: Shareholders request the Board complete a report to shareholders (prepared at reasonable cost, omitting proprietary/confidential information, and within a reasonable time) evaluating the racial impacts that its overdraft policies and practices have on Black and other racial minority customers.



### **Disclosure on Plans and Policies Aligned with Achieving Racial Equality**

#### **Monster Beverage Corp**

Whereas: In the wake of the George Floyd murder by police officers on May 25, 2020 a majority of Russell 1000 corporations made public statements expressing their plans to address racial justice, thereby taking the first step to becoming antiracist organizations. Antiracism is the practice of identifying, challenging, and changing the values, structures, and behaviors perpetuating systemic racism. Monster Beverage Corporation chose to make a public statement in support of racial equity and our commitment to diversity and inclusion. However, our statement did not mention the victims of police violence, Black Lives Matter, or establish us as an antiracist organization. Additionally, our public corporate policies and available statistical data does not provide information regarding hiring, retention and promotion rates.

Numerous studies cite material corporate benefits associated with adopting corporate policies promoting racial justice:

- A McKinsey study shows companies with the strongest racial and ethnic diversity are 35% more likely to outperform their industry medians.
- Companies with the most ethnically/culturally diverse boards worldwide are 43% more likely to experience higher profits.
- For every 10% increase in racial and ethnic diversity among senior executives, EBIT rises 0.8%.

However, inequities in the workplace continue:

- People of Color comprise 33% of entry level positions, but only 13% of the C-suite.
- Among companies in the Russell 3000, Black individuals accounted for only 4.1% of board members versus 13.4% of the U.S. population.

“Failure to adopt inclusion practices translates into a loss of customers and reduces profitability.”

Monster can play a critical role in ending systemic racism by promoting racial justice.

The need for action is underscored by Monster’s 6% score on a recent Racial Justice Scorecard. This score is significantly below peer, PepsiCo, which scored 77%. Monster’s low score is due to its lack of publicly accessible diversity and inclusion targets and disclosed data concerning hiring, retention, and promotion rates of people of color within the Company. Given heightened awareness around racism, failing to act and disclose policies and quantifiable data raises the material risk of revenue loss and reduced brand value.

Resolved: Shareholders request that Monster publish a report, at reasonable expense and excluding proprietary information, disclosing the Company’s plan, if any, to promote racial justice.

Supporting Statement: Investors seek quantitative, comparable data to understand if and how the Company is promoting a commitment to Racial Justice. Proponents suggest the report include:

- Potential policies the company could adopt to promote Racial Justice in its corporate workplaces and operations.
- Detailed quantitative information on diversity and inclusion, including recruitment, hiring, and retention policies and outcomes.

### **Disclosure on Plans and Policies Aligned with Achieving Racial Equality**

#### **Abbott Laboratories**

*Similar resolutions were submitted to Foot Locker, Inc. and Charles Schwab Corporation (The).*

WHEREAS: In the wake of the George Floyd murder by police officers on May 25, 2020 a majority of Russell 1000 corporations made public statements expressing their plans to address racial justice, thereby taking the first step to becoming antiracist organizations. Antiracism is the practice of identifying, challenging, and changing the values, structures, and behaviors perpetuating systemic racism. Abbott issued a statement, on its “corporate newsroom” website page, supporting racial justice and the elimination of systemic racism. The statement provides only a generalized overview of Abbott’s plans to further this effort. It did not provide measurable targets, goals, or quantifiable outcomes.

Numerous studies cite material corporate benefits associated with adopting corporate policies promoting racial justice:

- A McKinsey study shows companies with the strongest racial and ethnic diversity are 35% more likely to outperform their industry medians
- Companies with the most ethnically/culturally diverse boards worldwide are 43% more likely to experience higher profits
- For every 10% increase in racial and ethnic diversity among senior executives, EBIT rises 0.8%

However, inequities in the workplace continue:

- People of Color comprise 33% of entry level positions, but only 13% of the C-suite
- Among companies in the Russell 3000, Black individuals accounted for only 4.1% of board members versus 13.4% of the U.S. population

“Failure to adopt inclusion practices translates into a loss of customers and reduces profitability”

Abbott can play a critical role in ending systemic racism by promoting racial justice.

The need for action is underscored by Abbott’s 40% score on a recent Racial Justice Scorecard. This score is significantly below peers AbbVie Inc. and Boston Scientific, which both scored above 60%. Abbott’s low score is due to its lack of publicly accessible diversity and inclusion targets and lack of disclosed data concerning hiring, retention, and promotion rates of people of color within the Company. Given heightened awareness around racism, failing to act and disclose policies and quantifiable data raises the material risk of revenue loss and reduced brand value.

BE IT RESOLVED: Shareholders request that Abbott Labs publish a report, at reasonable expense and excluding proprietary information, disclosing the Company’s plan, if any, to promote racial justice.

SUPPORTING STATEMENT: Investors seek quantitative, comparable data to understand if and how the Company is promoting a commitment to Racial Justice. Proponents suggest the report include:

- Potential policies the company could adopt to promote Racial Justice in its corporate workplaces and operations
- Detailed quantitative information on diversity and inclusion, including recruitment, hiring, and retention policies and outcomes

### **Report on Whether Company Policies Reinforce Racism in Company Culture**

#### **PayPal**

*A similar resolution was submitted to Intel.*

WHEREAS: According to the National Museum of African American History and Culture, “[s]tructural racism\_ is the overarching system of racial bias across institutions and society. These systems give privileges to white people resulting in disadvantages to people of color,” thereby imposing a cultural hierarchy among racial groups;

The Harvard Business Review explains that “[c]ompanies must confront racism at a systemic level—addressing everything from the structural and social mechanics of their own organizations to the role they place in the economy at large”;

A 2020 Citigroup study found that since 2000 the U.S. gross domestic product (GDP) has lost \$16 trillion as a result of discrimination against African Americans, including \$2.7 trillion lost due to pay disparities. The study also found that reversing discriminatory practices could boost U.S. GDP by \$5 trillion in the next five years;

Tema Okun, a veteran racial justice facilitator, illustrates the insidious nature of white supremacist culture by explaining that “[c]ulture is powerful precisely because it is so present and at the same time so very difficult to name or identify.” Cultural racism can manifest as people of color being ignored, overly criticized, undermined, or assumed as inferior. Other manifestations can be strict cultural norms or criticisms of certain hairstyles, manners of speech, or other physical appearances;

Cultural racism can do long-term emotional and psychological damage, and research shows that employees who bring their authentic selves to work perform better and report greater job satisfaction. Recently, a Fortune 500 company announced that it will allow natural black hairstyles and facial hair because the company wants all “employees feel comfortable, genuine and authentic”;

Proponents believe that our company can advance long-term value creation through an analysis of whether and how systemic racism is embedded in company culture, policies and procedures.

RESOLVED: Shareholders urge the Board of Directors to prepare a report to shareholders on whether written policies or unwritten norms at the Company reinforce racism in company culture.

SUPPORTING STATEMENT: The report should be prepared within one year, at reasonable cost and excluding proprietary and privileged information. The Board is encouraged to assess whether Company policies or unwritten norms:

- Yield inequitable outcomes for employees based on race and ethnicity in patterns of hiring and retention, promotion and upward mobility, disciplinary action, or employee usage of benefits;
- Establish a cultural hierarchy through perceived pressure to use “whitened” names rather than birth names, to adopt “white-centric” physical appearance standards in hair style, body art or modifications, and facial hair styles, or to avoid traditional attire and religious head coverings.

### **Strengthen Board Oversight of Workplace Equity Issues**

#### **Chipotle Mexican Grill, Inc.**

RESOLVED, that shareholders of Chipotle Mexican Grill (“Chipotle”) ask the board of directors to strengthen board oversight of workforce equity issues by assigning responsibility for oversight to an existing or new board committee. For purposes of this proposal, “workforce equity issues” include racial and gender pay equity, employment discrimination, diversity and inclusion and the relationship between compensation and benefits provided to senior executives and those provided to the rest of the workforce.

Supporting Statement: The COVID-19 pandemic and movement for racial justice have intensified the already widespread public debate about workplace equity concerns. Women and nonwhite workers have lost jobs at higher rates than white workers since the pandemic began. Black and Latinx workers are overrepresented among essential workers, exposing them to greater risk. Workers have protested to demand increased hazard pay, paid sick leave and safe working conditions.

The unavailability of paid sick days for workers during the pandemic has been a subject of substantial attention from the media and policy makers.<sup>1</sup> The Families First Coronavirus Response Act provided up to two weeks of paid sick leave to employees sick with COVID-19 or quarantined due to exposure, and expanded family and medical leave. Some states and cities have adopted or updated paid sick leave laws (in some cases limited to COVID-19 and/or certain groups of employees) since the pandemic began.

While Chipotle has at times positioned itself as a leader on workforce issues, reporting indicates that significant risks remain. A 2020 report identified structural issues that heighten the risk of food-borne illness outbreaks amongst frontline workers and customers.<sup>2</sup> The company has also settled claims regarding violations of paid sick leave laws as recently as 2020.<sup>3</sup> Some of the outbreaks tied to food-borne illnesses between 2015 and 2018 were traced back to related issues like pressuring crew members to work while sick.<sup>4</sup> During the course of the pandemic, workers have staged walk outs<sup>5</sup> and filed complaints regarding workplace hazards.<sup>6</sup> Our company’s frontline workers are ~60% Black and Latinx while the corporate staff is 16.2% Black and Latinx raising concerns about disparate impact of policies covering those workers.

None of Chipotle’s board committees are currently delegated responsibility for workforce equity issues. We believe that more robust board-level oversight of such issues would improve management, mitigate related financial and reputational risks and strengthen the company’s leadership in this area. Our proposal draws on a recent article by former Delaware Chief Justice Leo Strine Jr. advocating that the board’s compensation committee “expand its perspective and become a committee focused on the company’s workforce as a whole” to address “the increased demand that boards give more focus to how the company treats its workforce.”<sup>7</sup> Although we do not specifically ask that the compensation committee be tasked with overseeing workforce equity issues, we believe those matters could dovetail with the committee’s existing mandates.

1. See, e.g., <https://www.cnn.com/2020/04/16/business/grocery-store-workers-retail-paid-sick-leave/index.html>; <https://www.theatlantic.com/health/archive/2020/03/does-walmart-provide-paid-sick-leave/608779/>; <https://www.washingtonpost.com/business/2020/03/10/walmart-apple-olive-garden-are-among-major-employers-updating-sick-leave-policies-coronavirus-cases-spread/>; <https://www.nytimes.com/2020/03/14/opinion/sunday/coronavirus-paid-sick-leave.html>
2. [https://myfastfoodstory.org/wp-content/uploads/2020/02/UnsavouryReport\\_Digital04.pdf](https://myfastfoodstory.org/wp-content/uploads/2020/02/UnsavouryReport_Digital04.pdf)
3. <https://www.mass.gov/news/ag-healey-chipotle-reach-nearly-2-million-settlement-to-resolve-child-labor-and-earned-sick>
4. [https://myfastfoodstory.org/wp-content/uploads/2020/02/UnsavouryReport\\_Digital04.pdf](https://myfastfoodstory.org/wp-content/uploads/2020/02/UnsavouryReport_Digital04.pdf)
5. <https://gothamist.com/news/chipotle-workers-demand-company-comply-sick-leave-laws-amid-covid-19-outbreak>
6. <https://patch.com/new-york/midtown-nyc/nyc-chipotle-employees-protest-unsafe-working-conditions>
7. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3619273](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3619273)

### **Strengthen Board Oversight of Workplace Equity Issues**

Disney (Walt) Company / ABC

RESOLVED, that shareholders of The Walt Disney Company (“Disney”) ask the board of directors to strengthen board oversight of workforce equity issues by assigning responsibility for oversight to an existing or new board committee. For purposes of this proposal, “workforce equity issues” include racial and gender pay equity, employment discrimination, diversity and inclusion and the relationship between compensation and benefits provided to senior executives and those provided to the rest of the workforce.

Supporting Statement: The COVID-19 pandemic and movement for racial justice have intensified the already widespread public debate about workplace equity concerns. Women and nonwhite workers have lost jobs at higher rates than white workers since the pandemic began. Black and Latino workers are overrepresented among essential workers, exposing them to greater risk. Workers have engaged in sick-outs to demand increased hazard pay, paid sick leave and unsafe working conditions.

The unavailability of paid sick days for workers during the pandemic has been a subject of substantial attention from the media and policy makers.<sup>1</sup> The Families First Coronavirus Response Act provided up to two weeks of paid sick leave to employees sick with COVID-19 or quarantined due to exposure, and expanded family and medical leave. Some states and cities have adopted or updated paid sick leave laws (in some cases limited to COVID-19 and/or certain groups of employees) since the pandemic began.

Disney has faced a great deal of controversy over workforce equity issues. Its decision to furlough about 50% of its workforce in April 2020, while some top executives agreed only to forego or cut their salaries, sacrificing less than 10% of their total pay, drew criticism.<sup>2</sup> A group of female employees has filed an equal pay lawsuit.<sup>3</sup> Supporting a California bill that proposed tying corporate taxes to the size of the CEO to worker pay gap, Disney heir Abigail Disney noted that Disney workers are paid so poorly that they “rely on food banks, sleep in cars or live so close to the bone that even a small problem could send them into a death spiral.”<sup>4</sup>

None of Disney’s board committees currently has responsibility for workforce equity issues. We believe that more robust board-level oversight of such issues would boost Disney’s performance in these areas and improve management of the financial and reputational risks they can create. Our proposal draws on a recent article by former Delaware Chief Justice Leo Strine Jr. advocating that the board’s compensation committee “expand its perspective and become a committee focused on the company’s workforce as a whole” to address “the increased demand that boards give more focus to how the company treats its workforce.”<sup>5</sup> Although we do not specifically ask that the compensation committee be tasked with overseeing workforce equity issues, we believe those matters could dovetail with the committee’s existing executive pay-related mandates.

We urge shareholders to vote FOR this proposal.

1. See, e.g., <https://www.businessinsider.com/coronavirus-changes-walmart-starbucks-employee-benefits-2020-3>; <https://www.cnn.com/2020/04/16/business/grocery-store-workers-retail-paid-sick-leave/index.html>; <https://www.theatlantic.com/health/archive/2020/03/does-walmart-provide-paid-sick-leave/608779/>; <https://www.washingtonpost.com/business/2020/03/10/walmart-apple-olive-garden-are-among-major-employers-updating-sick-leave-policies-coronavirus-cases-spread/>; <https://qz.com/1841763/us-grocery-workers-risk-coronavirus-but-most-lack-paid-sick-leave/>; <https://www.nytimes.com/2020/03/14/opinion/sunday/coronavirus-paid-sick-leave.html>
2. <https://www.nytimes.com/2020/07/29/business/economy/ceo-pay-pandemic-layoffs.html>; <https://www.forbes.com/sites/jackkelly/2020/04/22/disney-furloughs-100000-workers-while-top-executives-will-still-get-big-bonuses/#2576df415a96>
3. <https://www.latimes.com/entertainment-arts/business/story/2020-03-11/gender-pay-lawsuit-disney>
4. <https://www.cbsnews.com/news/california-bill-ceo-pay-bill-would-raise-taxes-on-big-companies-with-highly-paid-executives/>
5. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3619273](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3619273)

### **Diverse Candidate Search Policy**

Amazon.com

RESOLVED: Shareholders request that the Board of Directors of Amazon.com Inc. (the “Company”) adopt a policy for improving workforce diversity by requiring that the initial pool of candidates from which new employees are hired by the Company shall include, but need not be limited to, qualified women and minority candidates (a “Diverse Candidate Search Policy”).

Supporting Statement A diverse workforce at all levels of a company can enhance long-term company performance. Workforce diversity provides a competitive advantage to companies by helping to attract and retain talented employees, strengthening customer relationships, increasing employee satisfaction, improving corporate decision-making, and enhancing corporate reputations.

According to a recent study by McKinsey & Company, there is a “positive, statistically significant correlation between company financial outperformance and diversity, on the dimensions of both gender and ethnicity. This is evident at different levels of the organization, particularly on executive teams” (Diversity Wins: How Inclusion Matters, May 2020).

The purpose of the requested Diverse Candidate Search Policy is to assure that the Company’s recruitment pools for external hires are adequately diverse. This proposal is intended to provide flexibility to the Board of Directors to design the specific terms of a Diverse Candidate Search Policy with respect to race, ethnicity, gender, sexual orientation, disability and other groups. This proposal is modeled on the National Football League’s adoption of the “Rooney Rule” which requires teams to interview minority candidates for head coaching and other senior positions. The Rooney Rule does not dictate who should be hired, but instead widens the talent pool by requiring a diverse set of candidates for consideration before a hiring decision is made.

We commend the steps that our Company has already taken to promote diversity, equity and inclusion. In 2018, our Company’s Board of Directors adopted new language requiring the consideration of women and minority candidates in the pool from which director candidates are selected.<sup>1</sup> In our view, such a policy also makes sense for our Company’s workforce hiring decisions and will complement our Company’s existing workforce diversity efforts.

We believe that a Diverse Candidate Search Policy will broaden our Company’s access to talent for recruitment and diversify its talent pipeline for management level positions. As of December 31, 2019, 72.5 percent of the Company’s global managers were men compared to 57.3 percent of the Company’s global workforce, and 59.3 percent of the Company’s U.S. managers were white compared to 34.7 percent of the Company’s U.S. workforce.<sup>2</sup>

The Black Lives Matter and #MeToo movements have highlighted the social policy significance of diversity, equity and inclusion. Many companies have also embraced the business case for promoting workforce diversity. We believe that our Company can further enhance its own diversity efforts by adopting a Diverse Candidate Search Policy as requested by this proposal.

For these reasons, we urge shareholders to vote for this proposal.

1. <https://www.sec.gov/Archives/edgar/data/1018724/000119312518162552/d588714ddefa14a.htm>

2. <https://www.aboutamazon.com/news/workplace/our-workforce-data>

### Assess Company Diversity and Inclusion Efforts

#### McDonald's Corp.

**RESOLVED:** Shareholders request that McDonald's Corporation ("McDonald's") publish annually a report assessing McDonald's diversity, equity and inclusion (DEI) efforts, at reasonable expense and excluding proprietary information. The report should include:

- the Board's process for assessing the effectiveness of its DEI programs, and
- the Board's assessment of program effectiveness, as reflected in any goals, metrics and trends related to its promotion, recruitment and retention of protected classes of employees.

**WHEREAS:** Investors seek quantitative, comparable data to understand the effectiveness of McDonald's DEI programs.

Numerous studies point to the benefits of a diverse workforce. They include findings such as:

- Companies with the strongest racial and ethnic diversity are 35% more likely to have financial returns above their industry medians.
- Companies in the top quartile for gender diversity are 21% more likely to outperform on profitability and 27% more likely to have superior value creation.<sup>1</sup>
- The 20 most diverse S&P 500 companies had an average annual five-year stock return that was 5.8% higher than the 20 least-diverse companies.<sup>2</sup>

Nevertheless, significant barriers exist for women and people of color who seek to advance their careers. Women enter the workforce in numbers almost equal to men (48%). However, they only comprise 22% of the executive suite. Similarly, people of color comprise 33% of entry level workers, but only 13% of the c-suite.<sup>3</sup>

McDonald's website states, "Our belief is rooted in 'Diversity IS Inclusion', a bold and seismic value proposition where EVERY individual feels their culture, identity, and experiences are valued and respected."<sup>4</sup> It also states, "Going forward, McDonald's will use our influence and scale to accelerate meaningful and overdue societal change for our employees, franchisees, suppliers, customers and communities."<sup>5</sup>

McDonald's efforts to attract diverse consumers are extensive. They include advertisements focused on racial justice issues, a collaboration with rapper Travis Scott and "Black & Positively Golden," a millennial-focused campaign. However, McDonald's has not released information that allows investors to determine the effectiveness of its workplace diversity programs. Stakeholders may become concerned that McDonald's statements are corporate puffery, language described by the United States Federal Trade Commission as marketing exaggerations intended to "puff up" products and not able to be relied upon by consumers and investors.

Investors have reason to be wary. McDonald's currently faces multiple allegations from employees and franchisees of racial harassment and discrimination.

Investors want information on this issue. As of October 2020, \$1.9 trillion in represented assets backed an investor statement on the importance of workplace equity data. It states:

It is essential that investors have access to the most up-to-date and accurate information related to diverse workplace policies, practices, and outcomes.<sup>6</sup>

1. McKinsey & Company, "Delivering through Diversity", January 2018 ([https://www.mckinsey.com/~/media/mckinsey/business%20functions/organization/our%20insights/delivering%20through%20diversity/delivering-through-diversity\\_full-report.ashx](https://www.mckinsey.com/~/media/mckinsey/business%20functions/organization/our%20insights/delivering%20through%20diversity/delivering-through-diversity_full-report.ashx))

2. Holger, Dieter, "The business case for more diversity" Wall Street Journal, October 26, 2019 (<https://www.wsj.com/articles/the-business-case-for-more-diversity-11572091200>)

3. McKinsey & Company, "Women in the Workplace 2018", (<https://womenintheworkplace.com/>)

4. <https://corporate.mcdonalds.com/corpmcd/about-us/diversity-and-inclusion.html>

5. <https://mcfamily.mcdonalds.com/article/how-were-showing-up-for-our-communities-hear-from-our-leaders-at-wwc.html>

6. <https://www.asyousow.org/our-work/gender-workplace-equity-disclosure-statement>

### Assess Company Diversity and Inclusion Efforts

#### Allstate

*Similar resolutions were submitted to American Express Co., Berkshire Hathaway Inc., Booking Holdings, Caterpillar Inc., Charter Communications, Inc., Comcast Corp., CVS Health Corp, Danaher Corp., Disney (Walt) Company / ABC, Dollar Tree Stores, Eli Lilly and Company, Johnson & Johnson, NextEra Energy, Pfizer, Inc., Texas Instruments Inc., TJX Companies, Inc., Union Pacific Corporation, United Parcel Service, Inc., and UnitedHealth Group Inc.*

**BE IT RESOLVED:** Shareholders request that The Allstate Corporation (“Allstate”) publish annually a report, at reasonable expense and excluding proprietary information, assessing the Company’s diversity and inclusion efforts. At a minimum the report should include:

- the process that the Board follows for assessing the effectiveness of its diversity, equity and inclusion programs,
- the Board’s assessment of program effectiveness, as reflected in any goals, metrics, and trends related to its promotion, recruitment, and retention of protected classes of employees.

**SUPPORTING STATEMENT:** Investors seek quantitative, comparable data to understand the effectiveness of the company’s diversity, equity, and inclusion programs.

**WHEREAS:** Numerous studies have pointed to the corporate benefits of a diverse workforce. These include:

- Companies with the strongest racial and ethnic diversity are 35 percent more likely to have financial returns above their industry medians.
- Companies in the top quartile for gender diversity are 21 percent more likely to outperform on profitability and 27 percent more likely to have superior value creation.
- A 2019 study of the S&P 500 by the Wall Street Journal found that the 20 most diverse companies had an average annual five year stock return that was 5.8 percent higher than the 20 least-diverse companies.

Despite such benefits, significant barriers exist for diverse employees advancing within their careers. Women enter the workforce in almost equal numbers as men (48 percent). However, women comprise only 22 percent of the executive suite. Similarly, people of color comprise 33 percent of entry level positions, but only 13 percent of the c-suite.

On its website, Allstate writes: “We believe inclusive diversity contributes to the satisfaction, creativity, innovation, problem-solving ability, engagement and community involvement of employees . . . Our collective differences, backgrounds, educations and cultures create an inclusive environment where diverse perspectives are encouraged and embraced. Allstate is committed to being a force for positive change. We are unique individuals who come together as one team to win the hearts of our customers.” Despite this statement, Allstate has not released meaningful information that allows investors to determine the effectiveness of its human capital management programs related to workplace diversity. Stakeholders may become concerned that Allstate’s statements are corporate puffery, language described by the United States Federal Trade Commission as marketing exaggerations intended to “puff up” companies or products and not able to be relied upon by consumers and investors.

Investor desire for information on this issue is significant. As of October, 2020, \$1.9 trillion in represented assets released an Investor Statement on the importance of increased corporate transparency on workplace equity data. It stated:

It is essential that investors have access to the most up-to-date and accurate information related to diverse workplace policies, practices, and outcomes.



### **Indigenous Relations**

#### **Great-West Lifeco Inc.**

*Similar resolutions were submitted to Power Corporation and Sun Life Financial Inc.*

RESOLVED THAT: The board of directors report to shareholders on the extent to which our company's policies and practices regarding Indigenous community relations, recruitment and advancement of Indigenous employees, internal education on Indigenous reconciliation, and procurement from Indigenous-owned businesses compare to or are certified by external Indigenous-led standards of practice.

#### **SUPPORTING STATEMENT**

To be responsive to the regulatory and reputational pressure related to Indigenous inclusion, many companies have developed internal programs or policies on Indigenous relations, recruitment of Indigenous employees, and procurement from Indigenous-owned businesses.

For investors, however, the breadth, depth, and content of these programs is impossible to determine. Facing inconsistent disclosure, the extent to which a company has effectively incorporated steps to address Indigenous inclusion and reconciliation is impossible to measure.

There are, however, externally-verified options for corporations to demonstrate that their programs meet standards developed by qualified Indigenous organizations, such as the Progressive Aboriginal Relations (PAR) program of the Canadian Council for Aboriginal Business, which provides independent certification to corporations in Canada. Within Canada's financial sector, this is already an established best practice: BMO, Scotiabank, CIBC, Deloitte, EY, ATB Financial, and Accenture have all achieved certification under the PAR program.

### **Impact of Use of Mandatory Arbitration**

#### **Goldman Sachs Group Inc.**

**RESOLVED:** Shareholders of The Goldman Sachs Group, Inc. (“Goldman Sachs”) ask the Board of Directors to oversee the preparation of a public report on the impact of the use of mandatory arbitration on Goldman Sachs’s employees and workplace culture. The report should evaluate the impact of Goldman Sachs’s current use of arbitration on the prevalence of harassment and discrimination in its workplace and on employees’ ability to seek redress. The report should be prepared at reasonable cost and omit proprietary and personal information.

**WHEREAS:** Title VII of the Civil Rights Act of 1964 states that it is unlawful “to discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment, because of such individual’s race, color, religion, sex, or national origin.”<sup>1</sup> Nevertheless, 48 percent of African Americans and 36 percent of Hispanics have experienced race-based workplace discrimination.<sup>2</sup> More than half of senior-level women say that they have been sexually harassed during their careers, with African American women facing an increased relative risk of sexual harassment in the workplace.<sup>3</sup>

A workplace that tolerates harassment invites legal, brand, financial and human capital risk. Companies may experience reduced morale, lost productivity, absenteeism and challenges in attracting and retaining talent. Unexpected leadership changes following allegations of harassment or discrimination put shareholder value at risk.

In contrast, research by McKinsey & Company found that companies with high levels of ethnic and cultural diversity are 33 percent more likely to outperform in profitability while those in the top quartile for gender diversity are 27 percent more likely to have superior value creation.<sup>4</sup> A study by the Wall Street Journal found that over the five-year period ended June 28, 2019, the 20 most diverse companies in the S&P 500 had an average annual stock return that was almost six percent higher than the 20 least-diverse companies.<sup>5</sup>

Goldman Sachs requires its employees to agree to arbitrate employment-related claims. Mandatory arbitration limits employees’ remedies for wrongdoing, keeps misconduct secret and prevents employees from learning about shared concerns.<sup>6</sup>

Arbitration clauses face a changing regulatory landscape. Attorneys general from every state voiced support for ending forced arbitration of sexual harassment claims in 2018. In 2019, the U.S. House of Representatives passed a bill banning mandatory arbitration. California banned the use of arbitration agreements as a condition of employment, Washington state invalidated contracts requiring arbitration of sexual harassment claims and the New York Supreme Court refused to compel arbitration in a harassment lawsuit. Continuing to rely on arbitration clauses for protections, when these may be removed retroactively, creates a long-tail risk for our company. Investors’ concerns about arbitration’s potential to allow harassment and discrimination to go unseen are pertinent to Goldman Sachs, where thousands of women have alleged gender bias.

1. <https://www.eeoc.gov/laws/statutes/titlevii.cfm>

2. <https://www.nbcnews.com/politics/politics-news/poll-64-percent-americans-say-racism-remains-major-problemn877536>

3. <https://www.wsj.com/articles/what-metoo-has-to-do-with-the-workplace-gender-gap-1540267680>;  
<https://onlinelibrary.wiley.com/doi/abs/10.1111/gwao.12394>

4. [https://www.mckinsey.com/~/media/mckinsey/business%20functions/organization/our%20insights/delivering%20through%20diversity/delivering-through-diversity\\_full-report.ashx](https://www.mckinsey.com/~/media/mckinsey/business%20functions/organization/our%20insights/delivering%20through%20diversity/delivering-through-diversity_full-report.ashx)

5. <https://www.wsj.com/articles/the-business-case-for-more-diversity-11572091200>

6. <https://www.eeoc.gov/eeoc/systemic/review/>

### **Prevention of Sexual Harassment**

#### **McDonald's Corp.**

Resolved: That the board of directors report to shareholders, at reasonable cost and omitting proprietary information, on actions the company is taking to protect employees from sexual harassment in its branded and franchised operations. This report should include the measures taken to support franchisees in adopting best practices and creating a positive workplace culture and key workforce targets and metrics. This will allow shareholders to assess the effectiveness of the company's oversight and policies in both corporate-owned and franchised restaurants.

#### Supporting Statement:

According to a 2019 report by Hart Research, forty percent of women in the fast-food industry report experiencing unwanted sexual attention on the job. Since the #MeToo movement gained public attention, companies with a large employment footprint like McDonald's are under greater scrutiny. The failure to establish an effective mechanism of accountability through the implementation and the enforcement of anti-sexual harassment policies and practices exposes companies to significant legal, reputational and operational risks.

McDonald's has dominated the #MeToo debate within the industry. In 2020 alone, media reported extensively on several issues with McDonald's workforce. In one instance, employees filed a \$500 million class alleging a "systemic sexual harassment problem." Another complaint filed by an international coalition of labour unions at the Organization for Economic Cooperation and Development's offices in the Netherlands alleges that gender-based violence and harassment are part of McDonald's culture. That complaint details a pattern of sexual harassment and violence in the United States, the United Kingdom, France, Australia and many other countries. These cases add to numerous complaints filed at the United States Equal Employment Opportunity Commission. Employees and media report a "culture of sexual harassment" that is "pervasive" and which "creates and permits a toxic culture from the very top."

Yet, the company's efforts to address this issue remain insufficient. For instance, the steps taken by McDonald's fail to cover its franchise operations. Franchisees employ the vast majority of McDonald's workers. Franchise operations make up more than 90 percent of McDonald's restaurants. Within a franchise operating model, the company's success and reputation depend on a highly engaged, customer-facing workforce and strong franchisor-franchisee relationships. Franchisees have a direct employment relationship and related responsibilities for the workforce. However, McDonald's, as a company, is responsible for providing standards and expectations of human capital management and the collaboration required to uphold strong workplace standards, including supportive training, development, and appropriate financial arrangements.

Establishing minimum requirements and standards for McDonald's branded operations, including franchisees, and supporting franchisees' capacity to protect their employees, would help the company mitigate these reputational and legal risks. Ultimately, these steps would also help ensure that the conditions are in place to deliver high customer service and productivity levels across all McDonald's operations.

We urge you to support this resolution.

### Gender Pay Gap

#### CIGNA Corporation

WHEREAS: The 2017 U.S. Census data on median earnings for full-time, year-round workers found that women made 80 percent of that of their male counterparts. 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.

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.”

Assessing if a company has a gender pay gap requires analyzing both equal pay and equal opportunity. This is most commonly done using adjusted and unadjusted (median) pay data. Median pay data is the key metric used by the Organization for Economic Cooperation and Development and the U.S. Department of Labor, among others.

A 2019 shareholder proposal asking Cigna for a Report on Gender Pay Gap received a 35.6 percent vote. Since then, Cigna has committed to “fairness in pay and opportunity for all of our employees, regardless of gender, race or ethnicity,” and that it will “conduct annual pay equity reviews”<sup>1</sup> and it stated that “Cigna’s pay data indicates no material differences related to gender or race.”<sup>2</sup>

Yet, Cigna has not released any information that explains if this is adjusted or unadjusted pay data, identifies trends, or would allow investors and employees to determine the effectiveness of these policies.

This is in stark contrast to Cigna’s United Kingdom (UK) operations. Since 2018 the UK has mandated disclosure of both adjusted and unadjusted (median) gender pay data, demonstrating that the publication of such data is feasible and informative. Cigna UK provides an annual gender pay report that reports mean and median gender pay gap and bonus gap, pay quartiles, what the company does well, and areas for improvement. In 2019 Cigna UK reported a 25.1 percent mean and 22.5 percent median gender pay gap, and a 34.2 percent mean and 15.3 percent median bonus pay gap.<sup>3</sup> These figures allowed stakeholders to identify an increase in the mean and median pay gap and a decrease in the mean and median bonus gap from 2018.

Investors seek similar quantitative, comparable data to understand the effectiveness of Cigna U.S. pay gap policies.

Leading large-cap companies across industry sectors including Apple, Starbucks and Bank of New York Mellon, among others, have publicly committed to pay equity and published the results of gender pay assessments.

RESOLVED: Shareholders request that Cigna publish annually, quantitative data assessing Cigna’s gender pay gap, at reasonable expense and excluding proprietary information. A report adequate for investors to assess company strategy and performance, including relative opportunities for women to attain higher paying positions in the company, would include the percentage mean and median pay gap between all male and female employees, across race and ethnicity where appropriate, and would include base, bonus and equity compensation.

1. <https://jobs.cigna.com/payequity> November 11, 2020

2. <https://www.cigna.com/static/www-cigna-com/docs/about-us/investor-relations/2020-proxy.pdf>

3. <https://www.cigna.co.uk/assets/docs/news-room/2019-cigna-uk-gender-pay-report.pdf>

### **Gender Pay Gap**

#### **Biogen, Inc.**

WHEREAS: The 2017 U.S. Census data on median earnings for full-time, year-round workers found that women made 80 percent of that of their male counterparts. 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.

Mercer finds actively 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.”

Assessing if a company has a gender pay gap requires analyzing both equal pay and equal opportunity. This is most commonly done using adjusted and unadjusted (median) pay data. Median pay data is the key metric used by the Organization for Economic Cooperation and Development, the World Economic Forum, and the U.S Department of Labor, among others.

Since 2018, the UK has mandated disclosure of both adjusted and unadjusted (median) gender pay data, demonstrating that the publication of such data is feasible and informative. Biogen UK provides an annual gender pay report that reports mean and median gender pay gap and bonus gap, and pay quartiles. The Biogen UK 2019-2020 gender pay gap report states that it had a sixteen percent mean and eight percent median hourly wage gap, and a twenty-eight percent mean and twenty-five percent median bonus pay gap.

Biogen does not report on the gender pay gap for its U.S. employees.

Investors seek quantitative, comparable data to understand the effectiveness of Biogen U.S. pay gap policies.

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

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. Leading large-cap companies across industry sectors including Apple, Starbucks and Bank of New York Mellon, among others, have publicly committed to pay equity and published the results of gender pay assessments.

RESOLVED: Shareholders request that Biogen publish annually, quantitative data assessing Biogen’s gender pay gap, at reasonable expense and excluding proprietary information. A report adequate for investors to assess company strategy and performance, including relative opportunities for women to attain higher paying positions in the company, would include the percentage mean and median pay gap between all male and female employees, across race and ethnicity where appropriate, and would include base, bonus and equity compensation.

### **Gender and Racial Pay Equity**

#### **Walmart Stores, Inc.**

RESOLVED That the Board of directors prepare a report, at reasonable expense and omitting proprietary information, on the Company's plan to address the gender and racial pay gap within its workforce. At a minimum the report should include:

Relevant details about the Company's strategy, programs and policies planned or in place; Assessment of program effectiveness, through the disclosure of the median pay gap between employees from historically equity-seeking groups, and other relevant metrics.

#### Supporting Statement

The #MeToo and the racial justice movements have intensified the widespread public debate about workplace equity. According to the latest data compiled by the Census Bureau, women in the United States are paid 82 cents for every dollar paid to men. The wage gap experienced by women of colour is even more significant. Furthermore, research suggests that the Covid-19 pandemic has widened the existing gap.

As uncertainties generated by the pandemic plague precarious workers, companies with a large employment footprint like Walmart are under greater scrutiny and are exposed to critical reputational risks. These risks can also affect companies' ability to maintain a stable, well-trained and skilled operation and workforce.

Companies that effectively manage gender and racial pay equity are in a better position to attract, retain and promote talent successfully, particularly women and racialized workers. In a competitive marketplace like the retail industry, workforce diversity and equity can be differentiators for sales and financial returns. In fact, research shows that companies with the strongest racial and ethnic diversity are 35 percent more likely to have financial returns above their industry medians. Further, for each 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) increase by 0.8 percent.<sup>1</sup>

In recent years, Walmart has dominated the debate on fair pay in the retail sector—largely with negative media attention. Media reported extensively on employees' efforts to seek gender pay equity. These attempts include significant class action and individual lawsuits. In addition, research shows that Walmart lags behind its peers. A growing number of large retailers are taking proactive steps to end pay disparities, including Costco and Starbucks.

Despite employees' and shareholders' concerns, Walmart has not indicated its intention to address pay disparities among its workforce. By clarifying its plans to identify and address any gender or racial pay gaps and by disclosing its pay equity goals and key metrics, the Company will allow investors to assess the effectiveness of the strategy, policies and programs it has implemented as well as the merit of any related investment.

We urge shareholders to support this proposal.

1. <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

## Proxy Resolutions: Diversity and Racial Justice

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### **Executive Leadership Diversity** **SBA Communications Corporation**

*Similar resolutions were submitted to Autodesk Inc., Paycom Software Inc., and IPG Photonics Corporation.*

WHEREAS We believe that diversity, inclusive of gender and race, are critical attributes of a well-functioning executive team and necessary to meaningfully drive diversity throughout an organization.

Currently, the leadership team of SBA Communications has no gender diversity.<sup>1</sup>

The business case for workforce diversity is compelling. McKinsey & Company found in 2015, 2017, and again in 2019 that companies with highly diverse executive teams had higher returns on equity and earnings performance than those with low diversity.<sup>2</sup> Further, McKinsey reports that the likelihood of financial outperformance has strengthened over time. ISS Analytics examined companies where the CEO had a tenure of at least three years and found companies that combined gender diversity in the boardroom and the C-Suite showed, overall, the best results in terms of risk-adjusted quality of performance. (ISS Analytics /Governance Insights/October, 2018)

Yet, the number of women and people of color in leadership roles remains low. Nine percent of top executive roles in the Russell 3000 are held by women.<sup>3</sup> Black people hold just 3 percent of executive or senior-level roles, according to Equal Employment Opportunity Commission data.

Racial discrimination and violence leading to protests in nearly every corner of the U.S. in 2020 has compelled more corporate leaders to examine current practices and set quantitative diversity goals, specifically for racial and ethnicity diversity. For example, Alphabet, Wells Fargo<sup>4</sup>, Starbucks, and Citigroup<sup>5</sup> announced diversity goals to expand diversity in the executive ranks. Alphabet's Google committed to increase underrepresented groups in leadership by 30 percent by 2025<sup>6</sup> and Starbucks states that in five years it wants each of the five job levels in its corporate group to be comprised of at least 30 percent people of color.<sup>7</sup>

SBA Communications has strengthened diversity on its board of directors. It is time to extend focus and accountability to building diversity in its leadership ranks.

**RESOLVED:** Shareholders request that the Board of Directors prepare a report (at a reasonable cost, in a reasonable time, and omitting confidential information) providing its assessment of the current state of its leadership team diversity and if and how it plans to make the company's leadership team more diverse in terms of race, ethnicity, and gender.

**Supporting Statement:** A report adequate for investors to assess SBA Communications' strategy and performance could include disclosures such as use of "Rooney Rule" practices, and hiring, retention and promotion rates of women, Black, Indigenous and people of color across employment.

1. <https://www.sbasite.com/English/company/leadership/default.aspx>

2. <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

3. <https://corpgov.law.harvard.edu/2018/08/13/women-in-the-c-suite-the-next-frontier-in-gender-diversity/>

4. <https://www.bloomberg.com/news/articles/2020-06-16/wells-fargo-ties-senior-executives-pay-to-improving-diversity>

5. [https://www.citigroup.com/citi/about/esg/download/2019/diversity\\_2019\\_english.pdf?ieNocache=28](https://www.citigroup.com/citi/about/esg/download/2019/diversity_2019_english.pdf?ieNocache=28)

6. <https://blog.google/inside-google/company-announcements/commitments-racial-equity/>

7. <https://stories.starbucks.com/stories/2020/workforce-diversity-at-starbucks/>

### Report on Steps to Address Board Diversity

#### IPG Photonics Corporation

*Similar resolutions were submitted to US Physical Therapy Inc. and German American Bancorp.*

WHEREAS: IPG Photonics' Board of Directors has only one woman member and racial and ethnic diversity is undeterminable from the proxy.

We believe that diversity, including gender and race, is a critical attribute of a well-functioning board and a measure of sound corporate governance.

Corporate leaders recognize the strong business case for board diversity. The Guiding Principles of Corporate Governance of the Business Roundtable, an influential association of chief executives, state: "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."<sup>1</sup> Board and management diversity benefits include 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.

Numerous institutional investors have adopted proxy voting guidelines reflecting their belief that board and management diversity is an indicator of good corporate governance. BlackRock, the world's largest asset manager, published in 2020 investment stewardship guidelines that state, "If there is no progress on enhancing diversity at the board level within a reasonable time frame, we may hold nominating and/or governance committees accountable for an apparent lack of commitment to board effectiveness. Deliberate action needs to be taken by boards with a lack of diversity."<sup>2</sup> State and city pension plans nationwide have adopted proxy voting policies with minimum thresholds for board diversity.

Legislation mandating board diversity has arrived in the U.S. California legislation enacted in 2018 mandates gender diversity on the boards of companies with headquarters in that state and other states and municipalities are following suit. In 2020, California signed into law a similar mandate to increase racial and ethnic representation. Potential regulatory action seeking disclosure of racial, ethnic, and gender diversity is also under consideration at the federal level.

Despite recent progress, women and people of color remain significantly underrepresented on U.S. corporate boards. Women account for 21.1 percent of the directorships in the Russell 3000, up slightly from 20.7 percent a year ago.<sup>3</sup> Among board members of Russell 3000 companies whose race was identified, non-white directors represent less than 11 percent.<sup>4</sup> Continued progress on board diversity requires serious attention to the board search process and board refreshment.

RESOLVED: Shareholders request that the Board of Directors prepare a report by January 2022, at reasonable expense and omitting proprietary information, on steps IPG Photonics is taking to enhance board diversity, such as:

- Embedding a commitment to diversity inclusive of gender, race, and ethnicity in governance documents;
- Committing publicly to include women and people of color in each candidate pool for board and senior leadership seats; and
- Disclosing in annual proxy statements the gender, racial, and ethnic composition of the board.

1. <https://s3.amazonaws.com/brt.org/Principles-of-Corporate-Governance-2016.pdf>.

2. <https://www.blackrock.com/corporate/literature/publication/blk-commentary-engaging-on-diversity.pdf>

3. ISS 2020 Proxy Season Review

4. ISS Analytics U.S. Board Diversity Trends in 2019



### **Report on Steps to Address Board Diversity**

First Solar, Inc.

WHEREAS: Racial and ethnic diversity is undeterminable on First Solar's Board of Directors.

We believe diversity, inclusive of race, ethnicity, and gender, is a critical attribute of a well-functioning board and a measure of sound corporate governance.

Corporate leaders recognize the strong business case for board diversity. The Guiding Principles of Corporate Governance of the Business Roundtable, an influential association of chief executives, state: "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."<sup>1</sup> Benefits associated with board and management diversity include 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.

Numerous institutional investors have updated their proxy voting guidelines to reflect their belief that diversity on boards, as well as in senior and mid-level management, is an indicator of good corporate governance. BlackRock, the world's largest asset manager, published in 2020 investment stewardship guidelines that state, "If there is no progress on enhancing diversity at the board level within a reasonable time frame, we may hold nominating and/or governance committees accountable for an apparent lack of commitment to board effectiveness. Deliberate action needs to be taken by boards with a lack of diversity."<sup>2</sup> State and city pension plans across the country have adopted proxy voting policies with minimum thresholds for board diversity.

Legislation mandating board diversity inclusive of gender and race has arrived in the U.S. California legislation enacted in 2020 requires boards with nine directors or more include three members from racial or sexual minority groups by 2022. Potential regulatory action seeking disclosure of racial, ethnic, and gender diversity is also under consideration at the federal level.<sup>3</sup>

People of color remain significantly underrepresented on U.S. corporate boards. According to ISS Analytics, more than 82 percent of all directors in S&P 500 companies are Caucasian. Among board members of Russell 3000 companies whose race was identified, non-white directors represent 12.5 percent.<sup>4</sup> Continued progress on board diversity requires serious attention to the board search process and refreshment.

Resolved: Shareholders request that the Board of Directors prepare a report by September 2021, at reasonable expense and omitting proprietary information, on steps First Solar is taking to enhance board diversity beyond current levels, such as:

- Committing publicly to include people of color in each candidate pool for board and senior leadership seats;
- Disclosing the gender, racial, and ethnic composition of the board, and
- Disclosing strategies related to gender, racial, and ethnic board diversity, including if and how the board plans to reflect the diversity of the company's workforce, community, and customers.

We believe this report will foster Board accountability on this issue.

1. <https://s3.amazonaws.com/brt.org/Principles-of-Corporate-Governance-2016.pdf>.

2. <https://www.blackrock.com/corporate/literature/publication/blk-commentary-engaging-on-diversity.pdf>

3. <https://www.congress.gov/bill/116th-congress/house-bill/1018/text>

4. <https://www.nytimes.com/2020/09/15/business/economy/corporate-boards-black-hispanic-directors.html>

### **Solutions for Increasing Diversity on Board of Directors**

#### **Badger Meter Inc.**

*A similar resolution was submitted to IDEX.*

WHEREAS: In Corporate America, the value of diversifying boards is gaining traction, though improvement remains slow. According to a Spencer Stuart report, “[j]ust under one of four new S&P 500 directors (23%) are minorities (defined as African American/Black, Asian and Hispanic/Latino)”;

Further, the Harvard Business Review (HBR) explains that “[t]he underrepresentation of Black professionals is especially bleak in the highest echelon of corporate America: boards of directors. Although newly-appointed directors are increasingly diverse, 37% of S&P 500 firms did not have any Black board members in 2019 and Black directors comprised just 4.1% of Russell 3000 board members that same year”;

Badger Meter’s board of directors currently appears to have two women but zero people of color;

In response to shareholder engagement, in 2017 the Company committed to “seeking out highly qualified women and minority candidates as well as candidates with diverse backgrounds, skills and experiences as part of each Board search the Company undertakes.” Since then, the Company has elected new board members, including one woman but none who are racially/ethnically diverse. The Proponent is unaware of any disclosure on whether the Company has fulfilled its commitment to include women and people of color in each board search and believes that additional steps must be taken to address the issue of persistently low levels of diversity on our Company’s board of directors;

To diagnose the economy-wide problem of board diversity, an HBR survey found barriers for diversifying the board in: director recruitment strategies, limited diversity in personal connections of existing board members, ineffective onboarding practices, lack of leadership roles for existing Black board members, and racial discrimination in board dynamics;

When discussing solutions, the HBR article explains the value of increasing board diversity, such as a broadening of the diversity of perspectives and concerns among board members, greater likelihood of prioritizing diversity within the company, and enhanced morale and confidence of diverse employees;

The Proponent believes that examining the causes of the lack of racial and ethnic diversity on the board and committing to concrete steps to diversify the board of directors would serve the long-term value of shareholders and the company.

RESOLVED: Shareholders request that the Board of Directors report to shareholders within six months of the annual meeting, at reasonable expense excluding confidential information, on whether and how the company intends to put new, specific action steps in place for increasing board diversity.

#### **SUPPORTING STATEMENT:**

The proponent suggests that among the strategies the company could explore include, at board and management discretion, are: board member diversity quotas, requiring a minimum number of diverse candidates in each pool considered, engaging a search firm for each board search, requiring at least two candidates of color in each candidate pool, considering a board refreshment policy, examining the potential limits to increases in diversity from using current board member networks for recruitment, and other strategies that balance candidate qualifications and diversity.

### Workforce Diversity Report

#### BJ's Wholesale

RESOLVED: Shareholders request that the Board of Directors adopt a policy requiring BJ's Wholesale Club Holdings Inc. ("BJ's") to disclose on its website BJ's Consolidated EEO-1 Report, a comprehensive breakdown of its workforce by race, ethnicity and gender that BJ's is required to submit annually to the U.S. Equal Employment Opportunity Commission (EEOC). The Company shall annually disclose its EEO-1 Report within 60 days of submission.

The business case for workforce diversity is compelling. McKinsey & Company, for example, found in 2015, and in a larger study in 2017 that highly diverse executive teams had higher returns on equity and earnings performance than those with low diversity. Companies in the top quartile for gender diversity on executive teams were 21 percent more likely to have industry-leading profitability. Companies in the top quartile for ethnic/cultural diversity were 33 percent more likely to have industry-leading profitability.<sup>1</sup>

According to BJ's 2020 Proxy Statement, the company's board of directors is 30 percent diverse by gender while no women are among its named executive officers. The race and ethnicity of its board and executive leadership team are undeterminable.<sup>2</sup> The Company states that it "has a long tradition of embracing diversity" and it "strive[s] to have a workforce that reflects the communities in which we operate."<sup>3</sup> However, without publicly disclosing workforce composition data investors have no information with which to assess if and how the company is attracting, retaining and promoting a diverse workforce reflective of the communities in which it operates.

2020 has been a year with renewed focus on the problems of systemic racism in the United States. One way that companies can address the issue is through its recruitment and retention practices - working to provide equity, inclusion, and justice. As our society asks more of all of us when it comes to race, a beginning step that a company like ours can take is providing meaningful transparency about our workforce.

Shareholder proposal votes at recent annual meetings indicate that shareholder interest in workforce composition data is strong. A majority of shareholders of Travelers Companies (50.9 percent) voted for a workforce diversity disclosure proposal in 2019. Travelers responded by publishing its full EEO-1 report and committing to do so annually. In 2020 support for shareholder proposals requesting reports on workforce diversity programs continued to be strong. Proposals filed at Fastenal and Fortinet, for example, earned 61 percent and 70 percent support, respectively.

Peer companies including Starbucks<sup>4</sup> and Target<sup>5</sup> publish full EEO-1 reports as well as quantitative goals and strategies to foster inclusion and expand diversity in their employment ranks.

1. McKinsey & Company, *Delivering through Diversity*; V. Hunt, S. Prince, S. Dixon-Fyle, L. Yee; January, 2018

2. <https://www.sec.gov/Archives/edgar/data/1531152/000153115220000073/a2019proxy.htm>

3. <https://investors.bjs.com/sustainability/team-members/default.aspx>

4. <https://stories.starbucks.com/stories/2020/workforce-diversity-at-starbucks/>

5. [https://corporate.target.com/\\_media/TargetCorp/csr/pdf/Target-Workforce-Diversity-Report\\_FY2019.pdf](https://corporate.target.com/_media/TargetCorp/csr/pdf/Target-Workforce-Diversity-Report_FY2019.pdf)

### **Workforce Diversity Report**

Home Depot, Inc.

**RESOLVED:** Shareholders request that the Board of Directors adopt a policy requiring The Home Depot Inc. (“THD”) to disclose on its website THD’s Consolidated EEO-1 Report, a comprehensive breakdown of its workforce by race, ethnicity and gender that THD is required to submit annually to the U.S Equal Employment Opportunity Commission (EEOC). The Company shall annually disclose its EEO-1 Report within 60 days of submission.

#### Supporting Statement

High-profile killings of Black men and women in 2020 highlighted the grave consequences of systemic racism in our society, sparked nationwide protests for racial justice, and prompted many companies to publicize their commitments to racial equity and diversity.

In a June 1 statement, CEO Craig Menear proclaimed: “We are all confronting deep pain and anguish over the senseless killing of George Floyd, Ahmaud Arbery and other unarmed Black men and women in our country. We cannot ignore that their deaths are part of a pattern of racism and reflect the harsh reality that as a nation we are much too far from fulfilling the promise of equal justice for all... Diversity and respect for all people are core to who we are as an Orange-Blooded family. We do not support discrimination in any form, period.”

We believe demonstrable commitments to hire, retain, and promote Black employees, other employees of color and women can contribute not only to a more just society, but to improved company performance. A May 2020 McKinsey study found that companies in the top quartile of gender diversity on executive teams were 25% more likely to experience above-average profitability than peer company diversity laggards, and that there is an even higher likelihood of outperformance among companies with more ethnically diverse executive teams (<https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>).

The EEO-1 Report breaks down a company’s U.S. workforce demographics for 10 employment categories, including senior management (individuals within two reporting levels of the CEO). Disclosure of this critical information will provide investors:

Standardized, quantitative, and reliable data that is comparable across companies, enabling investors to assess the representation of Black employees and other employees of color and women at various levels; Specific data on senior management diversity; Particularized data that allows investors to assess the representation of specific racial and ethnic groups by gender, such as Black female employees, in a job category—and to make meaningful, year-over-year comparisons.

THD’s 2020 Responsibility Report provides U.S. headcount and percentages only for “White” and “Minority” employees, and separately for gender, for three company-specific job categories. Also, it separately provides only percentages for some racial/ethnic groups. These figures are not comparable, nor decision-useful to investors.

Disclosing its EEO-1 Report is a cost-effective means for THD to demonstrate its diversity performance—it already collects the data.

The proposal neither prevents nor discourages disclosure of other information that THD believes reflects its organizational structure or demonstrates its diversity.

Most S&P 100 companies disclose or have committed to disclose their EEO-1 in 2021. THD, however, has resisted such requests since 2005.

We ask shareholders to vote FOR this proposal.

### **Workforce Diversity Report** Union Pacific Corporation

*A similar resolution was submitted to Thermo Fisher Scientific.*

WHEREAS: Union Pacific is required to furnish an EEO-1 report—a comprehensive breakdown of its workforce by race and gender according to 10 employment categories—to the United States Equal Employment Opportunity Council annually.

As intangible assets increasingly drive corporate value creation, investors seek a better understanding of human capital management strategy and performance. A lack of consistent disclosure of human capital practices makes it difficult for investors to evaluate corporate performance.

Detailed workforce diversity data is one critical component of transparency regarding human capital management. Diverse and inclusive teams are associated with greater employee engagement, increased attraction and retention of talent, and a sense of purpose in the workforce.

Disclosure of the EEO-1 report would enable the company to provide a more complete picture of its workforce without additional burdens on the company to collect data. Such disclosure would provide a platform for the company to describe the connection between human capital management and corporate strategy and facilitate informed engagement with investors.

Information about the effectiveness of a company's diversity investments must be complete, comparable, and consistent. Investors need annual disclosure of granular demographic data in order to know whether investments in diversity have paid off through changes in the numbers of people by race and gender at different levels of the company.

Annual EEO-1 disclosure enables an evaluation of the company's strengths and opportunities for improvement and performance trend, and facilitates comparison across firms.

Union Pacific does not provide this fundamental information to shareholders, though it describes a commitment to diversity and states that it invests in diversity and inclusion initiatives.

RESOLVED: Shareholders request that the Board of Directors adopt a policy requiring Union Pacific to disclose on its website the annual Consolidated EEO-1 Report. The company shall disclose its EEO-1 Report no later than 60 days after the date of its submission to the EEOC.

Supporting Statement: The global coronavirus pandemic and police brutality against African-Americans have heightened public concern about racial equity. Rising expectations of employees and other stakeholders that companies will make a meaningful commitment to racial equity in the workplace have strengthened the longstanding case for prioritizing diversity in the workplace. In particular, companies that signal their commitment to racial diversity through workforce transparency may be better positioned to attract and retain talent.

Underscoring the link between diversity and inclusion and human capital management, research from The Conference Boards' DNA of Engagement initiative argues that the synergy between employee engagement and inclusion is a key component of overall employee productivity and Deloitte highlights diversity as an important element in building and sustaining a strong sense of corporate purpose.

A May 2020 report from McKinsey Diversity Wins: How Inclusion Matters found "that companies in the top quartile for gender diversity on executive teams were 25 percent more likely to have above-average profitability than companies in the fourth quartile."

### **Executive Pay-Incorporate Diversity and Sustainability Metrics**

Alphabet, 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 long-term performance. Leading companies have integrated sustainability metrics into executive pay plans, among them Unilever and Walmart. The UN Principles for Responsible Investment (2012) state that considering ESG factors in compensation can help protect long-term shareholder value.

Diversity, inclusion, and equity 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 & Company, 2015).
- In a 2013 Catalyst report, diversity was positively associated with more customers, increased sales revenue, and greater relative profits.

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 threatens worker safety, talent retention, product development, and customer service. These human capital risks are playing out at Alphabet:

- In 2019, more than 2,000 Google workers “signed a petition to remove a member of the company’s newly formed council on artificial intelligence ethics for alleged anti-trans and anti-immigrant views.” (“Google loses diversity chief amid unrest over workplace issues,” CNET, April 2019)
- In December 2020, the former co-leader of Google’s “Ethical A.I. team” claimed that she was fired after criticizing shortcomings in Google’s approach to inclusive hiring and biases in artificial intelligence systems.

Alphabet has taken steps to address inclusion, but risks remain as our Company remains predominantly white and male. According to Google’s 2020 diversity report, underrepresented people of color account for only 7.9 percent of Google’s tech workforce and only 6.8 percent of leadership.

In 2020, CEO Sundar Pichai responded to ongoing structural racism and racist violence, including the murder of George Floyd, by announcing new goals and resources. This includes goals to increase representation of underrepresented groups at senior levels and “more than double the number of Black+ Googlers at all other levels by 2025.” However, it is not clear how that strategy is driven by executive accountability. Clearly disclosed, comprehensive links among sustainability, diversity, and executive compensation would help deliver change and improve human capital management.

Peers such as Microsoft, Intel, and IBM have already begun linking parts of compensation to diversity 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 performance measures or vesting conditions that may apply to senior executives under the Company’s compensation plans or arrangements. 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.

### **Executive Compensation and Diversity in Senior Level Management**

Hannon Armstrong

Whereas: In an increasingly complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to company success;

The Proponent believes that diversity in senior management helps ensure that different perspectives are applied to decisions, while enhancing the likelihood that proposed solutions will be nuanced and comprehensive;

Hannon Armstrong's senior executives appear to be entirely white and primarily male. Of the staff currently listed as "Senior Management Team" on the company's website, there are no women nor individuals who appear Black, Latinx, or Indigenous. In the company's separate "Leadership Team," twelve staff are listed including the Senior Management Team. Two on this expanded list are women, but again none appear to be racially or ethnically diverse;

As a values-driven company, Hannon Armstrong is dedicated to improving the globe's climate future. Given the "deep links between racism and climate change" (Yale School of the Environment) and the company's firm stance on racial justice—"Hannon Armstrong stands with our black employees and the black community in the fight against systemic racism"—the makeup of the management team is particularly concerning;

Research shows that diversity in company management has numerous positive effects for the company and shareholders. McKinsey Research found that "[f]or diverse companies, the likelihood of outperforming industry peers on profitability has increased over time, while the penalties are getting steeper for those lacking diversity";

McKinsey's analysis found that "companies in the top quartile of gender diversity on executive teams were 25 percent more likely to experience above-average profitability than peer companies in the fourth quartile ... [and] ... that the higher the representation, the higher the likelihood of outperformance. Companies with more than 30 percent women on their executive teams are significantly more likely to outperform those with between 10 and 30 percent women, and these companies in turn are more likely to outperform those with fewer or no women executives. As a result, there is a substantial performance differential—48 percent—between the most and least gender-diverse companies";

Similarly, McKinsey found a 36% difference in likelihood of outperformance between 1st vs 4th quartile of companies ethnically diverse executive teams;

Shareholders are concerned that Hannon Armstrong's lack of diversity in the senior management and leadership teams may be adversely affecting shareholder value and believe that adding diversity in senior level management as a clear metric in our CEO's compensation package creates an incentive to strive for excellence in this area just as our financial metrics incentivize performance.

**RESOLVED:** Shareholders request that the Board or its Compensation Committee prepare a report evaluating the benefits and drawbacks of including metrics regarding diversity among the Senior Management Team as one of the performance measures for the CEO under the Company's annual and/or long-term incentive plans. For the purposes of this proposal, "diversity" is defined as gender, racial, and ethnic diversity.

### **Oversight of Human Capital Management**

#### **Boralex, Inc.**

*Similar resolutions were submitted to NFI Group and Northland Power.*

RESOLVED: That the Board of Directors assign responsibility for strategic oversight of human capital management to a board-level committee. The committee's responsibilities may include:

- Reviewing, on an ongoing basis, corporate policies and practices on principles, strategy, and management of workforce-related matters, including those related to addressing workforce equity and inclusion;
- Oversight of the extent to which the company's policies, standards, and requirements are applied consistently across its operations, and;
- Offering guidance on strategic decisions that may have an impact on the workforce.

#### Supporting Statement:

The COVID-19 pandemic has caused unprecedented challenges to the economy, workers, communities, and businesses. The virus has exposed how vulnerable and unprepared many companies were to address major business disruptions and protect their employees' health and financial security.

The pandemic experience has also signaled that a shift towards a low-carbon economy is underway, with companies in low-carbon sectors poised to expand their operations and workforce significantly over the coming years. At the same time, in recent months, the national recognition of the need to address systemic racism in North American institutions has put corporate oversight of diversity, equity, and inclusion in the spotlight.

Investors increasingly see effective human capital management—the policies and practices used to cultivate the workforce's skills and capabilities—as a primary source of value for companies. A large body of empirical studies shows that skillful management of human capital is associated with: improved workforce recruitment and retention, better returns and lower costs, better brand reputation, improved operational performance, and better long-term strategic planning.<sup>1</sup>

The need for oversight responsibility of human capital management at the board level reflects the importance of human capital in a company's strategy and operations. It is necessary to enable the Company to optimize performance and uphold its responsibilities to its growing workforce. Conversely, failure to properly assign board-level oversight of human capital management may create reputational and legal risks that can negatively impact performance and long-term value.

To date, Boralex Inc has not established clear oversight responsibilities for its workforce at the board level, nor does it provide sufficient information for investors to understand its approach to human capital management across its operations. We believe, that establishing board committee oversight for human capital management would allow effective assessment and mitigation of workforce-related risks and promote a consistent standard of respect for core workers' rights across Boralex Inc's operations.

1. <https://corpgov.law.harvard.edu/2013/06/02/corporate-director-selection-and-recruitment-a-matrix/>



## Environmental Health, Sustainability, and Water

Investors have long argued that properly managing environmental impacts such as toxins, drilling/fracking, animal welfare and nanotechnology helps companies compete in a business environment marked by growing public rejection of overuse and waste of precious natural resources. As the plastic pollution crisis has worsened, shareholders have increasingly called for corporate action, most recently on plastic film—which cannot be recycled—and which represents nearly 60% of all plastic produced.

### Reduce Plastics Use

91% of plastic is not recycled, but instead ends up as trash, with between 8 and 12 million metric tons of plastic entering the ocean every year, driving an ocean plastics crisis. While restrictions on single-use plastics have been implemented in 150 countries, far more needs to be done. On its own, enhanced recycling will not be enough to reverse the crisis, and must instead be joined with robust ‘upstream’ measures, particularly reduction in demand and changes in how packaging materials are designed.



### Environmental Health, Sustainability, Water 19

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For the full list of investors who filed these resolutions, see p. 213.

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Report on Plastic Pellet Pollution	2
Sustainability Reporting	2
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Quantitative Goals for Reducing Plastics Use	1
Reduce Water Pollution from Supply Chain	1
Report on Actions to Reduce PFAS in Food Contact Materials	1

Investors asked **Amazon** (which generates an estimated 465 million pounds of plastic packaging waste a year), **Keurig Dr. Pepper, Kraft Heinz, Kroger, Mondelez, PepsiCo, Restaurant Brands International, Target** and **Walmart** to estimate the amount of plastics released into the environment by their use of plastic packaging, and describe any company strategies or goals to reduce the use of plastic packaging.

### Report on Plastic Pellet Pollution

Most plastic products originate in the form of pellets known as “nurdles” that are manufactured in polymer production plants. Through either spills or poor handling, billions of plastic pellets are swept into waterways annually. Eastman Chemical is one of the top 40 U.S. chemical producers, and manufactures plastics such as PET and polyester, while DuPont de Nemours is a leading producer of transportation and industrial plastics.

Investors asked **DuPont and Eastman Chemical** to disclose trends in the amount of plastics they release into the environment and assess the effectiveness of company policies and actions to reduce the volume of their plastic materials contaminating the environment.

### Report on Actions to Reduce PFAS in Food Contact Materials

Exposure to poly and perfluoroalkyl substances (PFAS) has been linked to hormone disruption, liver and kidney disease, cancer, and other human health harms. Three out of nine samples recently collected from McDonald's contained levels of fluorine above the screening level, suggesting they had been treated with PFAS chemicals.

Shareholders asked **McDonald's** to report on the potential public health and/or environmental impacts of toxic materials used in food contact settings.

### Reduce Water Pollution from Supply Chains

Meat production is the leading source of water pollution in the U.S., exposing 5.6 million Americans to nitrates in drinking water, and producing toxic algal blooms. Manure from the farms that supply poultry brands contains antibiotic-resistant bacteria and pathogens which can pollute waterways, endangering public health and the environment. Companies that fail to adequately manage their water pollution are vulnerable to regulatory actions and reputational risk.

ICCR members asked **Pilgrim's Pride** to report if and how the company plans to increase the scale, pace, and rigor of its efforts to reduce water pollution from its supply chain.

### Sustainability Reporting

Substantive reporting on sustainability factors allows companies to better integrate and capture value from existing sustainability efforts, identify gaps and opportunities in existing policies and practices, enhance company-wide communications, and recruit and retain employees.

Investors asked **Beyond Meat** to issue a sustainability report describing the company's environmental, social, and governance (ESG) policies, performance, improvement targets and quantitative metrics. Investors sent a similar resolution to **Shake Shack** that emphasized food waste generated by the company's operations and value chain.



## Proxy Resolutions: Environmental Health, Sustainability, and Water

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### **Reduce Plastics Use**

Amazon.com, Inc

*Similar resolutions were submitted to Keurig Dr. Pepper and Restaurant Brands International.*

WHEREAS: The ocean plastics crisis continues unabated, fatally impacting more than 800 marine species, and causing up to \$2.5 trillion in damage annually to marine ecosystems. Toxins adhere to plastics consumed by marine species, which potentially transfer to human diets. There could be more plastic than fish by weight in oceans by 2050.

Recently, Pew Charitable Trusts released a groundbreaking study, *Breaking the Plastic Wave*, which concluded that if all current industry and government commitments were met, ocean plastic deposition would be reduced by only 7%. Without immediate and sustained new commitments throughout the plastics value chain, annual flow of plastic into oceans could nearly triple by 2040.

The report finds that improved recycling will be insufficient to stem the plastic tide, and must be coupled with upstream activities like reduction in demand, materials redesign, and substitution. “Brand owners, fast-moving consumer goods companies and retailers should lead the transition by committing to reduce at least one-third of plastic demand through elimination, reuse, and new delivery models,” the report states, adding that reducing plastic production is the most attractive solution from environmental, economic, and social perspectives.

Amazon does not disclose how much plastic packaging it uses but is believed to be one of the largest corporate users of flexible plastic packaging, which cannot be recycled. A recent report estimated that Amazon generated 465 million pounds of plastic packaging waste last year and that up to 22 million pounds of its plastic packaging waste entered the world’s marine ecosystems. Flexible packaging represents 59% of all plastic production but an outsized 80% of plastic leaking into oceans. Amazon has no goal to make all of its packaging recyclable.

Unilever has taken the most significant corporate action to date, agreeing to cut plastic packaging use by 100,000 tons by 2025. PepsiCo has committed to substitute recycled content for 35% of virgin plastic in its beverage division. Amazon lags in its commitments, as it has no goal to make overall cuts in plastic packaging.

Reducing plastic packaging and making all packaging recyclable are necessary steps to combat the plastic pollution crisis. The company is long overdue on taking action.

**BE IT RESOLVED:** Shareholders request that the board of directors issue a report by December 2021 on plastic packaging, estimating the amount of plastics released to the environment due to plastic packaging attributable to all Amazon operations, and beginning with the manufacture of the plastic source materials, through disposal or recycling, and describing any company strategies or goals to reduce the use of plastic packaging to reduce these impacts.

**SUPPORTING STATEMENT:** Proponents note that the report should be prepared at reasonable cost, omitting confidential information, and include an assessment of the reputational, financial, and operational risks associated with continuing to use substantial amounts of plastic packaging and unrecyclable packaging while plastic pollution grows unabated. In the board’s discretion, the report could also evaluate opportunities for dramatically reducing the amount of plastics used in packaging through redesign or substitution.

## Proxy Resolutions: Environmental Health, Sustainability, and Water

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### **Reduce Plastics Use**

#### **Walmart Stores, Inc.**

*Similar resolutions were submitted to PepsiCo, Inc., Target Corp., Kroger Co., Mondelez International, Inc., and Kraft Heinz Company.*

WHEREAS: The ocean plastics crisis continues unabated, fatally impacting more than 800 marine species, and causing up to \$2.5 trillion in damage annually to marine ecosystems. Toxins adhere to plastics consumed by marine species, which potentially transfer to human diets. There could be more plastic than fish by weight in oceans by 2050.

Recently, the Pew Charitable Trusts released a groundbreaking study, *Breaking the Plastic Wave*, which concluded that if all current industry and government commitments were met, ocean plastic deposition would be reduced by only 7%. Without immediate and sustained new commitments throughout the plastics value chain, annual flow of plastic into oceans could nearly triple in just twenty years.

Improved recycling will not be sufficient to stem the plastic tide, and must be coupled with upstream activities like reduction in demand, materials redesign, and substitution. “Brand owners, fast-moving consumer goods companies and retailers should lead the transition by committing to reduce at least one-third of plastic demand through elimination, reuse, and new delivery models,” the report states, adding that reducing plastic production is the most attractive solution from environmental, economic, and social perspectives.

Food conglomerate Unilever has taken the most significant action by a major company to date, agreeing to cut plastic packaging use overall by 100,000 tons by 2025. PepsiCo has committed to substitute recycled content for 35% of virgin plastic use in its beverage division. Walmart has no goal to reduce use of plastic packaging.

Despite Walmart’s goal to use entirely reusable, recyclable, or compostable packaging by 2025, the company uses 37% flexible packaging, which cannot be recycled. Flexible packaging represents 59% of all plastic production but an outsized 80% of plastic actually leaking into oceans. The company has failed to take substantive action on its promise to explore reusable packaging, with no reported reusables pilots in the U.S.

The company received a score of D+ in an *As You Sow* study ranking corporate leadership on plastic pollution. Walmart lags in its commitments—even well behind its subsidiary, ASDA—in making cuts to plastic packaging, increasing use of reusable packaging, and facilitating recyclability of its flexible packaging by 2025.

RESOLVED: Shareholders request that the board of directors issue a report by December 2021 on plastic packaging, estimating the amount of plastics released to the environment by our use of plastic packaging, from the manufacture of plastic source materials, through disposal or recycling, and describing any company strategies or goals to reduce the use of plastic packaging to reduce these impacts.

Supporting Statement: Proponents note that the report should be prepared at reasonable cost, omitting confidential information, and include an assessment of the reputational, financial, and operational risks associated with continuing to use substantial amounts of plastic packaging while plastic pollution grows unabated. In the board’s discretion, the report could also evaluate opportunities for dramatically reducing the amount of plastics used in our packaging through redesign or substitution.

### **Quantitative Goals for Reducing Plastics Use**

#### **Target Corp.**

Whereas: According to the Company's 2020 CDP report, "plastic packaging affects the majority of Target's products."

Plastic pollution is a growing problem globally. Only 9% of all plastic made in the last 60 years has been recycled, with the rest ending up in landfills, incinerated or in the natural environment. An estimated 8 million tons of plastic waste is released into the ocean every year, and a report by the Pew Trust found that existing industry and government commitments will only reduce this marine plastic pollution by 7% by 2040.

Failing to demonstrate measurable progress toward reducing its plastic footprint may pose material financial risks to Target.

In its 10-K, Target notes that a perceived lack of transparency around environmental issues could harm its reputation. Consumer preferences for sustainability are changing, especially among younger generations, and according to Deloitte's Global Millennial Survey, two-thirds of Millennials and Gen Zs reported taking steps to reduce their use of single-use plastic. It is critical that companies demonstrate progress toward reducing their plastic packaging or risk alienating sustainability-focused customers and losing market access.

Regulation aimed at reducing plastic use has swelled in recent years with little indication of abatement. Over 120 countries, eight U.S. states, and hundreds of municipalities have bans or restrictions on plastic in place. Furthermore, as climate-related regulations tighten on fossil fuels, which are used to make plastic, the material may become more expensive to produce, reducing profit margins and shareholder value for companies that rely on it. Target highlights changing oil prices' impact on plastics as a risk in its CDP report, but does not disclose quantitative progress toward goals that mitigate plastic-related risks to investors.

Target lags behind consumer goods peers on disclosure. Colgate-Palmolive reports best practice plastic packaging use metrics annually. Nestlé discloses the amount of plastic it uses annually, the percentage that is recycled plastic, and the amount avoided through its packaging initiatives. Unilever reports quantitative progress toward its plastic packaging goals and plans to reduce its absolute plastic use by 100,000 tons.

In a recent report, Target received a D- grade for its efforts on packaging transparency. Without disclosure, investors lack sufficient information to assess how Target is progressing toward its plastic packaging goals and whether current goals will result in a reduction of Target's plastic footprint.

Resolved: Shareholders request that Target issue an annual report, at reasonable expense and omitting proprietary information, disclosing quantitative metrics that demonstrate how the Company is reducing plastic use in its owned brand packaging over time. Supporting statement : Proponents defer to management on the content of the report, but suggest that indicators meaningful to shareholders include:

- Annual disclosure of quantitative metrics such as plastic packaging use by weight and by unit, percent of total plastic use made from recycled content, progress toward the elimination of problematic plastics like foam and PVC, etc.
- Any quantitative, timebound goals for reducing the Company's absolute plastic footprint.

### **Phase Out Single Use Beverage Cups**

McDonald's Corp.

WHEREAS: The ocean plastics crisis continues unabated, fatally impacting more than 800 marine species, and causing up to \$2.5 trillion in damage annually to marine ecosystems. An estimated 11 million metric tons of plastic ends up in oceans annually. Toxins adhere to plastics consumed by marine species, which can potentially transfer to human diets. There could be more plastic than fish by weight in oceans by 2050.

Recently, Pew Charitable Trusts released a groundbreaking study, *Breaking the Plastic Wave*, which concluded that if all current industry and government commitments to address plastic pollution were met, ocean plastic deposition would be reduced by only 7%. Without immediate and sustained new commitments throughout the plastics value chain, annual flow of plastic into oceans could nearly triple in just the next twenty years.

The report finds that improved recycling will not be sufficient to stem the plastic tide, and must be coupled with reduction in demand, materials redesign, and substitution. "Brand owners, fast-moving consumer goods companies and retailers should lead the transition by committing to reduce at least one-third of plastic demand through elimination, reuse, and new delivery models," the report states, adding that reducing plastic production is the most attractive solution from environmental, economic, and social perspectives. Unilever has taken the most significant corporate action to date, agreeing to cut plastic packaging use by 100,000 tons by 2025.

McDonald's and peers have fostered a wasteful "to go" disposable beverage cup and packaging culture, contributing to plastic pollution of land and water. The company removed polystyrene foam containers from its operations but continues to use significant amounts of single-use plastic. It used 53,000 metric tons of plastic in primary packaging in 2018. Single-use beverage cups represent 42% of the company's plastic footprint, lids 28%, and utensils 16%, with only 2% recycled content.

Competitor Starbucks Corp. is shifting away from single-use packaging and developing new global reusable container goals. This could reduce plastic use by thousands of tons. To reduce plastic use as deemed essential by the Pew study, McDonald's should follow Starbucks' lead and commit to position the company to shift permanently away from single-use packaging and towards reusable containers.

BE IT RESOLVED: Shareholders request that the board of directors issue a report by December 2021 on plastic packaging, estimating the amount of plastics released to the environment by our use of plastic packaging, from the manufacture of plastic source materials, through disposal or recycling, and describing company strategies or goals to reduce use of plastic packaging to reduce these impacts.

SUPPORTING STATEMENT: Proponents note that the report should be prepared at reasonable cost, omitting confidential information, and include an assessment of the reputational, financial, and operational risks associated with continuing to use substantial amounts of plastic packaging while plastic pollution grows unabated. In the board's discretion, the report could also evaluate opportunities for dramatically reducing the amount of plastics used in packaging through redesign or substitution.

## Proxy Resolutions: Environmental Health, Sustainability, and Water

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Report on Plastic Pellet Pollution

#### DuPont Company

*A similar resolution was submitted to Eastman Chemical Company.*

WHEREAS: Plastic pollution is a global environmental crisis, and DuPont de Nemours is a leading producer of transportation and industrial plastics.

Most plastic products originate from pre-production plastic pellets, or nurdles. Due to spills and poor handling procedures, pellets are routinely swept into waterways during production and transportation, and are increasingly found on beaches and shorelines.

Eleven million metric tons of plastics—including pellets—leak into oceans annually, causing fatalities in more than 800 marine species from ingestion, entanglement, suffocation, or drowning. Pellets are similar in size and shape to fish eggs and are often mistaken by marine animals for food. Plastic pellets can absorb toxins such as dioxins from water and transfer them to the marine food web and potentially to humans through consumption of seafood.

Plastic pellets are estimated to be the second largest direct source of microplastic pollution to the ocean by weight, with more than ten trillion spilled every year. More than two hundred pellet, flake, and powder spills have been reported to the National Response Center since reporting began. Plastic does \$13 billion in damage to marine ecosystems annually. If no action is taken, oceans are expected to contain more plastic than fish by 2050.

Pellet spills create financial risk. Formosa Plastics Corporation USA recently paid a \$50 million fine for emitting plastic pellets at its Texas facility. In August 2020, more than one billion pellets manufactured by Dow Chemical spilled into the Mississippi River. Frontier Logistics currently faces a federal lawsuit for violating the Clean Water Act and Resource Conservation and Recovery Act through the discharge of plastic pellets into Charleston Harbor and other connected waters.

DuPont is a member of Operation Clean Sweep, an industry program that encourages best practices to reduce pellet loss, but which provides no public reporting on spill incidents.

Given the severe biodiversity and economic impacts of plastic pollution described above, there is an urgent need to increase reporting on pellet spills and remediation. In the least two years, corporate peers, Chevron Phillips Chemical, ExxonMobil Chemical, Dow Chemical, and three others have agreed to public reporting of pellet spills. Such reporting is a necessary first step to the company realizing its 2030 goal to, “Integrate circular economy principles into our business models considering lifecycle impacts in the markets we serve.

BE IT RESOLVED: Shareholders request that the Board of Directors of DuPont issue an annual report to shareholders, beginning in 2021, at reasonable cost and omitting proprietary information, on plastic pollution. The report should disclose trends in the amount of plastic in various forms released to the environment by the company annually, and concisely assess the effectiveness of the company’s policies and actions to reduce the volume of the company’s plastic materials contaminating the environment.

Supporting Statement: Proponent recommends that the report include discussion of loss prevention, cleanup and containment for all relevant categories of plastic materials released, regardless of whether they are pellets, powder, flake, granules, or other particles.

### **Report on Petrochemical Resiliency Risks**

#### **Exxon Mobil Corporation**

**BE IT RESOLVED:** Shareholders request that ExxonMobil Corporation issue a report, at reasonable cost and omitting proprietary information, describing if and how it is reducing the risk of stranded assets related to environmental impacts of its petrochemical investments.

**SUPPORTING STATEMENT:** The report should consider the potential impact of public, market, and governmental responses to environmental impacts including plastic pollution, community health, and climate change.

**WHEREAS:** Exxon's existing disclosures are insufficient to assure investors how the company can reconcile its petrochemical expansion plans with increasingly urgent global goals to mitigate certain environmental crises. Shareholders are concerned that Exxon's planned growth in petrochemicals, rather than reducing risk from climate change, will expose the company and its investors to stranded asset risk, as global action on environmental crises, including climate and plastic pollution, lead to reduced demand for its petroleum-based products.

Plastic pollution has become one of society's most intractable problems with consumers, corporations, and policy makers struggling to address the growing quantities of plastic waste polluting oceans and other ecosystems. A recent study found plastic use in the U.S. alone contributed up to 2.2 million metric tons of pollution into the ocean in 2016, more than previously estimated. Existing recycling infrastructure is equipped to recycle only a fraction of plastic waste produced, leaving most plastics to more harmful disposal practices. Industry response through groups including the American Chemistry Council (of which Exxon is a member) has been insufficient to stem growing consumer and government concern. In response, Consumer Goods companies are increasingly looking to reduce reliance on virgin plastic.

While Exxon reports that plastic products can help reduce global greenhouse gas (GHG) emissions, recent reports show that emissions across the petrochemical and plastics supply chain contribute significantly to climate change. For example, plastic disposal results in high levels of emissions through incineration or other end of life outcomes (these emissions are currently unaccounted for in Exxon's reporting). Research has found the plastic industry could use as much as 19 percent of earth's remaining carbon budget, jeopardizing chances of keeping global warming below 1.5 degrees Celsius.

Exxon's disclosures indicate the company is continuing to invest in expensive petrochemical-related infrastructure with increasing risk of stranding, as plastic demand growth is likely to slow due to government and consumer action to reduce its use. Furthermore, planned infrastructure in the Gulf Coast Plastics Production Corridor, where catastrophic weather events associated with climate change occur frequently, risk hazardous emissions releases harmful to human health, and community opposition to petrochemical projects is growing. Already, similar projects have stalled or lost value.

Shareholders seek to understand if, and how, Exxon is reducing the risk of stranded assets of its petrochemical-based investments as the global response to climate and plastic pollution intensifies. The energy and petrochemical sectors must play a critical role in mitigating environmental impacts related to plastic manufacturing, use, and disposal.



### **Report on Petrochemical Resiliency Risks**

#### **Dow Chemical Company**

**WHEREAS:** Investors are concerned about the financial, health, environmental, and reputational risks associated with operating and building new chemical plants and related infrastructure in Gulf Coast locations that are increasingly prone to catastrophic storms and flooding associated with climate change.

Petrochemical facilities like ethane crackers and polyethylene processing plants produce dangerous pollutants including benzene (a known carcinogen), Volatile Organic Compounds, and sulfur dioxide. These operations can become inundated and pose severe chemical release risks during extreme weather events. Flooding from recent storms like Harvey, Laura, and Delta caused Dow plant shutdowns and the release of unpermitted, unsafe levels of pollutants. Nearby residents reported respiratory and other health concerns following such releases.

Storms and the costs they bring our company are predicted to increase in frequency and intensity as global warming escalates. Houston alone saw three 500-year floods in the span of three years, and major hurricanes have caused significant disruption to our company's operations—Hurricane Harvey reduced DowDupont's 2017 third quarter earnings by 250 million dollars. Sea level rise poses particularly significant risks to Dow's Louisiana activities, where land loss from rising seas is already occurring. Reports show that greenhouse gas emissions throughout the petrochemical and plastic supply chain contribute significantly to climate change, exacerbating the threat of physical climate risks.

Civil society groups have opposed the expansion of petrochemical facilities in their communities due to concerns regarding impacts to their health and livelihoods—impacts disproportionately felt by low income communities and communities of color. Local opposition threatens to jeopardize Dow's social license to operate in the region. Historically, Dow has paid out millions in settlements with regulatory agencies for various clean air and water violations. As climate change intensifies flooding and storm strength, the potential for unpermitted chemical releases grows.

Despite these growing risks, Dow has accelerated its petrochemical activities in the Gulf Coast, investing heavily to expand in flood-prone areas.

Dow discloses that Gulf Coast storms have had and may continue to have significant impacts on its business and that it has engineered its susceptible facilities to withstand such events. The impacts to Dow's operations from Harvey, however, indicate the company's level of preparedness is insufficient. While the company expands its petrochemical assets, investors seek improved disclosure to understand whether Dow is adequately evaluating and mitigating public health risks associated with climate-related impacts and the dangerous chemicals it uses.

**BE IT RESOLVED:** Shareholders request that Dow Inc., with board oversight, publish a report, omitting proprietary information and prepared at reasonable cost, assessing the public health risks of expanding petrochemical operations and investments in areas increasingly prone to climate change-induced storms, flooding, and sea level rise.

**SUPPORTING STATEMENT:** Investors request the company assess, among other related issues at management and Board discretion: The adequacy of measures the company is employing to prevent public health impacts from associated chemical releases.

### **Report on Actions to Reduce PFAS in Food Contact Materials**

#### **McDonald's Corp.**

WHEREAS: A 2017 study indicated that costs associated with chemical exposures worldwide likely exceed 10 percent of global GDP, or 11 trillion dollars. A growing body of literature links chemical exposure to many human health problems, from cancer, to developmental disabilities, to reproductive harm.

Poly and perfluoroalkyl substances (PFAS) are a class of chemicals that has been under particular scrutiny in recent years. After significant controversy and class-action lawsuits, two PFAS chemicals have been phased out of production (PFOA and PFOS,) but remain in the environment. Many other chemicals in the same class remain in use today, including in food packaging. PFAS exposure has been linked to hormone disruption, liver and kidney disease, cancer, and other human health harms.

McDonald's featured prominently in a recent study testing restaurant take-out packaging for PFAS. Three out of nine samples collected from McDonald's contained levels of fluorine above the screening level, suggesting PFAS treatment. This study received attention from the media, as well as signatures from over 74,000 consumers on a petition demanding action from the company.

Washington State and Maine have enacted laws to phase out PFAS in food packaging by January 1, 2022. Similar legislation has been introduced in numerous other states and countries. Continued use of PFAS in food packaging presents increasing regulatory and reputational risk for our company, particularly as several other food companies have committed to reducing risks related to chemicals in food packaging:

- Taco Bell will ban PFAS, phthalates, and BPA from consumer-facing packaging by 2025
- Chipotle will remove PFAS from food packaging by the end of 2020
- Panera has a safer chemicals policy that restricts substances in food packaging, including PFAS
- Ahold Delhaize, Albertson's, Trader Joes, and Whole Foods Market have committed to reduce or eliminate PFAS from some or all consumer-facing food packaging.

Toxic chemical impacts present systemic portfolio risks to investors. McDonald's does not disclose a chemical management policy to address risks from chemical use, including in its food packaging. There are currently dozens of lawsuits against manufacturers of PFAS chemicals alleging harm to health, communities, and the environment. Legal action is also impacting downstream users and is expected to continue.

Given the impact of toxic chemicals on the environment and human health, shareholders seek information on whether and how McDonald's plans to manage and reduce its chemical footprint.

**BE IT RESOLVED:** Shareholders request that McDonald's, at reasonable cost and omitting proprietary information, report to shareholders on the potential public health and/or environmental impacts of toxic materials used in food contact settings.

**SUPPORTING STATEMENT:** In the report, shareholders seek information, at board and management discretion regarding:

- existing chemical management practices;
- any metrics by which chemical risk is currently being, or will be, measured and disclosed;
- the relative benefits and drawbacks of phasing out the use of food packaging treated with PFAS or other controversial chemicals.

# Proxy Resolutions: Environmental Health, Sustainability, and Water

For the full list of investors who filed this resolution, see the Index on p. 213.

## Reduce Water Pollution from Supply Chain

### Pilgrim's Pride Corp

WHEREAS: Meat production is the leading source of water pollution in the U.S., exposing 5.6 million Americans to nitrates in drinking water and toxic algal blooms.<sup>1</sup>

Cultivation of feed ingredients for the 45 million chickens<sup>2</sup> produced weekly by Pilgrim's is a source of water pollution from fertilizer washing off fields if improperly managed. Manure from over 4,900 poultry farms supplying Pilgrim's<sup>3</sup> may contain nutrients, antibiotic-resistant bacteria, and pathogens which can pollute waterways, endangering public health and the environment. Pilgrim's is therefore vulnerable to regulatory actions to mitigate these pollution streams.

Several states where Pilgrim's has processing operations<sup>4</sup> have tightened requirements related to nutrient management, manure disposal, field application of manure, and groundwater monitoring for animal agriculture.<sup>5</sup> At the federal level, the Farm System Reform Act would pose significant operational challenges to vertically integrated meat processors. Introduced in May 2020, the law is motivated by concerns pertaining to the health and environmental externalities associated with meat production.<sup>6</sup>

Pilgrim's disclosures and policies lag those of its peers. Tyson Foods has committed to support improved fertilizer practices on two million acres of corn.<sup>7</sup> Sanderson Farms now uses SASB standards to report its plans to manage risks specifically associated with supply chain water pollution.<sup>8</sup> Sanderson's disclosure renders Pilgrim's the sole remaining large, publicly traded poultry processor failing to report to shareholders how it intends to manage these risks.

Additionally, many of Pilgrim's largest customers increasingly expect their meat suppliers to improve mitigation of pollution streams.<sup>9</sup> Failing to address this risk may harm Pilgrim's position as a competitive supplier.

Pilgrim's is working to reduce the quantity of the water it uses and has a policy requiring "vendors" to comply with applicable environmental laws and regulations, encouraging them to "use best efforts to meet industry best practices and standards and responsibly manage the environmental impact of their operations."<sup>10</sup> However, neither Pilgrim's disclosures nor its policies specifically address the primary drivers of the company's water pollution footprint, including manure from contracted facilities and nutrient runoff from feed crops. Pilgrim's disclosures lack sufficient detail to assure investors that it is adequately managing the risks associated with water pollution within its supply chain.

RESOLVED: Shareholders of Pilgrim's Pride Corporation request a report assessing if and how the company plans to increase the scale, pace, and rigor of its efforts to reduce water pollution from its supply chain. This report should omit proprietary information, be prepared at reasonable cost, and be made available to shareholders by December 1, 2021.

Supporting statement: Although we defer to management for the precise contents, investors believe that meaningful disclosure within the report could include:

- requirements for manure management practices intended to prevent water pollution,
- requirements for leading practices for nutrient management and pollutant limits throughout contract farms and feed suppliers, with a focus on verifiably reducing nitrate contamination
- plans to verify suppliers' compliance with Pilgrim's policies.

1. <https://www.epa.gov/nutrientpollution/sources-and-solutions>

<http://www.fao.org/3/CA0146EN/ca0146en.pdf>  
<https://ehjournal.biomedcentral.com/articles/10.1186/s12940-018-0442-6>

2. <https://ir.pilgrims.com/static-files/e3600306-6cfa-4e6e-bae6-30bd760a13c5>

3. Ibid.

4. <https://www.epa.gov/toxics-release-inventory-tri-program/tri-basic-data-files-calendar-years-1987-2017>

5. <https://www.opb.org/news/article/washington-dairy-pollution-regs/>  
<https://www.environmentalintegrity.org/wp-content/uploads/2017/02/Shenandoah-Report.pdf>

<https://www.jsonline.com/story/news/politics/2017/01/07/state-wants-jump-start-manure-project/96212456/>

<https://www.nytimes.com/2018/07/09/us/algae-blooms-florida-nyt.html>

<https://www.flgov.com/wp-content/uploads/2019/01/EO-19-12-.pdf>

6. <https://www.congress.gov/bills/116th-congress/senate-bill/3221/text>

7. <https://www.tysonustainability.com/environment/land-stewardship>

8. <https://ir.sandersonfarms.com/static-files/a11fcbd2-9dc4-441a-ae92-8258d316280d>

9. <https://www.walmartsustainabilityhub.com/project-gigaton/agriculture>

<https://www.tescopl.com/sustainability/planet/agriculture/>  
<https://corporate.mcdonalds.com/corpmcd/scale-for-good/our-planet/protecting-water-resources.html>

<https://www.yum.com/wps/wcm/connect/yumbrands/badc9774-4800-4f50-93f2-c81344c279d9/2020-Water-Security-090420.pdf?MOD=AJPERES&CVID=nhk.fal>

10. <https://sustainability.pilgrims.com/stories/supplier-code-of-conduct/>

### **Sustainability Reporting**

#### **Shake Shack**

**Resolved:** Shareholders request that Shake Shack issue an annual sustainability report, describing the company's environmental, social, and governance (ESG) policies, performance, and improvement targets, which could include a discussion of management strategies and quantitative metrics for reducing food waste generated from the company's operations and value chain (where relevant). The report should be prepared at reasonable cost and omit proprietary information.

**Whereas:** Substantive reporting on sustainability factors allows companies to better integrate and capture value from existing sustainability efforts, identify gaps and opportunities in existing policies and practices, enhance company-wide communications, and recruit and retain employees. As shareholders, we believe it is prudent for Shake Shack 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.

The practice of sustainability reporting continues to grow:

In 2019, Deloitte found that 86% of S&P 500 companies engaged in sustainability reporting in 2018.<sup>1</sup> One of the United Nations' Principles for Responsible Investment (PRI) is to seek "appropriate disclosure on ESG issues"; the PRI has more than 3,100 signatories with over \$89 trillion in assets under management.<sup>2</sup>

The link between strong sustainability management and value creation is increasingly evident. The largest study to date on the relation between ESG criteria and corporate financial performance (CFP) examined over 2,200 empirical and review studies. It found that the business case for ESG investing is "empirically very well-founded", and that "approximately 90% of studies find a nonnegative ESG-CFP relation."

Shake Shack has web pages providing anecdotal evidence related to ESG subjects, such as very brief discussions of "sustainable agriculture" and "oil management." However, it has not disclosed a comprehensive qualitative description of its ESG policies nor quantitative metrics conveying the company's operational ESG performance.

Proponents believe Shake Shack should consider reviewing the resources and reporting recommendations made by the widely accepted Global Reporting Initiative (over 7,000 corporate users), CDP, and the Sustainability Accounting Standards Board (SASB) in identifying topics to be discussed in the proposed report. For example, SASB identifies food & packaging waste management, labor management, energy, water, food safety, and nutritional content among material issues for the Restaurants sector.

In particular, SASB recommends total amount of waste, percentage food waste, and percentage diverted from landfill as specific indicators for disclosure by restaurants. Food waste management is critical in the context of a 2019 IPCC report that estimates food waste accounts for between 8 and 10 percent of greenhouse gas emissions caused by humans, and in 2020, Project Drawdown cited food waste reduction as the first and third most impactful tactic in reducing global greenhouse gas emissions for its two scenarios.

Industry peers such as Wendy's and Yum Brands have made commitments through the EPA's Food Loss and Waste 2030 Champions program to reduce food loss 50 percent by 2030.

1. <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/audit/ASC/HU/2019/us-aers-hu-deloitteESGnow-sustainability-disclosure-goes-mainstream.pdf>

2. <https://www.unpri.org/signatories/signatory-resources/signatory-directory>

### **Sustainability Reporting**

#### **Beyond Meat Inc.**

RESOLVED Shareholders request Beyond Meat, Inc. (Beyond) issue a report describing the company's environmental, social, and governance (ESG) policies, performance, and improvement targets and quantitative metrics. This report should be updated annually, be prepared at reasonable cost, and omit proprietary information.

SUPPORTING STATEMENT: Beyond's value proposition is built in part on its sustainability relative to traditional meat products.<sup>1</sup> While we appreciate the Life Cycle Analysis (LCA) conducted on the Beyond Burger, there are a wider set of ESG issues that are material to the company's performance. Current reporting by our company is limited to the 2018 LCA study and less than 300 words on its website at <https://www.beyondmeat.com/about/>.

For over a year, we have repeatedly requested additional information on the company's climate-related risks, supply chain management and agricultural practices, including use of agrochemicals or organic ingredients. We have been disappointed at the company's failure to reply. All investors would benefit from a clearer understanding of our company's ESG risks and opportunities.

Tracking and reporting on ESG practices strengthens a company's ability to address controversial policy issues such as reputational risks related to adverse environmental effects to better compete and adapt in today's global business environment. Additionally, it 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 sustainability reporting continues to gain momentum: The Governance & Accountability Institute reports 90% of S&P 500 companies<sup>2</sup> and 65% of Russell 1000 peers<sup>3</sup> engaged in sustainability reporting in 2019. One of the United Nations' Principles for Responsible Investment (PRI) is to seek "appropriate disclosure on ESG issues";<sup>4</sup> the PRI has more than 3,000 signatories with over \$100 trillion in assets under management.<sup>5</sup>

Guidance could be drawn from existing resources and reporting recommendations such as the Global Reporting Initiative, CDP, and the Sustainability Accounting Standards Board (now the Value Reporting Initiative) in identifying topics to be discussed in this report. These widely accepted platforms suggest topics such as operational environmental impacts, employee health & safety, and supply chain management.

In closing, as shareholders, we believe it is prudent for Beyond 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 Beyond is managing its material ESG risks and opportunities. Many companies of comparable size issue sustainability reports which help investors understand and manage risks to their capital.

We urge shareholders to vote FOR this proposal.

1. <https://www.beyondmeat.com/about/>

2. <https://www.ga-institute.com/research-reports/flash-reports/2020-sp-500-flash-report.html>

3. <https://www.ga-institute.com/research-reports/flash-reports/2020-russell-1000-flash-report.html>

4. <https://www.unpri.org/pri/an-introduction-to-responsible-investment/what-are-the-principles-for-responsible-investment>

5. [https://dwtyzx6upklss.cloudfront.net/Uploads/g/p/y/globalaumandaoaumexternaluse\\_110617.xlsx](https://dwtyzx6upklss.cloudfront.net/Uploads/g/p/y/globalaumandaoaumexternaluse_110617.xlsx)

## Food

CCR members' engagements with food companies call on them to better manage their adverse impacts, and to ensure that our food is safely and sustainably produced. Food resolutions typically encompass the use of medically important antibiotics in meat production, and call for reductions in food waste, deforestation and pesticide use, which is driving a critical decline in pollinators. Recently, investors have begun to address "food equity"—i.e., the intersection of health, nutrition and racial justice, by questioning brands on their role in perpetuating racial disparities in our food system.

Food workers—heralded as essential in the early days of COVID-19—have borne much of the burden of the pandemic. As a result, ICCR members this season filed resolutions at poultry processors and a fast food chain, asking them to disclose their human rights due diligence processes (see the Human Rights & Worker Rights section on page 150 to learn more about these proposals).

### Measuring Pesticide Use in Supply Chain Chains

Roughly a third of every bite of food consumed is dependent on pollinators, yet pollinator populations are experiencing alarming declines, in large part due to the extensive use of toxic pesticides on farms. In addition, scientists have linked pesticide exposure to numerous health harms, including developmental defects and cancer. Failure to manage pesticide use within supply chains can expose a company to legal and reputational risk. Proactive companies have begun taking positive steps, including Sysco, which has reduced its pesticide use by almost 6.3 million pounds.

Investors asked **Kraft Heinz** and **PepsiCo** to explain if and how they are measuring the use of pesticides in their agricultural supply chains.

Food	9
Proposal Topic	Quantity
For the full list of investors who filed these resolutions, see p. 213.	
Deforestation Policy	5
Measuring Pesticide Use in Agricultural Supply Chains	2
Disclosure of Antibiotics Use in Meat Supply Chain	1
Food Waste	1

### Disclose Antibiotics Use in Meat Supply Chain

Antibiotic resistance remains one of the world's most significant health threats, rendering many life-saving drugs useless through overexposure via meat products. Resistance is caused in large part by the routine use of medically-important antibiotics in animal agriculture to prevent contagion among large numbers of animals raised in close, unsanitary conditions.

ICCR members asked **Dine Brands** to report quantitative metrics for the use of medically important antibiotics in the company's meat supply chains.

### Food Waste

One in seven U.S. households struggle to afford regular, healthy meals, yet between 30-40% of all food produced in the country is wasted. Decomposing food in landfills generates methane emissions, exacerbating climate change. A 2019 IPCC report estimates that food waste accounts for between 8% and 10% of GHG emissions caused by humans.

Investors asked **Dine Brands** to report on the feasibility of reducing the environmental and social impacts of the food waste generated by its operations.

### **Measuring Pesticide Use in Agricultural Supply Chains**

#### **Kraft Heinz Company**

WHEREAS: One third of every bite of food we eat is dependent on pollinators; but pollinator species are declining at alarming rates in significant part due to the use of toxic pesticides on farms. Pesticides also cause a number of serious human health effects from cancers to neurological damage.

The use of pesticides also threatens farmer resiliency and productivity due to proliferation of pesticide-resistant weeds and insects, loss of top soil, and soil degradation. Pesticides can cause harm to fenceline communities, pollute drinking water sources, and impair neighboring farmland.

Consumer advocates have begun testing for pesticides, including glyphosate, in food products, including processed foods, and consumer lawsuits have targeted manufacturers of foods containing pesticide residues.

In its Materiality Assessment, Kraft Heinz acknowledges that sustainable agriculture is highly important to both stakeholders and the company; yet, our company does not acknowledge the growing risks of pesticide use, which threatens sustainable agriculture and raises reputational and legal risks. Kraft Heinz has not disclosed if or how it tracks, reports, or reduces the use of synthetic pesticides in its agricultural supply chain, representing an important blind spot.

Other major food companies are taking action to address and report on pesticide risk:

- General Mills discloses metrics for tracking and reporting pesticide use by suppliers in its regenerative agriculture program, including type and name of input, amount and method used, cost and date of application, and pest or disease being controlled. It also reports pounds of pesticides avoided.
- Sysco reports annually on pesticide use avoided by suppliers using Integrated Pest Management (“IPM”)—reporting 6.3 million pounds avoided in 2018.
- Kellogg’s collects pesticide use data through an annual Grower Survey and has committed to phase out pre-harvest desiccation with glyphosate for those crops by 2025.
- Campbell’s has committed to reducing pesticide risk, starting with programs in three priority crops, including piloting a pesticide data collection and reporting tool in tomatoes and collecting pesticide use data in potatoes for future reporting.

In a competitive marketplace that is increasingly demanding clean food and reduced stakeholder and environmental harm, understanding and tracking supplier use of pesticides in the supply chain reduces risk for shareholders and our company, while reducing harm to stakeholders.

BE IT RESOLVED: Shareholders request that Kraft Heinz issue a report, at reasonable cost and omitting proprietary information, explaining if and how the company is measuring, and whether it plans to disclose, the use in its agricultural supply chains of pesticides that cause harm to human health and the environment.

Supporting Statement: While metrics are left to management discretion, shareholders recommend the company measure and disclose the following:

- Type and amount of pesticides avoided annually through targeted strategies like regenerative agriculture programs, IPM, or other methods;
- Priority pesticides for reduction or elimination;
- Targets and timelines, if any, for pesticide reduction.

### **Measuring Pesticide Use in Agricultural Supply Chains**

#### **PepsiCo, Inc.**

**BE IT RESOLVED:** Shareholders request that Pepsico issue a report, at reasonable cost and omitting proprietary information, explaining if and how the company is measuring the use, in its agricultural supply chains, of pesticides that cause harm to human health and the environment.

**SUPPORTING STATEMENT:** While specific metrics are left to management discretion, shareholders recommend that the company measure and disclose the following information:

- Type and amount of pesticides avoided annually through targeted strategies, e.g. regenerative programs, Integrated Pest Management (IPM), or other methods
- Priority pesticides for reduction or elimination
- Company targets and timelines, if any, for pesticide reduction.

**WHEREAS:** The use of pesticides in food production is leading to significant harm. One third of every bite of food we eat is dependent on pollinators; but pollinator species are declining at alarming rates<sup>1,2</sup> in significant part due to the use of toxic pesticides on farms.<sup>3</sup> Pesticides also cause a number of serious health effects in humans from cancers to developmental defects in infants and children.<sup>4,5,6,7</sup> Health advocates have alarmed consumers about the use of glyphosate in PepsiCo's Quaker products,<sup>8</sup> and consumer lawsuits have targeted manufacturers of foods containing pesticide residues.<sup>9</sup>

Increasing use of pesticides also causes suppliers to be less resilient and less productive due to proliferation of pesticide-resistant weeds and insects, loss of biodiversity, loss of top soil, and soil degradation.

Pepsico does not currently gather or disclose quantitative information to assess the types and quantities of pesticides used by its suppliers. Pepsico asks suppliers to use integrated pest management (IPM), but does not define intended goals or practices, measuring only the number of growers reportedly using IPM practices. Crucially, Pepsico does not track whether a supplier using IPM is reducing the use, intensity, or toxicity of pesticides.

Pepsico has fallen behind competitors that are increasingly monitoring, disclosing, and reducing pesticide use and risk in supply chains.

- General Mills discloses metrics for tracking and reporting pesticide use of suppliers engaged in its regenerative agriculture initiative, including type and name of input, amount and method used, cost and date of application, and pest or disease being controlled. It also reports pounds of pesticides avoided.
- Sysco reports pesticide use avoided by suppliers using IPM annually, e.g. 6.3 million pounds of pesticides avoided in 2018.
- Kellogg's is improving pesticide use data collection through an annual Grower Survey, including recording use of glyphosate in wheat and oats crops, and committing to phase out pre-harvest desiccation with glyphosate for those crops by 2025.
- Campbell's has committed to pilot a pesticide data collection and reporting tool in tomatoes and to begin collecting pesticide use data in potatoes for future reporting.

In a competitive marketplace that is increasingly demanding clean food and reduced stakeholder and environmental harm, understanding and tracking supplier use of pesticides in the supply chain reduces risk for shareholders and our company, while reducing harm to an array of stakeholders.

1. <https://www.theguardian.com/environment/2019/nov/13/insect-apocalypse-poses-risk-to-all-life-on-earth-conservationists-warn>

2. <https://www.nationalgeographic.com/environment/2019/08/insect-apocalypse-under-way-toxic-pesticides-agriculture/>

3. <https://xerces.org/pesticides/risks-pesticides-pollinators>

4. [https://www.annualreviews.org/doi/full/10.1146/annurev.publhealth.25.101802.123020#\\_i34](https://www.annualreviews.org/doi/full/10.1146/annurev.publhealth.25.101802.123020#_i34)

5. <https://www.aaas.org/news/linda-s-birnbaum-researchers-find-new-risks-low-dose-chemical-exposure>

6. <https://www.reuters.com/article/us-health-cardiovascular-pesticides/occupational-pesticide-exposure-may-raise-heart-risk-idUSKBN1WF1X7>

7. <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1552-6909.2009.01092.x>

8. <https://www.ewg.org/release/roundup-breakfast-part-2-new-tests-weed-killer-found-all-kids-cereals-sampled>

9. <https://www.foodnavigator-usa.com/Article/2018/08/21/And-now-the-food-lawsuits-General-Mills-sued-over-glyphosate-residue-post-Monsanto-289m-verdict#>



### **Food Waste**

#### **Dine Brands Global, Inc.**

WHEREAS: Despite one in seven U.S. households struggling to afford regular, healthy meals, between 30-40 percent of all food produced in the U.S. is wasted,<sup>1</sup> generating devastating social and environmental consequences. Decomposing food in landfills generates methane emissions, exacerbating climate change. Wasted food production is estimated to consume 21 percent of all freshwater, 19 percent of all fertilizer, and 18 percent of cropland.<sup>2</sup>

A 2019 IPCC report estimates that food waste accounts for between 8 and 10 percent of greenhouse gas emissions caused by humans,<sup>3</sup> and in 2020, Project Drawdown cited food waste reduction as the first and third most impactful tactic in reducing global greenhouse gas emissions for its two scenarios.

The Sustainability Accounting Standards Board cites food waste management as material to food distributors' operating performance, recommending disclosure of the aggregate amount of food waste generated and the percentage diverted from landfills.

Industry peers such as Wendy's and Yum Brands have made commitments through the EPA's Food Loss and Waste 2030 Champions program to reduce food loss 50 percent by 2030. Dine Brands has fallen behind peers by neglecting to set time-bound food waste reduction targets. Although the Company recognizes the importance of waste reduction, Dine Brands has not disclosed what, if any efforts it has taken to identify, measure, and reduce food loss and waste in its operations.<sup>4</sup> This disclosure is particularly important in the context of the current pandemic which has disrupted global food supply chains and doubled the number of people who are at risk of hunger. Strengthened analysis and disclosure of food waste reduction efforts could help Dine Brands meet its social and environmental goals, combat climate change, help reduce hunger, save money, and bolster its reputation.

RESOLVED: Shareholders request that the Board of Directors issue a report to shareholders, at reasonable expense and avoiding proprietary information, on the feasibility of reducing the environmental and social impacts of food waste generated by the company's operations given the significant impact that food waste has on societal risk from climate change and hunger.

SUPPORTING STATEMENT: Shareholders leave the method of disclosure to management's discretion. Shareholders also defer to management on the specific approaches considered to mitigate food waste and which parts of Dine Brands operations are best to target. Some guidelines could include:

- Evaluation of the causes, quantities, and destinations of food waste;
- Estimation of greenhouse gas emissions reductions that could be achieved and amounts of food that could be redistributed to the food insecure;
- Estimation of cost savings from optimized food purchasing, handling, and disposal; and
- The feasibility of establishing goals to reduce food waste and progress made towards meeting these targets.

1. <https://www.usda.gov/foodwaste/faqs>

2. <https://www.refed.com/?sort=economic-value-per-ton>

3. <https://www.cbc.ca/news/technology/climate-change-food-waste-1.5241718>

4. <https://www.dinebrands.com/en/social-responsibility/caring-for-the-environment>

### **Deforestation Policy**

#### **Costco Wholesale Corp.**

WHEREAS: Costco Wholesale Corporation (Costco) uses palm oil, soy, cattle, cocoa, coffee, and pulp/paper in its products. These commodities contribute to deforestation.

Deforestation accounts for over 10 percent of global greenhouse gas emissions, of which commodity-driven deforestation accounts for half. It also contributes to biodiversity loss, soil erosion, disrupted rainfall patterns, community land conflicts, and forced labor.

Companies that do not mitigate deforestation-related risk in their supply chains are vulnerable to material financial risk.

Reputational damage has been shown to reduce a company's value as much as 30 percent. Deforestation has attracted significant negative attention from civil society, governments, and major media outlets, including The New York Times and Bloomberg. Costco's reputation has been challenged through public campaigns from Mighty Earth and the Natural Resource Defense Council concerning Costco's exposure to deforestation.

In its 10-K, Costco identifies a "highly competitive" retail marketplace and failure to respond to changing consumer preferences, "including those relating to sustainability," as risk factors.

In light of shifting market and consumer expectations for sustainable products, more than 450 companies, including industry peers, have committed to eliminate deforestation throughout their supply chains: Walmart has a 2020 zero net deforestation commitment that covers the four leading commodity drivers of deforestation; Kroger has committed to zero deforestation for all Kroger-branded products; and, as part of its work to end deforestation and forest degradation, Target has pledged to sustainably source forest-risk commodities, including in its owned brand packaging.

By contrast, Costco's approach to managing deforestation risk lacks: coverage of all forest-risk commodities; time-bound commitments; supply chain traceability; non-compliance protocols for violations of environmental standards; and Scope 3 emissions reduction targets. Additionally, Costco does not adequately disclose progress toward deforestation-free sourcing (e.g., in contrast to Walmart, Target, and Kroger,<sup>1</sup> Costco does not disclose its progress to CDP Forests).

Failure to meet shifting consumer tastes and market demand and to keep pace with industry peers could expose the company to significant business risks, including restricted market access, damage to its brand value, loss of goodwill, and supply chain disruption.

RESOLVED: Shareholders request that Costco report to shareholders by July 31, 2021, at reasonable expense and excluding proprietary information, if and how the Company could increase the scale, pace, and rigor of its efforts to eliminate deforestation and forest degradation from its supply chains.

Supporting Statements: Proponents defer to management's discretion, but suggest that indicators meaningful to shareholders may include:

- Reporting annually on the Company's website and third-party platforms, such as CDP Forests, progress toward an anticipated timeframe for 100 percent sourcing consistent with no-deforestation criteria for relevant commodities in Costco's global operations;
- Reporting quantitative metrics on commodity traceability and supply chain impacts, including percentage of commodities sourced and percentage of suppliers in compliance with aforementioned criteria;
- Disclosing evidence of proactive implementation procedures, such as commodity-specific time-bound plans, verification processes, and non-compliance protocols; and
- Setting greenhouse gas emission reduction targets associated with Costco's supply chains, inclusive of deforestation and land use change.

### **Deforestation Policy**

#### **Kraft Heinz**

**Whereas:** Kraft Heinz (KHC) uses palm oil, soy, beef, paper/pulp, coffee, cocoa, and sugar in its products and packaging. These commodities are leading drivers of deforestation and native vegetation conversion (DNVC) globally. The conversion of native ecosystems drives climate change and biodiversity loss, and undermines ecosystem benefits critical to agriculture, including soil protection, pollination, and precipitation patterns.

KHC's 2020 materiality assessment identifies responsible sourcing as a top issue, but KHC has done little to mitigate DNVC exposure. The company has not disclosed evaluations nor set responsible sourcing goals for most of its forest-risk commodity supply chains (palm oil excluded). Even though KHC acknowledges that 38% of its soy comes from "potentially high-risk regions," KHC has not committed to reducing its exposure. Nor has KHC set goals for its Scope 3 emissions, despite agriculture/forestry accounting for 38% of KHC's total GHG emissions in 2019.

In 2019, CDP, an environmental disclosure platform backed by 528 investors representing \$96 trillion USD, ranked KHC in the lowest 10 percent for addressing DNVC risk, including for failing to identify potential risk-mitigating opportunities. Trase Finance, a soft commodity transparency tool, scored KHC at 7 percent for its overall approach to DNVC-free sourcing.

In its 2019 10-k, KHC lists adverse publicity about the company's environmental or social impacts as a risk to its profits; and it further states that a depressed stock price impairs KHC's ability to raise capital. In 2020, KHC received unfavorable media coverage, including in mainstream outlets like the Financial Times and Bloomberg, for underperforming on sustainability, including on deforestation. Chain Reaction Research highlights that reputational damage can depress a company's value by as much as 30%.

KHC's peers have adopted policies that are reducing their DNVC risk:

- Unilever, Danone, Nestlé, and PepsiCo have time-bound commitments to eliminate DNVC across their supply chains
- Unilever, Danone, Nestlé, Kellogg, PepsiCo, and General Mills have adopted plans to reduce their Scope 3 emissions and disclose quantitative progress on multiple commodities to CDP
- Nestlé, PepsiCo, and Kellogg employ third-party monitoring for their supply chains
- Mondelez's Scope 3 commitment encompasses emissions from land use change

Failure to adopt and implement policies that mitigate DNVC exposure may subject KHC to significant systemic and company-specific risks.

**Resolved:** Shareholders request KHC issue a report assessing if and how it could increase the scale, pace, and rigor of its efforts to eliminate deforestation and the conversion of native ecosystems in its supply chains.

**Supporting Statement:** Proponents defer to the board's discretion, but recommend assessing the relative benefits and drawbacks of integrating the following best practices:

Adopting a deforestation- and conversion-free policy for all relevant commodities;

- Adopting monitoring and verification processes, including third-party monitoring, and time-bound supplier non-compliance protocols;
- Setting absolute Scope 3 emission reduction targets, inclusive of DNVC impacts;
- Annual disclosure of quantitative progress toward these best practices.

### Deforestation Policy

#### Bunge

**Whereas:** Soy production is a leading driver of native vegetation conversion (NVC), including deforestation, in Brazil's Amazon and Cerrado regions. Converting native ecosystems to commodity agriculture drives systemic risks, like climate change and biodiversity loss, and undermines ecosystem benefits critical to agriculture, including soil protection, pollination, and precipitation patterns.

Bunge was linked to at least 48,725 hectares of absolute deforestation risk<sup>1</sup> since 2015 and to 16,942 fire alerts in 2020. According to Trase Financial, Bunge's absolute deforestation risk was 51 percent higher than any other trader in 2018.

Bunge's most significant reduction in deforestation exposure occurred after it joined the Soy Moratorium, an *industry-wide* agreement to stop buying soy grown on recently cleared land in the Brazilian Amazon. Yet Bunge has retreated from a similar multistakeholder agreement in the Cerrado, the biome adjacent to the Amazon, even though the vast majority of Bunge's absolute deforestation risk -- 95 percent -- is concentrated in the Cerrado.

Continued exposure may expose Bunge to material financial risks, including:

**Supply chain volatility:** 43.6 percent of Bunge's Brazil trade volume comes from Cerrado, where large-scale conversion already disrupts weather patterns resulting in higher crop failure.

**Constrained access to capital:** 4 of Bunge's 10 largest US and EU creditors have committed to help achieve zero net deforestation through their financing of soft commodity supply chains.

**Regulation:** existing due diligence laws and developing EU legislation on NVC may limit Bunge's ability to sell Brazilian soy to one of its largest export markets, and may further constrain European banks from lending to companies linked to NVC.

**Market access loss:** this year, 160 corporations and investors, including Bunge's customers and investors, petitioned Bunge to end native vegetation loss in the Cerrado after three years of soy industry inaction on multistakeholder initiatives.

Shortcomings in Bunge's policies contribute to continued NVC exposure. In contrast to industry best practices, Bunge:

- has not committed to eliminate the conversion of native vegetation (beyond forests) in its soy supply chains
- has not committed to stop sourcing soy from land cleared after 2020 in the Cerrado (in contrast to competitors SLC Agricola, CJ Selecta, and Caramuru)
- lacks timely supplier engagement plans in its non-compliance protocol
- has retreated from a multistakeholder agreement in the Cerrado

**Resolved:** Shareholders request Bunge issue a report assessing if and how it could increase the scale, pace, and rigor of its efforts to eliminate native vegetation conversion in its soy supply chain.

**Supporting Statement:** Proponents defer to management's discretion, but recommend assessment of the relative benefits and drawbacks of integrating the following:

- Commitment to eliminate the conversion of all native vegetation in soy supply chains;
- Cutoff dates in supply chains that perpetuate native vegetation conversion;
- Participation in industry sourcing agreements seeking to curtail native vegetation conversion in the Cerrado;
- Improved supplier management efforts, including engagement on supplier non-compliance, disclosing suspension criteria, and increased use third-party monitoring and verification.

1. In the Proponent's opinion, this data also refers to native vegetation conversion risk.

### Deforestation Policy

#### Archer-Daniels-Midland

**Whereas:** Soy production is a leading driver of deforestation and native vegetation conversion (DNVC) in Brazil's Amazon and Cerrado regions. Converting native ecosystems to commodity agriculture drives systemic risks, like climate change and biodiversity loss, and undermines ecosystem benefits critical to agriculture, including soil protection, pollination, and precipitation patterns.

ADM contributes to DNVC. ADM's sourcing was linked to over 5,300 hectares of clearance in 2018 and 7,300 fire alerts in 2020. The vast majority of ADM's DNVC risk—89%—is concentrated in the Cerrado.

ADM is also severely impacted by the consequences of DNVC on agricultural production. 48.1% of ADM's Brazil trade volume comes from Cerrado, where large-scale conversion is disrupting weather patterns resulting in higher crop failure.

In addition to operational risk and supply chain volatility, continued exposure to DNVC may expose ADM to additional material financial risks, including:

**Constrained access to capital:** 5 of ADM's 12 largest US and EU creditors have committed to help to achieve zero net deforestation through their financing of soft commodity supply chains.

**Regulation:** existing due diligence laws and developing EU legislation on DNVC may limit ADM's ability to sell Brazilian soy to one of its largest export markets, and may constrain European banks from lending to companies linked to DNVC.

**Market access loss:** this year, 160 corporations and investors, including those representing up to 17.5 percent of ADM's net revenue, petitioned ADM to deliver on ending native vegetation loss in the Cerrado after three years of soy industry inaction on multi-stakeholder initiatives.

ADM's 2015 No-Deforestation policy has done little to reduce ADM's deforestation risk. By contrast, ADM's most significant reduction in deforestation exposure occurred after ADM joined the Soy Moratorium, an *industry-wide* agreement to stop buying soy grown on recently cleared land in the Brazilian Amazon, and yet ADM has retreated from a similar multistakeholder agreement in the Cerrado.

Shortcomings in ADM's policies contribute to continued DNVC exposure. In contrast to industry best practices, ADM:

- has not committed to eliminate the conversion of native vegetation in its supply chains;
- has not committed to stop sourcing soy from land cleared after 2020 in the Cerrado;
- lacks an implementation timeline for its policies;
- doesn't pursue traceability for its indirect soy suppliers, which account for 37% of ADM's Brazilian supply; and
- lacks a supplier management protocol to address DNVC.

**Resolved:** Shareholders request ADM issue a report assessing if and how it could increase the scale, pace, and rigor of its efforts to eliminate deforestation and native vegetation conversion in its supply chains.

**Supporting Statement:** Proponents defer to management's discretion, but recommend assessment of the relative benefits and drawbacks of integrating the following:

- Commitment to eliminate the conversion of all native vegetation in supply chains;
- Full traceability for indirect suppliers;
- Cutoff dates for supply chain sourcing;
- Support for industry sourcing agreements in the Cerrado; and
- Proactive implementation efforts, such as time-bound commitments, verification processes, including 3rd party monitoring, and time-bound supplier non-compliance protocols.

### **Deforestation Policy**

#### **Bloomin' Brands**

**Whereas:** As one of the world's largest casual dining companies with more than 1,450 restaurants in 21 countries, Bloomin' sources commodities that have high carbon footprints, including palm oil, soy, beef, and pulp/paper, which are leading drivers of deforestation globally.

Deforestation and agriculture contribute to climate change. According to the Intergovernmental Panel on Climate Change, agriculture, forestry, and other land use change is responsible for 23 percent of total net anthropogenic greenhouse gas emissions, nearly half of which is attributable to deforestation. Agricultural emissions are on track to contribute around 70 percent of the total allowable emissions by 2050. Deforestation also undermines ecosystem benefits critical to agriculture, including soil protection, pollination, and precipitation patterns.

Climate change presents significant risks to restaurant businesses and their supply chains. The 2018 National Climate Assessment found "climate change presents numerous challenges to sustaining and enhancing crop productivity, livestock health, and the economic vitality of rural communities," and rising temperatures are "the largest contributing factor to declines in the productivity of U.S. agriculture."

In its 2020 10-k, Bloomin' acknowledges that long-term changes in commodity prices could adversely affect financial results. According to research presented at an Agricultural and Applied Economic Association's Annual Meeting, climate change will increase world crop price volatility fivefold in the coming decades.

Companies associated with deforestation and with carbon-intensive supply chains may be impacted by regulation designed to mitigate climate change. The Principles for Responsible Investment identifies regulation of greenhouse gases as "inevitable."

Bloomin' risks falling behind competitors. Bloomin' does not recognize climate risk in its 2020 10-k nor does it disclose either its carbon or forest footprints. Bloomin's modest goal to reduce energy usage by 10 percent addresses only a small fraction of its total emissions and does not address supply chain emissions. Bloomin' does not have a policy to eliminate exposure to deforestation nor does it disclose the criteria of its sustainable sourcing policies.

By contrast, competitors including Chipotle, McDonald's, and Yum! Brands have adopted commitments to reduce emissions throughout their full value chains. (Bloomin' identifies growing competition from quick service and fast casual restaurants as a risk in its 2020 10-k.)

Failure to meet shifting consumer expectations and to keep pace with competitors may pose risks to Bloomin', including restricted market share, supply chain disruption, and loss of goodwill.

**Resolved:** Shareholders request Bloomin's Board of Directors issue a report, within a reasonable time, outlining if and how it could increase the scale, pace, and rigor of its efforts to reduce its total contribution to climate change, including emissions from its supply chain.

**Supporting Statement:** Proponents defer to the Board's discretion, but recommend assessing the relative benefits and drawbacks of:

- Adopting greenhouse gas emissions reduction targets for Bloomin's full carbon footprint that align with limiting global temperature increases to 1.5°C;
- Increasing the scale, pace, and rigor of initiatives aimed at reducing the carbon intensity of Bloomin's supply chain;
- Adopting a no-deforestation policy for all relevant commodities;
- Increasing the use of plant-based proteins.

### **Disclosure of Antibiotics Use in Meat Supply Chain**

Dine Brands Global, Inc.

WHEREAS: The World Health Organization (WHO) considers antibiotic resistance one of the single largest threats to global health. Antibiotic resistance renders life-saving drugs useless and, by 2050, will cause an estimated 300 million premature deaths, and up to \$100 trillion in global economic damage.

The use of antibiotics in animal agriculture is a major contributor to antibiotic resistance. Nearly two-thirds of antibiotics sold for use in the U.S. are for use in food animals. When antibiotics are routinely administered to animals, bacteria can adapt and spread, causing drug-resistant infections in humans.

In a 2018 survey, 60 percent of consumers said they would be more likely to eat at a restaurant serving meat raised without antibiotics. Just as many said they are willing to pay more for that product. Consumer advocates are calling for increased regulations to prohibit routine use of medically important antibiotics in animals for the prevention of disease. Many chicken producers have reduced or eliminated this practice, while beef and pork producers lag behind.

In 2018, Dine Brands asked its chicken and pork suppliers to “begin to prohibit routine use of medically important antibiotics . . . including prohibiting the use of these antibiotics for disease prevention.” Two years later, the company has not yet identified a timeline for change, established targets, or reported progress. The company further does not disclose any plans to reduce antibiotic risk in its beef supply chains. This lack of disclosure leaves shareholders unable to make informed investment decisions about the company’s progress on this important issue.

In a 2019 report comparing restaurant policies on antibiotics, Dine Brands Global’s IHOP and Applebee’s scored an “F”.

By contrast, Dine Brands’ competitors are providing clear disclosure:

- As of 2019, 14 major fast food and fast casual restaurant chains report that 100% of chicken served in their locations is raised without medically important antibiotics, including Denny’s.
- McDonald’s announced a policy in 2018 disallowing the use of medically important antibiotics for prevention purposes in its top 10 beef markets (approximately 85% of its beef supply.)
- Wendy’s and Taco Bell have both set targets and timelines for antibiotic reduction in beef.

Shareholders urge the company to report on any success in ending the preventive use of antibiotics to keep up with peers and consumer demands across the industry.

**BE IT RESOLVED:** Shareholders request that Dine Brands Global issue a report, at reasonable cost and excluding proprietary information, providing quantitative metrics for the use of medically important antibiotics in the company’s meat supply chains

**SUPPORTING STATEMENT:** Shareholders recommend that board and management, in their discretion, consider reporting pursuant to Sustainable Accounting Standards Board (“SASB”) guidelines:

SASB’s guidelines for disclosure of financially material information by the restaurant sector provides that, to improve transparency, restaurants could report the percentage of animal protein sold, by animal protein type, produced without use of medically important antibiotics at any stage of its life.

## Health

CCR members view access to health care as a human right, and press global pharmaceutical and healthcare companies to increase the access and affordability of medicines in the U.S. and around the globe. This year, the dominant health care story is, of course, the COVID-19 pandemic. Altogether, 44 resolutions address its far-reaching, long-lasting impacts, both directly through calls to prohibit price-gouging on COVID-19 vaccines (six resolutions), and indirectly via mentions in governance, lobbying and inclusiveness resolutions. ICCR's members are also continuing their ongoing campaigns to rein in high drug prices and to address the impacts of the opioid crisis; the opioid work is coordinated through Investors for Opioid and Pharmaceutical Accountability. ICCR members also filed three tobacco resolutions addressing youth smoking and the health risks of tobacco sales in the age of COVID.

### Executive Compensation and Drug Pricing Risks – Feasibility Report

Consumer backlash against high drug prices remains high in the U.S. Investors argue that to reward the creation of long-term value, incentive arrangements for senior executives at pharma companies should promote responsible practices, including risk management. Yet, current compensation arrangements at many leading pharma companies are not structured to encourage consideration of the risks created by high drug prices.

ICCR members once again asked **AbbVie** to report on the feasibility of incorporating public concern over high drug prices into its senior executive compensation arrangements.

## Health 13

Proposal Topic	Quantity
For the full list of investors who filed these resolutions, see p. 213.	
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Board Oversight - Risks Related to the Opioid Crisis	1
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### Board Oversight – Risks Related to the Opioid Crisis

Opioid abuse remains a serious public health crisis with substantial economic and social consequences. According to the CDC, in 2018 opioid abuse caused more than 128 overdose deaths a day in the U.S.

Investors once again asked **Johnson & Johnson** to report on the governance measures it has implemented to more effectively monitor and manage financial and reputational risks related to the opioid crisis, given the company's sale of opioid medications, including how incentive compensation for senior executives is determined, and how the board obtains input regarding opioids from stakeholders.







The pharmaceutical industry deserves praise for producing safe and effective COVID-19 vaccines so quickly. Developing a vaccine takes an average of 10 years — if it works at all. Despite years of well-funded research, there are still no vaccines for HIV or malaria. We now have multiple COVID vaccines, all developed in less than a year.

These vaccines are the product of innovative research, spurred by unprecedented public investment. Operation Warp Speed has provided more than \$10 billion in support of vaccine makers for the development and expansion of manufacturing capacity.

Amid such vast public investment however, the same pharma companies have been pursuing monopolistic deals with the fruits of taxpayer-funded innovation, rather than volunteering to share their know-how for the next great task facing humanity: getting those vaccines to everyone, everywhere, at the lowest cost possible, as quickly as possible.

Just as one might flip a house, there have been allegations of “molecule flipping.” The Washington Post reported that a private university developed a molecule with public funding that may be an exceptional therapeutic for COVID. Then, a new company with no laboratories and no manufacturing facility purchased the rights to it from the university. The new company then negotiated undisclosed terms with one of the pharma companies

Our 2021 filings, with JNJ, Pfizer, Merck, and Eli Lilly, ask the board of directors to report on how public investment in vaccines and therapeutics is or will be accounted for in such things as settings prices. This is important, because drugs don’t work if people can’t afford them. An increasing number of signs suggest that Covid-19 will become an endemic condition, much like the flu. This resolution asks pharma companies to account for their role in our collective fight against the coronavirus.

**Christopher Cox, Associate Director—Seventh Generation Interfaith Coalition for Responsible Investment**



### Access to COVID-19 Products

In an effort to save lives and curb the spread and lethality of COVID-19, governments made large investments in health technologies, mainly global pharma companies, to spur the development of breakthrough vaccines and medicine. Investors want to ensure that any medical breakthroughs derived from the public’s contribution will be reflected in the company’s access strategy so that communities across the globe will benefit from equitable access.

ICCR members filed new resolutions with **Eli Lilly, Gilead, Johnson & Johnson, Merck, Pfizer and Regeneron** asking them to disclose whether and how their receipt of public financial support (e.g., direct investment in R&D, market-creating purchase agreements, use of publicly funded platforms, licensing agreements, etc.) for development and manufacture of COVID-19 products will be taken into account when developing their access strategies.



Smoking remains the leading cause of preventable death in the United States. For over a decade, ICCR members have engaged the retail pharmacy sector—a key destination for health care—about the risks to

their customers and their own businesses of selling tobacco products. These efforts contributed to CVS Health’s decision in 2014 to end tobacco sales in all its stores. A study published three years later found that this decision had a meaningful effect on decreasing the purchase of cigarettes. While large retail chains Target, Wegmans and Hannaford also do not sell tobacco products, no other major pharmacy chain has stopped doing so.

Shareholders continue to pressure Walgreens Boots Alliance and Rite Aid to address the health impacts and the contradictions in their continuing to sell tobacco products. Given that adults who smoke are at increased risk of severe illness from COVID-19, shareholders, led by the Sisters of St. Francis of Philadelphia, filed a proposal at Walgreens Boots Alliance, requesting an assessment of “how the increased health risks of severe COVID-19 infections to customers who smoke impact the company’s evaluation of risks associated with selling tobacco products”. Trinity Health filed a similar proposal at Rite Aid. Both Walgreens and Rite Aid have demonstrated they can respond to health risks, as both no longer sell e-cigarettes and have raised the tobacco purchase age to 21. Shareholder proponents believe there is no reason for these two companies to continue undermining the health of their customers by selling tobacco.

**Cathy Rowan, Director, Socially Responsible Investments—Trinity Health**



### Discourage Nicotine Use Among Youth

The continued rise in youth use of e-cigarettes such as JUUL threatens to undermine hard-fought gains made in preventing underage use of conventional tobacco products; in 2019, a worrying 27.5% of high school-aged young people reported using e-cigarettes. Tobacco companies have a well-documented history of marketing to Black audiences – far more so than their white counterparts, which raises racial equity concerns.

**Altria** recently issued a public commitment to racial justice. Arguing that the company’s continued disproportionate targeting of Black communities is incompatible with that statement, investors asked Altria to report on how well it has adhered to its own principles and policies regarding marketing to communities of color, low-income populations, and young people.



### **Access to COVID-19 Products**

#### **Eli Lilly and Company**

RESOLVED that shareholders of Eli Lilly & Co. (“Lilly” or the “Company”) ask the Board of Directors to report to shareholders, at reasonable expense and omitting confidential and proprietary information, on whether and how Lilly’s receipt of public financial support for development and manufacture of products for COVID-19 is being, or will be, taken into account when making decisions that affect access to such products, such as setting prices.

Lilly has benefited from substantial public funding for COVID-19-related products. In March 2020, Lilly entered into a codevelopment agreement with AbCellera to develop antibody products to treat and prevent COVID-19, leveraging AbCellera’s rapid-response platform.<sup>1</sup> That platform, whose development was funded by the U.S. Defense Advanced Research Projects Agency, enables the rapid identification of antibodies after a virus is isolated. AbCellera used the platform to identify over 500 antibody sequences against SARS-CoV-2 and screened them in collaboration with scientists at the National Institute of Allergy and Infectious Disease (“NIAID”).<sup>2</sup> The government of Canada provided AbCellera with \$175 million for SARS-CoV-2 antibody discovery and expansion of manufacturing capability.<sup>3</sup>

Lilly submitted a request to the Food and Drug Administration in early October 2020 for emergency use authorization (“EUA”) for the leading antibody, bamlanivimab.<sup>4</sup> Lilly has stated that it also plans to study bamlanivimab as a preventive.<sup>5</sup> In addition to Lilly’s own trial, NIAID is cosponsoring a clinical trial evaluating the antibody’s safety and efficacy.<sup>6</sup> The U.S. government has agreed to purchase 300,000 vials of bamlanivimab for \$375 million, if an EUA is granted, with an option to buy 650,000 more vials at the same price.<sup>7</sup>

We applaud Lilly for adopting “Access and Affordability Principles for our neutralizing antibodies,”<sup>8</sup> which commit Lilly to data-driven need-based allocation and encourage global cooperation. The Principles state that Lilly will charge wealthy countries \$1,250 per vial for bamlanivimab monotherapy in order to “ensure that innovators of the next generation of antibodies, for this virus or the next one, have an incentive to apply their scientific teams and use their investors’ resources to create new effective therapies.” Lilly notes that it expects to generate a “modest” return for its investors by the end of 2021.

The Principles are silent on how return for investors is calculated, or how much return is appropriate, given the substantial public investment. The Principles also do not discuss pricing considerations once supply of therapies is no longer constrained. As long as supply is limited, Lilly will likely face pressure to share intellectual property, which is not addressed in the Principles. This Proposal seeks to fill these gaps by asking Lilly to discuss whether and how the significant public contribution affects its analysis of those factors and of decisions, including pricing, that could have an impact on access.

1. <https://investor.lilly.com/news-releases/news-release-details/abcellera-and-lilly-co-develop-antibody-therapies-treatment>

2. <https://investor.lilly.com/news-releases/news-release-details/abcellera-and-lilly-co-develop-antibody-therapies-treatment>

3. <https://www.canada.ca/en/innovation-science-economic-development/news/2020/05/minister-bains-announces-investment-in-antibody-discovery-technology-to-help-treat-covid-19.html>

4. <https://investor.lilly.com/news-releases/news-release-details/lilly-provides-comprehensive-update-progress-sars-cov-2>

5. <https://investor.lilly.com/news-releases/news-release-details/lilly-begins-worlds-first-study-potential-covid-19-antibody>

6. <https://www.nih.gov/news-events/news-releases/nih-clinical-trial-test-antibodies-other-experimental-therapeutics-mild-moderate-covid-19>

7. <https://investor.lilly.com/news-releases/news-release-details/lilly-announces-agreement-us-government-supply-300000-vials>

8. <https://www.lilly.com/news/stories/dave-ricks-covid19-antibody-therapy-pricing-access>; Lilly has another SARS-CoV-2 antibody that binds to the virus’ spike protein differently, which may be used in combination therapy. (<https://blogs.sciencemag.org/pipeline/archives/2020/09/16/monoclonal-antibody-data>)

### **Access to COVID-19 Products**

#### **Pfizer, Inc.**

RESOLVED that shareholders of Pfizer Inc. (“Pfizer” or the “Company”) ask the Board of Directors to report to shareholders, at reasonable expense and omitting confidential and proprietary information, on whether and how receipt by Pfizer or its business partners of public financial support for development and manufacture of a vaccine or therapeutics for COVID-19 is being, or will be, taken into account when making decisions that affect access to such products, such as setting prices.

Supporting Statement: Pfizer has benefited from substantial public funding for the development of its COVID-19 vaccine, on which it is partnering with German firm BioNTech.

The Biomedical Advanced Research and Development Authority (“BARDA”) and the Department of Defense have committed nearly \$2 billion in funding for Pfizer and BioNTech’s vaccine as part of the Operation Warp Speed (“OWS”) program. The deal entitles BARDA to 100 million doses and an option to buy 500 million more.<sup>1</sup> Although advance purchase commitments do not directly fund vaccine development, they reduce the risk associated with it.<sup>2</sup> BioNTech has benefited from significant public funding at several different stages in its development of the mRNA technology used in the vaccine it is developing with Pfizer and received over \$444 million from the German government to accelerate vaccine development and expand manufacturing capacity.<sup>3</sup>

Unlike fellow OWS participants Janssen and AstraZeneca,<sup>4</sup> Pfizer has not committed to provide its vaccine on a nonprofit basis during the pandemic. We believe that charging a price perceived as too high could damage Pfizer’s reputation and create regulatory risk for the Company. An industry publication recently noted that “[v]accine pricing has the potential to be controversial, given the urgent health crisis posed by the pandemic as well as the billions of dollars in government funding supporting coronavirus vaccine development.”<sup>5</sup> Pfizer has often been criticized for high drug prices.

If Pfizer’s vaccine is approved, scaling up production beyond the Company’s own goal of producing 1.3 billion doses in 2021<sup>6</sup> will be essential to ensure universal and low-cost vaccine access, which is critical to maintain stability, reignite the global economy and investor returns,<sup>7</sup> and prevent domestic outbreaks.<sup>8</sup> Accordingly, Pfizer will face enormous pressure to share intellectual property covering the COVID-19 vaccine which public entities such as BARDA are supporting.

Pfizer’s website, which predates the pandemic, describes factors it uses when pricing its medicines, including impact on patients, promoting Pfizer’s continued ability to innovate, and the Company’s investments in the quality, safety and reliability of its medicines.<sup>9</sup> It is unclear how those factors would apply in the context of a pandemic in which public support has backed research on underlying technologies and reduced the risks for companies developing products. This Proposal seeks to fill this gap by asking Pfizer to explain whether and how the significant contribution from public entities affects, or will affect, decisions that Pfizer makes that could affect access, such as setting prices.

1. <https://federallabs.org/news/barda-dod-engage-pfizer-for-millions-of-covid-19-vaccine-doses>

2. See <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.24.3.653>

3. [https://www.citizen.org/article/the-peoples-vaccine/#\\_ftn44](https://www.citizen.org/article/the-peoples-vaccine/#_ftn44)

4. See <https://www.usatoday.com/story/news/2020/07/20/covid-19-vaccine-house-hearing-non-profit-low-price-possible/5475329002/>

5. <https://www.biopharmadive.com/news/moderna-coronavirus-vaccine-price-dose/582947/>

6. <https://www.pfizer.com/news/press-release/press-release-detail/pfizer-and-biontech-supply-japan-120-million-doses-their>

7. <https://www.wsj.com/articles/covid-19-vaccine-deployment-would-give-global-economy-a-lift-next-year-11601820001>

8. See <https://www.americanprogress.org/issues/healthcare/reports/2020/07/28/488196/comprehensive-covid-19-vaccine-plan/>

9. [https://www.pfizer.com/news/featured\\_stories/featured\\_stories\\_detail/how\\_does\\_pfizer\\_price\\_medicines](https://www.pfizer.com/news/featured_stories/featured_stories_detail/how_does_pfizer_price_medicines)

### **Access to COVID-19 Products**

#### **Regeneron Pharmaceuticals, Inc.**

RESOLVED that shareholders of Regeneron Pharmaceuticals Inc. (“Regeneron” or the “Company”) ask the Board of Directors to report to shareholders, at reasonable expense and omitting confidential and proprietary information, on whether and how Regeneron’s receipt of public financial support for development and manufacture of preventives and/or therapeutics for COVID-19 is being, or will be, taken into account when making decisions that affect access to such products, such as setting prices.

SUPPORTING STATEMENT Regeneron has benefited from substantial public funding for COVID-19-related products. Regeneron’s initial screening and selection of antibodies was supported by an expansion of an existing relationship with the Biomedical Advanced Research and Development Authority (“BARDA”), by which BARDA committed up to \$365 million for development of antibodies to treat COVID-19.<sup>1</sup> The National Institute for Allergy and Infectious Diseases is jointly conducting with Regeneron a trial on the efficacy of REGN-COV2 in preventing COVID-19.<sup>2</sup>

The Department of Defense (“DoD”) has agreed to pay \$450 million for the manufacture and supply of doses that will comprise between 70,000 and 300,000 treatments of REGN-COV2, a “cocktail” made up of two antibodies for which Regeneron applied for emergency use authorization (“EUA”) in October 2020.<sup>3</sup> (The number of doses needed for a treatment depends on the severity of a patient’s symptoms.) Under the DoD contract, the implied price per treatment is \$1,500 if the doses end up treating 300,000 patients and \$6,500 if they end up treating 70,000 patients.<sup>4</sup> Regeneron has not commented on the likely price of REGN-COV2.

Concerns have been raised about whether Regeneron will be able to produce an adequate supply of REGN-COV2 if it receives EUA. Regeneron has stated that expects to produce doses for 300,000 patients within a few months after its EUA application was filed and that it is collaborating with Roche to expand manufacturing capacity by three and a half times. That deal will boost global supply to between 650,000 and 2 million treatments annually.<sup>5</sup> But the World Health Organization estimates that 300,000 new cases of COVID-19 are being identified each day.<sup>6</sup> Regeneron may face pressure to share intellectual property in order to ensure an adequate supply of REGN-COV2, but it has not indicated whether it is willing to do so; its agreement with the DoD has been criticized for cutting back on the government’s rights to license patented inventions if they are not made “available to the public on reasonable terms.”<sup>7</sup> Regeneron considers “the long-term investment and risk inherent in science and technology innovation” when setting prices.<sup>8</sup> It is not clear how public investment is taken into account when applying that factor to actual pricing decisions. This Proposal seeks to fill these gaps by asking Regeneron to discuss whether and how the public investments in its COVID-19 products affects its analysis of those factors as well as decisions, including pricing, that could have an impact on access.

1. <https://www.keionline.org/wp-content/uploads/rn-2020-4.pdf>

2. <https://www.regeneron.com/covid19>

3. <https://www.hhs.gov/about/news/2020/07/07/hhs-dod-collaborate-regeneron-large-scale-manufacturing-demonstration-project-covid-19-investigational-therapeutic-treatment.html>

4. <https://www.cbsnews.com/news/what-is-regeneron-covid-antibody-cocktail-trump-covid-19/>

5. <https://www.politico.com/news/2020/10/08/trump-free-antibody-treatments-427999>

6. <https://www.cbsnews.com/news/what-is-regeneron-covid-antibody-cocktail-trump-covid-19/>

7. <https://www.keionline.org/34403>

8. <https://www.regeneron.com/sites/default/files/Regeneron-US-Pricing-Philosophy.pdf>

### **Access to COVID-19 Products**

#### **Gilead Sciences, Inc.**

RESOLVED that shareholders of Gilead Sciences Inc. (“Gilead” or the “Company”) ask the Board of Directors to report to shareholders, at reasonable expense and omitting confidential and proprietary information, on whether and how Gilead’s receipt of government financial support for development and manufacture of therapeutics for COVID-19 is being, or will be, taken into account when making decisions that affect access to such products, such as setting prices.

#### **SUPPORTING STATEMENT**

Gilead benefited from substantial government funding in developing its antiviral drug remdesivir. Government-conducted and -funded research was essential to the identification of remdesivir’s precursor as having activity against the Ebola virus, the refinement of that precursor into remdesivir, and the discovery of remdesivir’s activity against coronaviruses in the same genus as the virus that causes COVID-19.<sup>1</sup> This early work was critical in enabling Gilead’s rapid identification of remdesivir as a potential therapy for COVID-19.

Gilead received emergency use authorization for remdesivir to treat COVID-19 based on a federally-funded clinical trial showing that it shortened time to recovery in some patients and received full approval based in part on the same research.<sup>2</sup> Federally-funded trials continue to test the efficacy of remdesivir in combination with numerous other drugs to treat COVID-19.<sup>3</sup>

Gilead has priced a course of remdesivir treatment at \$3,120 for insured U.S. patients. That move led 34 attorneys general to protest in a letter to the heads of the Food and Drug Administration, Department of Health and Human Services and National Institutes of Health that high prices “will impede access to treatment in the U.S. and further strain state budgets.” The attorneys general urged the federal agencies to trigger the government’s statutory rights to force the holder of a patent developed with federal funding to license the technology to a third party because of Gilead’s failure to set a “reasonable price” or reasonably “alleviate [consumers’] health or safety needs.”<sup>4</sup> Similarly, 11 state Treasurers accused Gilead of “an opportunistic attempt to remarket an old drug at prices that are disconnected from economic reality.”<sup>5</sup> Complaints about impact on states’ fiscal health are reminiscent of objections to the high prices charged for Gilead’s hepatitis C treatments.

Gilead’s “Pricing and Patient Access” position states that “prices for medicines should reflect the research investment and development costs associated with bringing a therapy to patients, as well as the clinical value and medical innovation that new therapies represent.”<sup>6</sup> It is not clear whether how public contributions to those research development and development costs are considered as part of the price-setting process. Relatedly, Gilead has not specified the level of returns that is appropriate given those contributions. This Proposal seeks to fill these gaps by asking Gilead to discuss whether and how the significant public contribution does or will affect its analysis of those factors and decisions, including pricing, that could have an impact on access.

1. For this history, see [https://www.keionline.org/wp-content/uploads/KEI-Briefing-Note-2020\\_1GS-5734-Remdesivir.pdf](https://www.keionline.org/wp-content/uploads/KEI-Briefing-Note-2020_1GS-5734-Remdesivir.pdf).

2. <https://www.niaid.nih.gov/news-events/nih-clinical-trial-shows-remdesivir-accelerates-recovery-advanced-covid-19>; <https://www.politico.com/news/2020/10/22/fda-approves-remdesivir-coronavirus-431336>

3. E.g., <https://www.niaid.nih.gov/news-events/nih-clinical-trial-testing-antiviral-remdesivir-plus-anti-inflammatory-drug-baricitinib>; <https://www.niaid.nih.gov/news-events/nih-clinical-trial-testing-remdesivir-plus-interferon-beta-1a-covid-19-treatment-begins>; <https://www.niaid.nih.gov/news-events/nih-clinical-trial-testing-hyperimmune-intravenous-immunoglobulin-plus-remdesivir-treat>

4. <https://www.oag.ca.gov/system/files/attachments/press-docs/Remdesivir%20Letter%2020200804.pdf>

5. [https://patreasury.gov/pdf/newsroom/Gilead-Sciences-Letter\\_Redacted.pdf](https://patreasury.gov/pdf/newsroom/Gilead-Sciences-Letter_Redacted.pdf)

6. <https://www.gilead.com/-/media/Files/pdfs/Policy-Perspectives/Product%20Pricing%20and%20Patient%20Access.pdf>

### **Access to COVID-19 Products**

#### **Merck & Co., Inc.**

RESOLVED: shareholders of Merck & Co, Inc. (“Merck”) ask the Board of Directors to report to shareholders, at reasonable expense and omitting confidential and proprietary information, on whether and how the direct and/or indirect receipt by Merck of public financial support for development and manufacture of a vaccine or therapeutic for COVID-19 is being, or will be, taken into account when making decisions that affect access to such products, such as setting prices.

#### **SUPPORTING STATEMENT**

Merck has announced initiatives to develop vaccines for COVID-19, one in partnership with the International AIDS Vaccine Initiative (“IAVI”) and the other through acquisition of Themis Bioscience. As well, Merck has stated that it is working with Ridgeback Therapeutics to develop an antiviral drug.<sup>1</sup>

Public funding supported development of the virus vector technology Merck is using for the COVID-19 vaccine it is developing with IAVI. That technology was originally developed by Canadian researchers and the U.S. Army for use in an Ebola vaccine, which Merck licensed and commercialized. The Biomedical Advanced Research and Development Authority provided \$175 million to support production and validation of the Ebola vaccine<sup>2</sup> and has agreed to contribute \$38 million toward development of Merck and IAVI’s SARS-CoV-2 vaccine.<sup>3</sup>

The Themis vaccine uses a virus vector platform originally developed by the Institut Pasteur,<sup>4</sup> a nonprofit research center that receives substantial funding from the French government.<sup>5</sup> Themis’ collaborators include the Coalition for Epidemic Preparedness Innovations,<sup>6</sup> whose major funders have included the Norway, Germany, Japan and United Kingdom governments.<sup>7</sup>

Unlike Janssen and AstraZeneca,<sup>8</sup> Merck has not committed to provide its vaccine on a nonprofit basis during the pandemic.<sup>9</sup> We believe that charging a price perceived as too high could damage Merck’s reputation and create regulatory risk. An industry publication recently noted that “[v]accine pricing has the potential to be controversial, given the urgent health crisis posed by the pandemic as well as the billions of dollars in government funding supporting coronavirus vaccine development.”<sup>10</sup>

If a Merck vaccine is approved, scaling up production will be essential to ensure universal and low-cost vaccine access, which is critical to maintain stability, reignite the global economy,<sup>11</sup> and prevent domestic outbreaks.<sup>12</sup> Accordingly, Merck would face enormous pressure to share intellectual property covering the product to which public entities have contributed.

The section of Merck’s website addressing drug pricing lists factors it considers in setting prices, but does not address the relationship between investment in a product and pricing.<sup>13</sup> It is unclear, then, how Merck would apply its usual factors in the context of a pandemic in which public support has contributed significantly to the development and commercialization of products. This Proposal seeks to fill this gap by asking Merck to explain whether and how the significant contribution to its products by public entities affects, or will affect, decisions that Merck makes that could affect access, such as setting prices.

1. <https://www.merck.com/stories/how-we-are-responding-to-the-global-pandemic-covid-19/>

2. <https://www.statnews.com/2020/01/07/inside-story-scientists-produced-world-first-ebola-vaccine/>

3. <https://www.policycuresresearch.org/covid-19-r-d-tracker>

4. <https://www.trialsitenews.com/flurry-of-merck-deals-to-enter-covid-19-vaccine-therapy-race-will-tap-into-federal-dollars/>

5. <https://www.sciencemag.org/news/2013/05/institut-pasteur-fights-claims-financial-mismanagement>

6. <https://www.trialsitenews.com/flurry-of-merck-deals-to-enter-covid-19-vaccine-therapy-race-will-tap-into-federal-dollars/>

7. <https://www.policycuresresearch.org/covid-19-r-d-tracker#whatdata>

8. See <https://www.usatoday.com/story/news/2020/07/20/covid-19-vaccine-house-hearing-non-profit-low-price-possible/5475329002/>

9. <https://www.reuters.com/article/us-health-coronavirus-usa-vaccines-price/moderna-merck-say-they-will-not-limit-price-of-coronavirus-vaccines-to-company-cost-idUSKCN24M2PP>

10. <https://www.biopharmadive.com/news/moderna-coronavirus-vaccine-price-dose/582947/>

11. <https://www.wsj.com/articles/covid-19-vaccine-deployment-would-give-global-economy-a-lift-next-year-11601820001>

12. See <https://www.americanprogress.org/issues/healthcare/reports/2020/07/28/488196/comprehensive-covid-19-vaccine-plan/>

13. [https://www.pfizer.com/news/featured\\_stories/featured\\_stories\\_detail/how\\_does\\_pfizer\\_price\\_medicines](https://www.pfizer.com/news/featured_stories/featured_stories_detail/how_does_pfizer_price_medicines)

### **Access to COVID-19 Products**

#### **Johnson & Johnson**

RESOLVED that shareholders of Johnson & Johnson (“JNJ”) ask the Board of Directors to report to shareholders, at reasonable expense and omitting confidential and proprietary information, on whether and how JNJ subsidiary Janssen’s receipt of government financial support for development and manufacture of vaccines and therapeutics for COVID-19 is being, or will be, taken into account when engaging in conduct that affects access to such products, such as setting prices.

Janssen has received substantial government funding for research and development related to COVID-19. In February 2020, Janssen entered into a “collaborative partnership” pursuant to which the U.S. Biomedical Advanced Research and Development Authority (“BARDA”) provided \$456 million to develop a vaccine candidate for COVID-19,<sup>1</sup> and BARDA agreed to pay \$152 million for Janssen and a partner to screen compounds for efficacy in treating COVID-19.<sup>2</sup> BARDA committed \$1 billion to Janssen in August to fund expansion of vaccine manufacturing capability; the agreement entitles the federal government to 100 million doses.<sup>3</sup>

JNJ stated publicly that it will distribute a COVID-19 vaccine on a “nonprofit” basis, but that commitment is limited to “emergency pandemic use.”<sup>4</sup> JNJ has not clarified what “nonprofit” means when the government funds a significant portion of the research and development cost. If a COVID-19 vaccine must be readministered regularly to maintain herd immunity, as many experts predict,<sup>5</sup> demand will outlast the pandemic, and the potential market will be vast.

If JNJ’s vaccine is approved, scaling up production beyond JNJ’s goal of producing 1 billion doses per year<sup>6</sup> will be essential to ensure universal and low-cost vaccine access, which is critical to maintain stability, reignite the global economy and investor returns,<sup>7</sup> and prevent domestic outbreaks.<sup>8</sup> Accordingly, JNJ will face enormous pressure to share intellectual property (including patents) over the COVID-19 vaccines or therapeutics to which public entities such as BARDA are contributing. Already, Janssen’s agreements with BARDA have been criticized for limiting the government’s intellectual property rights,<sup>9</sup> which could place a chokehold on mass production commensurate with global need—increasing price, decreasing overall supply and preventing universal access.

JNJ’s 2019 Transparency Report—pre-dating COVID-19—describes the factors it considers in pricing: balancing the value of a medicine, the “importance of preserving [JNJ’s] ability to develop future groundbreaking cures and treatments,” and ensuring affordable access.<sup>10</sup> Yet, JNJ does not at present disclose how public financial support factors into its approach to ensuring access over its COVID-19 products. This Proposal seeks to overcome this gap by asking JNJ to explain whether and how the significant contribution from public entities to the COVID-19 products JNJ seeks to commercialize affects, or will affect, its analysis of those factors and of actions, including pricing, that it could take to ensure access.

1. <https://www.jnj.com/johnson-johnson-announces-collaboration-with-u-s-department-of-health-human-services-to-accelerate-development-of-a-potential-novel-coronavirus-vaccine>.

2. <https://www.reuters.com/article/health-coronavirus-usa-funding/factbox-u-s-pours-billions-into-development-of-coronavirus-vaccines-tests-idINL4N2D32T5>.

3. <https://www.hhs.gov/about/news/2020/08/05/hhs-dod-collaborate-with-johnson-and-johnson-to-produce-millions-of-covid-19-investigational-vaccine-doses.html>.

4. <https://www.jnj.com/johnson-johnson-announces-a-lead-vaccine-candidate-for-covid-19-landmark-new-partnership-with-u-s-department-of-health-human-services-and-commitment-to-supply-one-billion-vaccines-worldwide-for-emergency-pandemic-use>.

5. See e.g., <https://www.nature.com/articles/d41586-020-02278-5>.

6. <https://www.jnj.com/johnson-johnson-announces-a-lead-vaccine-candidate-for-covid-19-landmark-new-partnership-with-u-s-department-of-health-human-services-and-commitment-to-supply-one-billion-vaccines-worldwide-for-emergency-pandemic-use>.

7. <https://www.wsj.com/articles/covid-19-vaccine-deployment-would-give-global-economy-a-lift-next-year-11601820001>.

8. See <https://www.americanprogress.org/issues/healthcare/reports/2020/07/28/488196/comprehensive-covid-19-vaccine-plan/>.

9. <https://www.keionline.org/wp-content/uploads/KEI-Briefing-OTA-29june2020.pdf>, at 4.

10. See <https://jnj-janssen.brightspotcdn.com/19/3f/55f6149249348ab7c64ba881c638/jsn-2019-us-transparency-report-v16.pdf>, at 11.



### **Executive Compensation and Drug Pricing Risks—Feasibility Report**

#### **AbbVie**

Resolved: AbbVie Inc. (“AbbVie”) shareholders request that the Compensation Committee of the board of directors publish a report (at reasonable expense, within a reasonable time, and omitting confidential and proprietary information) assessing the feasibility of incorporating public concern over high drug prices into the senior executive compensation arrangements described in AbbVie’s annual proxy materials.

#### Supporting Statement

To reward the creation of long-term value, incentive compensation arrangements for senior executives of branded pharmaceutical companies should promote responsible risk management. A key strategic risk facing pharmaceutical firms is backlash against the high price of medicines. The effects of high drug prices on patient access, government payer budgets and the broader health care system continue to keep drug prices in the public spotlight.

An October 2019 report by the Institute for Clinical and Economic Review (“ICER”) identified the top 10 drugs, from among the 100 drugs with highest 2018 revenues, whose price increases in 2017 and 2018 caused the greatest increase in U.S. drug spending. AbbVie’s Humira ranked first on that list, and ICER found that its price increases were “unsupported by new clinical evidence.”<sup>1</sup> As part of an investigation into drug pricing, the House Committee on Oversight stated in September 2020 that it planned to issue a subpoena to AbbVie for documents on Humira and another drug, including documents on strategies to preserve market share and pricing power.<sup>2</sup> AbbVie has been criticized for its aggressive use of patents to forestall U.S. competition and keep prices high.<sup>3</sup>

We are concerned that AbbVie’s senior executive incentive compensation arrangements may not encourage consideration of risks created by high prices. AbbVie’s new Reputation/Sustainability metric does not mandate consideration of drug prices or public perceptions regarding AbbVie’s pricing practices, and 80% of CEO Richard Gonzalez’s annual bonus is determined by one-year financial metrics, including net revenue and income before taxes. (2020 Proxy Statement, at 41) Excessive dependence on drug price increases and tactics like high rebates that limit competition create significant risks, which may be exacerbated when price hikes drive large senior executive payouts.

Accordingly, we believe it is advisable for the Compensation Committee to explore incorporating measures that relate to the financial and strategic risks created by high drug prices into senior executive compensation arrangements. This Proposal gives the compensation committee total discretion in selecting potential measures and in analyzing the feasibility of incorporating them. By way of illustration, though, such measures could reward executives for increasing access or limit the extent to which price increases can be used to meet revenue and income targets.

We urge shareholders to vote for this Proposal.

1. [https://icer-review.org/wp-content/uploads/2019/01/ICER\\_UPI\\_Final\\_Report\\_and\\_Assessment\\_100819\\_Final.pdf](https://icer-review.org/wp-content/uploads/2019/01/ICER_UPI_Final_Report_and_Assessment_100819_Final.pdf)

2. <https://www.policymed.com/2020/09/house-oversight-committee-subpoenas-abbvie-in-drug-pricing-probe.html>

3. E.g., <https://www.bloomberg.com/news/articles/2017-09-07/this-shield-of-patents-protects-the-world-s-best-selling-drug>;  
<https://www.capanow.org/blog/abbvies-humira/>

### **Establish Deferral Period for Senior Executive Bonuses**

#### **Walgreens Boots Alliance**

*A similar resolution was submitted to Johnson & Johnson.*

RESOLVED that shareholders of Walgreens Boots Alliance Inc. (“WBA”) urge the Compensation and Leadership Performance Committee (the “Committee”) of the board to adopt a policy authorizing the Committee to decline to pay in full an award (a “Bonus”) to a senior executive or group of senior executives under any annual cash incentive program (“Bonus Program”) that is based on one or more financial measurements (a “Financial Metric”) whose performance measurement period (“PMP”) is one year or shorter for a period (the “Deferral Period”) following the award. The policy should include a methodology for determining the length of the Deferral Period, should the Committee decide to defer, and adjusting the unpaid portion of the Bonus over the Deferral Period, in each case that allows accurate assessment of risks taken during the PMP that could have affected performance on the Financial Metric(s) and facilitates recoupment pursuant to WBA’s recoupment policy.

The changes should be implemented in a way that does not violate any existing contractual obligation or the terms of any compensation or benefit plan currently in effect.

Supporting Statement: As long-term shareholders, we support compensation policies that align senior executives’ incentives with the company’s long-term success. We are concerned that short-term incentive plans can encourage senior executives to take on excessive risk.

In our view, the opioid crisis reflects overly risky behavior by companies in the supply chain, including retailers such as Walgreens. That behavior has led to costly litigation, as well as civil and criminal enforcement actions, with potential financial and reputational consequences. Walgreens is a defendant in the multi-district opioid litigation in Ohio.

To foster a longer-term orientation, this proposal asks that the Committee develop a policy on bonus deferral; the Committee would have discretion to set the terms and mechanics of this process. Bonus deferral is widely used in the banking industry, where overly risky behavior was widely viewed as contributing to the financial crisis. The Financial Stability Board’s Principles for Sound Compensation Practices state that bonus deferral is “particularly important” because it allows “late-arriving information about risk-taking and outcomes” to alter payouts and reduces the need to claw back compensation already paid out, which may “fac[e] legal barriers,” in the event of misconduct. Banking supervisors in 16 jurisdictions, including the US, have requirements or expectations regarding bonus deferral. (<https://www.fsb.org/wp-content/uploads/P170619-1.pdf>) Pharmaceutical manufacturers GlaxoSmithKline and Novartis defer a portion of annual bonuses into equity that does not immediately vest.

We urge shareholders to vote FOR this proposal.

### **Board Oversight—Risks Related to the Opioid Crisis**

#### **Johnson & Johnson**

RESOLVED, that shareholders of Johnson & Johnson (“JNJ”) urge the Board of Directors (the “Board”) to report to shareholders describing the governance measures JNJ has implemented since 2012 to more effectively monitor and manage financial and reputational risks related to the opioid crisis, given JNJ’s sale of opioid medications, including whether increased centralization of JNJ’s corporate functions provides stronger oversight of such risks and any changes in how the Board oversees opioid-related matters, how incentive compensation for senior executives is determined, and how the Board obtains input regarding opioids from stakeholders.

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 2018, opioid abuse caused an average of 128 overdose deaths per day. The economic and social effects of the opioid crisis have been profound. A recent report pegged the cumulative economic toll of the opioid epidemic at over \$1 trillion.<sup>1</sup> Opioid use and dependency, according to a 2017 study, is a key factor in the decline in prime-age male labor force participation.<sup>2</sup>

Sale of opioid medications creates legal and reputational risks for JNJ. In 2019, JNJ received a grand jury subpoena from a New York U.S. Attorney’s Office related to the sale of opioids made by subsidiary Janssen.<sup>3</sup> In August 2019, an Oklahoma judge ruled that Janssen engaged in “false, deceptive and misleading” marketing regarding opioids that contributed to the opioid crisis in Oklahoma, which constituted a “public nuisance,” and awarded the State of Oklahoma \$465 million.<sup>4</sup> JNJ has offered to pay \$4 billion to settle over 3,000 lawsuits by states, local governments and Native American tribes, claiming that JNJ’s marketing of opioid drugs, as well as its sale of opioid active ingredients to other drug makers, contributed to the opioid crisis.<sup>5</sup> In September 2020, the New York State Department of Financial Services filed civil charges against JNJ, accusing the company of insurance fraud and downplaying the risks of opioid products, seeking to recover \$2 billion.<sup>6</sup>

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 how JNJ’s governance arrangements have changed since 2012 to do so more effectively.

For example, reports indicate that JNJ has begun centralizing its famously decentralized corporate structure, including the compliance function,<sup>7</sup> which could be expected to affect Board oversight of risks related to opioids. As well, it is not clear from JNJ’s proxy statements whether senior executive compensation incentives have changed to promote compliance or ethical behavior.

We urge shareholders to vote for this proposal.

1. <https://altarum.org/about/news-and-events/economic-toll-of-opioid-crisis-in-u-s-exceeded-1-trillion-since-2001>

2. [https://www.brookings.edu/wp-content/uploads/2017/09/1\\_krueger.pdf](https://www.brookings.edu/wp-content/uploads/2017/09/1_krueger.pdf)

3. <https://www.reuters.com/article/us-johnson-johnson-opioid-probe/justice-department-issues-grand-jury-subpoenas-in-jj-opioid-probe-filing-idUSKBN1X72CB>

4. <https://www.wsj.com/articles/johnson-johnsons-oklahoma-opioid-penalty-reduced-to-465-million-11573854343>

5. <https://www.wsj.com/articles/states-seek-26-4-billion-from-drug-companies-in-opioid-litigation-11597743000>

6. <https://www.cbsnews.com/news/johnson-johnson-opioid-epidemic-new-york-lawsuit-2-billion/>

7. <https://fortune.com/longform/johnson-and-johnson-global-500/>

### Health Risks of In-Store Tobacco Sales in the Age of COVID-19

#### Walgreens Boots Alliance

*A similar resolution was submitted to Rite Aid Corp.*

**RESOLVED:** Shareholders request the Board of Directors of Walgreens Boots Alliance (WBA) issue a report within twelve months of the 2021 annual meeting, at reasonable expense and excluding proprietary information, assessing how the increased health risks of severe COVID-19 infections to customers that smoke impact our company's evaluation of risks associated with selling tobacco products.

Supporting Statement: The COVID-19 global pandemic has destroyed the health of individuals, devastated families, and shut down communities. The United States has been particularly hard hit by the virus.

The COVID-19 pandemic has imposed a new reality, in which responsible behavior on the part of individuals, communities, and corporations is needed to prevent the spread of the disease and the resulting hospitalizations, suffering and death.

According to the Center for Disease Control and Prevention (CDC), "Being a current or former cigarette smoker may increase your risk of severe illness from COVID-19." <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/people-with-medical-conditions.html#smoking>

A meta-analysis of peer-reviewed papers from 19 research teams, including CDC's COVID Response Team, found that "smoking is a risk factor for progression of COVID-19, with smokers having higher odds of COVID-19 progress than never smokers." Tobacco use nearly doubles the risk that someone who tests positive for the virus will end up hospitalized or dying of COVID-19.

<https://academic.oup.com/ntr/article/doi/10.1093/ntr/ntaa082/5835834>

JAMA<sup>1</sup> reported that research on smoker behavior reveals that reducing the number of tobacco sales outlets reduces smoking among young people.

Leading national retail chains with pharmacies such as Wegmans, CVS and Target have stopped selling tobacco products arguing that it undermines the health and well-being of their customers and presents reputational risks;

A CVS-commissioned study<sup>2</sup> found a significant decrease in cigarette consumption in states where cigarette sales were discontinued in their stores;

The perception of pharmacies, reinforced by their marketing, is that they are associated with good health. WBA lists as its purpose: We help people around the world lead healthier and happier lives;

On October 7, 2019, WBA announced it would discontinue the sale of e-cigarettes after approximately 1,080 people became ill and 18 people died in connection with vaping certain black market marijuana products, but WBA has continued to sell traditional tobacco products as COVID-19 infections surge past 4 million and deaths surpass 150,000 in the U.S. alone (as of July 30, 2020).

**SUMMARY:** Reputable public health organizations throughout the world are in consensus around the contradictions of health care companies such as pharmacies continuing to sell tobacco, which seriously undermines health. Smoking damages lungs, which can exacerbate the effects of COVID-19 on patients. Health care retailers cannot honor their commitment to improve health while serving the interests of the tobacco industry.

For these reasons we urge you to vote FOR this proposal.

1. <http://bit.ly/1bqDC6v>

2. <http://bit.ly/2axbyJx>

### **Discourage Nicotine Use Among Youth**

Altria Group, Inc.

WHEREAS, we believe in full transparency around Altria's adherence to their stated goals of preventing underage nicotine use and working towards racial equality so we can determine if they are consistent and in the best interests of shareholders.

RESOLVED, that shareholders request the Board of Directors commission a third-party report, at reasonable cost and omitting proprietary information, on:

- corporate adherence to Altria's principles and policies aimed at discouraging the use of their nicotine delivery products by young people, and marketing practices to communities of color and low-income populations,
- the effectiveness of those policies, and
- any damage inflicted on those communities as a result and present the results of that report to shareholders by November 2021.

Supporting Statement: The company notes on its website that "The significant rise in youth use of e-vapor threatens to undermine the hard-fought gains made in preventing underage use of conventional tobacco products."<sup>1</sup> In December 2018 Altria announced it invested \$12.8 billion in JUUL, taking a 35% stake in the company. Altria said that it would allow JUUL products to be sold alongside Marlboro and that it "will apply its logistics and distribution experience to help JUUL expand its reach and efficiency and JUUL will have the option to be supported by Altria's sales organization, which covers approximately 230,000 retail locations." JUUL currently commands three-quarters of the e-cigarette market.

Data from the Centers for Disease Control shows that 86.3% of middle and high school students had been exposed to tobacco product advertisements or promotions, and 27.5% of high schoolers reported current e-cigarette use in 2019. Additionally, an estimated 53.3% of high school students and 24.3% of middle school students reported having ever tried a tobacco product.<sup>2</sup> A multi-state coalition of Attorneys General is investigating JUUL's marketing and sales practices. The current COVID-19 pandemic has highlighted the disproportionate health impacts<sup>3</sup> Black and African American communities face. As a known risk factor<sup>4</sup> for serious complications from COVID, smoking and vaping are putting those populations at even higher risk for death.

Tobacco companies have historically placed larger amounts of advertising<sup>5</sup> in African American publications, exposing African Americans to more cigarette ads than Whites. Additionally, tobacco companies use price promotions such as discounts and multi-pack coupons—which are most often used by African Americans and other minority groups, women, and young people to increase sales.<sup>6</sup>

We believe the above practices are not consistent with Altria's recent commitment<sup>7</sup> to racial justice and its goal of prevention of use among youth and we are concerned that Altria's lack of transparency presents reputational risk when it contradicts company public positions. For example, Altria shares fell as much as 2.7% after Dow Jones reported the FTC is investigating the marketing practices of JUUL Labs.<sup>8</sup>

We urge Altria to allow an independent review of its policies and practices to ensure no contradictions exist.

1. Helping Reduce Underage Tobacco Use (altria.com)

2. <https://www.cdc.gov/mmwr/volumes/68/ss/ss6812a1.htm>

3. <https://www.kff.org/coronavirus-covid-19/issue-brief/covid-19-racial-disparities-testing-infection-hospitalization-death-analysis-epic-patient-data/>

4. <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/people-with-medical-conditions.html>

5. <https://www.cdc.gov/tobacco/disparities/african-americans/index.htm>

6. African Americans and Tobacco Use | CDC

7. Our 10-Year Vision - Altria

8. Altria falls after Dow Jones reports Juul being probed by FTC - BNN Bloomberg

## Human Rights and Worker Rights

Since its inception in 1971, ICCR’s members have worked with companies to eradicate 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, with a total of 37 proposals. These resolutions highlight a myriad of workplace and human rights issues, including the urgent need for paid sick leave for frontline workers, the dangers of hate speech and surveillance, risks to freedom of expression, protections for whistleblowers, conflict zones, prison and forced labor, and online child sexual exploitation. A new Walmart resolution this year also draws links between racial equity and starting pay, while another calls on PNC Financial to “stop banking the bomb.”

### Starting Pay and Racial Equity

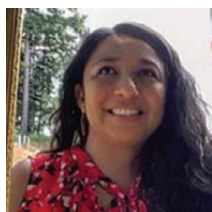
Paying employees a living wage, and raising the wages of employees at the bottom of a company’s wage scale are significant actions that corporations can take to begin to address systemic racial inequality. People of color make up a major portion of Walmart’s workforce—over 46% of hourly workers are PoC. Walmart workers have stayed on the job as essential workers throughout the COVID pandemic, yet the company’s starting wage is just \$11 an hour, well below that of the \$15 paid by several of its competitors.

ICCR members asked **Walmart** to report to its shareholders on whether and how the company’s racial justice goals and commitments align with the starting pay for all classifications of Walmart Associates.

### Human Rights and Worker Rights 37

Proposal Topic	Quantity
For the full list of investors who filed these resolutions, see p. 213.	
Feasibility of Paid Sick Leave as a Standard Employee Benefit	7
Human Rights Due Diligence	7
Human Rights Impact Assessment	2
Report on Human Rights Risks in Conflict-Affected and High-Risk Areas Policies	2
Report on Prison Labor in the Supply Chain	2
Advertising Policy and Social Media	1
Child Sexual Exploitation Online	1
Customer Due Diligence	1
Evaluate Company Whistleblower Policies and Practices	1
Executive Compensation Link to User Data Privacy	1
Freedom of Expression / Curbs on VPNs	1
Hate Speech Products	1
Human Rights Disclosure	1
Human Rights Policy	1
Human/Civil Rights Expert on Board	1
Protecting Essential Food Workers During Covid-19	1
Rekognition – Facial Recognition Technology	1
Report on #RebootFacebook	1
Report on Government-Mandated Content Removal Requests	1
Starting Pay and Racial Equity	1
Stop Banking the Bomb	1
Workforce Disclosure and Board Oversight	1





The COVID-19 pandemic has renewed public attention to the importance of paid sick leave to public health and economic stability. For low-wage, public-facing sectors like retail or food service, paid sick leave could prevent infections, outbreaks, and store closures.

Unfortunately many **low-wage, Latinx, and Black** workers don't have access to paid sick leave and are unable to stay home to care for a sick child without putting their jobs at risk.

Policy makers have long recognized the benefits of paid sick leave. **14 states and 38 municipalities** have enacted paid sick leave laws and ordinances. The Families First Coronavirus Response Act required employers to provide paid leave for workers ill with COVID-19 or caring for a sick family member, but large corporations like Walmart and McDonalds were exempt.

Investors and other stakeholders have ramped up efforts to address the paid sick leave crisis at some of the largest corporations in the country. **Proposals have been filed at 7 companies** this year, including CVS, Dollar General, Kohl's, Kroger, McDonalds, Walmart and Yum! Brands. All of the proposals call on the corporations to study how to adopt or enhance paid sick leave policies.

Paid leave policies can mitigate the negative economic impact of the pandemic, especially on low-wage female and non-white workers. Paid leave also benefits companies. Studies have correlated paid leave with improved morale and higher productivity.

Investors can help ensure workers and companies realize these benefits.

**Bianca Agustin, Director of Research – United for Respect**

### Feasibility of Paid Sick Leave as a Standard Employee Benefit

The COVID-19 pandemic and resulting economic crisis have radically underscored the importance of paid sick leave (PSL) for all workers, particularly those in sectors with significant public contact such as retail and food service. U.S. workers, unlike their peers in Europe and elsewhere, do not have guaranteed sick leave, and are especially impacted in light of COVID.

Investors asked **CVS Health, Dollar General, Kohl's, Kroger, McDonald's, Walmart and Yum! Brands** to report on the feasibility of extending their paid sick leave policies adopted in response to COVID-19 as standard employee benefits not limited to the pandemic. McDonald's was also asked to consider creating incentives for its franchisees to adopt such a policy. Walmart was also asked to provide two weeks of paid leave for Associates to care for sick or quarantined family members.





Faith-based institutions have long led movements calling for peace and demilitarization. Revenues for U.S. defense companies have been climbing for years, responding to increased military spending and foreign military sales. Even as the industry as a whole fails to meet its human rights responsibilities, defense companies continue to produce some of the most dangerous weapons and technologies in existence.



Investors with small exposure to the defense industry are engaging companies

to address critical human rights impacts such as nuclear weapon manufacturing, potential war crimes associated with international weapons sales, business in conflict-affected areas, unregulated surveillance technology, and controversial immigration enforcement. On January 22, 2021, the groundbreaking Treaty on the Prohibition of Nuclear Weapons entered into force, advancing the path towards total denuclearization.

In light of the legal, financial, reputational, and human rights risks facing this sector, this proxy season, with support of Investor Advocates for Social Justice, faith-based investors filed shareholder proposals with Lockheed Martin and Northrop Grumman. Investors asked for disclosure on human rights impact assessments and human rights due diligence processes to identify, assess, prevent, mitigate, and remedy actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas. Proposals filed with General Dynamics and Raytheon Technologies will not be on the proxy, though shareholder dialogue will continue.

While many investors have long-instituted screens to avoid exposure to defense companies, investors may be shareholders in other companies that support the industry's growth, such as banks. PNC Financial Services will face a proxy vote this spring, requesting a report on the effectiveness of its risk management systems at addressing the human rights and financial risks associated with financing nuclear weapons.

**Jillianne Lyon, Program Associate—  
Investor Advocates for Social Justice**

**Gina Falada, Senior Program Associate—  
Investor Advocates for Social Justice**

### Human Rights Due Diligence

The UN Guiding Principles for Business and Human Rights, along with the OECD Guidelines for Multinational Enterprises, provide a framework for corporations to conduct robust human rights due diligence (HRDD), and call for companies to identify, assess, prevent and mitigate actual and potential adverse human rights impacts in their operations and supply chains. Eleven resolutions this year directly referenced human rights due diligence, disclosure, or impact assessments.

While food workers were heralded as essential in the early days of the pandemic, they were frequently provided with insufficient PPE and little to no sick leave. Subsequently, meat and poultry processing plants across the U.S.—where workers already labored in unsafe conditions—have become COVID-19 hotspots.

As a result, ICCR members this season targeted poultry processors **Pilgrim's Pride, Sanderson Farms and Tyson Foods** with resolutions highlighting the industry's hazardous working conditions, which include unsafe line speeds, wage violations, exposure to toxins, and sexual harassment, as well as the ways in which the COVID pandemic has severely aggravated such dangers, including via insufficient PPE, and lack of transparency regarding exposure to infected individuals.

A **Wendy's** resolution called for greater protections for food chain workers.

A **Kroger** resolution spotlighted numerous human rights risks in the supermarket's supply chain, including COVID risks faced by farmworkers, migrant labor abuse in the Malaysian palm oil sector, slave labor in Asia's shrimp industry, and rampant labor abuse among U.S. tomato producers.

Defense companies **General Dynamics, Lockheed Martin** and **Raytheon** received



resolutions calling for them to report their HRDD processes for preventing and mitigating human rights harms associated with their high-risk products and services, particularly those in conflict-affected areas.

### Evaluate Company Whistleblower Policies

For many years, Google's unofficial company motto was "don't be evil." Yet, parent company Alphabet has a well-documented track record of retaliating against its workers, including illegally firing and surveilling employees involved in labor organizing. Most recently, Google fired the prominent co-lead of its Ethical Artificial Intelligence team, Dr. Timnit Gebru, who had criticized the company's diversity, equity and inclusion programs. Numerous employees have faced retaliation, including firing, after voicing concerns regarding the human rights implications of company practices, including systemic workplace racism and sexism, and projects enabling censorship, surveillance, and war.

Shareholders members asked **Alphabet** to oversee a third-party review analyzing the effectiveness of its whistleblower policies in protecting human rights.

### Hate Speech Products

Roughly 205,000 hate crimes are committed in the U.S. each year. While Amazon has an Offensive Products policy that prohibits the sale of products that 'promote, incite or glorify hatred, violence, racial, sexual or religious intolerance', the policy inexplicably does not apply to books, music, videos and DVDs.

For the third year in a row, investors called on **Amazon** to report on its efforts to address hate speech and the sale of offensive products throughout its businesses.

### Human/Civil Rights Expert on the Board

Because the company controls approximately 90% of the online search market, tech giant Alphabet has an enormous impact on human and civil rights, as well as day-to-day life. Nearly two billion people use YouTube monthly; YouTube's recommendation algorithm, which drives approximately 70% of viewing, has come under intense scrutiny and criticism in recent years for driving viewers to violent, right-wing content. Alphabet has failed to adequately address hate speech, which targets communities of color and other marginalized groups.

Investors have asked that **Alphabet's** Nominating and Corporate Governance Committee nominate for the next Board election at least one candidate who has a high level of human and/or civil rights expertise and experience and is widely recognized as such, and who qualifies as an independent director.



## Proxy Resolutions: Human Rights and Worker Rights

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

#### **Walmart Stores, Inc.**

RESOLVED, that shareholders of Walmart Inc. (“Walmart”) ask the company to study the feasibility of providing two weeks of paid sick leave, as well as two weeks of paid leave to care for a sick or quarantined family member or a child whose school or child care provider is closed or unavailable due to illness, as a standard Associate benefit not limited to COVID-19.

Supporting Statement: The COVID-19 pandemic and the economic crisis it precipitated have drawn the attention of the public and policy makers to the importance of paid sick leave (PSL) for workers and public health. Substantial media attention has focused on U.S. workers’ lack of access to PSL, especially in sectors with significant public contact such as retail and food service.<sup>1</sup> Workers without PSL, or who fear disciplinary consequences for using PSL, risk being fired if they do not come into work despite illness, and some cannot afford to miss work. Studies show that PSL mandates adopted in the U.S. since 2007 have lowered disease and overall absence rates.

PSL promotes public health by allowing workers who have been exposed to an infectious disease to isolate, preventing further exposure. According to public health experts, PSL is cost-effective compared to the costs associated with disease spread. PSL helps to counter the negative economic impact of the pandemic, especially for women and non-white workers, who are bearing the brunt of job loss,. Finally, PSL benefits companies, which report that bolstering paid sick leave improves morale and boosts productivity.

Policy makers at all levels are debating PSL. Even before the pandemic, bills had been introduced in Congress to require employers to provide PSL, and eight states plus the District of Columbia had established PSL social insurance systems. The Families First Coronavirus Response Act (FFCRA), which did not apply to large companies like Walmart, required that employers provide paid leave for workers ill with COVID-19 or caring for a sick family member. An October 2020 study found that states that gained PSL as a result of the FFCRA had fewer COVID-19 cases and the relationship was statistically significant. The House-passed HEROES Act would fill some of the FFCRA’s gaps and extend its PSL requirement through 2021, and the PAID Leave Act would require employers to provide at least seven days of PSL and 14 days of additional PSL in a public health emergency. State and local governments, including California, San Francisco, and Philadelphia, have also mandated PSL for workers not covered by the FFCRA.

Walmart has adopted a COVID-19 emergency sick leave policy. This Proposal asks that Walmart study the feasibility of providing Associates with two weeks of paid sick leave and two weeks of paid leave to care for a sick family member or a child whose school or child care provider is closed or unavailable due to illness, which is similar to the FFCRA’s leave provisions. We urge shareholders to vote for this proposal.

1. See, e.g., <https://www.businessinsider.com/coronavirus-changes-walmart-starbucks-employee-benefits-2020-3>; <https://www.cnn.com/2020/04/16/business/grocery-store-workers-retail-paid-sick-leave/index.html>; <https://www.theatlantic.com/health/archive/2020/03/does-walmart-provide-paid-sick-leave/608779/>; <https://www.washingtonpost.com/business/2020/03/10/walmart-apple-olive-garden-are-among-major-employers-updating-sick-leave-policies-coronavirus-cases-spread/>; <https://qz.com/1841763/us-grocery-workers-risk-coronavirus-but-most-lack-paid-sick-leave/>; <https://www.nytimes.com/2020/03/14/opinion/sunday/coronavirus-paid-sick-leave.html>

### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

McDonald's Corp.

RESOLVED, that shareholders of McDonald's ask the board of directors to analyze and report on the feasibility of extending the paid sick leave policy adopted in response to COVID19 and made effective on March 3, 2020 (see: <https://www.usatoday.com/story/money/2020/03/09/coronavirus-paid-sick-leave-apple-olive-garden/5006181002/>) as a standard employee benefit not limited to COVID19 and creating incentives for franchisees to adopt such a policy.

Supporting Statement: The COVID-19 pandemic and the economic crisis it precipitated have drawn the attention of the public and policy makers to the importance of paid sick leave (PSL) for workers and public health. Workers without PSL risk being fired if they do not come into work despite illness, and some workers cannot afford to miss work and forego wages. PSL allows sick workers to stay home, preventing them from infecting coworkers and those with whom they would come into contact on the job. Studies show that PSL mandates adopted in the U.S. since 2007 have reduced the rate at which employees report to work ill in low-wage industries where employers don't tend to provide PSL and have lowered disease and overall absence rates.

PSL contributes to public health by allowing workers who have been exposed to an infectious disease such as COVID-19 to quarantine, preventing further exposure. According to public health experts, PSL is cost-effective compared to the costs associated with disease spread. Some policy makers argue that PSL has helped to counter the negative economic impact of the pandemic, especially for women and non-white workers, and that a sustainable economy depends on prioritizing safety. Finally, PSL benefits companies, which report that bolstering paid sick leave improves morale and boosts productivity.

Policy makers are debating PSL at the federal, state and local levels. In response to the pandemic, the Families First Coronavirus Response Act (FFCRA) required that certain employers provide paid time off for workers ill with COVID-19 or quarantined due to exposure to the virus. An October 2020 study found that states that gained PSL as a result of the FFCRA had fewer COVID-19 cases and the relationship was statistically significant. The House-passed HEROES Act would fill some of the FFCRA's significant gaps and extend its PSL requirement through 2021. State and local governments, including California, San Francisco, and Philadelphia have also acted to mandate PSL for workers not covered by the FFCRA. Even before the pandemic, bills had been introduced in Congress to require employers to provide PSL, and eight states plus the District of Columbia had established PSL social insurance systems.

In company-owned restaurants, McDonalds' policy provides PSL to employees in cases of COVID-19-related quarantine or restaurant closing. This Proposal asks that McDonald's analyze and report to shareholders on the feasibility of making that policy permanent and creating incentives for franchisees to adopt a similar policy, in each case applicable to conditions other than COVID-19.

We urge shareholders to vote for this proposal.

### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

Yum! Brands, Inc.

RESOLVED, that shareholders of YUM! Brands ask the board of directors to analyze and report on the feasibility of extending the paid sick leave policy adopted in response to COVID-19 and made effective on March 25, 2020 as a standard employee benefit not limited to COVID-19 and creating incentives for franchisees to adopt such a policy.

Supporting Statement: The COVID-19 pandemic and the economic crisis it precipitated have drawn the attention of the public and policy makers to the importance of paid sick leave (PSL) for workers and public health.<sup>1</sup> Workers without PSL risk being fired if they do not come into work despite illness, and some workers cannot afford to miss work and forego wages. PSL allows sick workers to stay home, preventing them from infecting coworkers and those with whom they would come into contact on the job. Studies show that PSL mandates adopted in the U.S. since 2007 have reduced the rate at which employees report to work ill in low-wage industries where employers don't tend to provide PSL and have lowered disease and overall absence rates.

PSL contributes to public health by allowing workers who have been exposed to an infectious disease such as COVID-19 to quarantine, preventing further exposure. According to public health experts, PSL is cost-effective compared to the costs associated with disease spread. Some policy makers argue that PSL has helped to counter the negative economic impact of the pandemic, especially for women and non-white workers, and that a sustainable economy depends on prioritizing safety. Finally, PSL benefits companies, which report that bolstering paid sick leave improves morale and boosts productivity.

Policy makers are debating PSL at the federal, state and local levels. In response to the pandemic, the Families First Coronavirus Response Act (FFCRA) required that certain employers provide paid time off for workers ill with COVID-19 or quarantined due to exposure to the virus. An October 2020 study found that states that gained PSL as a result of the FFCRA had fewer COVID-19 cases and the relationship was statistically significant. The House-passed HEROES Act would fill some of the FFCRA's significant gaps and extend its PSL requirement through 2021. State and local governments, including California, San Francisco, and Philadelphia have also acted to mandate PSL for workers not covered by the FFCRA. Even before the pandemic, bills had been introduced in Congress to require employers to provide PSL, and eight states plus the District of Columbia had established PSL social insurance systems.

In company-owned restaurants, YUM! Brands' policy provides PSL to employees in cases of COVID-19-related quarantine or restaurant closing.<sup>2</sup> This Proposal asks that YUM! Brands analyze and report to shareholders on the feasibility of making that policy permanent and creating incentives for franchisees to adopt a similar policy, in each case applicable to conditions other than COVID-19. We urge shareholders to vote for this proposal.

1. See, e.g., <https://www.businessinsider.com/coronavirus-changes-walmart-starbucks-employee-benefits-2020-3>; <https://www.cnn.com/2020/04/16/business/grocery-store-workers-retail-paid-sick-leave/index.html>; <https://www.theatlantic.com/health/archive/2020/03/does-walmart-provide-paid-sick-leave/608779/>; <https://www.washingtonpost.com/business/2020/03/10/walmart-apple-olive-garden-are-among-major-employers-updating-sick-leave-policies-coronavirus-cases-spread/>; <https://qz.com/1841763/us-grocery-workers-risk-coronavirus-but-most-lack-paid-sick-leave/>; <https://www.nytimes.com/2020/03/14/opinion/sunday/coronavirus-paid-sick-leave.html>

2. <https://www.yum.com/wps/portal/yumbrands/Yumbrands/news/press-releases/the+latest+on+yum+brands+response+to+the+coronavirus>

### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

#### **Kroger Co.**

RESOLVED, that shareholders of Kroger ask the board of directors to analyze and report on the feasibility of including the paid sick leave policy<sup>1</sup> announced March 14, 2020 and expanded March 21, 2020 as a standard employee benefit not limited to the COVID-19 pandemic.

Supporting Statement: The COVID-19 pandemic and the economic crisis it precipitated have drawn the attention of the public and policymakers to the importance of paid sick leave (PSL) for workers and public health. Media attention has focused on U.S. workers' lack of access to PSL, especially in sectors with significant public contact such as retail.<sup>2</sup> Workers without PSL risk being fired if they do not come into work despite illness, and some workers cannot afford to miss work and forego wages. PSL allows sick workers to stay home, preventing them from infecting co-workers and customers. Studies show that PSL mandates adopted in the U.S. since 2007 have reduced the rate at which employees report to work ill in low-wage industries where employers do not tend to provide PSL and have lowered disease and overall absence rates.

PSL also contributes to public health by allowing workers who have been exposed to the virus that causes COVID-19 to quarantine, preventing further exposure. According to public health experts, PSL is cost-effective compared to the costs associated with disease spread. Some policymakers argue that PSL helps to counter the negative economic impact of the pandemic, especially for women and non-white workers, who are bearing the brunt of job loss, and that a sustainable economy depends on prioritizing safety. Finally, PSL benefits companies as well as workers, the public and the economy. Companies report that bolstering PSL improves morale and boosts productivity.

Policymakers are debating PSL at the federal, state and local levels. In response to the pandemic, the Families First Coronavirus Response Act (FFCRA) required that certain employers provide paid time off for workers ill with COVID-19 or quarantined due to exposure to the virus. That law is set to expire at the end of 2020, and the House-passed HEROES Act would fill some of the FFCRA's significant gaps and extend its PSL requirement through 2021. State and local governments, including California, San Francisco, and Philadelphia have also acted to mandate PSL for workers not covered by the FFCRA. Even before the pandemic, bills had been introduced in Congress to require employers to provide PSL, and eight states plus the District of Columbia had established PSL social insurance systems.

In March, Kroger announced temporary paid sick leave guidelines providing up to 14 days of standard pay to workers with verified COVID-19 symptoms. This Proposal asks that Kroger analyze and report to shareholders on the feasibility of making the policy permanent and extending it to cover conditions other than COVID-19.

We urge shareholders to vote FOR this proposal.

1. <http://ir.kroger.com/CorporateProfile/press-releases/press-release/2020/Kroger-Family-of-Companies-Announces-Appreciation-Bonus-for-Associates-and-Expands-14-Day-COVID-19-Emergency-Leave-Guidelines/default.aspx>

2. See, e.g., <https://www.businessinsider.com/coronavirus-changes-walmart-starbucks-employee-benefits-2020-3>; <https://www.cnn.com/2020/04/16/business/grocery-store-workers-retail-paid-sick-leave/index.html>; <https://www.theatlantic.com/health/archive/2020/03/does-walmart-provide-paid-sick-leave/608779/>; <https://www.washingtonpost.com/business/2020/03/10/walmart-apple-olive-garden-are-among-major-employers-updating-sick-leave-policies-coronavirus-cases-spread/>; <https://qz.com/1841763/us-grocery-workers-risk-coronavirus-but-most-lack-paid-sick-leave/>; <https://www.nytimes.com/2020/03/14/opinion/sunday/coronavirus-paid-sick-leave.html>

### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

#### **Dollar General Corporation**

RESOLVED, that shareholders of Dollar General ask the board of directors to analyze and report on the feasibility of including current COVID-related paid sick leave and the waiver of tele-health co-pays as a standard employee benefit not limited to COVID-19.

Supporting Statement: The COVID-19 pandemic and the economic crisis it precipitated have drawn the attention of the public and policy makers to the importance of paid sick leave (PSL) for workers and public health. Substantial media attention has focused on U.S. workers' lack of access to PSL, especially in sectors with significant public contact such as retail and food service.<sup>1</sup> Workers without PSL risk being fired if they do not come into work despite illness, and some workers cannot afford to miss work and forego wages. PSL allows sick workers to stay home, preventing them from infecting co-workers and those with whom they would come into contact on the job. Studies show that PSL mandates adopted in the U.S. since 2007 have reduced the rate at which employees report to work ill in low-wage industries where employers don't tend to provide PSL, such as hospitality, and have lowered disease and overall absence rates.

PSL also contributes to public health by allowing workers who have been exposed to the virus that causes COVID-19 to quarantine, preventing further exposure. According to public health experts, PSL is cost-effective compared to the costs associated with disease spread. Some policy makers argue that PSL helps to counter the negative economic impact of the pandemic, especially for women and non-white workers, who are bearing the brunt of job loss, and that a sustainable economy depends on prioritizing safety. Finally, paid sick leave benefits companies as well as workers, the public and the economy. Companies report that bolstering paid sick leave improves morale and boosts productivity.

Policy makers are debating PSL at the federal, state and local levels. In response to the pandemic, the Families First Coronavirus Response Act (FFCRA) required that certain employers provide paid time off for workers ill with COVID-19 or quarantined due to exposure to the virus. That law is set to expire at the end of 2020, and the House-passed HEROES Act would fill some of the FFCRA's significant gaps and extend its PSL requirement through 2021. State and local governments, including California, San Francisco, and Philadelphia have also acted to mandate PSL for workers not covered by the FFCRA. Even before the pandemic, bills had been introduced in Congress to require employers to provide PSL, and eight states plus the District of Columbia had established PSL social insurance systems.

Dollar General adopted a policy that employees are paid for regularly scheduled shifts if cannot work under a number of COVID scenarios. Likewise, the company has waived co-pays for telehealth services. This Proposal asks that Dollar General analyze and report to shareholders on the feasibility of making these policies permanent and extend it to cover conditions other than COVID-19.

We urge shareholders to vote for this proposal.

1. See, e.g., <https://www.businessinsider.com/coronavirus-changes-walmart-starbucks-employee-benefits-2020-3>; <https://www.cnn.com/2020/04/16/business/grocery-store-workers-retail-paid-sick-leave/index.html>; <https://www.theatlantic.com/health/archive/2020/03/does-walmart-provide-paid-sick-leave/608779/>; <https://www.washingtonpost.com/business/2020/03/10/walmart-apple-olive-garden-are-among-major-employers-updating-sick-leave-policies-coronavirus-cases-spread/>; <https://qz.com/1841763/us-grocery-workers-risk-coronavirus-but-most-lack-paid-sick-leave/>; <https://www.nytimes.com/2020/03/14/opinion/sunday/coronavirus-paid-sick-leave.html>

### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

#### **CVS Health Corp**

RESOLVED, that shareholders of CVS Health ask the board to analyze and report on the feasibility of including the paid sick leave policy<sup>1</sup> adopted in response to COVID-19 and made effective on March 22, 2020 as a standard employee benefit not limited to the duration of the pandemic.

Supporting Statement. The COVID-19 pandemic and the economic crisis it precipitated have drawn the attention of the public and policy makers to the importance of paid sick leave (PSL) for workers and public health. Substantial media attention has focused on U.S. workers' lack of access to PSL, especially in sectors with significant public contact such as retail.<sup>2</sup> Workers without PSL risk being fired if they do not come into work despite illness, and some workers cannot afford to miss work and forego wages. PSL allows sick workers to stay home, preventing them from infecting co-workers and those with whom they would come into contact on the job. Studies show that PSL mandates adopted in the U.S. since 2007 have reduced the rate at which employees report to work ill in low-wage industries where employers don't tend to provide PSL and have lowered disease and overall absence rates.

PSL also contributes to public health by allowing workers who have been exposed to the virus that causes COVID-19 to quarantine, preventing further exposure. According to public health experts, PSL is cost-effective compared to the costs associated with disease spread. Some policy makers argue that PSL helps to counter the negative economic impact of the pandemic, especially for women and non-white workers, who are bearing the brunt of job loss, and that a sustainable economy depends on prioritizing safety. Finally, PSL benefits companies as well as workers, the public and the economy. Companies report that bolstering PSL improves morale and boosts productivity.

Policy makers are debating PSL at the federal, state and local levels. In response to the pandemic, the Families First Coronavirus Response Act (FFCRA) required that certain employers provide paid time off for workers ill with COVID-19 or quarantined due to exposure to the virus. That law was set to expire at the end of 2020, and the House-passed HEROES Act would fill some of the FFCRA's significant gaps and extend its PSL requirement through 2021. State and local governments, including California, San Francisco, and Philadelphia have also acted to mandate PSL for workers not covered by the FFCRA. Even before the pandemic, bills had been introduced in Congress to require employers to provide PSL, and eight states plus the District of Columbia had established PSL social insurance systems.

In March more than 1,700 CVS employees signed a petition demanding paid sick leave, masks and basic protective equipment.<sup>3</sup> CVS has adopted a temporary benefit that provides employees with a meager 24 hours of paid sick leave during the COVID-19 pandemic.

1. <https://cvshealth.com/covid-19/cvs-health-actions>

2. See, e.g., <https://www.businessinsider.com/coronavirus-changes-walmart-starbucks-employee-benefits-2020-3>; <https://www.cnn.com/2020/04/16/business/grocery-store-workers-retail-paid-sick-leave/index.html>; <https://www.theatlantic.com/health/archive/2020/03/does-walmart-provide-paid-sick-leave/608779/>; <https://www.washingtonpost.com/business/2020/03/10/walmart-apple-olive-garden-are-among-major-employers-updating-sick-leave-policies-coronavirus-cases-spread/>; <https://qz.com/1841763/us-grocery-workers-risk-coronavirus-but-most-lack-paid-sick-leave/>; <https://www.nytimes.com/2020/03/14/opinion/sunday/coronavirus-paid-sick-leave.html>

3. <https://www.change.org/p/larry-j-merlo-cvs-update-employees-paid-sick-leave-for-illness-and-or-to-care-for-sick-family-members>

### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

#### **Kohl's Corporation**

RESOLVED, that shareholders of Kohl's Corporation ask the board of directors to analyze and report on the feasibility of including paid sick leave (PSL) as a standard employee benefit not limited to COVID-19. Supporting Statement: As Kohl's identified in its Form 10-Q filed in May, the pandemic poses risks to both its revenues and operations. Specifically, it identified the risk of further outbreaks necessitating store closures, impacts on consumer loyalty, and the ability to attract and retain talent. PSL would mitigate each risk and support the effectiveness of other health and safety measures implemented by the company.

The COVID-19 pandemic and the economic crisis it precipitated have drawn the attention of the public and policy makers to the importance of PSL for workers and public health. Substantial media attention has focused on U.S. workers' lack of access to PSL, especially in sectors with significant public contact such as retail.<sup>1</sup> Workers without PSL may risk being fired if they do not come into work despite illness, and some workers cannot afford to miss work and forego wages. PSL allows sick workers to stay home, preventing them from infecting co-workers and those with whom they would come into contact on the job. Studies show that PSL mandates, where adopted, have reduced the rate at which employees report to work ill, and have lowered disease and overall absenteeism.

PSL also contributes to public health by allowing workers who have been exposed to COVID-19 to quarantine, preventing further exposure. According to public health experts, PSL is cost-effective compared to the costs associated with disease spread. Some policy makers argue that PSL helps to counter the negative economic impact of the pandemic, especially for women and non-white workers, who are bearing the brunt of job loss, and that a sustainable economy depends on prioritizing safety. Finally, companies report that bolstering paid sick leave improves morale and boosts productivity.

Policy makers are debating PSL at the federal, state and local levels. In response to the pandemic, the Families First Coronavirus Response Act (FFCRA) required that certain employers provide paid time off for workers ill with COVID-19 or quarantined due to exposure to the virus. That law is set to expire at the end of 2020. The HEROES Act would fill some of the FFCRA's significant gaps and extend its PSL requirement through 2021. State and local governments have also acted to mandate PSL for workers not covered by the FFCRA. Even before the pandemic, bills had been introduced in Congress to require employers to provide PSL, and eight states plus the District of Columbia had established PSL social insurance systems.

The value of PSL both in and outside the context of this pandemic appears high. This Proposal asks that Kohl's analyze and report to shareholders on the feasibility of adopting such a policy permanently.

We urge shareholders to vote FOR this proposal.

1. See, e.g., <https://www.businessinsider.com/coronavirus-changes-walmart-starbucks-employee-benefits-2020-3>; <https://www.cnn.com/2020/04/16/business/grocery-store-workers-retail-paid-sick-leave/index.html>; <https://www.theatlantic.com/health/archive/2020/03/does-walmart-provide-paid-sick-leave/608779/>; <https://www.washingtonpost.com/business/2020/03/10/walmart-apple-olive-garden-are-among-major-employers-updating-sick-leave-policies-coronavirus-cases-spread/>; <https://qz.com/1841763/us-grocery-workers-risk-coronavirus-but-most-lack-paid-sick-leave/>; <https://www.nytimes.com/2020/03/14/opinion/sunday/coronavirus-paid-sick-leave.html>



### Protecting Essential Food Workers During Covid-19

#### Wendy's International

WHEREAS: Wendy's has acknowledged human rights "risk factors" in its food supply chain from "the nature of agricultural work."<sup>1</sup>

There is, indeed, a well-documented history of human rights violations in the U.S. agricultural industry, including slavery, sexual assault, and workplace safety violations. Essential workers in food supply chains—especially on farms and in meatpacking facilities—are now also at heightened risk of exposure to, and death from, COVID-19.

Wendy's claims to address human rights risks through a Supplier Code of Conduct, Quality Assurance audits, and third-party reviews of human rights and labor practices for certain produce suppliers.

But Wendy's meat suppliers have had widely-publicized COVID-19 outbreaks, disrupting Wendy's beef supply.<sup>2</sup> A Cargill plant had the largest COVID-19 outbreak linked to a single facility in North America: 1,560 cases.<sup>3</sup> Inadequate protections at Tyson resulted in more than 11,000 employees contracting COVID-19,<sup>4</sup> and a wrongful death lawsuit alleges Tyson managers bet on how many workers would get infected.<sup>5</sup> COVID-19 outbreaks among farmworkers are legion<sup>6</sup> and likely impact workers at Wendy's produce suppliers.

Meanwhile studies show that conventional social auditing fails to detect workplace abuses, demonstrating the importance of worker-driven mechanisms with enforcement. Yet Wendy's is the only major fast food chain that has not joined the Fair Food Program—the recognized "gold standard" for supply chain monitoring,<sup>7</sup> and the only social responsibility certification known to have mandatory, enforceable COVID-19 safety protocols for farmworkers.

RESOLVED: Shareholders request the Board issue a report, at reasonable cost and omitting proprietary information, addressing Wendy's Supplier Code of Conduct and the extent to which Wendy's Quality Assurance audits and third-party reviews effectively protect workers in its food supply chain from human rights violations, including harms associated with COVID-19. This report should include:

- Whether Wendy's requires its food suppliers to implement COVID-19 worker safety protocols ("Protocols"), and, if so, the content of the Protocols, as well as the section(s) of Wendy's Quality Assurance audit instrument relating to the Protocols and/or the Code's Human Rights and Labor Practices Expectations<sup>8</sup> ("Expectations");
- The number of times Wendy's has suspended one of its meat or produce suppliers ("Suppliers") for failing to meet Expectations and/or Protocols;
- A list of all third-party auditors approved by Wendy's to monitor adherence to Expectations and/or Protocols, the total number of Supplier locations, how often Wendy's requires third-party audits on-site at each Supplier location for adherence with Expectations and/or Protocols, and the number of Supplier locations so audited in the last year including the number of Supplier workers personally interviewed at each location;
- Whether Wendy's ensures Suppliers' workers have access to a third-party grievance mechanism, with the authority to order a remedy, for reporting violations of Expectations and/or Protocols, and, if so, the required procedures, number of grievances filed by Suppliers' employees in the last year, and outcomes of all such grievances.

1. <https://www.wendys.com/supply-chain-practices>

2. <https://www.nytimes.com/2020/05/05/business/coronavirus-meat-shortages.html>

3. <https://newsinteractives.cbc.ca/longform/cargill-covid19-outbreak>

4. <https://thefern.org/2020/04/mapping-covid-19-in-meat-and-food-processing-plants/>

5. <https://www.cnn.com/2020/11/19/business/tyson-coronavirus-lawsuit/index.html>

6. <https://www.politico.com/news/2020/09/08/farmworkers-coronavirus-disaster-409339>

7. [https://www.msi-integrity.org/wp-content/uploads/2020/07/MSI\\_Not\\_Fit\\_For\\_Purpose\\_FORWEBSITE.FINAL\\_.pdf](https://www.msi-integrity.org/wp-content/uploads/2020/07/MSI_Not_Fit_For_Purpose_FORWEBSITE.FINAL_.pdf)

8. [https://www.wendys.com/sites/default/files/2018-04/2017%20Wendy%27s%20Supplier%20Code%20of%20Conduct\\_FINAL.pdf](https://www.wendys.com/sites/default/files/2018-04/2017%20Wendy%27s%20Supplier%20Code%20of%20Conduct_FINAL.pdf)

### **Workforce Disclosure and Board Oversight**

#### **Chartwell Retirement Residences**

Resolved: That the board of directors report to shareholders, at reasonable cost and omitting proprietary information, on actions the Company is taking to uphold decent work practices in the Company's operations, including:

- Information on the Company's overall approach and board-level oversight of human capital management in the context of emerging workforce-related risks; and
- Comprehensive workforce metrics that effectively demonstrate the success and challenges the Company faces in its management of human capital.

#### **Supporting Statement**

The COVID-19 pandemic has caused unprecedented challenges to the economy, workers, communities and businesses. The virus has exposed how vulnerable and unprepared many companies were to address major business disruptions and protect their employees' health and financial security.

In the midst of the COVID-19 crisis, the Company has faced widespread public criticism for failing to protect residents and staff. Between February 2020 and November 10, 2020, at least 108 residents or employees of Chartwell homes have died due to COVID-19. As a result, the Company is exposed to significant reputational, regulatory and legal risks.

Poor working conditions in long-term care facilities - including low wages, insufficient benefits and shortages of personal protective equipment - have been linked to the abhorrent conditions and shocking death toll in many Canadian homes. Many observers have connected the lack of full-time positions in long term care as one factor in the spread of COVID. Many employees are even more at risk of spreading the virus since they navigate multiple part-time jobs to make ends meet.

Despite the public and investors' growing concerns, the Company has not formalized roles and responsibilities for human capital management at the board level. Chartwell's disclosure falls short in providing material information on its workforce, including comprehensive metrics, that allow investors to assess the effectiveness of the Company's human capital management approach and the robustness of its board's oversight.

Demand for better corporate disclosure on human capital management is growing amongst investors and regulators. A company's disclosure should reflect the importance of human capital in its strategy and operations. This is particularly material in long-term care residences, where an employee's training, conduct and efficiency are vital to protect residents' decent living conditions, upholding a high standard of care, and protecting investors' value.

The Company and shareholders would both benefit from a more robust board oversight and greater transparency of human capital management as set out above.

We urge you to support this proposal.

## Proxy Resolutions: Human Rights and Worker Rights

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Starting Pay and Racial Equity

#### Walmart Stores, Inc.

**RESOLVED:** Shareholders of Walmart Stores, Inc. (“Walmart”) request that the Board of Directors oversee the preparation of a report to shareholders on whether and how Walmart’s racial justice goals and commitments align with the starting pay for all classifications of Walmart Associates.

**Supporting Statement:** The past year has seen radically increased focus on racial injustice, following protests over police killings of black people and the recognition that the COVID-19 pandemic is having a disproportionate impact on people of color. Racial justice in the workplace has received substantial attention: Workers of color make up a larger proportion of essential workers and they have been more likely to lose their jobs as a result of the pandemic.

CEO Douglas McMillon articulated a broad goal of “help[ing] replace the structures of systemic racism, and build[ing] in their place frameworks of equity and justice that solidify our commitment to the belief that, without question, Black Lives Matter.” He described Walmart’s commitments to “create a more diverse and inclusive team at Walmart at every level,” including retention and development and create the Center for Racial Equity, which will support initiatives addressing structural racism.<sup>1</sup> As chair of the Business Roundtable, Mr. McMillon established a special committee of the board to advance racial equity and justice<sup>2</sup>.

Walmart’s workforce, which has stayed on the job as essential workers during the pandemic, has enabled Walmart to post record financial results.<sup>3</sup> Same-store sales and earnings have beaten analyst expectations.<sup>4</sup> The share price is up 30% in the first 11 months of 2020.<sup>5</sup>

Walmart acknowledges the critical role played by its Associates--McMillon has stated, “We simply won’t be here if we don’t take care of the very things that allow us to exist: our associates, customers, suppliers and the planet.”<sup>6</sup> By December 24th, Walmart will have paid out four rounds of bonuses to Associates.<sup>7</sup> But Walmart has acknowledged that “the overwhelming majority [of Associates] say their hourly wages are the most important part of their pay, well ahead of quarterly bonuses,” and has raised wages for certain positions.<sup>8</sup> Walmart’s starting wage, \$11 an hour, is below many competitors’ \$15 minimum wage; the extra pandemic bonus pay is far less than the additional pay that frontline retail associates will have earned at many of Walmart’s closest competitors.<sup>9</sup>

Ford Foundation President Darren Walker recently urged companies to pay a living wage in order to address racial inequality. “Raising the pay of the workers at the bottom of your scale,” he argued, “would disproportionately help people of color.”<sup>10</sup> People of color make up a substantial proportion of Walmart’s workforce. According to Walmart’s mid-year FY21 Culture Diversity & Inclusion Report, 46.44% of hourly workers are people of color.<sup>11</sup>

Walker warned that the “usual corporate playbook” of statements and philanthropy is inadequate to meet the challenge of racial injustice. Accordingly, we encourage shareholders to vote for this proposal.

1. <https://corporate.walmart.com/newsroom/2020/06/12/advancing-our-work-on-racial-equity>

2. <https://www.businessroundtable.org/equity>

3. <https://nrf.com/resources/top-retailers/top-100-retailers>

4. <https://www.cnbc.com/2020/11/17/walmart-wmt-q3-2021-earnings.html>

5. <https://finance.yahoo.com/quote/WMT?p=WMT&guccounter=1>

6. <https://time.com/collection/great-reset/5900765/walmart-ceo-reinventing-capitalism/>

7. <https://www.cnn.com/2020/12/03/business/walmart-workers-bonus-retail/index.html>

8. <https://corporate.walmart.com/newsroom/2020/09/17/investing-in-our-associates-and-roles-of-the-future>

9. <https://www.cnn.com/2020/12/03/business/walmart-workers-bonus-retail/index.html>

10. <https://time.com/5875304/racial-inequality-corporations/>

11. <https://corporate.walmart.com/newsroom/2020/09/09/6-things-to-know-about-walmarts-fy21-mid-year-culture-diversity-inclusion-report>

### Report on #RebootFacebook

Facebook Inc.

WHEREAS: The Facebook brand has been diminished in recent years due to the platform's use as a tool for gross disinformation, hate speech, and to incite racial violence. What was envisioned as a tool to connect people has been co-opted for dissemination of disinformation and violent extremism, which has led to many instances of human suffering and death. Management and the board have failed to take effective action to stem these abuses, which has resulted in a series of negative impacts including:

- Posts by the Myanmar (Burmese) military junta that incited genocide;
- Cambridge Analytica's misappropriation and abuse of millions of Facebook users' data;
- Russian hackers influencing the outcome of the 2016 U.S. Presidential election;
- Over 45 million images of child pornography and torture made public;
- A proliferation of political advertisements that contain deliberate lies and disinformation;
- Hate speech linked to anti-immigrant violence;
- Libyan Facebook users buying arms, locating foes, and killing them.

Proposed governmental restrictions, in the form of amendments to Section 230 of the Communications Decency Act (which currently provides legal shelter to internet providers) pose a material risk to Facebook. A range of other regulatory and legal efforts currently underway could significantly increase Facebook's legal risk—including a recent 48-state lawsuit filed against Facebook.

A 2020 Facebook advertiser boycott urged companies to suspend advertising in protest against the platform's handling of hate speech and misinformation. Over 1,000 advertisers publicly joined the boycott, while others more quietly scaled back or curtailed their spending.

Verizon, Clorox, Coca-Cola, HP, and Lego continued the boycott for months afterward. Meanwhile, according to digital marketing firm Pathmatics, companies including Target, Nike, Netflix, Hershey, and Microsoft vastly reduced their platform spending.

Individual delete Facebook campaigns have gone viral such that now the Facebook brand is associated with "a thriving culture of hate speech."

The New York Times reports that, in preparation for the 2020 U.S. Presidential election, Facebook successfully altered algorithms and took other actions to de-prioritize extremist postings and to instead emphasize mainstream news content. While the company has described plans to "evaluate" partner and content monetization policies and the effectiveness of brand safety controls available to advertisers, it now appears the company may instead aim to reduce or eliminate the successful pre-election controls.

**BE IT RESOLVED:** Shareholders request that the Board prepare a report to assess the benefits and drawbacks to our Company of maintaining or restoring the type of enhanced actions put in place during the 2020 election cycle to reduce the platform's amplification of false and divisive information.

Supporting Statement: The report, at reasonable cost and omitting proprietary and privileged information could, at Board discretion, characterize and quantify the benefits or harms of such enhanced actions on, among other things:

- Employee morale, recruitment, and retention;
- The existence and impact of public boycott campaigns;
- Legal and regulatory actions against the company related to content;
- Revenue and earnings.

The report should be made available by December 2021.

## Proxy Resolutions: Human Rights and Worker Rights

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Customer Due Diligence

#### Amazon.com, Inc

RESOLVED, Shareholders request the Board of Directors commission an independent third-party report, at reasonable cost and omitting proprietary information, assessing Amazon's process for customer due diligence, to determine whether customers' use of its products or services with surveillance or computer vision capabilities or cloud products contributes to human rights violations.

WHEREAS, Amazon's surveillance and cloud products may exacerbate systemic inequities, compromise oversight, and contribute to mass surveillance. Amazon Web Services (AWS), the top cloud provider with 2019 revenue of \$35 billion, serves all U.S. intelligence agencies, and international governments. In 2019, the UN Special Rapporteur on freedom of opinion and expression recommended "an immediate moratorium on the global sale and transfer of private surveillance technology until rigorous human rights safeguards are put in place."<sup>1</sup> "Know Your Customer" due diligence mitigates clients' risks and human rights impacts,<sup>2</sup> and informs decisions around which business to pursue or avoid. It can reveal whether "the technologies provided by the company will be used to facilitate governmental human or civil rights or civil liberties violations."<sup>3</sup> In 2020, the Department of State offered due diligence guidance for companies on foreign sales of "products or services that have surveillance capabilities," including to consider if "the end-user will likely misuse the product or service to carry out human rights violations."<sup>4</sup>

Inadequate due diligence around surveillance and cloud products presents material privacy and data security risks. Negative perceptions about Amazon's ties to U.S. government surveillance may impact competitiveness with other governments.

Amazon's surveillance technologies perpetuate human rights impacts, including systemic racism, even if used according to Amazon's guidelines:

- Amazon's work with U.S. Immigration and Customs Enforcement (ICE) and Palantir drew employee and customer protests over ICE's human rights abuses.
- Ring's 1,600 police partnerships threaten civil rights and civil liberties, and may threaten sales.<sup>5</sup> Police disproportionately seek surveillance footage from Black and brown communities. Lawmakers have requested information on police partnerships. Civil rights groups asked Congress to investigate Amazon's "surveillance empire."<sup>6</sup> Senator Markey's 2019 Ring investigation found "no oversight/compliance mechanisms" protecting privacy.<sup>7</sup>
- Despite content moderation, racist speech is rampant on Ring's Neighbors application, and users disproportionately labeled people of color as "suspicious."<sup>8</sup>
- After police murdered George Floyd, Amazon announced a yearlong moratorium on Rekognition sales to police. While it is unclear how this impacted existing customers, Amazon facilitated increased police surveillance: Ring established 280 new police partnerships following Floyd's killing.<sup>9</sup> In 2020, Amazon reported increased police requests for customer data.
- Amazon lacks systems to effectively monitor customer use of its technologies. AWS's top executive said: "I don't think we know the total number of police departments that are using facial recognition technology."<sup>10</sup> Jackson, Mississippi police used Ring footage for real-time surveillance without Amazon's involvement.<sup>11</sup>

Despite potential misuse and lack of effective oversight, Amazon continues releasing surveillance products (home drone, vein scanner) with civil liberties concerns.

1. <https://www.ohchr.org/EN/Issues/FreedomOpinion/Pages/SR2019ReporttoHRC.aspx>

2. [https://www.humanrights.dk/sites/humanrights.dk/files/media/document/Phase%204\\_%20Impact%20prevention%2C%20mitigation%20and%20remediation\\_n.pdf](https://www.humanrights.dk/sites/humanrights.dk/files/media/document/Phase%204_%20Impact%20prevention%2C%20mitigation%20and%20remediation_n.pdf)

3. <https://www.eff.org/deeplinks/2018/07/should-your-company-help-ice-know-your-customer-standardsevaluating-domestic>

4. <https://www.state.gov/key-topics-bureau-of-democracy-human-rights-and-labor/due-diligence-guidance/>

5. <https://gizmodo.com/dont-buy-anyone-a-ring-camera-1840070640>

6. <https://thehill.com/policy/technology/471903-civil-rights-groups-press-for-congressional-investigation-into-amazons>

7. <https://www.markey.senate.gov/news/press-releases/senator-markey-investigation-into-amazon-ringdoorbell-reveals-egregiously-lax-privacy-policies-and-civil-rights-protections>

8. <https://media-alliance.org/2020/11/ringing-alarm-bells/>

9. <https://mediajustice.org/news/mediajustice-finds-280-new-amazon-police-partnerships-since-george-floyd-killing-launches-campaign-for-black-brown-and-allied-holiday-shoppers-to-sever-ties-with-online-giant/>

10. <https://www.youtube.com/watch?v=RVVfJVj5z8s&t=5007s>

11. <https://www.bbc.com/news/technology-54809228>

## Proxy Resolutions: Human Rights and Worker Rights

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### **Rekognition—Facial Recognition Technology**

Amazon.com, Inc

WHEREAS, Amazon Web Services markets and sells to government a facial recognition system (Rekognition), that may pose significant financial risks due to privacy and human rights implications;

Human and civil rights organizations are concerned that facial surveillance technology may violate civil rights by unfairly and disproportionately targeting and surveilling people of color, immigrants and civil society organizations;

Nearly 70 organizations asked Amazon to stop selling Rekognition, citing its role enabling “government surveillance infrastructure”;

Hundreds of Amazon employees petitioned Amazon’s Chief Executive Officer to stop providing Rekognition to government, a practice detrimental to internal company cohesion, morale, and undermining employees’ commitment to retail customers by placing those customers at risk of warrantless, discriminatory surveillance, as Amazon faced year-long protests after reportedly pitching Rekognition to Immigration and Customs Enforcement;

The American Civil Liberties Union found Rekognition matched 28 members of Congress, incorrectly identifying them as individuals who have been arrested for a crime, and later found Rekognition falsely matched 1 in 5 California lawmakers, while other research shows Rekognition is worse at identifying black women than white men and misgenders nonbinary people;

Multiple cities and states have banned government facial technology, including Portland’s recent ban for both government and private use, while a Federal ban was introduced in bicameral legislation this year;

There is little evidence our Board of Directors, as part of its fiduciary oversight, has rigorously assessed risks to Amazon’s financial performance, reputation and shareholder value associated with privacy and human rights threats to customers and other stakeholders;

Amazon announced Rekognition detects all “seven emotions”, including “Fear”. If sold to government, the technology could be used to repress dissenters and produce errors, discrimination and harm;

At the 2019 Amazon shareholders meeting, a similar proposal received strong support and in 2020 the resolution received 31.9% support;

Further, in the face of a growing movement against police brutality and bias in criminal justice, Amazon, issued a moratorium on Rekognition for use by police departments for a year, in clear recognition of the multiple risks it poses to society and to the company. In contrast, Microsoft banned face-recognition sales to police awaiting federal regulation, while IBM said it no longer offers the software.

**RESOLVED:** Shareholders request the Board of Directors commission an independent study of Rekognition and report to shareholders regarding:

- The extent to which such technology may endanger, threaten or violate privacy and/or civil rights, and unfairly or disproportionately target or surveil people of color, immigrants and activists in the United States;
- The extent to which such technologies may be marketed and sold to authoritarian or repressive governments, including those identified by the United States Department of State Country Reports on Human Rights Practices;
- The potential loss of good will and other financial risks associated with these human rights issues.

The report should be produced at reasonable expense, exclude proprietary or legally privileged information, and be published no later than September 1st, 2021.

### Evaluate Company Whistleblower Policies and Practices

#### Alphabet, Inc.

WHEREAS, Alphabet may face business risks related to employee morale and user trust due to insufficient protection for employees voicing ethical and human rights concerns.

Whistleblower protections are vital to a well-functioning company. The Department of Labor has reported a major problem with whistleblower protections is the “lack of resources and proper tracking of complaints.” According to the Organisation for Economic Co-operation and Development, “A non-retaliation policy alone, without a system to ensure its respect (such as disciplinary action against those who retaliate), is unlikely to encourage reporting.”

For years, Alphabet has faced controversies about retaliating against workers. In December 2020, the National Labor Relations Board (NLRB) alleged Google illegally fired and surveilled employees involved in labor organizing, alleging “interfering with, restraining, and coercing employees in the exercise of their rights.”

Also in December 2020, Google fired the prominent co-lead of its Ethical Artificial Intelligence team, Dr. Timnit Gebru, who was researching the risks of technology, including Google’s. The firing prompted media attention, social media backlash, and an open letter signed by thousands of employees stating the firing “heralds danger for people working for ethical and just AI — especially Black people and People of Colour — across Google.”

In 2019, employees claimed Google was violating a settlement agreement with the NLRB requiring Google to tell workers they will not be retaliated against for exercising their rights, citing “brute force intimidation.” Google then reportedly fired workers active in organizing, reportedly for violating data security policies. A 2018 letter from fourteen human rights groups urged Google to “Guarantee protections for whistle-blowers and other employees speaking out where they see the company is failing its commitments to human rights.”

Reporting suggests that many Google employees who have resigned or been fired, including executives, publicly report retaliation after voicing human rights implications of company practices, including systemic workplace racism<sup>1</sup> and sexism<sup>2</sup>, and projects enabling censorship<sup>3</sup>, surveillance<sup>4</sup>, and war<sup>5</sup>. “I’m proud of what I did, and I believe everyone has a right to know what their work is being used for,” said an employee who resigned after protesting Google’s contract with Customs and Border Protection.

These red flags suggest the potential for culture, ethics, and/or human rights problems internally.

A recent report from the \$100 trillion Principles for Responsible Investment states that effective whistleblowing mechanisms are a key feature of good governance—and implementation is best assessed through robust transparency and disclosures.

A George Washington 2019 report found whistleblowing report volume “is associated with fewer and lower amounts of government fines and material lawsuits.”

RESOLVED that shareholders of Alphabet, Inc. urge the Board of Directors to oversee a third-party review analyzing the effectiveness of its whistleblower policies in protecting human rights. A report on the review, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on Alphabet’s website.

1. <https://www.theguardian.com/technology/2017/aug/18/women-google-memo-racism-sexism-discrimination-quit>

2. <https://www.vice.com/en/article/59nmkx/google-employee-alleges-discrimination-against-pregnant-women-in-viral-memo>

3. <https://www.theverge.com/2020/1/2/21046522/google-china-dragonfly-ross-lajeunesse-human-rights-chief-censorship>

4. <https://www.vox.com/recode/2019/11/25/20982649/google-fired-rebecca-rivers-employee-questioned-work-customs-and-border-protection>

## Proxy Resolutions: Human Rights and Worker Rights

*For the full list of investors who filed this resolution, see the Index on p. 213.*

5. <https://gizmodo.com/google-employees-resign-in-protest-against-pentagon-con-1825729300>

### **Hate Speech Products**

**Amazon.com, Inc**

An average of nearly 205,000 hate crimes were perpetrated in America each year between 2013 and 2017 according to the Bureau of Justice Statistics, which defines hate crimes as “crimes that the victim perceived to be motivated by bias due to the victim’s race, ethnicity, gender, disability, sexual orientation, or religion.” (<https://www.bjs.gov/content/pub/pdf/hcs1317pp.pdf>) Hate crimes are on the rise (<https://on.wsj.com/3mbqsWx>) and it has been suggested that online hate speech, which Merriam-Webster defines as speech expressing hatred of a particular group of people, can weaken inhibitions against harmful acts. (<https://ti.me/2qtvdzh>)

Amazon’s Offensive Products policies state that “Amazon does not allow products that promote, incite or glorify hatred, violence, racial, sexual or religious intolerance or promote organizations with such views.” (<https://amzn.to/2WZTa0q>, accessed November 23, 2020) Unfortunately, this policy appears to be applied inconsistently. A 2018 report found racist, Islamophobic, homophobic and anti-Semitic items on Amazon’s platforms. (<https://bit.ly/2NxgaRk>) While Amazon removed some products after the report’s publication, as of December 2020, searches on Amazon.com showed that controversial products continue to be available. For instance, a search for “Kek,” a satirical religion associated with the white nationalist movement, returned multiple results.

Amazon’s Offensive Products policies do not apply to books, music, video and DVD. According to a recent report, with respect to these products, Amazon’s algorithm for product searches proactively directs customers who search for white supremacist content to additional extremist content. (<https://bit.ly/332jgBy>) The sale of self-published books by extremist organizations on platforms like Amazon is a key source of funding for these groups. (<https://bit.ly/375lcvS>)

Facilitating hate speech and the sale of offensive products could expose Amazon to reputational damage and impair relationships with key stakeholders. Other companies have faced boycotts for failing to adequately address hate speech. After Facebook failed to meaningfully address hate speech on its site, more than 1,200 businesses and nonprofits paused advertising on Facebook in July 2020. (<https://www.stophateforprofit.org>)

Amazon could also face legislative risks. At least thirteen countries have adopted or proposed legislation modeled on a German law requiring the removal of online hate speech within 24 hours. (<https://bit.ly/3nPpWhg>)

Amazon’s employees may feel uncomfortable aiding in the dissemination of hateful materials and employees belonging to targeted groups may feel let down by Amazon. According to research published in the Harvard Business Review, disengaged employees have 37% higher absenteeism, 49% more accidents, and 18% lower productivity. (<https://bit.ly/37wmmRV>)

**RESOLVED:** Investors request that Amazon report on its efforts to address hate speech and the sale or promotion of offensive products throughout its businesses. The report should be produced at reasonable cost, exclude proprietary information and discuss Amazon’s process for developing policies to address hate speech and offensive products, including the experts and stakeholders with whom Amazon consulted, and the enforcement mechanisms it has put in place, or intends to put in place, to ensure hate speech and offensive products are effectively addressed.



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### Advertising Policy and Social Media

#### Omnicom Group Inc.

Omnicom is the world's second largest advertising holding company, managing \$38 billion in annual client marketing expenditures. Omnicom's clients include Disney, Facebook's top U.S. advertiser from January to June 2020<sup>1</sup>, and Apple, which spent more than \$100 million at YouTube in 2020.<sup>2</sup> Omnicom itself is part of Facebook's client council, which advises on issues including content moderation.<sup>3</sup>

There is widespread concern that platforms like Google and Facebook may be failing to protect civil and human rights by supporting government censorship,<sup>4</sup> facilitating white supremacist activity,<sup>5</sup> and enabling voter suppression.<sup>6</sup> Facebook has noted that, "One of the biggest issues social networks face is that, when left unchecked, people will engage disproportionately with more sensationalist and provocative content."<sup>7</sup>

Omnicom could face reputational and business risk if it is perceived to be contributing to the spread of racism, hate speech, and disinformation by facilitating advertising on social media platforms. Inadvertent promotion of harmful content by advertisers threatens user safety and brand value. Seventy percent of millennials and Gen Xers "will not like, recommend, or purchase from a brand whose ads appear next to offensive, hateful, or derogatory content."<sup>8</sup>

In 2018, after CNN found YouTube ran ads from major brands on extremist channels, one analyst said, "If brands want to make sure this stops, the only way for that to happen is for them to stop spending [on YouTube] until it's fixed." Advertisers are not passive bystanders when they inadvertently finance harm. Their spending influences what content appears online. For instance, Omnicom found some advertisers excluding content like "News and Current Events" from ad buys;<sup>9</sup> journalism groups have asked that advertisers not block ads from financing credible journalism.<sup>10</sup>

According to House Speaker Nancy Pelosi, advertisers "have power to discourage platforms from amplifying dangerous and even life-threatening disinformation." However, steps taken to date appear to be insufficient. For instance, the Global Alliance for Responsible Media announced shared recommendations between social media platforms and advertisers, including common definitions for hate speech. Critics question its efficacy. As WIRED magazine observed: "It's fair to wonder whether a consortium that includes Facebook and Google—the two dominant digital advertising companies—will produce any meaningful change to the status quo."<sup>11</sup> The president of Color Of Change called the recommendations, "another reminder that the incentives are broken and government regulation is still needed."

RESOLVED, shareholders request the Board commission an independent third-party report, at reasonable cost and omitting proprietary information, assessing how and whether Omnicom ensures its advertising policies are not contributing to violations of civil or human rights. The report should consider whether the policies contribute to the spread of hate speech, disinformation, white supremacist activity, or voter suppression efforts, and whether policies undermine efforts to defend civil and human rights, such as through the demonetization of content that seeks to advance and promote such rights.

1. <https://www.bloomberg.com/news/articles/2020-07-18/facebook-s-top-advertiser-disney-cuts-ad-spending-wsj-says#:~:text=Disney%20was%20Facebook's%20top%20U.S.,t%20clear%2C%20the%20newspaper%20reported>

2. <https://www.pathmatics.com/hubfs/Pathmatics%20Digital%20Video%20Report.pdf>

3. <https://www.mediapost.com/publications/article/352987/zuckerberg-and-facebook-team-concede-trust-defici.html>

4. <https://impactpolicies.org/en/news/30>

5. <https://www.techtransparencyproject.org/sites/default/files/Facebook-White-Supremacy-Report.pdf>

6. <https://int.nyt.com/data/documenthelper/533-read-report-internet-research-agency/7871ea6d5b7bedafb19/optimized/full.pdf#page=1>

7. <https://www.facebook.com/notes/mark-zuckerberg/a-blueprint-for-content-governance-and-enforcement/10156443129621634/>

8. <https://venturebeat.com/2018/07/25/adcolony-brands-are-worried-about-unsafe-content-and-fake-news-on-facebook-social-media/>

9. [https://www.omnicommediagroup.com/wp-content/uploads/2020/05/OMG\\_COVID-19\\_SocialMediaPricingPOV\\_22April20.pdf](https://www.omnicommediagroup.com/wp-content/uploads/2020/05/OMG_COVID-19_SocialMediaPricingPOV_22April20.pdf)

10. <https://gfmf.info/emergency-appeal-for-journalism-and-media-support-2/>

11. <https://www.wired.com/story/she-helped-wreck-the-news-business-heres-her-plan-to-fix-it/>

### **Report on Government-Mandated Content Removal Requests**

Alphabet, Inc.

RESOLVED, shareholders request the Board of Directors issue a report (within a reasonable time frame, at reasonable cost, and excluding confidential information) assessing the feasibility of publicly disclosing on an annual basis, by jurisdiction, the list of delisted, censored, downgraded, proactively penalized, or blocklisted terms, queries or sites that the company implements in response to government requests.

Supporting Statement: Google's Artificial Intelligence Principles state the company will not pursue technologies that cause harm, "that gather or use information for surveillance" or "whose purpose contravenes widely accepted principles of international law and human rights."

There is increasing evidence of a contradiction between Google's principles and its actions.

Buzzfeed reported: "According to Google's own stats, the Russian government has made 175 separate requests for the search engine to remove sites it has banned, totaling more than 160,000 separate URLs. ...About 80% of the total requests...resulted in removal." PEN America said: "we need far more transparency regarding which sites Google has removed from its search results, as well as the internal evaluation and criteria that Google used for determining whether these sites should be taken down."

ARTICLE 19 submitted expert opinion to Russia's Constitutional Court regarding the removal of articles on hate crimes from Google search, saying: "search engine operators are prohibited by the Law from disclosing any information pertaining to the applicant's request...this constitutes a disproportionate restriction on the right to freedom of expression... and a breach of their rights to a fair trial and to an effective remedy." In addition, reports of proposed amendments to India's Information Technology Act indicate that it may soon be mandatory for firms like Alphabet to proactively deploy technology to suppress content.

Google states its Transparency Reports "provide a glimpse at the wide range of content removal requests that we receive, but they are not comprehensive."

In 2018, the United Nations Special Rapporteur on freedom of expression's report stated: "the authoritative global standard for ensuring freedom of expression on [companies'] platforms is human rights law, not the varying laws of States or their own private interests, and [companies] should re-evaluate their content standards accordingly."

Proponents suggest the report assess the feasibility of:

- Incorporating into Google's Transparency Report the substantive content of government requests, including whether the request was met, and criteria used to guide decisions;
- Notifying customers of content affected by government requests.

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### **Freedom of Expression / Curbs on VPNs**

#### **Apple Computer, Inc.**

**RESOLVED:** Shareholders of Apple Inc. (“Apple” or the “Company”) request that the Board of Directors report annually to shareholders, at reasonable expense and excluding confidential and proprietary information, on Apple’s management systems and processes for implementing its human rights policy commitments regarding freedom of expression and access to information; the oversight mechanisms for administering such commitments; and a description of actions Apple has taken in response to government or other third-party demands that were reasonably likely to limit free expression or access to information.

Supporting Statement: Apple sells products and services in countries whose governments limit free expression and punish dissent. In China, which accounts for 17% of Apple’s net sales in fiscal 2019,<sup>1</sup> the government “suppress[es] politically sensitive speech” and “wrong-oriented” online content, according to Human Rights Watch, and blocks sites using a filtering system nicknamed the “Great Firewall.”<sup>2</sup>

In 2020, Apple issued a statement, “Our Commitment to Human Rights.”<sup>3</sup> Shareholders want to understand how this policy is being implemented and how it guides Company actions in light of rights violations in China and elsewhere.

Apple has cooperated with requests from the Chinese government to restrict free expression and access to information. In 2017, Apple removed almost all virtual private network (VPN) providers’ apps from its Chinese App Store, following a request from the government of China. VPNs have been used by activists and others to circumvent the Great Firewall, leading to a ban on their private use. The U.N.’s special rapporteur on opinion and expression registered concern over Apple’s move.<sup>4</sup> Apple pulled The New York Times app in 2017 following a government request.

Such actions have been reported widely and create reputational risk. CEO Tim Cook has said: “The Universal Declaration of Human Rights is our common promise to uphold the inherent dignity of all.”<sup>5</sup> Article 14 states “Everyone has the right to freedom of opinion and expression.”<sup>6</sup> Yet Apple’s actions in China raise concerns about whether it is complicit with the Chinese state in repressing these freedoms.

Human rights violations in China are increasing. In the Uighur region there are reports that the Chinese state is forcibly sterilizing women and that guards are shaving the hair of Uighur prisoners and exporting it for profit.<sup>7</sup> In Hong Kong, the new national security law imposed by the Chinese state is bringing the “Great Firewall” to that city for the first time.<sup>8</sup>

The 2019 Corporate Accountability Index by Ranking Digital Rights (“RDR”) ranked Apple 7th among 12 “internet and mobile ecosystem companies.” RDR criticized Apple’s governance of freedom of expression issues, including its lack of transparency on policies and practices.<sup>9</sup> The information requested in this Proposal is intended to close those gaps. The Proposal does not request disclosure about actions that are unrelated to free expression or access to information.

We urge shareholders to vote for this Proposal.

1. See Filing on Form 10-K for the fiscal year ended September 28, 2019, p. 54.
2. See <https://www.hrw.org/world-report/2019/country-chapters/china-and-tibet#eea21f>
3. [https://s2.q4cdn.com/470004039/files/doc\\_downloads/gov\\_docs/2020/Apple-Human-Rights-Policy.pdf](https://s2.q4cdn.com/470004039/files/doc_downloads/gov_docs/2020/Apple-Human-Rights-Policy.pdf)
4. <https://www.zdnet.com/article/un-special-rapporteur-apple-letter-china-vpn-demands/>
5. [https://twitter.com/tim\\_cook/status/1204424808697663488](https://twitter.com/tim_cook/status/1204424808697663488)
6. <https://www.un.org/en/universal-declaration-human-rights/>
7. <https://inews.co.uk/news/uk/uighurs-china-alleged-concentration-camps-muslims-557751>
8. <https://qz.com/1879754/hong-kongs-protest-movement-stymied-by-apples-china-ties/>

## Proxy Resolutions: Human Rights and Worker Rights

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9. <https://rankingdigitalrights.org/index2019/companies/apple/index/>

### **Executive Compensation Link to User Data Privacy**

#### **Verizon Communications Inc.**

Verizon is able to track how long people stream music, play online games, or use social media. It can tell whether a user shops at high-end expensive stores, is visiting online dating sites, or what news outlets they spend more time reading. It knows wireless-device location and internet protocol addresses. In short, Verizon has legally permissible access to enormous amounts of user information. But simply because it can use the information, does not necessarily mean it should use the information.

In March 2019, the Federal Trade Commission (FTC) issued orders to seven U.S. Internet broadband providers, including Verizon, seeking information the agency will use to examine how these companies collect, retain, use, and disclose information about consumers and their devices.

In February 2020, the Federal Communications Commission (FCC) proposed fining Verizon \$48 million over location privacy lapses.

In July 2020, eight members of Congress wrote to the FTC urging it to investigate “widespread privacy violations by companies in the advertising technology (adtech) industry that are selling private data about millions of Americans, collected without their knowledge or consent from their phones, computers, and smart TVs.”

In August 2020, FCC Commissioner Starks sent letters to AT&T and Verizon seeking information “about the aggregation and monetization of sensitive consumer data that is generated for advertising placement purposes.”

In addition to Federal regulatory scrutiny and litigation, some states are drafting rules limiting how broadband-customer data can be used.

According to a September 2019 Harris-IBM poll, 83 percent of US consumers said that if a company shares their data without their permission, they will not do business with them.

**RESOLVED:** Verizon shareholders request the Human Resources Committee of the Board of Directors publish a report (at reasonable expense, within a reasonable time, and omitting confidential or proprietary information) assessing the feasibility of integrating user privacy protections into the Verizon executive compensation program which it describes in its annual proxy materials. This proposal does not seek greater disclosure or information regarding cybersecurity (the criminal or unauthorized actions), but rather is focused on legally permissible and permitted uses of data.

**Supporting Statement:** According to page 29 of Verizon’s 2020 proxy materials, the Verizon Short-Term Plan included adjusted EPS, free cash flow, total revenue, and diversity and sustainability. According to page 32 the Long-Term Plan is focused on total shareholder return, free cash flow, and retention. User privacy and how user data is used are vitally important topics for Verizon and should be included in executive compensation plans, as we believe it would incentivize top leadership to respect user privacy, enhance financial performance, reduce risks, and increase accountability.

## Proxy Resolutions: Human Rights and Worker Rights

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### **Human/Civil Rights Expert on Board**

Alphabet, Inc.

RESOLVED: Shareholders request that Alphabet's Nominating and Corporate Governance Committee nominate for the next Board election at least one candidate who:

- has a high level of human and/or civil rights expertise and experience and is widely recognized as such, as reasonably determined by Alphabet's Board, and
- will qualify as an independent director within the listing standards of the New York Stock Exchange.

WHEREAS: Shareholders believe Alphabet requires expert, board level oversight of civil and human rights issues to assess risk and develop strategy to avoid causing or contributing to widespread violations of human or civil rights, such as supporting hate campaigns, privacy violations, or violence.

Shareholders are concerned Alphabet's content governance has proven ineffectual and poses risk to shareholder value. Alphabet has extraordinary impact on human and civil rights, controlling an estimated 90 percent of the search market. Nearly two billion people use YouTube monthly, with YouTube's recommendation algorithm driving approximately 70 percent of viewing.

Civil rights advocates have criticized Alphabet for failing to address hate speech that targets communities of color and marginalized groups. YouTube launched a 100 million dollar fund for black creators, yet the New York Times reports YouTube has been "successfully weaponized by racists...to undermine Black Lives Matter." The company faces a class action lawsuit from black creators alleging Alphabet violated laws intended to prevent racial discrimination.

The Christchurch terrorist attack in New Zealand, broadcast on YouTube, led to a global call to limit the spread of extremist content. Prime Minister Jacinda Ardern said: "We cannot simply sit back and accept that these platforms just exist and that what is said on them is not the responsibility of the place where they are published." Yet, 2020 research found YouTube radicalized viewers by steering them to videos espousing increasingly extremist ideologies.

In 2019, employees — Googlers for Human Rights — petitioned Google not to support United States Customs and Border Protection, Immigration and Customs Enforcement, or the Office of Refugee Resettlement "until these agencies stop engaging in human rights abuses," comparing Google's role to IBM's enabling Nazis during the Holocaust.

Amnesty International concluded Google's "surveillance-based business model is incompatible with the right to privacy and poses a serious threat to a range of other human rights." An unsealed court document revealed Google is enabling reverse search warrants to disclose everyone who searched a keyword rather than information on known suspects, a practice under challenge for violating civil rights.

In 2019, Google was fined a record 170 million dollars by the Federal Trade Commission and New York Attorney General Letitia James over YouTube's violation of children's privacy. Now, a 3 billion dollar United Kingdom lawsuit alleges YouTube has "systematically broken [privacy] laws by harvesting children's data."

As fiduciaries, our Board is responsible for stewardship of business performance and long term strategic planning, in light of risk factors like widespread violations of human and civil rights.

# Proxy Resolutions: Human Rights and Worker Rights

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## Human Rights Due Diligence

### Tyson Foods, Inc.

WHEREAS: Under the UN Guiding Principles on Business and Human Rights, companies are expected to conduct human rights due diligence to meet the corporate responsibility to respect human rights.<sup>1</sup>

Tyson's business activities significantly impact fundamental human rights, including the rights to:

- life,
- freedom from discrimination,
- safe and healthy working conditions,
- freedom of association, organize a union, and bargain collectively free from intimidation and retaliation, and
- water, health, and a safe environment.

Processing workers' health and safety are vulnerable under normal conditions.<sup>2</sup> During the coronavirus pandemic, Tyson has maintained punitive attendance policies (with minor exceptions), inconsistent or insufficient access to testing, workstations ill-equipped for social distancing, high line speeds, and incomplete COVID-19 reporting,<sup>3</sup> which has already resulted in over 10,000 reported positive cases and at least 35 worker deaths.<sup>4</sup> If respect for workers' rights and stronger protections are not implemented, additional deaths are inevitable.<sup>5</sup>

Further, Tyson's international footprint presents human rights risks including forced labor.<sup>6</sup> Failures in Tyson's management of water quality risks and inadequate provision of remedy to impacted communities interfere with the right to water.<sup>7</sup>

Poor management of worker health and safety exposes Tyson to litigation, reputational, financial, and human capital management risks.<sup>8</sup> Recently, families of Tyson workers filed wrongful death lawsuits against the company.<sup>9</sup> A USDA complaint against Tyson alleges racial discrimination for failing to protect workers of color who are disproportionately impacted by COVID-19.<sup>10</sup> Tyson faces two FTC complaints for misleading representations about worker treatment, the nature of relationships with farmers, and conditions at poultry farms in its supply chain.<sup>11</sup>

Worker voice in the design, implementation, and monitoring of human rights due diligence, such as through a worker-driven social responsibility (WSR) model<sup>12</sup> or labor unions, is necessary to respect human rights. This would help prevent harm, reduce fines for violations, stabilize the workforce of Tyson and its suppliers, and preserve the company's social license to operate. There is inadequate disclosure on the outcomes of Tyson's workplace commitments or implementation of human rights due diligence to address adverse human rights impacts throughout the value chain.<sup>13</sup> Giving workers and other impacted groups a leading role in this process—including a legally binding and enforceable grievance mechanism, as with WSR—has been identified as essential for effectiveness of interventions to address human rights risks.<sup>14</sup>

RESOLVED: Shareholders request the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on Tyson's human rights due diligence process to assess, identify, prevent, mitigate, and remedy actual and potential human rights impacts.

Supporting Statement: The report should:

- Identify and assess the human rights impacts of Tyson's business and plans to prevent and mitigate harm;
- Explain the types and extent of stakeholder consultation; and
- Discuss how Tyson tracks effectiveness of its human rights due diligence.

1. [https://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr_en.pdf)
2. <https://www.hrw.org/report/2019/09/04/when-were-dead-and-buried-our-bones-will-keep-hurting/workers-rights-under-threat#>
3. [https://thefern.org/ag\\_insider/covid-19-cases-appear-to-be-slowing-at-meat-plants-but-companies-arent-releasing-test-results/](https://thefern.org/ag_insider/covid-19-cases-appear-to-be-slowing-at-meat-plants-but-companies-arent-releasing-test-results/);  
<https://www.bloomberg.com/news/articles/2020-06-03/tyson-reinstates-policy-that-penalizes-absentee-workers>; <https://www.nytimes.com/2020/06/15/opinion/coronavirus-tyson-poultry.html>; <https://www.washingtonpost.com/business/2020/07/30/tyson-foods-coronavirus-tests/>
4. <https://thefern.org/2020/04/mapping-covid-19-in-meat-and-food-processing-plants>;  
<https://investigatamidwest.org/2020/04/16/tracking-covid-19s-impact-on-meatpacking-workers-and-industry>
5. <https://www.cdc.gov/coronavirus/2019-ncov/community/organizations/meat-poultry-processing-workers-employers.html>;  
<https://news.bloomberglaw.com/daily-labor-report/tyson-meatpackers-said-to-need-more-protection-from-coronavirus>;  
<https://www.propublica.org/article/emails-reveal-chaos-as-meatpacking-companies-fought-health-agencies-over-covid-19-outbreaks-in-their-plants>
6. <http://hrn.or.jp/wpHN/wp-content/uploads/2019/06/Labour-Rights-Violations-in-the-Thai-Poultry-Industry-within-the-Supply-Chains-of-Japanese-Companies-2019-2nd-Ed.pdf>
7. <https://www.cullmantribune.com/2020/05/01/updated-lawsuit-filed-against-tyson-over-2019-spills/>
8. <https://healfoodalliance.org/120-organizations-target-tyson-foods-for-failing-to-protect-workers-from-covid-19-2/>;  
<https://violationtracker.goodjobsfirst.org/parent/tyson-foods>; <http://nototyson.com>
9. <https://www.vbattorneys.com/hubfs/DOC%2001%20-%2005.15.20%20FS%20Original%20Complaint%20.pdf>
10. <https://img1.wsimg.com/blobby/go/690bc23d-7fcc-463f-85e1-62e6232cf993/downloads/2020.07.08-Food-Chain-Workers-v.-Tyson-Foods-T.pdf?ver=1594514994518>
11. <https://files.constantcontact.com/0fcd97ad701/adf8e243-8c80-404b-9b1b-d534e570ee50.pdf>;  
[https://www.organicconsumers.org/sites/default/files/tyson\\_natural\\_ftc\\_complaint\\_07.2.2020.pdf](https://www.organicconsumers.org/sites/default/files/tyson_natural_ftc_complaint_07.2.2020.pdf)
12. <https://wsr-network.org/what-is-wsr/statement-of-principles/>
13. [https://www.corporatebenchmark.org/sites/default/files/chrb\\_2019\\_pdfs/Tyson%20Foods%20CHRB%202019%20Results%20on%2020190926%20at%20080325.pdf](https://www.corporatebenchmark.org/sites/default/files/chrb_2019_pdfs/Tyson%20Foods%20CHRB%202019%20Results%20on%2020190926%20at%20080325.pdf)
14. <http://www.msi-integrity.org/not-fit-for-purpose/>

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### Human Rights Due Diligence

#### Sanderson Farms, Inc.

**RESOLVED:** Shareholders request the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on Sanderson Farm's human rights due diligence ("HRDD") process to assess, identify, prevent and mitigate actual and potential adverse human rights impacts.

Supporting Statement: We recommend the report:

- Include the human rights principles used to frame its risk assessments;
- Outline the human rights impacts of Sanderson Farm's business activities, including company-owned operations, contract growers, and supply chain, and plans to mitigate any adverse impacts;
- Explain the types and extent of stakeholder consultation; and
- Address Sanderson Farm's plans to track effectiveness of measures to assess, prevent, mitigate, and remedy adverse human rights impacts.

Companies that fail to address human rights concerns risk backlash from communities, customers, and regulators, all of which pose significant harm to long-term shareholder value. Industrial meat production exposes workers, farmers, and communities to actual and potential adverse human rights impacts. Poultry processing workers, including Sanderson's, have routinely faced serious labor rights violations, including injuries from unsafe line speeds and other hazards, exposure to toxins, wage and hour violations, sexual harassment, and workplace discrimination.<sup>1</sup> In addition to the risks faced by workers, surrounding communities are also impacted by processing plants' interference with their right to clean water.<sup>2</sup>

The current COVID-19 pandemic has aggravated these dangers,<sup>3</sup> with the poultry industry being a hotspot of infections in multiple states.<sup>4</sup> Workers at Sanderson and other companies have complained about insufficient response from the company to increase protections, and highlighted instances of plants that are not following the practices the company purports to adopt.<sup>5</sup> Workers reported that Sanderson failed to institute social distancing policies, leaving them to "work elbow to elbow on the production line," and did not make masks available.<sup>6</sup> Increased public scrutiny on these harmful production practices generates financial risk. The poultry processing industry is plagued by legal complaints, fines, and journalist investigations<sup>7</sup> revealing patterns of workplace violations. Sanderson Farms is not immune: allegations against the company and its subsidiaries range from denied disability accommodation<sup>8</sup> to federal fines issued for violations of wage and hour regulations,<sup>9</sup> workplace safety and health, and labor relations regulations.<sup>10</sup> Though Sanderson Farms' Corporate Sustainability Statement affirms the company's responsibilities to constituents other than shareholders,<sup>11</sup> the repeated occurrence of investigations, fines, and lawsuits indicates that meaningful steps need be taken to ensure that the company upholds these values in regards to its workers and the communities where the company operates.

The UN Guiding Principles on Business and Human Rights<sup>12</sup> affirm that corporations have a responsibility to respect human rights within company-owned operations and throughout their supply chain. To meet this responsibility, companies are expected to conduct HRDD, informed by the core international human rights instruments, to assess, identify, prevent, and mitigate adverse human rights impacts.<sup>13</sup> To protect its long-term financial interest, Sanderson Farms should do just that.

1. [https://www.oxfamamerica.org/static/media/files/Lives\\_on\\_the\\_Line\\_Full\\_Report\\_Final.pdf](https://www.oxfamamerica.org/static/media/files/Lives_on_the_Line_Full_Report_Final.pdf);  
<https://www.hrw.org/report/2019/09/04/when-were-dead-and-buried-our-bones-will-keep-hurting/workers-rights-under-threat>
2. <https://prairierivers.org/wp-content/uploads/2018/10/Slaughterhouse-report-10.11.18.pdf>,  
<https://www.marketwatch.com/story/meat-companies-are-the-worst-at-managing-water-risk-and-its-costing-them-study-finds-2019-10-30>
3. <https://www.oxfamamerica.org/explore/research-publications/disposable/>
4. <https://investigatamidwest.org/2020/04/16/tracking-covid-19s-impact-on-meatpacking-workers-and-industry/>  
<https://thefern.org/2020/04/mapping-covid-19-in-meat-and-food-processing-plants/>
5. <https://www.motherjones.com/food/2020/04/sanderson-farms-tyson-poultry-chicken-processing-coronavirus/>
6. Ibid.
7. <https://www.theguardian.com/food/2018/nov/26/revealed-restricting-breaks-keeps-poultry-industry-workers-living-in-fear>
8. <https://www.hrdiver.com/news/court-awards-5-years-front-pay-to-worker-denied-a-disability-accommodation/522860/>
9. <https://www.rttnews.com/638105/sanderson-farms-to-pay-2-6-mln-to-settle-employees-donning-and-doffing-lawsuit.aspx?refresh=1>
10. <https://violationtracker.goodjobsfirst.org/parent/sanderson-farms>
11. <https://ir.sandersonfarms.com/static-files/a11fcbd2-9dc4-441a-ae92-8258d316280d>
12. [https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)
13. <https://www.ohchr.org/en/professionalinterest/pages/coreinstruments.aspx>;  
<https://www.ilo.org/declaration/langen/index.htm>; <http://www.oecd.org/investment/mne/1922428.pdf>

## Proxy Resolutions: Human Rights and Worker Rights

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Human Rights Due Diligence

#### Pilgrim's Pride Corp

**RESOLVED:** Shareholders request the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on Pilgrim's Pride's human rights due diligence (HRDD) process to assess, identify, prevent and mitigate actual and potential adverse human rights impacts.

Supporting Statement: We recommend the report:

- Include the human rights principles used to frame its risk assessments;
- Outline the human rights impacts of Pilgrim's Pride's business activities, including company-owned operations, contract growers, and supply chain, and plans to mitigate adverse impacts;
- Explain the types and extent of stakeholder consultation; and
- Address Pilgrim's Pride's plans to track effectiveness of measures to assess, prevent, mitigate, and remedy adverse human rights impacts.

Companies that fail to address human rights concerns risk backlash from communities, customers, and regulators, which poses significant harm to long-term shareholder value. Industrial meat production exposes workers, farmers, and communities to actual and potential adverse human rights impacts. Poultry processing workers, including at Pilgrim's Pride, have routinely faced serious labor rights violations, including injuries from unsafe line speeds and other hazards, exposure to toxins, wage and hour violations, sexual harassment, and workplace discrimination.<sup>1</sup> In addition to risks faced by workers, surrounding communities are also impacted by processing plants' interference with their right to clean water.<sup>2</sup>

The COVID-19 pandemic has severely aggravated these dangers,<sup>3</sup> with the poultry industry being infection hotspots in multiple states.<sup>4</sup> Workers at Pilgrim's Pride have complained about insufficient protections, working in spite of fevers and presenting COVID-19 symptoms, and lacking information about exposure to infected individuals, which has led to publicized protests, including one with an employee holding a 'Workers Are Not Slaves' sign.<sup>5</sup> Workers also relayed that Pilgrim's Pride failed to provide adequate protection equipment, and are asked to "re-use them day after day."<sup>6</sup> Investigators found that multiple Pilgrim's Pride workers have become infected and some have died from COVID-19.<sup>7</sup>

Increased public scrutiny on these harmful production practices generates significant financial risk. The poultry processing industry is plagued by legal complaints, fines<sup>8</sup>, and investigations<sup>9</sup> revealing patterns of workplace violations. Pilgrim's Pride and its subsidiaries have accumulated numerous fines, totaling \$34.7M in penalties together with corporate parent JBS.<sup>10</sup> Though Pilgrim's Pride commits to "not permit degrading conditions in the workplace that could put our team members' health or lives at risk"<sup>11</sup> repeated investigations, fines, and lawsuits indicates that meaningful steps need be taken to ensure that the company upholds this promise.

The UN Guiding Principles on Business and Human Rights<sup>12</sup> affirm that corporations have a responsibility to respect human rights within company-owned operations and throughout their supply chain. To meet this responsibility, companies are expected to conduct HRDD, informed by the core international human rights instruments, to assess, identify, prevent, and mitigate adverse human rights impacts.<sup>13</sup> To protect its long-term financial interest, Pilgrim's Pride should do just that.

1. [https://www.oxfamamerica.org/static/media/files/Lives\\_on\\_the\\_Line\\_Full\\_Report\\_Final.pdf](https://www.oxfamamerica.org/static/media/files/Lives_on_the_Line_Full_Report_Final.pdf)  
<https://www.hrw.org/report/2019/09/04/when-were-dead-and-buried-our-bones-will-keep-hurting/workers-rights-under-threat>
2. <https://prairierivers.org/wp-content/uploads/2018/10/Slaughterhouse-report-10.11.18.pdf>  
<https://feedingourselfthirsty.ceres.org/company-scorecards/pilgrims-pride>
3. <https://www.oxfamamerica.org/explore/research-publications/disposable/>
4. <https://investigatamidwest.org/2020/04/16/tracking-covid-19s-impact-on-meatpacking-workers-and-industry/>  
<https://thefern.org/2020/04/mapping-covid-19-in-meat-and-food-processing-plants/>
5. <https://qz.com/africa/1871345/somalis-took-on-a-minnesota-meatpacking-plant-to-stop-covid-19/>
6. <https://www.wctv.tv/2020/07/07/employees-claim-covid-outbreak-at-pilgrims-pride/>
7. <https://thefern.org/2020/04/mapping-covid-19-in-meat-and-food-processing-plants/>; <https://www.newsobserver.com/news/coronavirus/article242898471.html>;  
<https://www.denverpost.com/2020/09/16/workers-protest-covid-fine-jbs-greeley/>; <https://www.nwaonline.com/news/2020/aug/05/meat-firms-fight-worker-death-claims/>.
8. <https://www.ehstoday.com/safety/article/21918131/pilgrims-pride-adds-to-flock-of-osha-violations>
9. <https://www.nelp.org/news-releases/gao-report-finds-injured-meat-poultry-workers-denied-medical-care-at-worksite/>;  
See also <https://www.al.com/news/2020/01/congresswoman-urges-investigation-after-death-of-pilgrims-pride-worker.html> (detailing threats of investigations).
10. <https://violationtracker.goodjobsfirst.org/parent/jbs>
11. <https://sustainability.pilgrims.com/chapters/team-members/>
12. [https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)
13. <https://www.ohchr.org/en/professionalinterest/pages/>



### Human Rights Due Diligence

#### Lockheed Martin Corporation

WHEREAS: Lockheed Martin is the world's largest defense contractor and is exposed to significant actual and potential adverse human rights impacts resulting from the use of its weapons and defense technologies. Human rights risks include the rights to life, liberty and personal security, privacy, non-discrimination, and peaceful assembly and association. The UN Guiding Principles on Business and Human Rights (UNGPs), unanimously endorsed by the UN Human Rights Council in June 2011, constitute the global authoritative framework outlining the roles and responsibilities of states and companies with respect to human rights. While regulation of the international arms trade falls under the state duty to protect human rights, the UNGPs define clear expectations for defense companies to respect human rights in their operations and supply chains, and address risks linked to use of products. A 2019 Amnesty International report found that Lockheed Martin lacks human rights due diligence procedures to effectively identify, assess, prevent, mitigate, and remediate its human rights impacts.<sup>1</sup>

Prominent human rights organizations have recorded indiscriminatory use of Lockheed Martin weaponry against civilians consistently over time.<sup>2</sup> Lockheed Martin has exported military goods to at least 12 states which are engaged in armed conflict, have a record of human rights violations, or are at risk of corruption and fragility, including Saudi Arabia, Israel, and the United Arab Emirates (UAE). Reports have linked Lockheed Martin weaponry to war crimes and violations of international humanitarian law in Yemen, including the widely condemned attack on a school bus in 2018 that resulted in the deaths of dozens of children.<sup>3</sup> The company is set to play a central role in the sale of F-35 fighter jets to the UAE, as part of the country's recent normalization agreement with Israel.<sup>4</sup>

The company is connected to \$40 billion in contracts related to nuclear weapons.<sup>5</sup> The Treaty on the Prohibition of Nuclear Weapons, which enters into force in 2021, may require Lockheed Martin to demonstrate that the company is not conducting prohibited activities in jurisdictions that ratified the Treaty.

Furthermore, the company faces multiple lawsuits for toxic pollutant contamination from a Florida facility that has resulted in brain lesions, multiple sclerosis, cancer, and birth defects, as well as litigation linked to a uranium facility.

In spite of its existing Codes, there is no evidence of effective implementation across business functions.<sup>6</sup> Disclosure on governance and embedding of the commitment to respect human rights throughout the business is absent. Failure to respect human rights and increase due diligence in high risk business areas exposes the company and its investors to financial, legal, regulatory, reputational, and human capital management risks.

**RESOLVED:** Shareholders request the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on Lockheed Martin's human rights due diligence process to identify, assess, prevent, mitigate, and remedy actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas.

1. <https://www.amnesty.org/download/Documents/ACT3008932019ENGLISH.PDF>

2. <https://www.hrw.org/reports/2007/lebanon0907/lebanon0907web.pdf>;  
<https://www2.ohchr.org/english/bodies/hrcouncil/docs/12session/A-HRC-12-48.pdf>

3. <https://www.paxforpeace.nl/media/files/mwatana-day-of-judgement.pdf>

4. <https://www.bbc.com/news/world-middle-east-54737029>

5. <https://www.un.org/law/icjsum/9623.htm>

6. <https://www.lockheedmartin.com/content/dam/lockheed-martin/eo/documents/ethics/ethics-code-of-conduct-2020.pdf>

## Proxy Resolutions: Human Rights and Worker Rights

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Human Rights Due Diligence

#### General Dynamics Corporation

WHEREAS : As the third-largest defense company in the world, supplying weapons to conflict-affected and high-risk areas and manufacturing nuclear weapons, General Dynamics is exposed to significant actual and potential human rights risks. The use of its weapons and technologies may violate the rights to life, liberty, personal security, privacy, non-discrimination, peaceful assembly, and association.

According to the UN Guiding Principles on Business and Human Rights (UNGPs), companies have a responsibility to respect human rights, which is distinct and separate from that of states. The UNGPs outline steps for human rights due diligence necessary to identify, prevent, and mitigate adverse human rights impacts that a company may cause, contribute to, or be linked to. Business linked to conflict-affected and high-risk areas, where there is a high likelihood of severe impacts such as war crimes or violations of international humanitarian law, warrants heightened due diligence from companies. However, a 2019 Amnesty International report found that the defense industry is failing to meet its human rights due diligence responsibilities.<sup>1</sup>

While General Dynamics includes human rights in its “Ethos” and states that it recognizes the importance of embedding human rights, the company provides no evidence of effective due diligence systems to implement a commitment. Failure to carry out effective human rights due diligence exposes General Dynamics and its investors to legal, financial, and reputational risks.<sup>2</sup>

A component manufactured by General Dynamics is linked to the 2018 school bus bombing carried out by the Saudi Arabian Armed Forces in Yemen, which resulted in the deaths of dozens children and has been recognized as a war crime.<sup>3</sup> The company has also repeatedly supplied a wide range of weapons systems and munitions to the Israeli Defense Forces, including weaponry reportedly used in attacks on Palestinian civilians that constitute human rights violations and war crimes.<sup>4</sup>

General Dynamics has several nuclear weapons contracts, including to produce components of Trident missiles for the U.S. and U.K.<sup>5</sup> The company faces increasing regulatory and reputational risks as the Treaty on the Prohibition of Nuclear Weapons enters into force in 2021. Investors have identified the Treaty as a reason to withdraw investments in the company.<sup>6</sup>

In addition to contracts with foreign governments,<sup>7</sup> General Dynamics also has highly controversial contracts with U.S. government agencies, including providing casework services publicly linked to the family separation crisis at the U.S.—Mexico border.<sup>8</sup> It also supplies remote video surveillance systems which may violate rights to privacy and seeking asylum.<sup>9</sup> Finally, General Dynamics faces human capital management risks related to worker health and safety, including exposure to COVID-19, and labor strikes.<sup>10</sup>

**RESOLVED:** Shareholders request the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on General Dynamics’ human rights due diligence process to identify, assess, prevent, mitigate, and remedy actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas.

1. <https://www.amnesty.org/download/Documents/ACT3008932019ENGLISH.PDF>

2. [https://www.codepink.org/general\\_dynamics](https://www.codepink.org/general_dynamics)

3. <https://www.hrw.org/news/2018/09/02/yemen-coalition-bus-bombing-apparent-war-crime#>

4. <https://investigate.afsc.org/company/general-dynamics>

5. <https://www.dontbankonthebomb.com/general-dynamics/>

6. <https://www.abp.nl/english/press-releases/abp-pension-fund-excludes-tobacco-and-nuclear-weapons.aspx>

7. <https://www.defensenews.com/congress/2020/05/07/general-dynamics-saw-1-billion-bump-after-canada-saudi-accord/>

8. <https://govtribe.com/award/federal-idv-award/indefinite-delivery-contract-hhsp2332015001771> ;  
<https://qz.com/1309460/defense-contractors-like-general-dynamics-are-profitting-from-child-detention-and-you-might-be-too/>

9. <https://investigate.afsc.org/company/general-dynamics>

10. <https://www.navytimes.com/news/your-navy/2020/08/23/shipbuilders-approve-3-year-pact-ending-months-long-strike-at-bath-i> ;  
<https://www.newscentermaine.com/article/news/health/coronavirus/maine-cdc-identifies-covid-19-outbreak-at-biw-with-three-confirmed-cases/97-da09986d-f5d5-4486-8eb1-8377f1c8d0cb>

### **Human Rights Due Diligence** **Raytheon Technologies Corporation**

WHEREAS: As one of the world's largest defense contractors, Raytheon Technologies Corporation (Raytheon) is exposed to significant actual and potential adverse human rights risks. The use of its weapons and defense technologies may violate the rights to life, liberty, personal security, privacy, non-discrimination, peaceful assembly, and association.

The UN Guiding Principles on Business and Human Rights (UNGPs) constitute the global authoritative framework outlining human rights responsibilities of states and businesses. While regulation of the international arms trade falls under the state duty to protect human rights, the UNGPs define clear expectations for defense companies to respect human rights in their operations, supply chains, and end use of products.

In 2019, a military coalition led by Saudi Arabia and the United Arab Emirates used a Raytheon Paveway bomb to conduct an airstrike in Yemen, killing six civilians, including three children.<sup>1</sup> Citing Raytheon's "close and enduring relationship" with the Saudi Arabian armed forces and the gravity of associated human rights violations, Amnesty International determined that Raytheon is directly linked, and potentially contributing, to adverse human rights impacts.<sup>2</sup> Amnesty's report concluded that Raytheon's response was "wholly inadequate" and the company failed "to undertake even the most basic level of human rights due diligence."<sup>3</sup>

Human rights organizations allege that Raytheon's supply of missile systems for F-16 fighter jets and bombs to the Israeli armed forces were used to conduct airstrikes in Gaza that killed thousands of Palestinian civilians.<sup>4</sup> Raytheon also continues to supply weapons like Sidewinder missiles to Israel.<sup>5</sup>

Raytheon has substantial contracts to produce and develop missiles for the U.S. nuclear arsenal. The U.S. Air Force recently awarded Raytheon a \$900 million contract to develop a new nuclear-armed cruise missile.<sup>6</sup> The Treaty on the Prohibition of Nuclear Weapons, which enters into force in 2021, may require Raytheon to demonstrate that it is not conducting prohibited activities in jurisdictions that ratified the Treaty.

By supplying border security technologies to U.S. Customs and Border Protection to enable the surveillance and arrest of migrants and refugees crossing the U.S.–Mexico border, Raytheon may be linked to violations of individuals' rights to seek asylum, privacy, due process, and other rights.<sup>7</sup>

While Raytheon has a Code of Conduct, investors lack evidence that it is effectively implemented across business functions. Disclosure on human rights governance, impact assessments, and remedy is absent. Gaps in human rights risk management expose the company and investors to financial, legal, regulatory, reputational, and human capital management risks. These risks may harm Raytheon's ability to compete for contracts or obtain adequate insurance.

**RESOLVED:** Shareholders request the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on Raytheon's human rights due diligence process to identify, assess, prevent, mitigate, and remedy actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas.

1. <https://www.amnesty.org/en/latest/news/2019/09/yemen-us-made-bomb-used-in-deadly-air-strike-on-civilians/>

2. <https://www.amnesty.org/download/Documents/ACT3008932019ENGLISH.PDF>

3. <https://www.amnesty.org/download/Documents/ACT3008932019ENGLISH.PDF>

4. <https://www.afsc.org/resource/us-corporations-complicit-military-attacks-gaza> ; <https://investigate.afsc.org/company/raytheon-technologies> ; [http://news.bbc.co.uk/2/shared/bsp/hi/pdfs/23\\_02\\_09\\_amnesty.pdf](http://news.bbc.co.uk/2/shared/bsp/hi/pdfs/23_02_09_amnesty.pdf)

5. <https://dscamail/major-arms-sales/israel-aim-9x-sidewinder-missiles>

6. [https://www.dontbankonthebomb.com/wp-content/uploads/2019/05/2019\\_Producers-Report-FINAL.pdf](https://www.dontbankonthebomb.com/wp-content/uploads/2019/05/2019_Producers-Report-FINAL.pdf) ; [https://tucson.com/business/raytheon-wins-major-air-force-contract-to-develop-next-air-launched-nuclear-cruise-missile/article\\_0e114638-294b-5e68-bfad](https://tucson.com/business/raytheon-wins-major-air-force-contract-to-develop-next-air-launched-nuclear-cruise-missile/article_0e114638-294b-5e68-bfad)

7. <https://www.tni.org/files/publication-downloads/more-than-a-wall-report.pdf> ; <https://www.theatlantic.com/national/archive/2013/07/border-patrol-arm-drones/313656/> ; <https://www.ohchr.org/en/issues/migration/pages/migrationandhumanrightindex.aspx>

### Human Rights Due Diligence

#### Kroger Co.

**RESOLVED:** Shareholders request the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on Kroger's human rights due diligence (HRDD) process to identify, assess, prevent and mitigate actual and potential adverse human rights impacts in its operations and supply chain.

#### Supporting Statement:

In line with the HRDD approach outlined by the UN Guiding Principles on Business and Human Rights,<sup>1</sup> we recommend the report include:

- The human rights principles used to frame its risk assessments;
- The human rights impacts of Kroger's business activities, including company-owned operations and supply chain, and plans to mitigate adverse impacts;
- The types and extent of stakeholder consultation; and
- The company's plans to track effectiveness of measures to assess, prevent, mitigate, and remedy adverse human rights impacts.

HRDD measures reduce long-term risk to shareholders. Companies that proactively identify and mitigate human rights abuses avoid costly backlash from communities, customers, and government regulators. Indeed, risks exist not only for companies directly producing products connected to human rights violations, but also those selling such products.<sup>2</sup> For supermarkets, this creates an imperative not to cause or contribute to abuses to workers and farmers in their supply chain. COVID deepens this hazard. Companies have endured backlash for failing to ensure protections for workers,<sup>3</sup> and "COVID-19 has put supply chains under unprecedented public scrutiny from a logistical perspective, [which] highlighted another key issue... rapidly gaining traction among governments and regulators worldwide: human rights."<sup>4</sup> Given Kroger's business relationships with suppliers operating in high-risk sectors, the company's current business model exposes investors to significant reputational—and in turn, financial—risk.

Increased public scrutiny on industries reliant upon child and forced labor has likewise magnified the reputational risk: coverage by the NY Times detailed slave labor in Southeast Asia's shrimp industry;<sup>5</sup> the Wall Street Journal revealed migrant labor abuses in Malaysia's palm oil sector;<sup>6</sup> and CNN chronicled rampant labor abuse among U.S. tomato producers.<sup>7</sup> When tainted products attach to a brand, the reputational stain follows.<sup>8</sup> Kroger is not immune to these threats. The Department of Labor has identified dozens of food products that appear on Kroger's shelves produced from child or forced labor, including seafood, tea, palm oil and fresh produce.<sup>9</sup> Responsible companies must strive to identify, remedy and prevent such human rights violations.

Transparency in supply chain sourcing can reduce these risks. Companies like Coca-Cola and Mondelez, and supermarkets Jumbo, Albert Heijn, Lidl, and Tesco have all conducted or committed to HRDD, including by conducting human rights impact assessments on their agricultural commodity sourcing.

Given the low cost of integrating HRDD relative to the significant costs that companies bear when tied to human rights violations, shareholders urge the Board to adopt and disclose these measures as a cost-effective means of reducing exposure to risk and maximizing long-term financial interest.

1. [https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

2. <https://www.fm-magazine.com/issues/2016/dec/human-rights-risks-in-supply-chain.html>

3. <https://www.bloomberg.com/news/articles/2020-03-27/food-workers-getting-sick-is-the-latest-threat-to-world-supply>; <https://www.bbc.com/news/technology-53079624>;

4. <https://www.jdsupra.com/legalnews/supply-chains-under-scrutiny-targeting-65407/>

5. <https://www.nytimes.com/2014/06/22/opinion/sunday/thai-seafood-is-contaminated-by-human-trafficking.html>

6. <https://www.wsj.com/articles/palm-oil-migrant-workers-tell-of-abuses-on-malaysian-plantations-1437933321>

7. <https://www.cnn.com/2017/05/30/world/ciw-fair-food-program-freedom-project/index.html>

8. See, e.g., <https://www.bizjournals.com/cincinnati/news/2019/08/16/p-g-faces-criticism-for-buying-palm-oil-allegedly.html>;

<https://nowtoronto.com/news/chocolate-child-labour-slavery-hersheys/>;

<https://www.theguardian.com/environment/2019/oct/05/tesco-m-and-s-supermarkets-likely-to-have-soya-linked-to-deforestation-supply-chains>

9. <https://www.dol.gov/sites/dolgov/files/ILAB/ListofGoods.pdf>

### Human Rights Impact Assessment

#### Kraft Heinz Company

**RESOLVED:** Shareholders request that The Kraft Heinz Company (“Kraft Heinz”) publish Human Rights Impact Assessment(s) (“HRIAs”), at reasonable cost and omitting proprietary/confidential information, examining the actual and potential impacts of one or more high-risk<sup>1</sup> products sold by Kraft Heinz. An HRIA should evaluate human rights impacts throughout the supply chain.

**Supporting Statement:**As shareholders, we look to companies to manage human rights risks and impacts in order to demonstrate sound corporate governance and risk oversight. This is an effective means for management to mitigate against significant operational, financial, and reputational risks associated with negative human rights impacts throughout its supply chain. Additionally, company efforts to align policies and practices with authoritative human rights standards, like the United Nations Guiding Principles on Business and Human Rights,<sup>2</sup> facilitate sustainable business planning and improve relations with customers, workers, and business partners. Companies that cause, contribute to, or are directly linked to human rights abuses face material risks, including reputational damage, project disruptions, and litigation, which can undermine shareholder value. Public scrutiny is intensifying reputational risks for food products companies: The New York Times detailed slave labor in Southeast Asia’s shrimp industry;<sup>3</sup> The Wall Street Journal revealed migrant labor abuses in Malaysia’s palm oil sector;<sup>4</sup> and CNN chronicled rampant labor abuse among tomato producers.<sup>5</sup>

Kraft Heinz is exposed to significant human rights risks. In its 2020 ESG materiality assessment, Kraft Heinz ranks human rights as among the issues with the greatest impact on the company and of most importance to shareholders.<sup>6</sup> Know the Chain has identified tomatoes, cattle, and coffee as products used by Kraft Heinz that have a high risk of human rights abuses,<sup>7</sup> and *The Wall Street Journal* has reported that Kraft Heinz sources tomatoes from a region of China where forced Uighur labor is used.<sup>8</sup>

Kraft Heinz claims to have completed a global human rights risk assessment<sup>9</sup>. However, Corporate Human Rights Benchmark’s 2020 Scoresheet gives Kraft Heinz one point out of 12 for human rights due diligence, noting among other things, that Kraft Heinz does not identify salient risks in its own operations or supply chain or describe actions taken in response to risk assessment.<sup>10</sup> Leading companies like Coca-Cola and Nestlé have published HRIAs on high-risk food products in their supply chains.

While Kraft Heinz has discretion in designing its HRIAs, proponents recommend they include the following information:

- Human rights standards and principles used to frame the assessment;
- Actual and potential adverse impacts associated with the high-risk product(s); and
- Overview of how the findings will be acted upon in order to prevent, mitigate and/or remedy impacts.

1. High-risk products may be selected by: (1) identifying products that pose the most salient human rights risk, which refers to those that could have the most severe negative impacts; and then (2) prioritizing which products to conduct the HRIA on, based upon the actual or potential severity of adverse impact on human rights.

2. [https://www.ohchr.org/documents/publications/GuidingprinciplesBusinessshr\\_eN.pdf](https://www.ohchr.org/documents/publications/GuidingprinciplesBusinessshr_eN.pdf)

3. <https://www.nytimes.com/2014/06/22/opinion/sunday/thai-seafood-is-contaminated-by-human-trafficking.html>

4. <https://www.wsj.com/articles/palm-oil-migrant-workers-tell-of-abuses-on-malaysian-plantations-1437933321>

5. <https://www.cnn.com/2017/05/30/world/ciw-fair-food-program-freedom-project/index.html>

6. <https://www.kraftheinzcompany.com/esg/pdf/KraftHeinz-ESG-Report-2020.pdf>

7. [https://knowthechain.org/wp-content/uploads/2020\\_KTC\\_FB\\_Scorecard\\_Kraft-Heinz.pdf](https://knowthechain.org/wp-content/uploads/2020_KTC_FB_Scorecard_Kraft-Heinz.pdf)

8. <https://www.wsj.com/articles/western-companies-get-tangled-in-chinas-muslim-clampdown-11558017472>

9. <https://www.kraftheinzcompany.com/esg/pdf/KraftHeinz-ESG-Report-2020.pdf>

10. <https://www.worldbenchmarkingalliance.org/publication/chrb/companies/kraft-heinz-2/>

### Human Rights Impact Assessment

#### Northrop Grumman Corporation

WHEREAS: As the world's fourth-largest defense company, Northrop Grumman's most severe human rights impacts are likely to result from the use of its products and services, such as controversial arms trade, military training, nuclear weapons, and border surveillance systems. Business relationships with the U.S. Government and foreign governments whose activities may be linked to human rights violations may expose Northrop Grumman to legal, financial, and reputational risks.

Under the UN Guiding Principles on Business and Human Rights (UNGPs), companies have a responsibility to respect human rights which is distinct from the duties of states. The high likelihood of severe impacts linked to business in conflict-affected and high-risk areas warrants heightened due diligence. A 2019 Amnesty International report found that the defense industry is failing to carry out effective human rights due diligence. This requires conducting human rights impact assessments to identify and evaluate the actual and potential adverse human rights impacts of the company's business activities.<sup>1</sup> The findings from the impact assessments should inform business decision making, prevention and mitigation efforts, and public disclosure.

Northrop Grumman has contracts with or supplies weapons to multiple states engaged in conflict, including Saudi Arabia, the United Arab Emirates, India, Israel, Morocco, and Colombia.<sup>2</sup>

Northrop Grumman is one of the Saudi Arabian Armed Forces's largest defense partners, supplying weapons since 1971, and is heavily involved in military training.<sup>3</sup> A 2020 report by the UN Human Rights Council alleges that Saudi-led coalition airstrikes in Yemen "may amount to war crimes" and the supply of weapons from the U.S. and other countries "has helped to perpetuate the conflict."<sup>4</sup>

The Department of State's 2020 due diligence guidance on foreign sales of "products or services that have surveillance capabilities" states companies should consider if "the end-user will likely misuse the product or service to carry out human rights violations."<sup>5</sup>

The company also has at least \$68.3 billion in outstanding nuclear weapons contracts with the U.S. and foreign governments.<sup>6</sup> As the Treaty on the Prohibition of Nuclear Weapons enters into force in 2021, nuclear weapons sales expose Northrop Grumman to increasing regulatory and reputational risks.

Northrop Grumman has a contract with the U.S. Department of Homeland Security to develop infrastructure for the Homeland Advanced Recognition Technology (HART) database. It will hold sensitive biometric and biographical data for 260 million people, which presents risks of privacy rights violations, increased surveillance, racial bias, and harm to immigrant communities.<sup>7</sup>

While Northrop Grumman has a Human Rights Policy, it does not disclose its salient human rights issues or the nature and extent of the participation of impacted rightsholders in its assessment process.

**RESOLVED:** Shareholders request that Northrop Grumman publish a report, at reasonable cost and omitting proprietary information, with the results of human rights impact assessments examining the actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas.

1. <https://www.amnesty.org/download/Documents/ACT3008932019ENGLISH.PDF>

2. [www.northropgrumman.com/AboutUs/OurGlobalPresence/Pages/default.aspx](http://www.northropgrumman.com/AboutUs/OurGlobalPresence/Pages/default.aspx); [www.upi.com/DefenseNews/2015/10/16/Colombia-receives-Northrop-Grumman-ANTPS-78-radar/4871445000556/](http://www.upi.com/DefenseNews/2015/10/16/Colombia-receives-Northrop-Grumman-ANTPS-78-radar/4871445000556/); [www.morocoworldnews.com/2018/05/246179/morocco-cargo-m1a2s-laser-tanks-us/](http://www.morocoworldnews.com/2018/05/246179/morocco-cargo-m1a2s-laser-tanks-us/); <https://news.northropgrumman.com/news/releases/northrop-grumman-delivers-center-fuselage-for-firstisraeli-f-35-aircraft>

3. [www.northropgrumman.com/AboutUs/OurGlobalPresence/MiddleEastAndAfrica/Pages/Who-We-Are-in-the-Middle-East.aspx](http://www.northropgrumman.com/AboutUs/OurGlobalPresence/MiddleEastAndAfrica/Pages/Who-We-Are-in-the-Middle-East.aspx)

4. <https://www.ohchr.org/Documents/HRBodies/HRCouncil/GEE-Yemen/2020-09-09-report.pdf>

5. <https://www.state.gov/wp-content/uploads/2020/10/DRL-Industry-Guidance-Project-FINAL-1-pager-5081.pdf>

6. <https://www.dontbankonthebomb.com/northrop-grumman/>

7. <https://theintercept.com/2020/11/17/dhs-biometrics-dna/>;  
<http://www.documentcloud.org/documents/6542043-MSLS-Industry-Day-Presentation-FINAL.html>

## Proxy Resolutions: Human Rights and Worker Rights

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Human Rights Disclosure

#### United Airlines Holdings, Inc.

**RESOLVED:** Shareholders request the Board of Directors of United Airlines Holdings (“Company”) prepare a report, at reasonable cost and omitting proprietary or confidential information, on the Company’s management systems and processes to implement the commitments outlined in its human rights policies.

**WHEREAS,** recent global estimates found that 40 million people were victims of modern slavery, including 25 million who are trapped in conditions of forced labor in extended private sector supply chains, generating over \$150 billion in profits for illegal labor recruiters and employers through underpayment of wages.<sup>1,2</sup> In the United States, it is estimated that on any given day there are over 400,000 individuals living in a form of modern slavery.<sup>3</sup>

Corporations have a responsibility to respect human rights within company-owned operations and business relationships. This expectation is delineated in the UN Guiding Principles on Business and Human Rights. Societal expectations have increased, requiring companies to conduct human rights due diligence, informed by the core international human rights instruments to assess, identify, prevent, and mitigate adverse human rights impacts. Regulatory requirements in the State of California, the United Kingdom, Australia, and France also require companies to report on their actions to eradicate human trafficking and slavery.

The UN Guiding Principles Reporting Framework<sup>4</sup> provides guidance for companies to report on how they respect human rights in their value chains. Over 80 companies currently use the framework and include information on the following in their reports:

- The role of the Board in oversight of human rights risks and systems to embed respect for human rights;
- Identification of the Company’s salient human rights issues in its operations and value chain;
- Integration of salient human rights issues into decision-making processes; and
- Due diligence and remediation processes.

As a member of the international travel and tourism industry, United faces significant human rights risks from its global operations and supply chains. Robust human rights due diligence, including a human rights impact assessment informed by meaningful stakeholder consultation, would help prevent harm, reduce fines for violations, and preserve the Company’s social license to operate and future business opportunities.

While United has expressed its commitment to respecting human rights through its Human Rights Policy Statement and Code of Ethics and Business Conduct, there is inadequate disclosure demonstrating effective implementation of and compliance with the Company’s human rights commitments throughout the value chain. Additionally, there is insufficient information regarding the Company’s procedures for identifying and remediating adverse human rights impacts in its operations and supply chain.

A public report that articulates the Company’s management systems and processes to implement its human rights and supplier policies and conduct human rights due diligence in alignment with the UN Guiding Principles would assure shareholders that these risks are being adequately managed.

1. [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_575479.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_575479.pdf)

2. [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/publication/wcms\\_243391.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_243391.pdf)

3. <https://www.globalslaveryindex.org/2018/findings/country-studies/united-states/>

4. <https://www.ungpreporting.org/>

## Proxy Resolutions: Human Rights and Worker Rights

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Human Rights Policy

#### TripAdvisor, Inc.

**RESOLVED:** Shareholders request the Board of Directors adopt a comprehensive Human Rights Policy stating the company's commitment to respect human rights throughout its operations and value chain, and describing steps to identify, assess, prevent, mitigate, and, where appropriate, remedy adverse human rights impacts connected to the business.

**WHEREAS:** Tripadvisor attracts the world's largest travel audience, providing hotel and restaurant reviews, accommodation booking, and other travel services to more than 463 million monthly unique users<sup>1</sup> and lists properties in countries with widespread and gross human rights abuses, including, but not limited to, China (Xinjiang Uyghur Autonomous Region), Myanmar, Occupied Palestinian Territory, Venezuela, Western Sahara, and Yemen;

Companies and investors increasingly view human rights-based risks as leading indicators that may materially impact company value and investment performance.<sup>2</sup> Companies as diverse as Bank of America,<sup>3</sup> Ford,<sup>4</sup> Microsoft,<sup>5</sup> Nestle,<sup>6</sup> Sony,<sup>7</sup> and Unilever<sup>8</sup> have integrated human rights into their determinations of the issues that matter most to their financial performance and shareholders.

Multilateral organizations and nation states are developing laws, sanctions, and standards, including pending legislation on mandatory human rights due diligence for all EU countries, to address corporate human rights violations. These regulations create ever-expanding layers of legal, reputational, and financial risk for companies and investors to consider;<sup>9</sup>

To mitigate heightened risks, leading companies adopt human rights policies based on international frameworks, such as the United Nations Guiding Principles on Business and Human Rights. Tripadvisor's "Code of Business Conduct and Ethics" references a "Commitment to Human and Workplace Rights,"<sup>10</sup> but does not define what this means and therefore does not provide guidance for assessing and mitigating human rights risks.

**Supporting Statement:** Shareholders seek information, at board and management discretion, on the relative benefits and drawbacks of developing a human rights policy that:

Discusses the company's process for identifying, assessing, preventing, mitigating, and, where appropriate, remedying adverse human rights impacts in its value chain; and Describes the company's process for conducting human rights impact assessments in those countries with widespread and gross human rights abuses.

Shareholders believe that it is in Tripadvisor's best interest, advancing its corporate reputation and mitigating potential risks, to establish a human rights policy and corresponding practices throughout its operations and value chain.

1. "Notice of 2020 Annual Meeting and Proxy Statement and 2019 Annual Report," Tripadvisor, April 28, 2020 (<http://ir.tripadvisor.com/static-files/fa0c4f91-1c44-40e4-b85e-0085c2473d9d>).
2. "Embracing the New Age of Materiality: Harnessing the Pace of Change in ESG," World Economic Forum, March 2020, <https://www.weforum.org/whitepapers/embracing-the-new-age-of-materiality-harnessing-the-pace-of-change-in-esg>.
3. "Materiality," Bank of America, [https://about.bankofamerica.com/en-us/what-guides-us/materiality.html#fbid=ei\\_In5RMGBF](https://about.bankofamerica.com/en-us/what-guides-us/materiality.html#fbid=ei_In5RMGBF).
4. "Sustainability Report 2020," Ford, 2020, <https://corporate.ford.com/microsites/sustainability-report-2018-19/assets/files/sr18.pdf>.
5. "Our policies and practices," Microsoft, <https://www.microsoft.com/en-us/corporate-responsibility/reporting-governance>.
6. "Materiality," Nestle, <https://www.nestle.com/csv/what-is-csv/materiality>.
7. "Sustainability Reporting," Sony, [https://www.sony.net/SonyInfo/csr\\_report/humanrights/](https://www.sony.net/SonyInfo/csr_report/humanrights/).
8. "Defining our material issues," Unilever, <https://www.unilever.com/sustainable-living/our-approach-to-reporting/defining-our-material-issues/>.
9. "2021 law will make human rights due diligence mandatory for EU companies," Herbert Smith Freehills LLP, 2020, <https://www.lexology.com/library/detail.aspx?g=dc595c67-2ef8-488e-a66c-2ba474ddce8d#:~:text=2021%20law%20will%20make%20human%20rights%20due%20diligence%20mandatory%20for%20EU%20companies,-Herbert%20Smith%20Freehills&text=European%20Commissioner%20>.
10. "Code of Business Conduct and Ethics," TripAdvisor, Inc., April 24, 2018 (<http://ir.tripadvisor.com/static-files/c9552116-2cb5-4931-a831-49ff788da7ca>).



### Report on Human Rights Risks in Conflict-Affected and High-Risk Areas Policies

Expedia, Inc.

**RESOLVED:** Shareholders request that Expedia assess and report to shareholders, at reasonable expense and excluding proprietary information, on the company's policies and procedures to address the human rights risks associated with business activities in conflict-affected and high-risk areas (CAHRA).

**WHEREAS:** Expedia Group (Expedia) is one of the world's largest online travel companies, facilitating reservations at nearly 1.6 million properties in 200 countries and territories, including "conflict-affected and high-risk areas"<sup>1</sup> such as China (Xinjiang Uygur Autonomous Region), Democratic Republic of Congo, Israeli-occupied Palestinian territory, Jammu and Kashmir, Lebanon, Moroccan-occupied Western Sahara, Myanmar, Russian-occupied Transnistria (Moldova), and Turkish-occupied Northern Cyprus;

CAHRA are characterized by widespread and gross human rights abuses. Companies with business activities in such areas may cause, contribute to, or be linked with violations of national and/or international law, or fail to uphold voluntary corporate commitments, resulting in heightened risks to local communities, travelers, companies, and shareholders. The United Nations World Tourism Organization highlighted the particular needs of those in CAHRA in its 2017 World Conference on Tourism and Culture;<sup>2</sup>

Companies and investors increasingly view human rights risks as leading indicators that may materially impact company value and investment performance.<sup>3</sup> Companies as diverse as Bank of America,<sup>4</sup> Ford,<sup>5</sup> Microsoft,<sup>6</sup> Nestle,<sup>7</sup> and Unilever<sup>8</sup> have integrated human rights into their determinations of the issues that matter most to their financial performance and shareholders. According to the US SIF Foundation's 2020 Trends Report, "conflict risk" was the leading environmental, social, and governance criterion among institutional investors representing over \$6 trillion in assets under management;<sup>9</sup>

Multilateral organizations and nation states are developing laws, sanctions, and standards, including pending legislation on mandatory human rights due diligence for all EU countries, to address corporate human rights violations.<sup>10</sup> These regulations create ever-expanding layers of legal, reputational, and financial risk for companies and investors to consider;

To mitigate the business risks associated with operations in CAHRA, many companies adopt human rights policies based on international frameworks, such as the United Nations Guiding Principles on Business and Human Rights. While Expedia's "Modern Slavery Statement" and "Vendor Code of Conduct" mentions the company's respect for human rights, neither policy provides guidance for assessing and addressing the heightened risks, including human rights, associated with business activities in CAHRA.

#### SUPPORTING STATEMENT

Shareholders seek information, at board and management discretion, on the relative benefits and drawbacks of conducting an assessment and issuing a report that:

- Discusses the company's process for identifying, assessing and mitigating human rights and corresponding business risks in CAHRA;
- Describe the company's due diligence process for monitoring the enforcement of its existing policies; and
- Assess whether the company should adopt additional policies to avoid unintentionally contributing to violations of human rights in CAHRA.

Shareholders believe that it is in Expedia's best interest, advancing its corporate reputation and mitigating potential risks, to establish policies and procedures that would be applicable to any CAHRA in which the company and its subsidiaries operate.

1. OECD (2013), *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*; Second Edition, OECD Publishing.
2. United Nations World Tourism Organization and United Nations Social, Economic, and Cultural Organization, "[Muscat Declaration on Tourism and Culture: Fostering Sustainable Development](#)," 2017.
3. "[Embracing the New Age of Materiality: Harnessing the Pace of Change in ESG](#)," World Economic Forum, March 2020.
4. "[Materiality](#)," Bank of America.
5. "[Sustainability Report 2020](#)," Ford, 2020.
6. "[Our policies and practices](#)," Microsoft.
7. "[Materiality](#)," Nestle.
8. "[Defining our material issues](#)," Unilever.
9. US SIF, "[2020 Trends Report](#)," 2020.
10. "2021 law will make human rights due diligence mandatory for EU companies," Herbert Smith Freehills LLP, 2020.

### **Report on Human Rights Risks in Conflict-Affected and High-Risk Areas Policies**

**Chevron Corp.**

**RESOLVED:** Shareholders request that Chevron assess and report to shareholders, at reasonable expense and excluding proprietary information, on the company's approach to mitigating the operational and human rights risks associated with business activities in conflict-affected and high-risk areas (CAHRA).

**WHEREAS:** Chevron's Human Rights Policy commits the company to respecting human rights as enumerated in the Universal Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work and adhering to the principles set forth in the United Nations Guiding Principles on Business and Human Rights (UNGP), the Voluntary Principles on Security and Human Rights, and the International Finance Corporation's Performance Standards;

Chevron acquired Noble Energy in October 2020, including that company's operations in the Eastern Mediterranean Sea, where gas exploration and extraction activities have led to increasing tensions among Israel, Lebanon, Cyprus, and Turkey concerning their respective claims to gas reserves based on disputed maritime borders;

Chevron announced in August 2020 that it signed an agreement with the Iraqi government to develop one of the country's largest oilfields in the southern part of the country, expanding the company's operations beyond the Kurdistan Regional Government in the north;

The Sustainability Accounting Standards Board (SASB) considers proximity to conflict an accounting metric for the oil and gas industry, which should be assessed and disclosed as a material risk for shareholders. Within the same topic, SASB calls for companies to disclose the results of "[d]iscussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict."

Investors increasingly view conflict- and human rights-based risks as leading indicators that may materially impact company value and investment performance. According to US SIF's 2020 Trends Report, conflict risk was the leading environmental, social, and governance criterion among institutional investors representing nearly \$6 trillion in assets under management;

To mitigate heightened risks, leading companies conduct human rights impact assessments based on international frameworks, such as the UNGP, which calls on companies to conduct enhanced due diligence in CAHRA due to the widespread and gross human rights violations endemic to such areas.

**SUPPORTING STATEMENT:** Shareholders seek information, at board and management discretion, through a report that:

- Assesses whether additional policies are needed to supplement Chevron's current Human Rights Policy to avoid causing or contributing to violations of human rights in CAHRA; and
- Describes the company's process for conducting human rights impact assessments in CAHRA.

### **Child Sexual Exploitation Online**

#### **Facebook Inc.**

WHEREAS: Child sexual exploitation online (and Child Sexual Abuse Material—CSAM) is an escalating threat to children worldwide. The exponential growth of CSAM is directly tied to the growth of social media and the increasing number of children online.<sup>1, 2</sup>

In 2019, the National Center for Missing and Exploited Children (NCMEC) received nearly 17 million reports of CSAM. Of these, nearly 16 million reports—or 94 percent—stem from Facebook and its platforms, including Messenger and Instagram.<sup>3</sup>

Facebook's plan to apply end-to-end encryption to all of its messaging platforms set off a storm of criticism. Government agencies, law enforcement, and child protection organizations worldwide claim that it will cloak the actions of child predators, make children more vulnerable, and that millions of CSAM incidents will go unreported.

Facebook touts its leadership in combating CSAM, yet NCMEC estimates that Facebook's end-to-end encryption plans could effectively make invisible 70 percent of CSAM cases. Facebook's encryption takes on more urgency as COVID has led to a significant increase in CSAM and grooming activities.<sup>4</sup> A letter from 120+ child protection organizations wrote Facebook saying its encryption plans "presents an unacceptable risk to children, and would arguably make your services unsafe."<sup>5</sup>

Facebook's CEO and management, when speaking at recent House and Senate committee hearings, were repeatedly asked about CSAM and harms stemming from encrypted communication. Recent bipartisan Congressional action includes:

Passage of the Stop Enabling Sex Traffickers Act and Fight Online Sex Trafficking Act, making it easier to sue platforms that knowingly facilitated child sex trafficking and exploitation.<sup>6</sup> The END Child Exploitation Act was introduced to improve how tech companies provide law enforcement with CSAM information.<sup>7</sup> The EARN IT Act<sup>8</sup> was introduced to carve out an exception to the Section 230 exemption, wherein companies could lose civil liability protections for CSAM, and would lower the bar for victims suing those tech firms.

Law enforcement leaders from the US, UK, Canada, Australia, New Zealand India, Japan and the European Union made public statements and/or sent letters to Facebook raising concerns that its encryption plan would make it unable to track millions of CSAM cases, and be harder to identify both victims and abusers.<sup>9</sup>

The proponents support online privacy. But, like many others, our concern is that it should not come at the cost of child safety, and potential regulatory, reputational and legal risk to Facebook.

**RESOLVED:** Shareholders request that the Board of Directors issue a report by February 2022 assessing the risk of increased sexual exploitation of children as the Company develops and offers additional privacy tools such as end-to-end encryption. The report should address potential adverse impacts to children (18 years and younger) and to the company's reputation or social license, assess the impact of limits to detection technologies and strategies, and be prepared at reasonable expense and excluding proprietary/confidential information.

1. <https://www.nytimes.com/interactive/2019/09/28/us/child-sex-abuse.html>

2. [https://www.unicef.org/publications/files/SOWC\\_2017\\_ENG\\_WEB.pdf](https://www.unicef.org/publications/files/SOWC_2017_ENG_WEB.pdf)

3. <https://www.missingkids.org/gethelpnow/cybertipline#bythenumbers>

4. <https://edition.cnn.com/2020/05/25/us/child-abuse-online-coronavirus-pandemic-parents-investigations-trnd/index.html>

5. <https://www.nspcc.org.uk/globalassets/documents/policy/letter-to-mark-zuckerberg-february-2020.pdf>

6. <https://www.houstonchronicle.com/news/houston-texas/houston/article/Lawsuit-over-Facebook-allowing-pimps-to-recruit-15231868.php>

7. <https://www.blumenthal.senate.gov/imo/media/doc/11.18.19%20-%20Google%20-%20CSAM.pdf>

8. <http://broadbandbreakfast.com/2020/03/big-tech-must-combat-child-sexual-abuse-material-online-or-lose-section-230-protection-say-senators/>

9. <https://www.businessinsider.com/facebook-encryption-harder-catch-criminals-child-abuse-2020-10>

## Proxy Resolutions: Human Rights and Worker Rights

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### **Report on Prison Labor in the Supply Chain**

Home Depot, Inc.

WHEREAS: Prison labor—voluntary and forced—is allowed in the United States due to an exception in the 13th amendment to the Constitution: “Neither slavery nor involuntary servitude, except as a punishment for crime...”;

Modern prison labor is an outgrowth of slavery in the U.S. The Brennan Center for Justice explains that after slavery was abolished, “Southern states codified punitive laws, known as the Black Codes, to arbitrarily criminalize the activity of their former slaves.” Soon after, formerly enslaved African Americans comprised 70% of the prison population. Then, “desperate for cheap labor and revenue,” Southern states began to lease convicts out to private parties for physical labor. To the present day, prison labor remains inextricably linked to systemic racism;

The Proponent recognizes that the Company’s 2020 Responsible Sourcing Report states that it prohibits forced labor as well as “involuntary or exploitative prison labor” and that it appears that the Company has revised its policies to include requiring responsible sourcing audits of at least some manufacturers in the United States;

Because the company prohibits “involuntary or exploitative prison labor,” the Proponent presumes that prison labor deemed “voluntary and non-exploitative” will be permitted in the Company’s supply chain. The Company’s Responsible Product Standards states that the use of prison labor “must be consistent with the laws where the products are manufactured”;

In the U.S., despite its legality, sometimes incarcerated individuals work in unsafe or unhealthy conditions. Reports indicate that some may be coerced into working by threat of punishment for declining work. Correctional industries workers may be paid as little as \$0.33-\$1.41 per hour. In some states, incarcerated people are forced to work for no pay;

Regardless of the legal nature of prison labor in the U.S., companies have experienced public backlash, boycotts, and long-term brand name and reputation harm from a connection to prison labor. This can pose financial and operational risks for companies including supply chain disruption, litigation, and reputational damage;

The Proponent believes that the Company would benefit from strengthening of policies related to prison labor identified in the supply chain.

RESOLVED: Shareholders urge the Board of Directors to issue a report evaluating opportunities to address the company’s role in systemic racism by enhancing its policies applicable to any suppliers utilizing incarcerated workers.

SUPPORTING STATEMENT: Shareholders recommend that the report examine, at the board and management’s discretion, the benefits and drawbacks of enhancing supplier policies such as requiring:

- Payment to workers of local prevailing wage and transparency of wage payments for incarcerated workers;
- Additional company or independent mechanisms for verification of voluntariness of labor;
- Programs to support prisoner transitions to the workforce following incarceration, such as counseling on careers, job applications, and interview preparation.

## Proxy Resolutions: Human Rights and Worker Rights

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### **Report on Prison Labor in the Supply Chain**

TJX Companies, Inc.

WHEREAS: Prison labor—voluntary and forced—is allowed in the United States due to an exception in the 13th amendment to the Constitution: “Neither slavery nor involuntary servitude, except as a punishment for crime...”;

Modern prison labor is an outgrowth of slavery in the United States. The Brennan Center for Justice explains that after slavery was abolished, “Southern states codified punitive laws, known as the Black Codes, to arbitrarily criminalize the activity of their former slaves.” Soon after, formerly enslaved African Americans comprised 70% of the prison population. Then, “desperate for cheap labor and revenue,” Southern states began to lease convicts out to private parties for physical labor. To the present day, prison labor remains inextricably linked to systemic racism;

In the U.S., sometimes incarcerated individuals work in unsafe or unhealthy conditions. Reports indicate that some may be coerced into working by threat of punishment for declining work. Correctional industries workers may be paid as little as \$0.33-\$1.41 per hour. In some states, incarcerated people are forced to work for no pay;

The company prohibits “voluntary or involuntary prison labor” but does not, to the Proponent’s knowledge, verify vendor compliance with this policy other than with the manufacturers of private label products—a percentage not disclosed publicly but previously described by TJX as “a small amount” of total vendors. Therefore, shareholders can assume that only “a small amount” of TJX vendors are verified as not using prison labor;

Companies have experienced public backlash, boycotts, and long-term brand name and reputation harm from a connection to prison labor. This can pose financial and operational risks for companies including supply chain disruption, litigation, and reputational damage. Therefore, the Proponent believes that risk to company brand name and shareholder value exist if prison labor is found in the Company’s supply chain;

The Proponent believes that the Company would benefit from more robust reporting related to prison labor identified in the supply chain.

RESOLVED: Shareholders of TJX Companies urge the Board of Directors to produce a report to shareholders evaluating whether the company is supporting systemic racism through undetected supply chain prison labor.

SUPPORTING STATEMENT: Shareholders recommend that the report be prepared at reasonable cost and omitting proprietary information, and include at the board and management’s discretion:

Annual quantitative metrics regarding the number of supplier audits completed by the Company or third party auditors that evaluated the extent to which prison labor is present in the supply chain, as well as the summary of those audits’ results and the racial makeup of any prison labor workforces detected; Assessment of the effectiveness of current company policies and practices in preventing the utilization of prison labor in the company’s supply chain; Evaluation of any risks to finances, operations, and reputation linking the company to systemic racism from detected or undetected uses of prison labor in the TJX supply chain.

## Proxy Resolutions: Human Rights and Worker Rights

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### **Stop Banking the Bomb**

#### **PNC Financial Services Group, Inc.**

**RESOLVED:** Shareholders request that the Board of Directors issue a report, at reasonable cost and omitting proprietary information, assessing the effectiveness of PNC's Environmental and Social Risk Management (ESRM) systems at managing risks associated with lending, investing, and financing activities within the nuclear weapons industry.

**Supporting Statement:** The report may include:

- Review of PNC's existing financing to the nuclear weapons industry and associated actual and potential human rights impacts;
- An assessment of the legal, financial, regulatory, and reputational risks that PNC may face due to involvement with the nuclear weapons industry; and
- Evaluation of if and how PNC plans to reduce or eliminate its potential exposure to risks of nuclear weapons financing.

**WHEREAS:** Under the UN Guiding Principles on Business and Human Rights, PNC has a responsibility to identify, prevent, mitigate, and account for how it addresses its adverse human rights impacts. This requires carrying out human rights due diligence, covering adverse impacts that PNC may cause, contribute to, or be directly linked to through its operations, products, services, or business relationships.<sup>1</sup> This applies regardless of the size or scope of those activities.

PNC lends over \$1.6 billion to nuclear weapons companies, including General Dynamics and others.<sup>2</sup> Geopolitical uncertainty and erosion of several arms control treaties leaves the world at its highest ever vulnerability to a nuclear weapons catastrophe.<sup>3</sup> Nuclear weapons are weapons of mass destruction, indiscriminate by nature, and illegal under international law.<sup>4</sup> Nuclear weapon impacts cannot be contained within national borders. They cause massive death and destruction, large-scale displacement, long-term harm to human health and well-being, the environment, infrastructure, socioeconomic development, and social order.<sup>5</sup>

Amidst growing societal pressure for nuclear disarmament and heightened scrutiny of lending practices, PNC faces significant legal, financial, and reputational risks if it continues

to be linked to the nuclear weapons industry. The Treaty on the Prohibition of Nuclear Weapons will enter into force in January 2021, outlawing nuclear weapons use, development, or testing.<sup>6</sup> Investor screens for nuclear weapons companies are increasing, with over 75 major financial institutions adopting policies to end relationships with the nuclear weapons industry.<sup>7</sup>

The 'Stop Banking the Bomb Campaign' has held over 75 demonstrations outside of PNC offices, including during PNC's shareholder meetings, calling for divestment from nuclear weapons manufacturers.<sup>8</sup>

The extent of PNC's human rights due diligence around nuclear financing is not evident. The company's Environmental Social Risk Management Framework and rapid risk screening do not explicitly address risks of financing any controversial weapons and do not identify the defense sector as presenting elevated risk. Risk assessments should address the severity and likelihood of harm to potential stakeholders.<sup>9</sup> In response to public pressure, PNC reevaluated its financing of private prisons and mountaintop removal mining.<sup>10</sup> Despite the severe human rights risk and business risks from nuclear weapons financing, PNC has failed to take similar action.

1. [https://www.ihrb.org/uploads/submissions/John\\_Ruggie\\_Comments\\_Thun\\_Banks\\_Feb\\_2017.pdf](https://www.ihrb.org/uploads/submissions/John_Ruggie_Comments_Thun_Banks_Feb_2017.pdf)

2. <https://www.dontbankonthebomb.com> (Forthcoming Report)

3. <https://thebulletin.org/doomsday-clock/current-time/>

4. <https://www.un.org/law/icjsum/9623.htm>; [https://www.icanw.org/catastrophic\\_harm](https://www.icanw.org/catastrophic_harm)

5. <https://www.icrc.org/en/document/humanitarian-impacts-and-risks-use-nuclear-weapons>

6. <https://www.nytimes.com/2020/10/25/world/americas/nuclear-weapons-prohibition-treaty.html>

7. [https://www.dontbankonthebomb.com/wp-content/uploads/2019/10/201910\\_Beyond-the-bomb\\_final.pdf](https://www.dontbankonthebomb.com/wp-content/uploads/2019/10/201910_Beyond-the-bomb_final.pdf)

8. <http://www.nuclearban.us/stop-banking-the-bomb-the-campaign-to-get-pnc-bank-to-divest-from-nuclear-weapons/>;

<https://newpeoplenewspaper.com/2020/07/31/stop-banking-the-bomb-resumes-pickets-at-pnc/>

9. [https://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr_en.pdf)

10. <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/governance-risk/values-business.html>;

[https://www.pnc.com/content/dam/pnc-com/pdf/aboutpnc/CSR/PNC\\_2019\\_CSR\\_Report.pdf](https://www.pnc.com/content/dam/pnc-com/pdf/aboutpnc/CSR/PNC_2019_CSR_Report.pdf)

## Lobbying and Political Contributions

Each year, corporations channel millions of dollars to political candidates, parties, and committees to influence elections at state and national levels. The attack on the U.S. Capitol on January 6 was a wakeup call and watershed moment for U.S. companies; more than 60 companies and four trade groups have now either halted their political contributions to Republican lawmakers who voted against certification of the Electoral College votes, or have gone so far as to halt all donations regardless of political party or whether a lawmaker was involved in the effort. Companies hitting pause on their donations include AirBnB, Amazon, American Express, AT&T, Walmart, BlackRock, Walt Disney and Charles Schwab (which shut down its PAC entirely). Investors have welcomed this development as long overdue and are hopeful that corporations will retain this new approach and not return to business—and unchecked contributions—as usual.

ICCR’s members have taken issue with corporate political donations since the organization’s earliest days, filing resolutions on the topic as early as 1974. This year our members filed 10 resolutions on political spending. All but one of these was filed before the January insurrection; the resolution at Nike (filed just after) however, cites the attack directly in its calls for transparency and accountability for political speech and actions.

Investors also remain concerned about a lack of transparency and proper oversight regarding direct and indirect corporate lobbying expenditures, as they pose a multitude of potential reputational, legal, and business risks. Corporate memberships in and payments to tax-exempt groups—including trade associations like the Chamber of Commerce and the American Legislative Exchange Council (ALEC), an organization that writes model legislation favoring industry,

### Lobbying and Political Contributions 25

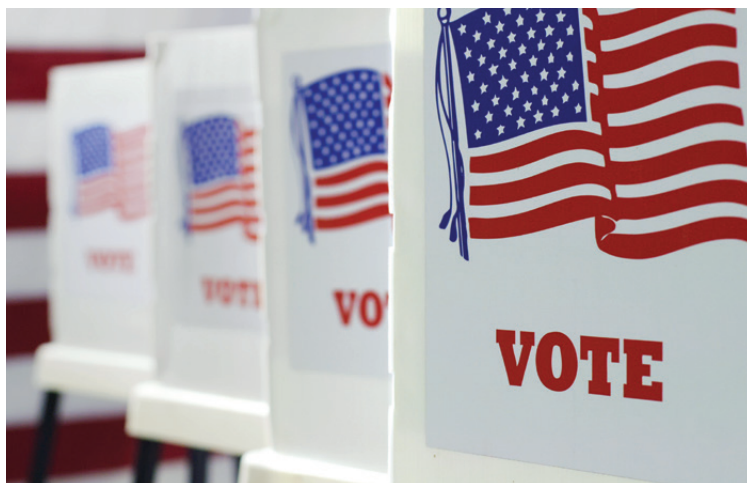
Proposal Topic	Quantity
For the full list of investors who filed these resolutions, see p. 213.	
Lobbying Expenditures Disclosure	10
Political Contributions	9
Lobbying Expenditures Disclosure - Climate Change	3
Corporate Alignment of Stated Values with Public Policy Involvement	1
Lobbying Expenditures Disclosure - Immigration	1
Lobbying Expenditures Disclosure - Systemic Racial Inequities	1

often at the expense of social and environmental regulations—are opaque, and constitute another significant and stealthy way for companies to exert their influence.

Racial equity emerged as a new theme in lobbying resolutions filed this year at Walmart and Best Buy. In addition, a returning GEO Group resolution emphasized immigration and private prisons.

Investor work on lobbying disclosure is spearheaded by the American Federation of State, County and Municipal Employees, and Boston Trust Walden. Investor work on political spending, meanwhile, is coordinated by the Center for Political Accountability.

Filings addressing corporate lobbying and political spending were the fourth most popular category of filings this year, with 25. Note that this year’s resolutions addressing Paris-aligned climate lobbying are discussed in the Climate section of the Guide on page 14.



### Political Contributions

Corporate political donations and their influence on U.S. elections emerged as a critical issue following the January insurrection. Investors continue to seek disclosure regarding payments to trade associations and other tax-exempt “dark money” groups, which can be easily and secretly diverted into election-related activities.

Investors asked nine companies, including **Diamondback Energy, DTE, Exxon Mobil, Kimberly-Clark** and **Loews** to disclose their policies and procedures for making direct and indirect contributions on behalf of or in opposition to any candidate for public office, or to influence the general public regarding an election or referendum. A similar resolution was sent to Nike; it specifically referenced the insurrection, and also commended Nike’s announcement that its PAC will not make contributions to any member of Congress who voted to decertify the Electoral College results.

### Lobbying Expenditures Disclosure

There is a widespread lack of transparency regarding corporate lobbying expenditures – not only on amounts spent, but also recipients, and company oversight processes. This year, investors again sought disclosure regarding corporations’ lobbying on issues ranging from systemic racial inequities and detention of immigrant children, to climate policy, aircraft safety, and drug pricing, as well as membership in trade associations such as the Chamber of Commerce, the Business Roundtable, and the model legislation group ALEC.

Investors asked 10 companies including **Abbott, AbbVie, Altria, Amazon, Best Buy** and **Boeing** to report on their direct and indirect lobbying activities and expenditures, membership and payments to organizations endorsing model legislation, and oversight process for making such payments.

Three companies, **Chevron, Disney** and **UPS**, received climate-focused resolutions.





## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Lobbying Expenditures Disclosure

#### Walmart Stores, Inc.

WHEREAS, we believe in full disclosure of Walmart's direct and indirect lobbying activities and expenditures to assess whether Walmart's lobbying is consistent with its expressed goals and shareholder interests.

RESOLVED, the shareholders of Walmart request the preparation of a report, updated annually, disclosing:

Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications. Payments by Walmart used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient. Description of management's decision-making process and the Board's oversight for making payments described 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 Walmart 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 Nominating and Governance Committee and posted on Walmart's website.

Supporting Statement: We encourage transparency in Walmart's use of funds to lobby. Walmart has spent \$66,970,000 from 2010–2019 on federal lobbying. Walmart deserves credit as a leader with its comprehensive disclosure of its state lobbying spending. Yet shareholders currently face a blind spot on Walmart's undisclosed participation in and support for third party groups which lobby.

Walmart is a member of the Chamber of Commerce, which has spent over \$1.6 billion on lobbying since 1998, and serves on the boards of the Business Roundtable and National Retail Federation (NRF), which together spent \$27,733,000 on lobbying in 2019. Walmart does not disclose its memberships in, or payments to, trade associations and social welfare organizations, or the amounts used for lobbying, including grassroots. Grassroots lobbying does not get reported at the federal level under the Lobbying Disclosure Act, and disclosure is uneven or absent in states.

We are concerned that Walmart's lack of indirect lobbying association disclosure presents reputational risk when it contradicts Walmart's public positions. For example, Walmart pledged \$100 million to advance its work on racial equity, including on criminal justice,<sup>1</sup> yet the NRF has opposed state criminal justice reforms and supported harsher anti-shoplifting laws,<sup>2</sup> resulting in negative press for our company.<sup>3</sup> Walmart publicly supported COVID-19 efforts, while the Chamber directly lobbied against using the Defense Production Act to speed production of life-saving personal protective equipment for workers.<sup>4</sup> And Walmart believes in addressing climate change, yet the Chamber undermined the Paris climate accord.

We believe reputational damage stemming from these misalignments between policy positions harms long-term value creation. Thus, we urge Walmart to expand its lobbying disclosure.

1. <https://corporate.walmart.com/newsroom/2020/06/12/advancing-our-work-on-racial-equity>.

2. <https://www.citizen.org/article/woke-retailers-criminal-justice-reform-shoplifting-report/>.

3. <https://wamu.org/story/20/10/16/when-shoplifting-is-a-felony-retailers-back-harsher-penalties-for-store-theft/>.

4. <https://public-accountability.org/report/unmasked-the-corporations-backing-a-lobbying-campaign-against-the-use-of-the-defense-production-act/>.

## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### **Lobbying Expenditures Disclosure - Systemic Racial Inequities**

#### **Best Buy Co., Inc.**

Best Buy Co. Inc.'s corporate lobbying may exacerbate existing systemic racial inequities and could potentially impinge upon civil and human rights. Financial, reputational and legal risks related to the company's lobbying activity could also adversely affect shareholder value.

Despite Best Buy Co. Inc.'s commitment to addressing racial inequality, the company was found to be the top national retail corporation supporting retail industry groups opposing state criminal justice reforms and supporting harsher anti-shoplifting laws (<https://bit.ly/2KuL0Lj>). These lobbying activities have resulted in negative press because of their harmful impacts on communities of color. (<https://bit.ly/2LFhsvh>)

Corporate lobbying that is inconsistent with racial equity poses a systemic risk to economic stability and introduces uncertainty and volatility into investment portfolios. As a recent Citi GPS: Global Perspectives & Solutions study has found, "closing racial gaps is a pareto improvement to both the U.S. economy and society." If racial gaps had been closed 20 years ago, U.S. GDP could have benefited by an estimated \$16 trillion (<http://citi.us/3gNyDWS>).

Lobbying against criminal justice reform and to increase incarceration levels also contributes to economic instability. It has been shown that mass incarceration costs \$182 billion a year without contributing to public safety. It also furthers racial gaps across a variety of factors (<https://bit.ly/2K6jB2G>). We believe that lobbying aligned with Best Buy's stated commitment to racial equity helps to mitigate these risks and contributes positively to the long-term value of our investment portfolios.

Of particular concern are trade associations and other politically active organizations that speak for business but too often present forceful obstacles to addressing racial equity. In several instances, these associations, which received direct financial support from Best Buy Co. Inc., lobbied in support of stricter shoplifting laws by opposing criminal justice reform, supporting criminal justice reform rollback and tougher shoplifting sentences, and lowering the bar for felony charges related to shoplifting (<https://bit.ly/389RuHE>). These lobbying stances and focus on low-level offenses increase race-based economic burdens and further criminalizes poverty (<https://bit.ly/3ml0lWI>).

Excessively strict shoplifting laws and policies contribute to racial enforcement disparities, mass incarceration and alienates potential customers. (<https://bit.ly/2K4BFKo>). Several corporations, including Best Buy, have faced legal challenges (<https://bit.ly/2Kt6XKM>) and large lawsuits (<https://bit.ly/3r1dtcL>) for racial discrimination related to these laws and policies. In addition, corporations that have supported strict anti-shoplifting policies have faced potential boycotts by consumers for the policies' racial equity impacts (<https://bit.ly/34irjxE>).

**RESOLVED:** Shareholders request that the Board of Directors conduct an evaluation and issue a report within the next year (at reasonable cost, omitting proprietary information) describing if and how Best Buy Co. Inc.'s lobbying activities (direct and through trade associations) align with the goal of embracing equality and justice and fighting against systemic racism. The report should also address the risks presented by any misaligned lobbying and the company's plans, if any, to mitigate these risks.

## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Lobbying Expenditures Disclosure - Immigration

#### GEO Group Inc.

WHEREAS, we believe in full disclosure of The GEO Group's ("GEO") direct and indirect lobbying activities and expenditures to assess whether GEO's lobbying is consistent with GEO's expressed goals and in the best interests of shareholders. RESOLVED, the shareholders of GEO 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 GEO 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. GEO'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 GEO 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 GEO's website.

Supporting Statement. We encourage transparency in GEO's use of funds to lobby. GEO spent \$8.63 million from 2010–2019 on federal lobbying, including \$1.7 million on lobbying in 2017 "to secure contracts and influence the nation's immigration policy."<sup>1</sup> This does not include state lobbying expenditures, where GEO also lobbies but disclosure is uneven or absent. For example, GEO had at least 124 lobbyists in 20 states in 2019 (followthemoney.org), and GEO was identified as the prison operator with worst COVID-19 safety record and having deep political roots in Florida.<sup>2</sup>

GEO is a member of the National Association of Real Estate Investment Trusts, which spent \$31,684,703 on lobbying from 2010–2019. GEO is also listed as a member of the Florida Chamber of Commerce, which had at least 25 lobbyists in Florida in 2017.<sup>3</sup> GEO does not comprehensively disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying. Absent a system of accountability, company assets could be used for objectives contrary to GEO's long-term interests.

GEO has faced negative publicity for its lobbying. For example, GEO's lobbying over how long immigrant children in Texas can be detained has attracted scrutiny,<sup>4</sup> and a GEO lobbyist attracted scrutiny for gaining unauthorized access to a virtual Homeland Security subcommittee hearing.<sup>5</sup> We believe the reputational damage stemming from GEO's direct and indirect lobbying efforts harms long-term value creation by GEO,<sup>6</sup> and thus we urge the Board to institute comprehensive lobbying disclosure.

1. <https://www.opensecrets.org/news/2018/06/zero-tolerance-immigration-is-big-money-for-contractors-nonprofits/>

2. <https://www.tampabay.com/news/health/2020/05/01/florida-prison-operator-with-worst-covid-19-safety-record-has-deep-political-roots/>

3. <https://www.flchamber.com/the-good-the-bad-and-the-ugly/>

4. <https://theintercept.com/2017/05/02/private-prison-corporation-wrote-texas-bill-extending-how-long-immigrant-children-can-be-detained/>

5. <https://thehill.com/policy/technology/507753-gop-lawmaker-raises-concern-over-lobbyist-gaining-unauthorized-access-to>

6. <https://boingboing.net/2019/08/04/geo-group-too-filthy-for-edelm.html>

### Lobbying Expenditures Disclosure

#### Citigroup

WHEREAS, we believe that full disclosure of Citigroup's direct and indirect lobbying activities and expenditures to assess whether Citigroup's lobbying is consistent with its expressed goals and in stockholder interests.

RESOLVED, the stockholders Citigroup 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 Citigroup 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 and the Board's decision-making process and 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 Citigroup 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 Nomination, Governance and Public Affairs Committee and posted on Citigroup's website.

Supporting Statement: Citigroup spent \$52,403,000 from 2010–2019 on federal lobbying. This does not include state lobbying expenditures in the 42 states where Citigroup lobbies but disclosure is uneven or absent.<sup>1</sup> And Citigroup also lobbies abroad, reportedly spending between €700,000–€799,000 on lobbying in Europe for 2019.

Citigroup belongs to the Chamber of Commerce, which has spent over \$1.6 billion on lobbying since 1998. Citigroup is also a member of the Business Roundtable (BRT) and signed the Statement on the Purpose of the Corporation to be socially responsible. Citigroup does not disclose its trade association payments and social welfare organizations, or the amounts used for lobbying, including grassroots. Grassroots lobbying does not get reported at the federal level under the Lobbying Disclosure Act, and disclosure is uneven or absent in states.

We are concerned that Citigroup's lack of direct and indirect lobbying disclosure presents reputational risks when its lobbying contradicts company public positions. For example, Citigroup has pledged \$1 billion in strategic initiatives to help close the racial wealth gap,<sup>2</sup> yet has previously drawn attention lobbying for a bill undermining "fair lending rules that work to counter racial discrimination."<sup>3</sup> And Citigroup showed leadership supporting the Paris Agreement on climate change,<sup>4</sup> yet the Chamber of Commerce undermined the Paris climate accord.<sup>5</sup> And Citigroup publicly supported COVID-19 efforts, but the Chamber directly lobbied against using the Defense Production Act to speed production of life-saving personal protective equipment for workers.<sup>6</sup> We believe the reputational damage stemming from these misalignments can harm the company's long-term value creation. Thus, we urge Citigroup to expand its lobbying disclosure.

1. <https://publicintegrity.org/state-politics/amid-federal-gridlock-lobbying-rises-in-the-states/>

2. <https://www.citigroup.com/citi/news/2020/200923a.htm>.

3. <https://theintercept.com/2018/03/02/crapo-instead-of-taking-on-gun-control-democrats-are-teaming-with-republicans-for-a-stealth-attack-on-wall-street-reform/>.

4. <https://blog.citigroup.com/2017/06/citi-expresses-support-for-the-paris-climate-agreement/>

5. <https://www.bloomberg.com/news/articles/2017-06-09/paris-pullout-pits-chamber-against-some-of-its-biggest-members>

6. <https://chamberofcommercewatch.org/2054-2/>

### Lobbying Expenditures Disclosure

Amazon.com, Inc

WHEREAS: Full disclosure of Amazon.com's lobbying activities and expenditures is needed to assess whether such lobbying fully serves shareholder best interest, and is consistent with Amazon's stated policy goals.

RESOLVED: Shareholders request the preparation of an annual report to disclose Amazon's:

1. Policies and procedures that govern lobbying (both direct and indirect) and grassroots lobbying communications.
2. Payments used for: (A) direct or indirect lobbying, and (B) grassroots lobbying communications—in each case including the amount of payment and recipient.
3. Board and management decision-making processes, and manner of oversight for making the payments described above.

For these purposes, a "grassroots lobbying communication" is one directed to the general public that:

- Refers to specific legislation or regulation,
- Reflects a view on legislation or regulation,
- Encourages the recipient to take action regarding legislation or regulation

"Indirect lobbying" is lobbying conducted by trade associations or other organizations to which Amazon belongs. Reporting on both types of lobbying should disclose efforts at the local, state, and federal levels. This report shall be presented to the Audit Committee and posted on Amazon's website.

SUPPORTING STATEMENT Amazon spent \$65.0 million on federal lobbying for the four years 2015-2019. This does not include state lobbying (where Amazon also lobbies) where disclosure is uneven or entirely absent. For example, Amazon spent \$1.7 million lobbying in California in that same period. And Amazon's 2020 lobbying set a "new lobbying record as tech antitrust scrutiny grows."<sup>1</sup> Amazon also lobbies overseas, in 2019 spending €1.8-2.0 million on European lobbying efforts alone.

Amazon belongs to the Business Roundtable ("BRT") and the Chamber of Commerce ("CoC"), which have together spent over \$2.0 billion on lobbying since 1998; and the company supports the Competitive Enterprise Institute, a controversial climate-denial organization.<sup>2</sup> Amazon does not disclose individual payments to trade associations, so-called social welfare organizations, or what portion is used for lobbying—whether grassroots or indirect. Under the Lobbying Disclosure Act, grassroots lobbying is not reported at the federal level, and disclosure is spotty or entirely absent by state.

Amazon's lack of disclosure creates serious reputational risk when its spending contradicts publicly held company positions. For example: (A) CEO Jeff Bezos signed the BRT's Statement on the Purpose of a Corporation—committing to invest in employees—yet Amazon hired lobbyists on COVID-19 issues to counter workers who protested lack of protections<sup>3</sup>; (B) Amazon publicly supported COVID-19 efforts, but its CoC dues went to directly lobby against use of the Defense Production Act for production of personal protective equipment for workers<sup>4</sup>; (C) Amazon cofounded the Climate Pledge, yet has only one lobbyist working on climate issues, while the CoC undermined the Paris climate accord.<sup>5</sup> Groups are calling on CoC members, like Amazon, to change the CoC's position on climate.<sup>6</sup>

Reputational damage from misalignments like these can significantly harm long-term shareholder value.

THEREFORE: We urge expanding Amazon's lobbying disclosure, and encourage a vote FOR this proposal.

1. <https://finance.yahoo.com/news/amazon-sets-lobbying-record-tech-170541932.html>.

2. [www.nytimes.com/2019/07/10/climate/nyt-climate-newsletter-cei.html](http://www.nytimes.com/2019/07/10/climate/nyt-climate-newsletter-cei.html).

3. [www.cnn.com/2020/07/31/big-tech-spends-20-million-on-lobbying-including-on-coronavirus-bills.html](http://www.cnn.com/2020/07/31/big-tech-spends-20-million-on-lobbying-including-on-coronavirus-bills.html).

4. <https://public-accountability.org/report/unmasked-the-corporations-backing-a-lobbying-campaign-against-the-use-of-the-defense-production-act/>.

5. [www.eenews.net/stories/1063718517](http://www.eenews.net/stories/1063718517).

6. [www.nationofchange.org/2020/10/01/after-calling-for-climate-action-us-chamber-of-commerce-pushes-profossil-fuel-agenda/](http://www.nationofchange.org/2020/10/01/after-calling-for-climate-action-us-chamber-of-commerce-pushes-profossil-fuel-agenda/).

## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Lobbying Expenditures Disclosure

Pfizer, Inc.

*Similar resolutions were submitted to AbbVie and Abbott Laboratories.*

WHEREAS, we believe in full disclosure of Pfizer's direct and indirect lobbying activities and expenditures to assess whether Pfizer's lobbying is consistent with its expressed goals and in shareholder interests.

RESOLVED, the shareholders of Pfizer 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 Pfizer 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. Pfizer'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 Pfizer 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 Governance & Sustainability Committee and posted on Pfizer's website.

Supporting Statement: Pfizer remains a top lobbying spender in Washington, in state capitols and internationally. From 1999-2018, Pfizer spent \$219 million on federal lobbying—the most of all drug makers.<sup>1</sup> This figure does not include state lobbying, where Pfizer lobbies in all 50 states but disclosure is uneven or absent. Pfizer actively lobbies internationally as well, though disclosure remains lacking.

Pfizer sits on the boards of the Chamber of Commerce and the Pharmaceutical Research and Manufacturers of America (PhRMA), which together have spent over \$2 billion on lobbying since 1998. Pfizer does not disclose its payments to trade associations and social welfare organizations, or the amounts used for lobbying, including grassroots. We are concerned that Pfizer's lack of disclosure presents reputational and regulatory risks when its lobbying contradicts company public positions. These risks are intensified by Pfizer's prominent role in producing a COVID-19 vaccine, as well as its role lobbying on healthcare during a public health emergency. Pfizer believes patients need access to affordable medicines, yet funds PhRMA's opposition to lower drug price initiatives.<sup>2</sup> We are similarly concerned Pfizer's direct or indirect payments to third-party groups are potentially being used for undisclosed grassroots lobbying. Pfizer, for example, supports the Alliance for Patient Access and Patients Rising, two organizations characterized as "AstroTurf" groups, which observers claim masquerade as authentic grassroots organizations to undermine lower drug price initiatives.<sup>3</sup> We believe the reputational and regulatory risks stemming from opacity around these misalignments harm long-term value creation by Pfizer. Thus, we urge Pfizer to expand its lobbying disclosure.

1. <https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/27625092>  
<https://www.cnn.com/2019/01/23/health/pharma-lobbying-costs-bn/index.html>  
[https://www.washingtonpost.com/business/economy/anonymous-ghost-ship-is-among-groups-flooding-drug-pricing-debate/2019/01/22/3d7356a8-1b3b-11e9-8813-cb9dec761e73\\_story.html](https://www.washingtonpost.com/business/economy/anonymous-ghost-ship-is-among-groups-flooding-drug-pricing-debate/2019/01/22/3d7356a8-1b3b-11e9-8813-cb9dec761e73_story.html)

## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Lobbying Expenditures Disclosure

#### Boeing Company

WHEREAS, we believe in full disclosure of Boeing's direct and indirect lobbying activities and expenditures to assess whether Boeing's lobbying is consistent with its expressed goals and in shareholders' best interests.

RESOLVED, the shareholders of Boeing 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 Boeing 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. Boeing'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 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 Boeing 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 Boeing's website.

Supporting Statement: After the 737 Max jet crashes, Boeing's lobbying and ties with the Federal Aviation Administration have raised questions of regulatory capture and lapses in oversight.<sup>1</sup> Boeing spent \$166,670,000 from 2010–2019 on federal lobbying and ranks as the 9th largest spender since 1998 (opensecrets.org). This does not include state lobbying, where Boeing also lobbies but disclosure is uneven or absent. For example, in the state of Washington, Boeing's lobbying to preserve \$8.7 billion in tax breaks has drawn scrutiny.<sup>2</sup>

Boeing belongs to the Business Roundtable, National Association of Manufacturers and US Chamber Commerce, which together spent \$111,845,000 on lobbying for 2019. While Boeing discloses some trade association memberships, it does not disclose its payments to trade associations and amounts used for lobbying. And Boeing's disclosure also leaves out social welfare organizations, which can also lobby.

According to the 2020 Axios Harris Poll 100, Boeing suffered the biggest reputation decline, falling 65 places to 84th.<sup>3</sup> We are concerned that Boeing's lack of disclosure presents additional reputational risk when its lobbying contradicts company public positions. For example, Boeing supported COVID-19 recovery and relief efforts, but the Chamber of Commerce directly lobbied against the Administration's use of the Defense Production Act to speed production of life-saving personal protective equipment for workers.<sup>4</sup> And Boeing believes in addressing climate change, yet the Chamber undermined the Paris climate accord.

We support transparency and accountability in Boeing's spending on lobbying. Thus, we urge Boeing to expand its lobbying disclosure.

1. <https://www.pogo.org/analysis/2019/03/how-the-faa-ceded-aviation-safety-oversight-to-boeing/>.

2. <https://www.reuters.com/article/us-boeing-incentives/boeing-lobby-group-team-up-to-defend-8-7-billion-in-state-tax-breaks-idUSKBN14U23V>.

3. <https://www.prnewswire.com/news-releases/clorox-hershey-amazon-publix-general-mills-top-axios-harris-poll-100-with-best-reputations-of-most-visible-companies-301103022.html>.

4. <https://chamberofcommercewatch.org/2054-2/>.

## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Lobbying Expenditures Disclosure

#### Comcast Corp.

WHEREAS, we believe in full disclosure of Comcast's direct and indirect lobbying activities and expenditures to assess whether Comcast's lobbying is consistent with its expressed goals and in the best interests of shareholders.

RESOLVED, Shareholders of Comcast request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing direct and indirect lobbying and grassroots lobbying communications.
2. Payments by Comcast 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. Comcast'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 section 2 and 3 above.

For purposes of this proposal, "grassroots lobbying communication" is communication 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 by a trade association or other organization of which Comcast 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 Governance and Directors Nominating Committee and posted on Comcast's website.

Supporting Statement: We urge transparency in Comcast's use of funds to lobby. Comcast was the sixth highest corporate federal lobbying spender for 2019, spending \$13,360,000 (Opensecrets.org). We are concerned that Comcast's lobbying may pose reputational risks when it contradicts the company's public positions. While Comcast lobbies on municipal broadband and net neutrality at the state level, shareholders have no way to know how much it is spending in 22 states with no disclosure requirements ("How Leading U.S. Corporations Govern and Spend on State Lobbying," Sustainable Investments Institute). In California, Comcast directly spent \$1.6 million in 2017 - 2018 on lobbying (Cal-Access Database).

Comcast serves on the board of NCTA - The Internet & Television Association, which spent \$157,250,000 on lobbying from 2010 - 2019. Comcast does not disclose memberships in, or payments to, trade associations or 501 (c)(4) organizations, or the amounts used for lobbying, including grassroots, in contrast with peers such as AT&T.

While Comcast discloses trade association payments used for political contributions, it does not disclose payments used for lobbying, leaving a serious disclosure gap. Trade associations generally spend far more on lobbying than political contributions. Comcast is a member of Broadband for America, a 501(c)(4) group linked to over 1.5 million fraudulent public comments submitted to the Federal Communications Commission in 2017 (<https://www.buzzfeednews.com/article/jsvine/net-neutrality-fcc-fake-comments-impersonation>).

This proposal seeks sufficient transparency for shareholders to be able to evaluate these significant costs, as well as to ensure internal accountability to safeguard the alignment of spending with company mission, values, and ethics.



## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Lobbying Expenditures Disclosure

Altria Group, Inc.

WHEREAS: we believe in full disclosure of Altria's direct and indirect lobbying activities and expenditures to assess whether Altria's lobbying is consistent with its expressed goals and in shareholders' best interests.

RESOLVED, the shareholders of Altria request the preparation of a report, updated annually, disclosing:

Company policy and procedures governing grassroots lobbying communications. Payments by Altria used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient. Altria's membership in and payments to any tax-exempt organization that writes and endorses model legislation. 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 Altria 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 Nominating, Corporate Governance and Social Responsibility Committee and posted on Altria's website.

Supporting Statement: Altria does not disclose its payments to trade associations and social welfare organizations, or the amounts used for lobbying at the federal and state level, including grassroots lobbying. Grassroots lobbying does not get reported at the federal level under the Lobbying Disclosure Act, and disclosure is uneven or absent in states.

We are concerned Altria's payments to third party groups are potentially being used for undisclosed grassroots lobbying. For example, the tobacco industry initiates 'grassroots' Facebook campaigns where "what appears to be a local group of concerned citizens is actually a lobbying campaign funded by Big Tobacco" <https://www.engadget.com/2019-09-19-big-tobacco-grassroots-facebook-campaigns.html>

And Altria financially supports the California Coalition for Fairness, which is seeking a referendum on California's ban of flavored cigarettes sales. The American Heart Association has asked the California State Attorney General to investigate instances of illegal signature-gathering tactics, where "petition circulators for this referendum have approached voters and asked them to sign this petition under the pretense that signing the petition would support banning flavored tobacco," whereas the "referendum seeks to overturn the law prohibiting the sale of flavored tobacco products."

<https://www.latimes.com/california/story/2020-10-20/campaign-to-remove-california-flavored-tobacco-ban-accused-of-misleading>

Altria also fails to disclose its payments to the Americans for Tax Reform, Goldwater Institute, Rio Grande Foundation, R Street Institute and Independent Women's Forum, which were signatories to a February 2019 letter to the President criticizing the FDA's "aggressive regulatory assault" on e-cigarettes. <https://www.nytimes.com/2019/03/15/health/tobacco-e-cigarettes-lobbying-fda.html>

We support transparency in Altria's spending on lobbying to evaluate these costs and ensure sufficient internal accountability to safeguard the alignment of spending with company mission, values and ethics.

### Lobbying Expenditures Disclosure

#### ExxonMobil Corporation

WHEREAS, we believe in full disclosure of ExxonMobil's direct and indirect lobbying activities and expenditures to assess whether ExxonMobil's lobbying is consistent with its expressed goals and in shareholder interests.

RESOLVED, the shareholders of ExxonMobil 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 ExxonMobil used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, including in each case the amount of the payment and the recipient.
3. Description of management's and the Board's decision-making process and oversight for making payments described 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 ExxonMobil is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels. A lobbying activities alignment assessment is not encompassed by this proposal.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on ExxonMobil's website.

#### Supporting Statement

ExxonMobil spent \$120,450,000 from 2010–2019 on federal lobbying. This does not include state lobbying expenditures, where ExxonMobil also lobbies but disclosure is uneven or absent. For example, ExxonMobil spent \$4,226,747 on lobbying in California from 2010–2019. Exxon also lobbies abroad, spending between €3,250,000–€3,499,999 on lobbying in Europe for 2019.

ExxonMobil belongs to the American Fuel & Petrochem Manufacturers, American Petroleum Institute, Business Roundtable, Chamber of Commerce, Consumer Energy Alliance, and National Association of Manufacturers, which altogether spent \$122,009,109 on lobbying for 2019. CEA has drawn attention for its involvement in a grassroots campaign that sent emails based on the same template and using "the names and addresses of people without their knowledge." ExxonMobil does not disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying.

We believe ExxonMobil's lack of trade association lobbying disclosure presents reputational risks that could harm long-term value creation. For example, ExxonMobil supports the Paris climate agreement, yet a 2019 report found Exxon was one of five companies spending \$1 billion as part of a "carefully-managed trend of campaigns designed to portray positive messaging combined with negative policy lobbying on climate change in an effort to maintain public-facing support while simultaneously blocking the creation of binding policies."<sup>1</sup> Highlighting these risks, Norway's largest private asset manager Storebrand divested from ExxonMobil citing its lobbying practices "amid growing concern about trade groups lobbying to soften green finance rules in Europe."<sup>2</sup>

As long-term shareholders, we support transparency, disclosure and accountability in corporate lobbying, and we therefore urge ExxonMobil to expand its disclosure.

1. <https://cleantechnica.com/2019/04/01/claims-big-oil-invested-over-1-billion-on-misleading-climate-lobbying-since-paris-labelled-fanciful/>

2. <https://www.reuters.com/article/climatechange-funds-storebrand/storebrand-divests-out-of-exxon-others-over-climate-lobbying-idUSL8N2FM46M>

## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### **Lobbying Expenditures Disclosure - Climate Change**

Disney (Walt) Company / ABC

WHEREAS, we believe in full disclosure of Disney'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 Walt Disney ("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. Description of management's decision-making process and the Board's oversight for making payments described 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 Governance and Nominating Committee and posted on Disney's website.

Supporting Statement: We encourage transparency in Disney's use of funds to lobby. Disney spent \$38,675,000 from 2010–2019 on federal lobbying. This does not include state lobbying expenditures, where Disney's disclosure is uneven or absent. For example, Disney spent \$3,646,885 on lobbying in California from 2010–2019, and Disney's lobbying in Florida over streaming service taxes has drawn attention.<sup>1</sup> And Disney also lobbies abroad, spending between €700,000–799,000 on lobbying in Europe for 2019.

Disney serves on the board of the National Association of Broadcasters (NAB), which spent \$151 million on lobbying from 2010–2019, and belongs to the Chamber of Commerce, which has spent over \$1.6 billion on lobbying since 1998. We commend Disney for now disclosing information about its trade associations, but shareholders are still unclear on how much each association receives in payments and spends on lobbying. For example, shareholders only know NAB received payments greater than \$500,000 all of which was used for lobbying in 2018. And Disney's new disclosure leaves out social welfare organizations, which also lobby.

We are concerned that Disney's lack of disclosure presents reputational risk when it contradicts company public positions. For example, Disney showed real leadership supporting the Paris climate agreement, yet the Chamber opposed it. Groups are calling on Chamber members like Disney to change the Chamber's position against science-based climate legislation.<sup>2</sup> And Disney uses the Global Reporting Initiative (GRI) for sustainability reporting, yet currently fails to report "any differences between its lobbying positions and any stated policies, goals, or other public positions" under GRI Standard 415.

We urge Disney to expand its lobbying disclosure.

1. <https://www.orlandosentinel.com/news/os-ne-disney-lobbying-disney-plus-tax-20200129-rczblax5jf65ig43uatnzzqy-story.html>

2. <https://medium.com/@bill.weihl/its-time-to-change-the-chamber-of-commerce-s-climate-obstruction-cd704ed7685c>

## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### **Lobbying Expenditures Disclosure - Climate Change**

#### **United Parcel Service, Inc.**

WHEREAS, we believe in full disclosure of UPS's lobbying activities and expenditures to assess whether its lobbying is consistent with UPS's expressed goals and in the best interests of shareowners.

RESOLVED: the shareowners of 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 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 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 Nominating and Corporate Governance Committee and posted on UPS's website.

Supporting Statement: We encourage transparency in UPS's use of funds to lobby. UPS spent \$68.1 million from 2010–2019 on federal lobbying. This does not include state lobbying, where UPS also lobbies but disclosure is uneven or absent. For example, UPS had at least 122 lobbyists in 29 states in 2019 ([followthemoney.org](https://www.followthemoney.org)) and spent \$1.7 million on lobbying in California from 2010–2019.

UPS sits on the board of the Chamber of Commerce, which has spent over \$1.6 billion lobbying since 1998, and belongs to the Business Roundtable (BRT), which spent over \$43 million on lobbying for 2018 and 2019. UPS does not disclose its memberships in, or payments to trade associations, or the amounts for lobbying.

And UPS does not disclose its membership in tax-exempt organizations that write and endorse model legislation, such as the American Legislative Exchange Council (ALEC). UPS's ALEC membership continues to draw scrutiny (<https://www.prwatch.org/news/2020/05/13583/groups-call-alec%E2%80%99s-corporate-funders-cut-ties-over-its-coronavirus-lobbying>). Over 110 companies have left ALEC, including ExxonMobil, Home Depot and Pepsi.

We are concerned that UPS's seeming contradictions in public policy advocacy and limits in disclosure present reputational risks. For example, UPS signed the BRT Statement on the Purpose of the Corporation advocating socially responsible conduct, yet also attended the ALEC annual conference. (<https://readsludge.com/2019/08/27/these-ceos-promised-to-be-socially-responsible-but-their-companies-are-pushing-alecs-right-wing-agenda/>). And UPS strongly supports efforts to mitigate the impact of climate change, yet the Chamber opposed the Paris climate accord. UPS uses the Global Reporting Initiative for sustainability reporting yet fails to report "any differences between its lobbying positions and any stated policies, goals, or other public positions" under Standard 415.

We urge UPS to expand its lobbying disclosure.

## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### **Lobbying Expenditures Disclosure - Climate Change**

#### **Chevron Corp.**

WHEREAS, we believe in full disclosure of Chevron's lobbying activities and expenditures to assess whether its lobbying is consistent with Chevron's expressed goals and in stockholders' best interests.

RESOLVED, the stockholders of Chevron 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 Chevron 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. Chevron'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 Chevron 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 Policy Committee and posted on Chevron's website.

Supporting Statement: Chevron spent \$84,560,000 on federal lobbying from 2010–2018. This does not include state lobbying, where Chevron also lobbies but disclosure is uneven or absent. For example, Chevron spent \$35,124,804 lobbying in California from 2010–2018. Chevron also lobbies abroad, spending between €1,000,000–1,249,999 on lobbying in Europe for 2018.

We commend Chevron for now disclosing its largest trade associations. Chevron belongs to the Business Roundtable (BRT), Chamber of Commerce and National Association of Manufacturers (NAM), which spent \$127,448,048 on lobbying for 2018. Both the BRT and NAM are lobbying against shareholder rights to file resolutions. Chevron does not disclose its payments to trade associations nor amounts used for lobbying. And Chevron does not disclose its payments to tax-exempt organizations that write and endorse model legislation, such as the American Legislative Exchange Council (ALEC).

We are concerned that Chevron's lack of disclosure presents reputational risks when its lobbying contradicts company public positions. For example, Chevron supports the Paris climate agreement, yet a 2019 InfluenceMap report found Chevron has spent millions lobbying to undermine it.<sup>1</sup> And Chevron's ALEC membership has drawn scrutiny.<sup>2</sup> Investors participating in the Climate Action 100+ representing \$34 trillion in assets are asking companies to align their lobbying with the goals of the Paris agreement. Peer Shell produced an "Industry Associations Climate Review" report to ensure its trade association participation aligned with its views.<sup>3</sup>

We believe reputational damage stemming from misalignment between policy positions and actual direct and indirect lobbying efforts harms long-term value creation by Chevron. Thus, we urge Chevron to expand its lobbying disclosure.

1. <https://thehill.com/policy/energy-environment/436117-top-oil-firms-spend-millions-on-lobbying-to-block-climate-change>

2. <https://readsludge.com/2019/08/27/these-ceos-promised-to-be-socially-responsible-but-their-companies-are-pushing-alecs-right-wing-agenda/>

3. <https://www.reuters.com/article/us-shell-afpm-idUSKCN1RE0VB>

## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### **Corporate Alignment of Stated Values with Public Policy Involvement**

#### **AT&T Inc.**

WHEREAS: AT&T's Public Policy and Corporate Reputation Committee "is responsible for oversight of AT&T's public policy activities and corporate political disbursements." It annually reviews AT&T's "policies, practices and expenditures related to political contributions, as well as contributions to trade associations and other tax-exempt and similar organizations that may engage in public policy initiatives."

AT&T sponsors a federal employee political action committee (PAC) and numerous state PACs to "to collectively support public policy positions that are important to AT&T.... The employee PAC committees' decisions are based on AT&T's public policy positions and the best interests of the business and our employees."

However, AT&T's politically focused expenditures appear to be misaligned with its public statements on its views and operational practices. For example, AT&T has committed to achieving carbon neutrality by 2035, yet is a member of the U.S. Chamber of Commerce, which has consistently lobbied to roll back specific US climate regulations and promote regulatory frameworks that would slow the transition towards a low GHG emissions energy mix.

AT&T has publicized a strong commitment to gender diversity, stating in its 2019 AT&T Diversity & Inclusion Annual Report that it is "a leader in the #SeeHer movement" and detailing its "commitment to gender equality." AT&T subsidiary WarnerMedia has "Feminist Fridays", hosts breakfasts, speaker events, and mentoring programs. Yet based on public data, the proponent estimates that in the last three election cycles, AT&T and its employee PACs have made political donations totaling at least \$16.4 million to politicians and political organizations working to weaken women's access to reproductive health care (Research conducted by the Sustainable Investments Institute

If the company's public policy actions appear to conflict with its expressions of social and environmental intention, stakeholders may become concerned that its statements are "corporate puffery," language described by the United States Federal Trade Commission as marketing exaggerations intended to "puff up" products and not able to be relied upon by consumers and investors.

Proponents believe AT&T should establish policies and reporting systems that minimize risk to the firm's reputation and brand by addressing possible missteps in corporate electioneering and political spending that are in contrast to its stated diversity and environmental policies.

BE IT RESOLVED: AT&T publish a report, at reasonable expense, analyzing the congruency of political and electioneering expenditures during the preceding year against publicly stated company values and policies.

SUPPORTING STATEMENT: Proponents recommend that such report also contain management's analysis of risks to our company's brand, reputation, or shareholder value of expenditures in conflict with publicly stated company values. "Expenditures for electioneering communications"" means spending, from the corporate treasury and from the PACs, 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

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Political Contributions

#### NIKE, Inc.

RESOLVED: That the shareholders of Nike, Inc. (“Nike” or “Company”) hereby request that the Company provide a report, updated semiannually, to disclose the Company’s:

1. Policies and procedures for making contributions and expenditures (direct or indirect) with corporate funds or assets: (a) to participate or intervene in campaigns on behalf of or opposing any candidate for public office, or: (b) to influence any segment of the general public 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 and the amount paid to each; b. The title(s) of the person(s) in the Company responsible for decision-making.

This report, which does not encompass expenditures on lobbying, shall be presented to the board of directors or relevant board committee and posted on the Company’s website within 12 months from the date of the annual meeting.

Supporting Statement: Especially since the 1/6/2021 insurrectionist attack on our nation’s Capitol, transparency and accountability for political speech and actions are paramount. Nike recognized this when it announced its PAC will not support any member of Congress who voted to decertify the Electoral College results.

Long-term Nike shareholders support transparency and accountability in corporate electoral spending. This should encompass any activity considered intervention in a political campaign under the Internal Revenue Code, such as: (a) direct and indirect contributions to political candidates, parties, or organizations, and: (b) independent expenditures or electioneering communications on behalf of federal, state, or local candidates.

Disclosure is in the best interest of both the Company and shareholders. The Supreme Court recognized this in its 2010 Citizens United decision, which states: “[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 [to] give proper weight to different speakers and messages.”

Public records show Nike has spent more than \$3.15 million in corporate funds since the 2010 election cycle (CQMoneyLine: <http://moneyline.cq.com>; National Institute on Money in State Politics: <http://www.followthemoney.org>).

However, public data does not begin to paint a complete picture of a company’s electoral spending. For example, Nike’s payments to trade associations and other tax-exempt “Dark Money” groups—that can be easily and secretly diverted into election-related activities—are undisclosed and are unknown. This proposal asks Nike to disclose all its electoral spending—including payments to trade associations and other tax-exempt organizations—which may be used for electoral purposes. This would bring our Company in line with a growing number of leading companies, including Coca-Cola, Microsoft, Mondelez International, and Kellogg, which present this information on their websites.

The Company’s Board, shareholders, and American democracy need comprehensive disclosure to properly evaluate the use of corporate assets in our electoral process.

THEREFORE: We urge a vote FOR this critical governance reform.

## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Political Contributions

#### Diamondback Energy

*Similar resolutions were submitted to DTE Energy, Kimberly-Clark Corporation, Kinder Morgan, Loews Corporation and T-Mobile.*

RESOLVED, that the shareholders of Diamondback Energy, Inc. (“Diamondback” or “Company”) hereby request that the Company provide a report, updated semiannually, disclosing the Company’s:

Policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to (a) participate or intervene in any 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. Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including:

- The identity of the recipient as well as the amount paid to each; and
- 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 12 months from the date of the annual meeting. This proposal does not encompass lobbying spending.

Supporting Statement: As long-term shareholders of Diamondback, we support transparency and accountability in corporate electoral 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, which 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.”

Relying on publicly available data does not provide a complete picture of the Company’s electoral 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 electoral spending, including payments to trade associations and other tax-exempt organizations, which may be used for electoral purposes. This would bring our Company in line with a growing number of leading companies, including Apache Corporation, Devon Energy Corporation, and Noble Energy, Inc., which present this information on their websites.

The Company’s Board and shareholders need comprehensive disclosure to fully evaluate the use of corporate assets in elections. We urge your support for this critical governance reform.



## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 213.*

### Political Contributions

#### Exxon Mobil Corporation

*Similar resolutions were submitted to Vertex Pharmaceuticals Incorporated.*

RESOLVED, that the shareholders of Exxon Mobil Corp. (“Exxon” 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, disclosing the Company’s:

- a. Policies and procedures for making electoral contributions and expenditures (direct and indirect) with corporate funds, including the board’s role (if any) in that process; and
- b. Monetary and non-monetary 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 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. This proposal does not encompass lobbying spending.

Supporting Statement: As long-term Exxon shareholders, we support transparency and accountability in corporate electoral spending. Disclosure is in the best interest of the Company and its shareholders. The Supreme Court recognized this in its 2010 Citizens United decision, which 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.”

Publicly available records show Exxon has contributed at least \$19.2 million in corporate funds since the 2010 election cycle, including over \$6.5 million so far in 2020 alone.

Exxon publicly discloses a policy on corporate political spending and its direct contributions to candidates, parties, and committees but this is deficient because Exxon does not disclose the following:

- Direct independent expenditures;
- Payments to trade associations that the recipient organization may use for election-related purposes;
- Payments to any other tax-exempt organizations such as 501(c)(4)s that could be used for election-related purposes; and,
- Payments to influence the outcome of ballot measures.

Information on indirect electoral 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 electoral spending, direct and indirect. This would bring our company in line with a growing number of leading companies, including AT&T, Union Pacific Corp., and ConocoPhillips, which present this information on their websites. The Company’s Board and shareholders need comprehensive disclosure to be able to fully evaluate the use of corporate assets in elections.

We urge your support for this critical governance reform.

### Shareholder Advocacy

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; 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 companies operate.

Visit ICCR's website ([www.iccr.org](http://www.iccr.org)) for more information on shareholder advocacy.

### Looming Threats to Shareholder Advocacy

In a major setback for corporate transparency and shareholder advocacy, the SEC announced in September of 2020 that it would be implementing new rules severely restricting shareholders' access to the corporate proxy. These changes were driven by years of lobbying by powerful industry trade associations that have long sought to limit shareholder engagement with corporations on critical ESG issues. These new rules will come into force this fall and will impact the filing requirements we describe on the following pages, particularly the section on **Who Can File a Shareholder Resolution**. In brief, here is how the SEC's changes are expected to impact the requirements for filing a shareholder resolution:

**Stock Ownership:** Under the former rules, a shareholder needed to have held \$2,000 worth of shares in a company for at least a year before filing a resolution. Starting in the fall, new purchasers of stock must hold \$25,000 in shares for at least a year, or hold \$2,000 in shares for at least three years to be eligible to file a resolution.

**Resubmission Thresholds:** In addition, the new rules will change requirements for refiling a proposal. The prior rule required a first year resolution to win at least 3% of the vote of all shareholders to be eligible for resubmission the following year. Proposals in their second year had to win at least 6% of the vote, and resolutions in their third year needed to win 10%. Going forward, first year resolutions will need to win 5% of the vote to be eligible for resubmission, second year resolutions 15%, and third year resolutions 25%—all sharp increases.

### 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" and 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 <https://central.proxyvote.com/pv/web>, or by 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 investors do not actively vote their 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.

### 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, 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 higher votes at AGMs.

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 action on an 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 boards 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 can ask the SEC for permission to exclude a proposal that does not conform to all requirements. Indeed, every year, a few dozen corporations use the process outlined by the SEC to attempt to exclude shareholder resolutions—and the issues raised therein—from their proxy ballots. Filers have the right to appeal a company's SEC challenge, however, and usually do so through legal counsel. The SEC staff then adjudicate between the competing arguments.

The rules governing these decisions can be found on the SEC website: <http://www.sec.gov/interps/legal/cfs14.htm>

### What Does it Take to Get a Resolution Adopted?

At a company's 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 present to second the motion.

A resolution need not garner 51% of the vote to "win". 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 an especially effective strategy to increase the size of the vote for resolutions. This is typically done via proxy exempt solicitation or proxy memos, which outline the reasons why investors should vote in favor of a given resolution.

While increasingly common, majority votes are difficult to achieve 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 addition, some corporate founders retain control over a large amount—even a majority—of shares. In Alphabet's multi-class voting structure, for instance, each share of Class B common stock has 10 votes, leaving founders Mr. Page and Mr. Brin with control over 51% of the company's total voting power, while owning less than 13% of its stock.

### 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 are compelled to act responsibly to ensure 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 and policies on voting shareholder resolutions. You can then encourage them to vote for ESG resolutions.

## Resolution Leads and Co-Filers

*\* Denotes lead sponsor of the resolution*

### **3M COMPANY**

#### **Worker Pay in Executive Compensation**

\*United Steelworkers

### **ABBOTT LABORATORIES**

#### **Disclosure on Plans and Policies Aligned with Achieving Racial Equality**

\*As You Sow Foundation

### **ABBOTT LABORATORIES**

#### **Lobbying Expenditures Disclosure**

\*Unitarian Universalist Association

### **ABBVIE**

#### **Executive Compensation and Drug Pricing Risks/ Feasibility Report**

\*Friends Fiduciary Corporation, Bon Secours Mercy Health, CommonSpirit Health, Mercy Investment Services, Northwest Women Religious Investment Trust, Portico Benefit Services (ELCA), Sisters of Charity of St. Elizabeth, NJ, Sisters of Charity of the Blessed Virgin Mary, Trinity Health

### **ABBVIE**

#### **Independent Board Chair**

\*State of Rhode Island and Providence Plantations, CommonSpirit Health

### **ABBVIE**

#### **Lobbying Expenditures Disclosure**

\*Zevin Asset Management, Benedictine Sisters of Virginia, Congregation of Divine Providence - San Antonio, Texas, Dana Investment Advisors, Dominican Sisters of Springfield Illinois, Miller/Howard Investments, Missionary Oblates of Mary Immaculate, Providence Trust

### **ADVANCE AUTO PARTS, INC.**

#### **Quantitative Goals for Increasing Renewable Energy/Energy Efficiency**

\*New York State Common Retirement Fund, Boston Common Asset Management, Portico Benefit Services (ELCA)

### **ALLSTATE**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **ALPHABET, INC.**

#### **Evaluate Company Whistleblower Policies and Practices**

\*Trillium Asset Management Corporation

### **ALPHABET, INC.**

#### **Executive Pay-Incorporate Diversity and Sustainability Metrics**

\*Zevin Asset Management, American Baptist Home Mission Society, Benedictine Sisters of Mount St. Scholastica, Boston Trust Walden, CommonSpirit Health, Everence Financial, Mercy Investment Services, Unitarian Universalist Association

### **ALPHABET, INC.**

#### **Give Each Share an Equal Vote**

\*NorthStar Asset Management

### **ALPHABET, INC.**

#### **Human/Civil Rights Expert on Board**

\*Arjuna Capital, Sisters of St. Francis-Dubuque

### **ALPHABET, INC.**

#### **Report on Government-Mandated Content Removal Requests**

\*Azzad Asset Management, Benedictine Sisters of Mount St. Scholastica, Congregation des Soeurs des Saints Noms de Jesus et de Marie, Newground Social Investment

### **ALTRIA GROUP, INC.**

#### **Discourage Nicotine Use Among Youth**

\*Sisters of St. Francis of Philadelphia, CommonSpirit Health, Mercy Investment Services, Province of St. Joseph of the Capuchin Order (Midwest Capuchins), Sisters of Charity of St. Elizabeth, NJ

### **ALTRIA GROUP, INC.**

#### **Lobbying Expenditures Disclosure**

\*Trinity Health, Sisters of St. Joseph of Carondelet of St. Paul Province

### **AMAZON.COM, INC**

#### **Civil Rights, Equity, Diversity and Inclusion Audit**

\*New York State Common Retirement Fund, Adrian Dominican Sisters, Benedictine Sisters of Mount St. Scholastica, CommonSpirit Health, Everence Financial, Missionary Oblates of Mary Immaculate, Newground Social Investment, Reynders McVeigh Capital Management LLC, Sisters of St. Joseph of Peace, WA, Sisters of the Holy Names of Jesus and Mary, US Ontario Province

### **AMAZON.COM, INC**

#### **Customer Due Diligence**

\*Sisters of St. Joseph, Brentwood, American Baptist Home Mission Society, Maryknoll Sisters, Robeco Institutional Asset Management B.V., Sisters of Charity of St. Elizabeth, NJ, Sisters of St. Dominic, Amityville, Sisters of St. Francis of Philadelphia, Unitarian Universalist Association

### **AMAZON.COM, INC**

#### **Diverse Candidate Search Policy**

\*AFL-CIO

### **AMAZON.COM, INC**

#### **Hate Speech Products**

\*Nathan Cummings Foundation

### **AMAZON.COM, INC**

#### **Hourly Associate on Board of Directors**

\*Oxfam America, Benedictine Sisters of Mount St. Scholastica, Missionary Oblates of Mary Immaculate, Province of St. Joseph of the Capuchin Order (Midwest Capuchins), State of Rhode Island and Providence Plantations

### **AMAZON.COM, INC**

#### **Independent Board Chair**

\*Zevin Asset Management

### **AMAZON.COM, INC**

#### **Lobbying Expenditures Disclosure**

\*Newground Social Investment

### **AMAZON.COM, INC**

#### **Reduce Plastics Use**

\*As You Sow Foundation, Green Century Capital Management

### **AMAZON.COM, INC**

#### **Recognition/Facial Recognition Technology**

\*Harrington Investments, Daughters of Charity, Province of St. Louise, Mercy Investment Services, Providence St. Joseph Health

### **AMERICAN EXPRESS CO.**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **AMERICAN INTERNATIONAL GROUP, INC. (AIG)**

#### **Paris-Aligned Climate Lobbying**

\*Presbyterian Church (USA), Domestic and Foreign Missionary Society of the Episcopal Church, Mercy Investment Services, Portico Benefit Services (ELCA)

### **AMGEN INC.**

#### **Civil Rights, Equity, Diversity and Inclusion Audit**

\*Newground Social Investment

### **APPLE COMPUTER, INC.**

#### **Executive Pay and Sustainability Metrics**

\*Zevin Asset Management

### **APPLE COMPUTER, INC.**

#### **Freedom of Expression / Curbs on VPNs**

\*SumofUs, Trillium Asset Management Corporation

### **ARCHER-DANIELS-MIDLAND**

#### **Deforestation Policy**

\*Green Century Capital Management

### **AT&T INC.**

#### **Corporate Alignment of Stated Values with Public Policy Involvement**

\*As You Sow Foundation

### **AUTODESK INC.**

#### **Executive Leadership Diversity**

\*Trillium Asset Management Corporation

### **BADGER METER INC.**

#### **Solutions for Increasing Diversity on Board of Directors**

\*NorthStar Asset Management

### **BANK OF AMERICA CORP.**

#### **Funding Drilling in the Arctic National Wildlife Refuge**

\*Trillium Asset Management Corporation, American Baptist Home Mission Society, Felician Sisters of North America, Mercy Investment Services, Sisters of St. Francis of Philadelphia, Sisters of St. Joseph of Peace, WA

### **BANK OF AMERICA CORP.**

#### **Report on Reducing GHG Emissions Associated with Financing Activities**

\*As You Sow Foundation

### **BANK OF NOVA SCOTIA**

#### **Adopt Quantitative Targets for Reducing GHG Emissions from Lending/Underwriting**

\*SumofUs

### **BERKSHIRE HATHAWAY INC.**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **BEST BUY CO., INC.**

#### **Lobbying Expenditures Disclosure - Systemic Racial Inequities**

\*Nathan Cummings Foundation

### **BEYOND MEAT INC.**

#### **Sustainability Reporting**

\*Domini Impact Investments LLC

### **BIOGEN, INC.**

#### **Gender Pay Gap**

\*Proxy Impact

### **BIOMARIN**

#### **Quantitative Goals for Increasing Renewable Energy/Energy Efficiency**

\*Green Century Capital Management

### **BJ'S WHOLESALE**

#### **Workforce Diversity Report**

\*Trillium Asset Management Corporation

### **BLACKROCK, INC.**

#### **Change Company Management Systems to Implement BRT Statement of Purpose**

\*As You Sow Foundation

### **BLACKROCK, INC.**

#### **Proxy Voting Policies Related to Climate Change**

\*Mercy Investment Services, Boston Trust Walden, Maryknoll Sisters, Proxy Impact, School Sisters of Notre Dame Cooperative Investment Fund

### **BLOOMIN' BRANDS INC.**

#### **Deforestation Policy**

\*Green Century Capital Management

### **BOEING COMPANY**

#### **Lobbying Expenditures Disclosure**

\*Province of St. Joseph of the Capuchin Order (Midwest Capuchins), Benedictine Sisters of Chicago

### **BOOKING HOLDINGS**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **BOOKING HOLDINGS**

#### **Climate Transition Reporting**

\*As You Sow Foundation

### **BOOKING HOLDINGS**

#### **Report on Plans to Align Operations with Paris Agreement**

\*Boston Common Asset Management

### **BOOKING HOLDINGS**

#### **Shareholder Advisory Votes on Climate Change**

\*As You Sow Foundation

### **BORALEX, INC.**

#### **Oversight of Human Capital Management**

\*Shareholder Association for Research and Education (SHARE)

### **BOSTON SCIENTIFIC CORPORATION**

#### **Include Non-Management Employees on the Board**

\*NorthStar Asset Management

### **BRISTOL-MYERS SQUIBB COMPANY**

#### **Independent Board Chair**

\*Sisters of St. Francis of Philadelphia, Bon Secours Mercy Health, CommonSpirit Health, Congregation of Divine Providence - San Antonio, Texas, Dana Investment Advisors, Daughters of Charity, Province of St. Louise, Mercy Investment Services, Missionary Oblates of Mary Immaculate, Monasterio De San Benito, Sisters of the Holy Names of Jesus and Mary, US Ontario Province

### **BUNGE LTD.**

#### **Deforestation Policy**

\*Green Century Capital Management

### **BURLINGTON STORES INC**

#### **Worker Pay in Executive Compensation**

\*Trillium Asset Management Corporation

### **CANADIAN IMPERIAL BANK OF COMMERCE (CIBC)**

#### **Adopt a Net Zero Carbon Emissions Target**

\*Batirente

### **CARMAX**

#### **Report on Plans to Align Operations with Paris Agreement**

\*Green Century Capital Management, Inc., As You Sow Foundation

### **CATERPILLAR INC.**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **CATERPILLAR INC.**

#### **Report on Net Zero Benchmark**

\*As You Sow Foundation

### **CHARLES SCHWAB CORPORATION (THE)**

#### **Disclosure on Plans and Policies Aligned with Achieving Racial Equality**

\*As You Sow Foundation

### **CHARTER COMMUNICATIONS, INC.**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **CHARTWELL RETIREMENT RESIDENCES**

#### **Workforce Disclosure and Board Oversight**

\*Shareholder Association for Research and Education (SHARE)

### **CHEVRON CORP.**

#### **Climate Change Impacts on Financial Position and Assumptions**

\*As You Sow Foundation

### **CHEVRON CORP.**

#### **Environmental Justice and Racial Equity Analysis**

\*American Baptist Home Mission Society,  
\*Sisters of St. Francis of Philadelphia, Adrian Dominican Sisters, Benedictine Sisters of Mount St. Scholastica, Benedictine Sisters, Sacred Heart Monastery of Cullman, Alabama, Congregation of Benedictine Sisters, Boerne TX, Congregation of Divine Providence - San

Antonio, Texas, Dana Investment Advisors, Dominican Sisters of Hope, Dominican Sisters of San Rafael, CA (Congregation of the Most Holy Name), Dominican Sisters of Springfield Illinois, Felician Sisters of North America, Franciscan Sisters of Allegany, NY, Missionary Oblates of Mary Immaculate, Nathan Cummings Foundation, PeaceHealth, Presbyterian Church (USA), Providence Trust, Religious of the Sacred Heart of Mary, Western American Province, Riverwater Partners LLC, School Sisters of Notre Dame Central Pacific Province, School Sisters of Notre Dame Cooperative Investment Fund, Service Employees International Union (SEIU), Sisters of Charity of St. Elizabeth, NJ, Sisters of St. Dominic of Caldwell, NJ, Sisters of St. Francis-Dubuque, Sisters of St. Joseph Chestnut Hill Philadelphia, Sisters of St. Joseph of Orange, Sisters of the Holy Names of Jesus and Mary, US Ontario Province, Sisters of the Humility of Mary, OH, Trinity Health

### **CHEVRON CORP.**

#### **Independent Board Chair**

\*Newground Social Investment

### **CHEVRON CORP.**

#### **Lobbying Expenditures Disclosure - Climate Change**

\*City of Philadelphia Public Employees Retirement System, Boston Trust Walden, Congregation of St. Joseph, OH, Daughters of Charity, Province of St. Louise, Mercy Investment Services, United Church Funds

### **CHEVRON CORP.**

#### **Report on Human Rights Risks in Conflict-Affected and High-Risk Areas Policies**

\*Domestic and Foreign Missionary Society of the Episcopal Church

### **CHEVRON CORP.**

#### **Shareowners Right to Call Special Meeting**

\*Newground Social Investment

### **CHIPOTLE MEXICAN GRILL, INC.**

#### **Strengthen Board Oversight of Workplace Equity Issues**

\*Domini Impact Investments LLC

### **CIGNA CORPORATION**

#### **Gender Pay Gap**

\*Proxy Impact



### **CITIGROUP**

#### **Lobbying Expenditures Disclosure**

\*Miller/Howard Investments

### **CITIGROUP**

#### **Report on Reducing GHG Emissions Associated with Financing Activities**

\*As You Sow Foundation, Mercy Investment Services, Monasterio Pan de Vida, Presbyterian Church (USA), School Sisters of Notre Dame Cooperative Investment Fund

### **COMCAST CORP.**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **COMCAST CORP.**

#### **Lobbying Expenditures Disclosure**

\*Friends Fiduciary Corporation, Benedictine Sisters of Mount St. Scholastica, Boston Trust Walden, Congregation of the Sisters of St. Joseph of Brighton, Dana Investment Advisors, First Parish In Cambridge - Unitarian Universalist, Missionary Oblates of Mary Immaculate, Needmor Fund, Province of St. Joseph of the Capuchin Order (Midwest Capuchins), Sisters of Notre Dame de Namur-Boston, Sisters of St. Francis of Philadelphia, The Oneida Tribe of Indians Trust Fund for the Elderly, Tides Foundation

### **COMCAST CORP.**

#### **Report on Plans to Align Operations with Paris Agreement**

\*Unitarian Universalist Association

### **CORECIVIC**

#### **Racial Equity Audit**

\*Service Employees International Union (SEIU), Province of St. Joseph of the Capuchin Order (Midwest Capuchins), Sisters of Charity of the Blessed Virgin Mary, Sisters of the Presentation of the Blessed Virgin Mary, SD

### **COSTCO WHOLESALE CORP.**

#### **Deforestation Policy**

\*Green Century Capital Management, Inc., Franciscan Sisters of Perpetual Adoration, Zevin Asset Management

### **COSTCO WHOLESALE CORP.**

#### **Report on Plans to Align Operations with Paris Agreement**

\*Trillium Asset Management Corporation

### **CSX CORP.**

#### **Paris-Aligned Climate Lobbying**

\*Unitarian Universalist Association

### **CVS HEALTH CORP**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **CVS HEALTH CORP**

#### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

\*Trillium Asset Management Corporation, Benedictine Sisters of Mount St. Scholastica, Congregation of Benedictine Sisters, Boerne TX, Missionary Oblates of Mary Immaculate, Portico Benefit Services (ELCA), Sisters of St. Francis of Philadelphia

### **DANAHER CORP.**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **DANAHER CORP.**

#### **Report on Plans to Align Operations with Paris Agreement**

\*Boston Common Asset Management

### **DIAMONDBACK ENERGY**

#### **Political Contributions**

\*Nathan Cummings Foundation

### **DINE BRANDS GLOBAL, INC.**

#### **Disclosure of Antibiotics Use in Meat Supply Chain**

\*As You Sow Foundation

### **DINE BRANDS GLOBAL, INC.**

#### **Food Waste**

\*Mercy Investment Services, Sisters of Charity of the Blessed Virgin Mary, Sisters of St. Francis of Philadelphia

### **DISNEY (WALT) COMPANY / ABC**

#### **Assess Company Diversity and Inclusion Efforts**

\*Nathan Cummings Foundation

### **DISNEY (WALT) COMPANY / ABC**

#### **Lobbying Expenditures Disclosure - Climate Change**

\*Mercy Investment Services, Boston Trust Walden, Congregation of Sisters of St. Agnes, Congregation of St. Joseph, OH, Daughters of Charity, Province of St. Louise, Needmor Fund, Sisters of Notre Dame de Namur-Boston, Sisters of St. Francis Charitable Trust, Sisters of St. Francis of Philadelphia, Sisters of the Holy Family, CA

### **DISNEY (WALT) COMPANY / ABC**

#### **Strengthen Board Oversight of Workplace Equity Issues**

\*Domini Impact Investments LLC

### **DOLLAR GENERAL CORPORATION**

#### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

\*As You Sow Foundation

### **DOLLAR TREE STORES**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **DOMINION ENERGY**

#### **Report on Reducing Contribution to Climate Change through Electrification**

\*As You Sow Foundation

### **DOW CHEMICAL COMPANY**

#### **Report on Petrochemical Resiliency Risks**

\*As You Sow Foundation

### **DTE ENERGY**

#### **Political Contributions**

\*Mercy Investment Services

### **DTE ENERGY**

#### **Report on Reducing Contribution to Climate Change through Electrification**

\*As You Sow Foundation

### **DUKE ENERGY CORP.**

#### **Disclosure of GHG Emissions in Natural Gas Supply Chain**

\*As You Sow Foundation

### **DUKE ENERGY CORP.**

#### **Paris-Aligned Climate Lobbying**

\*Mercy Investment Services, Benedictine Sisters of Virginia, Daughters of Charity, Province of St. Louise, Presbyterian Church (USA), Sisters of St. Francis of Philadelphia

### **DUPONT COMPANY (DEFUNCT)**

#### **Report on Plastic Pellet Pollution**

\*As You Sow Foundation

### **EASTMAN CHEMICAL COMPANY**

#### **Report on Plastic Pellet Pollution**

\*As You Sow Foundation

### **ELI LILLY AND COMPANY**

#### **Access to COVID-19 Products**

\*Mercy Investment Services, Adrian Dominican Sisters, Bon Secours Mercy Health, CommonSpirit Health, Missionary Oblates of Mary Immaculate, Providence St. Joseph Health, School Sisters of Notre Dame Central Pacific Province, Sisters of Charity of St. Elizabeth, NJ, Sisters of St. Francis-Dubuque

### **ELI LILLY AND COMPANY**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **ELI LILLY AND COMPANY**

#### **Independent Board Chair**

\*Institute of the Blessed Virgin Mary (Loretto Sisters), Daughters of Charity, Province of St. Louise

### **ENERGY CORP.**

#### **Paris-Aligned Climate Lobbying**

\*Presbyterian Church (USA), Portico Benefit Services (ELCA)

### **EXPEDIA, INC.**

#### **Report on Human Rights Risks in Conflict-Affected and High-Risk Areas Policies**

\*Presbyterian Church (USA), Domestic and Foreign Missionary Society of the Episcopal Church, Portico Benefit Services (ELCA)

### **EXPEDITORS INTERNATIONAL**

#### **Adopt Time-Bound, Company-Wide Science-Based GHG Target**

\*Zevin Asset Management

### **EXXON MOBIL CORPORATION**

#### **Climate Change Impacts on Financial Position and Assumptions**

\*Christian Brothers Investment Services, As You Sow Foundation, Benedictine Sisters of Virginia, Congregation of Benedictine Sisters, Boerne TX, Dominican Sisters of Hope, Maryknoll Sisters, Presbyterian Church (USA), Sisters of St. Dominic of Caldwell, NJ

### **EXXON MOBIL CORPORATION**

#### **Independent Board Chair**

\*The Olga Monks Pertzoff Trust 1945, Sisters of St. Francis Charitable Trust, Vermont Pension & Investment Committee

### **EXXON MOBIL CORPORATION**

#### **Lobbying Expenditures Disclosure**

\*United Steelworkers, Benedictine Sisters of Mount St. Scholastica, Congregation of Sisters of St. Agnes, Glenmary Home Missioners, School Sisters of Notre Dame Cooperative Investment Fund, Sisters of the Holy Family, CA, The Oneida Tribe of Indians Trust Fund for the Elderly, Unspecified

### **EXXON MOBIL CORPORATION**

#### **Paris-Aligned Climate Lobbying**

\*BNP Paribas Asset Management, Boston Trust Walden, Congregation des Soeurs des Saints Noms de Jesus et de Marie, Congregation of St. Joseph, OH, Dana Investment Advisors, Daughters of Charity, Province of St Louise, Mercy Investment Services, Needmor Fund, PeaceHealth, Portico Benefit Services (ELCA), Province of St. Joseph of the Capuchin Order (Midwest Capuchins), School Sisters of Notre Dame Central Pacific Province, Sisters of Providence, Mother Joseph Province, Sisters of the Holy Names of Jesus and Mary, US Ontario Province

### **EXXON MOBIL CORPORATION**

#### **Political Contributions**

\*Unitarian Universalist Association, Newground Social Investment

### **EXXON MOBIL CORPORATION**

#### **Report on Petrochemical Resiliency Risks**

\*As You Sow Foundation

### **FACEBOOK INC.**

#### **Child Sexual Exploitation Online**

\*Proxy Impact, Maryknoll Sisters

### **FACEBOOK INC.**

#### **Give Each Share an Equal Vote**

\*NorthStar Asset Management

### **FACEBOOK INC.**

#### **Independent Board Chair**

\*Illinois State Board of Investment, Bright Start College Savings Trust, Sisters of the Holy Names of Jesus and Mary, US Ontario Province

### **FACEBOOK INC.**

#### **Report on #RebootFacebook**

\*As You Sow Foundation, Newground Social Investment

### **FIRSTENERGY CORPORATION**

#### **Paris-Aligned Climate Lobbying**

\*Nathan Cummings Foundation

### **FIRST SOLAR, INC.**

#### **Report on Steps to Address Board Diversity**

\*Trillium Asset Management Corporation

### **FOOT LOCKER, INC.**

#### **Disclosure on Plans and Policies Aligned with Achieving Racial Equality**

\*As You Sow Foundation

### **GENERAL DYNAMICS CORPORATION**

#### **Human Rights Due Diligence**

\*Franciscan Sisters of Allegany, NY

### **GENERAL ELECTRIC COMPANY**

#### **Disclosure of Net Zero GHG Indicator**

\*As You Sow Foundation, School Sisters of Notre Dame Cooperative Investment Fund

### **GENERAL MOTORS CORP.**

#### **Paris-Aligned Climate Lobbying**

\*New York City Employees Retirement System (NYC Pension Funds), Adrian Dominican Sisters, Daughters of Charity, Province of St Louise, Mercy Investment Services, Providence St. Joseph Health

### **GENERAL MOTORS CORP.**

#### **Report on the Executive Remuneration Indicator**

\*As You Sow Foundation

### **GEO GROUP INC.**

#### **Lobbying Expenditures Disclosure - Immigration**

\*Service Employees International Union (SEIU)

### **GERMAN AMERICAN BANCORP**

#### **Report on Steps to Address Board Diversity**

\*Boston Trust Walden, Christopher Reynolds Foundation, Inc., Wallace Global Fund

### **GILEAD SCIENCES, INC.**

#### **Access to COVID-19 Products**

\*Boston Common Asset Management, Adrian Dominican Sisters, Maryknoll Sisters, PeaceHealth, Trinity Health, Trinity Health

### **GILEAD SCIENCES, INC.**

#### **Independent Board Chair**

\*United Church Funds, Mercy Investment Services, Miller/Howard Investments

### **GOLDMAN SACHS GROUP INC.**

#### **Impact of Use of Mandatory Arbitration**

\*Nathan Cummings Foundation

### **GOLDMAN SACHS GROUP INC.**

#### **Report on Reducing GHG Emissions Associated with Financing Activities**

\*As You Sow Foundation

### **GREAT-WEST LIFECO INC.**

#### **Indigenous Relations**

\*Shareholder Association for Research and Education (SHARE)

### **HANNON ARMSTRONG**

#### **Executive Compensation and Diversity in Senior Level Management**

\*NorthStar Asset Management

### **HOME DEPOT, INC.**

#### **Report on Prison Labor in the Supply Chain**

\*NorthStar Asset Management

### **HOME DEPOT, INC.**

#### **Workforce Diversity Report**

*The Congregation of Benedictine Sisters of Boerne, TX, have been the lead filer on EEO disclosure at Home Depot since 2012. This year, NYC filed a similar resolution, which the Benedictines and their co-filers have chosen to support.*

\*New York City Employees Retirement System (NYC Pension Funds), Benedictine Sisters of Mount St. Scholastica, Boston Trust Walden, Clean Yield Group, Congregation of Benedictine Sisters, Boerne TX, Dana Investment Advisors, Portico Benefit Services (ELCA), Sisters of St. Francis Charitable Trust, The Oneida Tribe of Indians Trust Fund for the Elderly, Tides Foundation, Trillium Asset Management Corporation, Zevin Asset Management

### **HSBC HOLDINGS**

#### **Set Targets to Reduce Exposure to Fossil Fuels Assets**

\*ShareAction, AkademikerPension, Amundi Investment Advisors, Brunel Pension Partnership, Folksam, Friends Provident Foundation, Islington Pension Fund, Jesuits in Britain, La Banque Postale Asset Management, Man Group, Marmot Charitable Trust, Merseyside Pension Fund, Rathbone Investment Management, Sarasin Asset Management Limited, The 1970 Trust, Trinity College, Cambridge

### **IDEX**

#### **Solutions for Increasing Diversity on Board of Directors**

\*NorthStar Asset Management

### **IMPERIAL OIL LIMITED (INT'L CO.)**

#### **Adopt a Net Zero Carbon Emissions Target**

\*Batirente

### **INTEL CORPORATION**

#### **Report on Whether Company Policies Reinforce Racism in Company Culture**

\*NorthStar Asset Management

### **IPG PHOTONICS CORPORATION**

#### **Executive Leadership Diversity**

\*Trillium Asset Management Corporation

### **IPG PHOTONICS CORPORATION**

#### **Report on Steps to Address Board Diversity**

\*Boston Trust Walden, Benedictine Sisters of Mount St. Scholastica

### **J.P. MORGAN CHASE & CO.**

#### **Measure and Disclose Financed GHG Emissions**

\*As You Sow Foundation, Adrian Dominican Sisters, American Baptist Home Mission Society, Benedictine Sisters of Mount St. Scholastica, Benedictine Sisters of Virginia, Benedictine Sisters, Sacred Heart Monastery of Cullman, Alabama, Boston Trust Walden, Congregation of Divine Providence - San Antonio, Texas, Congregation of St. Joseph, OH, Daughters of Charity, Province of St. Louise, Mercy Investment Services, Monasterio Pan de Vida, Newground Social Investment, Presbyterian Church (USA), Providence Trust, Proxy Impact, School Sisters of Notre Dame Cooperative Investment Fund, Sisters of St. Francis of Philadelphia, Sisters of the Presentation of the Blessed Virgin Mary, SD

### **JOHNSON & JOHNSON**

#### **Access to COVID-19 Products**

\*Oxfam America, Benedictine Sisters of Virginia, CommonSpirit Health, Congregation of Benedictine Sisters, Boerne TX, Congregation of Divine Providence - San Antonio, Texas, Mercy Investment Services, Monasterio De San Benito, PeaceHealth, Providence Trust, Sisters of Charity of St. Elizabeth, NJ, Sisters of Providence, Mother Joseph Province, Trinity Health

### **JOHNSON & JOHNSON**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **JOHNSON & JOHNSON**

#### **Board Oversight - Risks Related to the Opioid Crisis**

\*Illinois State Treasurer, Domestic and Foreign Missionary Society of the Episcopal Church

### **JOHNSON & JOHNSON**

#### **Civil Rights Audit**

\*Trillium Asset Management Corporation, Adrian Dominican Sisters, Benedictine Sisters of Mount St. Scholastica

### **JOHNSON & JOHNSON**

#### **Establish Deferral Period for Senior Executive Bonuses**

\*Sisters of St. Francis of Philadelphia

### **JOHNSON & JOHNSON**

#### **Independent Board Chair**

\*Trillium Asset Management Corporation, Bon Secours Mercy Health, Daughters of Charity, Province of St. Louise, Providence St. Joseph Health

### **KEURIG DR. PEPPER**

#### **Reduce Plastics Use**

\*As You Sow Foundation

### **KEYCORP**

#### **Racial Impact of Overdraft Policies and Practices**

\*Trillium Asset Management Corporation

### **KIMBERLY-CLARK CORPORATION**

#### **Political Contributions**

\*Nathan Cummings Foundation

### **KINDER MORGAN, INC**

#### **Political Contributions**

\*Unitarian Universalist Association

### **KOHL'S CORPORATION**

#### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

\*Domini Impact Investments LLC, Sisters of St. Dominic, WI (Racine Dominicans)

### **KRAFT HEINZ**

#### **Deforestation Policy**

\*Green Century Capital Management

### **KRAFT HEINZ COMPANY**

#### **Human Rights Impact Assessment**

\*Province of St. Joseph of the Capuchin Order (Midwest Capuchins), Domestic and Foreign Missionary Society of the Episcopal Church, Mercy Investment Services, Providence St. Joseph Health, Sinsinawa Dominicans, Sisters of the Holy Names of Jesus and Mary, US Ontario Province

### **KRAFT HEINZ COMPANY**

#### **Measuring Pesticide Use in Agricultural Supply Chains**

\*As You Sow Foundation

### **KRAFT HEINZ COMPANY**

#### **Reduce Plastics Use**

\*As You Sow Foundation

### **KROGER CO.**

#### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

\*Zevin Asset Management, Everence Financial, Sisters of St. Francis-Dubuque, Sisters of the Presentation of the Blessed Virgin Mary, SD

### **KROGER CO.**

#### **Human Rights Due Diligence**

\*Oxfam America, Adrian Dominican Sisters, CommonSpirit Health, Providence St. Joseph Health

### **KROGER CO.**

#### **Reduce Plastics Use**

\*As You Sow Foundation

### **LOCKHEED MARTIN CORPORATION**

#### **Human Rights Due Diligence**

\*School Sisters of Notre Dame Cooperative Investment Fund, \*Sisters of Charity of St. Elizabeth, NJ, \*Sisters of St. Francis of Philadelphia

### **LOEWS CORPORATION**

#### **Political Contributions**

\*Clean Yield Group

### **MCDONALD'S CORP.**

#### **Assess Company Diversity and Inclusion Efforts**

\*Nathan Cummings Foundation

### **MCDONALD'S CORP.**

#### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

\*Sisters of St. Francis of Philadelphia, Benedictine Sisters of Chicago, Benedictine Sisters of Mount St. Scholastica, Benedictine Sisters, Sacred Heart Monastery of Cullman, Alabama, Congregation of Benedictine Sisters, Boerne TX

### **MCDONALD'S CORP.**

#### **Phase Out Single Use Beverage Cups**

\*As You Sow Foundation

### **MCDONALD'S CORP.**

#### **Prevention of Sexual Harassment**

\*Shareholder Association for Research and Education (SHARE)

### **MCDONALD'S CORP.**

#### **Report on Actions to Reduce PFAS in Food Contact Materials**

\*As You Sow Foundation

### **MERCK & CO., INC.**

#### **Access to COVID-19 Products**

\*Province of St. Joseph of the Capuchin Order (Midwest Capuchins), Adrian Dominican Sisters, Benedictine Sisters of Mount St. Scholastica, Benedictine Sisters of Virginia, Boston Common Asset Management, CommonSpirit Health, Dominican Sisters of Hope, Mercy Investment Services, Missionary Oblates of Mary Immaculate, PeaceHealth, Providence St. Joseph Health, Sisters of Charity of the Blessed Virgin Mary, Trinity Health

### **MONDELEZ INTERNATIONAL, INC.**

#### **Reduce Plastics Use**

\*As You Sow Foundation

### **MONSTER BEVERAGE CORP**

#### **Disclosure on Plans and Policies Aligned with Achieving Racial Equality**

\*As You Sow Foundation

### **MONSTER BEVERAGE CORP**

#### **Shareholder Advisory Votes on Climate Change**

\*As You Sow Foundation

### **NEXTERA ENERGY**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **NFI GROUP**

#### **Oversight of Human Capital Management**

\*Shareholder Association for Research and Education (SHARE)

### **NIKE, INC.**

#### **Political Contributions**

\*Newground Social Investment

### **NORFOLK SOUTHERN CORPORATION**

#### **Paris-Aligned Climate Lobbying**

\*Friends Fiduciary Corporation

### **NORTHLAND POWER**

#### **Oversight of Human Capital Management**

\*Shareholder Association for Research and Education (SHARE)

### **NORTHROP GRUMMAN CORPORATION**

#### **Human Rights Impact Assessment**

\*Sisters of St. Francis of Philadelphia, Sisters of St. Dominic of Caldwell, NJ

### **OMNICOM GROUP INC.**

#### **Advertising Policy and Social Media**

\*Nathan Cummings Foundation

### **PAYCOM SOFTWARE INC**

#### **Executive Leadership Diversity**

\*Trillium Asset Management Corporation

### **PAYPAL**

#### **Report on Whether Company Policies Reinforce Racism in Company Culture**

\*NorthStar Asset Management

### **PDC ENERGY, INC.**

#### **Report on Reduction of Routine Flaring**

\*Trinity Health

### **PEPSICO, INC.**

#### **Measuring Pesticide Use in Agricultural Supply Chains**

\*As You Sow Foundation

### **PEPSICO, INC.**

#### **Reduce Plastics Use**

\*As You Sow Foundation, Maryknoll Sisters

### **PFIZER, INC.**

#### **Access to COVID-19 Products**

\*Trinity Health, Adrian Dominican Sisters, American Baptist Home Mission Society, CommonSpirit Health, Congregation of Divine Providence - San Antonio, Texas, Mercy Investment Services, Miller/Howard Investments, Monasterio De San Benito, PeaceHealth, Providence Trust, Sisters of Charity of St. Elizabeth, NJ, Sisters of Charity of the Blessed Virgin Mary, Sisters of St. Francis of Philadelphia

### **PFIZER, INC.**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **PFIZER, INC.**

#### **Lobbying Expenditures Disclosure**

\*International Brotherhood of Teamsters, Boston Trust Walden

### **PHILLIPS 66**

#### **Paris-Aligned Climate Lobbying**

\*California State Teachers' Retirement System (CalSTRS), Benedictine Sisters of Mount St. Scholastica, Congregation of Divine Providence - San Antonio, Texas, Daughters of Charity, Province of St Louise, Domestic and Foreign Missionary Society of the Episcopal Church, Mercy Investment Services, Northwest Women Religious Investment Trust, Portico Benefit Services (ELCA), Presbyterian Church (USA), Providence Trust, School Sisters of Notre Dame Central Pacific Province, School Sisters of Notre Dame Cooperative Investment Fund

### **PILGRIM'S PRIDE CORP**

#### **Human Rights Due Diligence**

\*Oxfam America

### **PILGRIM'S PRIDE CORP**

#### **Reduce Water Pollution from Supply Chain**

\*Mercy Investment Services, Adrian Dominican Sisters

### **PNC FINANCIAL SERVICES GROUP, INC.**

#### **Stop Banking the Bomb**

\*Sisters of St. Joseph, Brentwood, Sisters of the Humility of Mary, OH

### **POWER CORPORATION**

#### **Indigenous Relations**

\*Shareholder Association for Research and Education (SHARE)

### **PPG INDUSTRIES, INC.**

#### **Independent Board Chair**

\*Congregation of the Sisters of St. Joseph of Peace, St. Joseph Province

### **PUBLIC STORAGE**

#### **Report on Plans to Align Operations with Paris Agreement**

\*As You Sow Foundation

### **RAYTHEON TECHNOLOGIES CORPORATION**

#### **Human Rights Due Diligence**

\*School Sisters of Notre Dame Cooperative Investment Fund

### **REGENERON PHARMACEUTICALS, INC.**

#### **Access to COVID-19 Products**

\*Boston Common Asset Management, Benedictine Sisters of Mount St. Scholastica, Mercy Investment Services, Trinity Health

### **RESTAURANT BRANDS INTERNATIONAL**

#### **Reduce Plastics Use**

\*As You Sow Foundation

### **RITE AID CORP.**

#### **Health Risks of In-Store Tobacco Sales in the Age of COVID-19**

\*Trinity Health

### **ROYAL BANK OF CANADA**

#### **Adopt Quantitative Targets for Reducing GHG Emissions from Lending/Underwriting**

\*SumofUs

### **SANDERSON FARMS, INC.**

#### **Human Rights Due Diligence**

\*Oxfam America

### **SBA COMMUNICATIONS CORPORATION**

#### **Executive Leadership Diversity**

\*Trillium Asset Management Corporation

### **SEMPRA ENERGY**

#### **Paris-Aligned Climate Lobbying**

\*As You Sow Foundation

### **SHAKE SHACK**

#### **Sustainability Reporting**

\*Socially Responsible Investment Coalition

### **SOUTHERN COMPANY**

#### **Disclosure of GHG Emissions in Natural Gas Supply Chain**

\*As You Sow Foundation

## Resolution Leads and Co-Filers

### **SOUTHERN COPPER**

#### **Independent Board Chair**

\*United Steelworkers

### **SQUARE INC.**

#### **Give Each Share an Equal Vote**

\*NorthStar Asset Management

### **STRYKER CORPORATION**

#### **Include Non-Management Employees on the Board**

\*NorthStar Asset Management

### **SUN LIFE FINANCIAL INC.**

#### **Indigenous Relations**

\*Shareholder Association for Research and Education (SHARE)

### **T. ROWE PRICE ASSOCIATES, INC.**

#### **Proxy Voting Policies Related to Climate Change**

\*Zevin Asset Management, Boston Trust Walden

### **TARGET CORP.**

#### **Partnerships with Local Police - Likelihood of Violations of Civil and Human Rig**

\*Nathan Cummings Foundation

### **TARGET CORP.**

#### **Quantitative Goals for Reducing Plastics Use**

\*Green Century Capital Management

### **TARGET CORP.**

#### **Reduce Plastics Use**

\*As You Sow Foundation

### **TEXAS INSTRUMENTS INC.**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **THERMO FISHER SCIENTIFIC INC.**

#### **Workforce Diversity Report**

\*Unitarian Universalist Association

### **TJX COMPANIES, INC.**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **TJX COMPANIES, INC.**

#### **Report on Prison Labor in the Supply Chain**

\*NorthStar Asset Management

### **TJX COMPANIES, INC.**

#### **Worker Pay in Executive Compensation**

\*Trillium Asset Management Corporation, Newground Social Investment

### **T-MOBILE USA (SUBSIDIARY OF DEUTSCHE TELEKOM)**

#### **Political Contributions**

\*Unitarian Universalist Association

### **TRIPADVISOR, INC.**

#### **Human Rights Policy**

\*Mercy Investment Services, Presbyterian Church (USA)

### **TWITTER**

#### **Report on Net Zero Benchmark**

\*As You Sow Foundation

### **TYSON FOODS, INC.**

#### **Human Rights Due Diligence**

\*American Baptist Home Mission Society, Adrian Dominican Sisters, Benedictine Sisters of Mount St. Scholastica, Congregation of Sisters of St. Agnes, Congregation of St. Joseph, OH, Daughters of Charity, Province of St Louise, Dominican Sisters of Springfield Illinois, Felician Sisters of North America, Franciscan Sisters of Allegany, NY, Mercy Investment Services, Northwest Women Religious Investment Trust, PeaceHealth, Portico Benefit Services (ELCA), Sisters of Bon Secours USA, Sisters of Charity of St. Elizabeth, NJ, Sisters of Providence, Mother Joseph Province, Sisters of St. Francis of Philadelphia, Sisters of St. Francis-Dubuque, Sisters of St. Francis-Dubuque, Sisters of St. Joseph of Peace, WA, Sisters of the Good Shepherd, Sisters of the Humility of Mary, OH, Trinity Health

### **UNION PACIFIC CORPORATION**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **UNION PACIFIC CORPORATION**

#### **Climate Transition Reporting**

\*As You Sow Foundation

### **UNION PACIFIC CORPORATION**

#### **Shareholder Advisory Votes on Climate Change**

\*As You Sow Foundation

### **UNION PACIFIC CORPORATION**

#### **Workforce Diversity Report**

\*Calvert Research and Management, Unitarian Universalist Association



### **UNITED AIRLINES HOLDINGS, INC.**

#### **Disclosure of Net Zero GHG Indicator**

\*Mercy Investment Services, Providence St. Joseph Health

### **UNITED AIRLINES HOLDINGS, INC.**

#### **Human Rights Disclosure**

\*Domestic and Foreign Missionary Society of the Episcopal Church, Adrian Dominican Sisters, CommonSpirit Health, Congregation of St. Joseph, OH

### **UNITED AIRLINES HOLDINGS, INC.**

#### **Paris-Aligned Climate Lobbying**

\*Presbyterian Church (USA), Portico Benefit Services (ELCA)

### **UNITEDHEALTH GROUP INC.**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **UNITED PARCEL SERVICE, INC.**

#### **Assess Company Diversity and Inclusion Efforts**

\*As You Sow Foundation

### **UNITED PARCEL SERVICE, INC.**

#### **Lobbying Expenditures Disclosure - Climate Change**

\*Boston Trust Walden, 444S Foundation, Achmea Investment Management, Benedictine Sisters of Virginia, Center for Community Change, Community Church of New York, Congregation of the Sisters of St. Joseph of Brighton, First Parish In Cambridge - Unitarian Universalist, Glenmary Home Missioners, Haymarket People's Fund, Lemmon Foundation, Max and Anna Levinson Foundation, Mercy Investment Services, Needmor Fund, Quintet Private Bank (Europe) S.A., Sisters of Notre Dame de Namur-Boston, Sisters of St. Francis Charitable Trust, The Oneida Tribe of Indians Trust Fund for the Elderly, The Swift Foundation, Tides Foundation, Unspecified, Unspecified, Unspecified

### **UNITED PARCEL SERVICE, INC.**

#### **Report on Plans to Align Operations with Paris Agreement**

\*Trillium Asset Management Corporation, \*Zevin Asset Management

### **US PHYSICAL THERAPY INC**

#### **Report on Steps to Address Board Diversity**

\*Boston Trust Walden, Needmor Fund, Portico Benefit Services (ELCA), Wallace Global Fund

### **VALERO ENERGY CORPORATION**

#### **Paris-Aligned Climate Lobbying**

\*Mercy Investment Services, CommonSpirit Health, Congregation of Benedictine Sisters, Boerne TX, Daughters of Charity, Province of St Louis, Portico Benefit Services (ELCA), Presbyterian Church (USA), Sisters of St. Francis-Dubuque

### **VALERO ENERGY CORPORATION**

#### **Report on the Executive Remuneration Indicator**

\*As You Sow Foundation

### **VERIZON COMMUNICATIONS INC.**

#### **Executive Compensation Link to User Data Privacy**

\*Trillium Asset Management Corporation

### **VERTEX PHARMACEUTICALS INCORPORATED**

#### **Political Contributions**

\*Newground Social Investment

### **WALGREENS BOOTS ALLIANCE**

#### **Establish Deferral Period for Senior Executive Bonuses**

\*Domini Impact Investments LLC

### **WALGREENS BOOTS ALLIANCE**

#### **Health Risks of In-Store Tobacco Sales in the Age of COVID-19**

\*Sisters of St. Francis of Philadelphia, Sisters of Charity of St. Elizabeth, NJ, Trinity Health

### **WALMART STORES, INC.**

#### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

\*United for Respect, Daughters of Charity, Province of St Louis, Everence Financial, School Sisters of Notre Dame Cooperative Investment Fund

### **WALMART STORES, INC.**

#### **Gender and Racial Pay Equity**

\*Shareholder Association for Research and Education (SHARE)

### **WALMART STORES, INC.**

#### **Lobbying Expenditures Disclosure**

\*Zevin Asset Management

### **WALMART STORES, INC.**

#### **Reduce Plastics Use**

\*As You Sow Foundation

### **WALMART STORES, INC.**

## Resolution Leads and Co-Filers

### **Starting Pay and Racial Equity**

\*Franciscan Sisters of Perpetual Adoration, Adrian Dominican Sisters, As You Sow Foundation, Congregation of Benedictine Sisters, Boerne TX, Congregation of Benedictine Sisters, Boerne TX, Congregation of St. Basil, Mercy Investment Services, Missionary Oblates of Mary Immaculate, Oblate International Pastoral Investment Trust, PeaceHealth, Providence St. Joseph Health, Sisters of Charity of St. Elizabeth, NJ, Sisters of St. Dominic of Caldwell, NJ, Sisters of the Holy Names of Jesus and Mary, US Ontario Province

### **WELLS FARGO & COMPANY**

#### **Report on Reducing GHG Emissions Associated with Financing Activities**

\*As You Sow Foundation, Daughters of Charity, Province of St Louise, Mercy Investment Services, Sisters of the Holy Names of Jesus and Mary, US Ontario Province

### **WENDY'S INTERNATIONAL, INC.**

### **Protecting Essential Food Chain Workers During Covid-19**

\*Franciscan Sisters of Allegany, NY

### **WENDY'S INTERNATIONAL, INC.**

#### **Report on Plans to Align Operations with Paris Agreement**

\*Sinsinawa Dominicans, Sisters of the Humility of Mary, OH

### **YUM! BRANDS, INC.**

#### **Feasibility of Paid Sick Leave as a Standard Employee Benefit**

\*CtW Investment Group, School Sisters of Notre Dame Cooperative Investment Fund



## Contact Details for Filers

### **444S Foundation**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108  
<https://www.bostontrustwalden.com/>

### **Achmea Investment Management**

Handelsweg 2, Zeist, 3707NH, NL

### **Adrian Dominican Sisters**

1257 East Siena Heights Drive,  
Adrian, MI 49221-1793  
206.223.1138, <http://www.ipjc.org>

### **AkademikerPension**

Smakkedalen 8, Gentofte, 2820, DK

### **American Baptist Home Mission Society**

1075 First Avenue, King of Prussia, PA 19406

### **Amundi Investment Advisors**

1301 6th Ave, New York, NY 10019

### **Arjuna Capital**

353 West Main Street, Durham, NC 27701  
(919) 794-4794

### **As You Sow**

2150 Kittredge St., Suite 450, Berkeley, CA 94720  
510-735-8158

### **Azzad Asset Management**

3141 Fairview Park Drive Suite,  
Falls Church, VA 22042

### **Batirente**

C/O Aequo, Montreal, QC H2Z 1Y6, CA

### **Benedictine Sisters of Chicago**

7430 N. Ridge Blvd., Chicago, IL 60645

### **Benedictine Sisters of Mount St. Scholastica**

Mount St. Scholastica, Atchison, KS 66002

### **Benedictine Sisters of Virginia**

Saint Benedict Monastery, Bristow, VA 20136-1217  
703 361-0106

### **Benedictine Sisters, Sacred Heart Monastery of Cullman, Alabama**

916 Convent Road NE, Cullman, AL 35055

### **Bon Secours Mercy Health**

1505 Marriotsville Road, Marriotsville, MD 21104

### **Boston Common Asset Management**

84 State Street, Boston, MA 02109

### **Boston Trust Walden**

One Beacon Street, Boston, MA 02108  
<https://www.bostontrustwalden.com/>

### **Brunel Pension Partnership**

5th Floor, 101 Victoria Street, Bristol, BS1 6PU, GB

### **California Public Employees' Retirement System (Calpers)**

P.O. Box 2749, Sacramento, CA 95812-2749

### **Center for Community Change**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108

### **Christian Brothers Investment Services**

777 Third Avenue, 29th Floor,  
New York, NY 10017-1401  
212-490-0800

### **Christopher Reynolds Foundation, Inc.**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108  
<https://www.bostontrustwalden.com/>

### **City of Philadelphia Public Employees Retirement System**

2 Penn Plaza, Philadelphia, PA 19102

### **Clean Yield Group**

16 Beaver Meadow Road, Norwich, VT 05055

### **CommonSpirit Health**

198 Inverness Drive West, Englewood, CO 80112  
<https://commonspirit.org/>

### **Community Church of New York**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108

## Contact Details for Filers

### **Congregation des Soeurs des Saints Noms de Jesus et de Marie**

80, rue Saint-Charles Est, Longueuil, QC J4H 1A9  
(450) 651-8104

### **Congregation of Benedictine Sisters, Boerne TX**

P.O. Box 200423, San Antonio, TX 78220  
210-348-6704

### **Congregation of Divine Providence - San Antonio, Texas**

515 SW 24th Street, San Antonio, TX 78207

### **Congregation of Sisters of St. Agnes**

320 County Road K, Fond Du Lac, WI 54935  
920-907-2300, <http://www.csasisters.org>

### **Congregation of St. Basil**

95 St. Joseph Street, Toronto, ON M5S 3C2, CA  
313-964-4324

### **Congregation of St. Joseph, OH**

3430 Rocky River Drive, Cleveland, OH 44111

### **Congregation of the Sisters of St. Joseph of Peace**

399 Hudson Terrace, Englewood Cliffs, NJ 07632  
201-568-6348

### **Sisters of St. Joseph of Chestnut Hill PA**

9701 Germantown Avenue, Philadelphia, PA 19118

### **CtW Investment Group**

1900 L Street, NW Suite 900, Washington, DC 20036  
(202) 721-0660

### **Dana Investment Advisors**

P.O. Box 1067, Brookfield, WI 53008-1067

### **Daughters of Charity, Province of St Louise**

4330 Olive Street, St. Louis, MO 63108

### **Domestic and Foreign Missionary Society of the Episcopal Church**

815 Second Avenue, New York, NY 10017

### **Domini Impact Investments LLC**

532 Broadway, New York, NY 10012-3939

### **Dominican Sisters of Hope**

Finance Office, Newburgh, NY 12550-3498  
845-561-6520, <http://www.ophope.org>

### **Dominican Sisters of San Rafael, CA (Congregation of the Most Holy Name)**

1520 Grand Avenue, San Rafael, CA 94901-2236

### **Dominican Sisters of Springfield Illinois**

Sacred Heart Convent, Springfield, IL 62704

### **Everence Financial**

1110 North Main Street, Goshen, IN 46528  
574-533-9515

### **Felician Sisters of North America**

871 Mercer Road, Beaver Falls, PA 15010

### **First Parish In Cambridge - Unitarian Universalist**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108

<https://www.bostontrustwalden.com/>

### **Folksam**

Bohusgatan 14, Stockholm, 116 67, SE

### **Franciscan Sisters of Allegany, NY**

115 East Main Street, St. Bonaventure, NY 14706

### **Franciscan Sisters of Perpetual Adoration**

912 Market St., LaCrosse, WI 54601

### **Friends Fiduciary Corporation**

1700 Market Street, Suite 1535,  
Philadelphia, PA 19103

<http://www.friendsfiduciary.org/>

### **Friends Provident Foundation**

Blake St, York, YO1 8QG, GB

### **Glenmary Home Missioners**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108

### **Green Century Capital Management, Inc.**

114 State Street, Boston, MA 02109  
617-482-0800

### **Gwendolyn Noyes**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108

<https://www.bostontrustwalden.com/>

### **Harrington Investments**

104 W. Anapamu, Suite H, Santa Barbara, CA 93101  
805-770-2300

## Contact Details for Filers

### **Haymarket People's Fund**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108  
<https://www.bostontrustwalden.com/>

### **Holley Fowler Martens**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108  
<https://www.bostontrustwalden.com/>

### **Illinois State Treasurer**

100 W Randolph St., Chicago, IL 60601

### **Institute of the Blessed Virgin Mary (Loretto Sisters)**

70 St. Mary Street, Toronto, ON M5S1J3, CA  
416-483-2238

### **International Brotherhood of Teamsters**

25 Louisiana Avenue, NW, Washington, DC 20001

### **Islington Pension Fund**

7 Newington Barrow Way, Finsbury Park, London,  
N7 7EP, GB

### **Jesuits in Britain**

114 Mount St, Mayfair, London, W1K 3AH, GB

### **La Banque Postale Asset Management**

34 Rue de la Fédération, Paris, 75015, FR

### **Lemmon Foundation**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108  
<https://www.bostontrustwalden.com/>

### **Man Group**

2 Swan Lane, London, EC4R 3AD, GB  
+44 (0) 20 7144 1000

### **Maryknoll Sisters**

766 Brady Avenue - Apt. 635, Bronx, NY 10462  
914-941-7575

### **Max and Anna Levinson Foundation**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108

### **Mercy Investment Services**

2039 North Geyer Road, St. Louis, MO 63131  
570-366-1809  
<https://www.mercyinvestmentservices.org/>

### **Merseyside Pension Fund**

Castle Chambers, 43 Castle St, Liverpool,  
L2 9SH, GB

### **Miller/Howard Investments**

10 Dixon Avenue, Woodstock, NY 12498

### **Missionary Oblates of Mary Immaculate**

391 Michigan Avenue, NE, Washington, DC 20017

### **Monasterio De San Benito**

Rio Bamba 870, Colonia Liindavista, 7300, MX

### **Monasterio Pan de Vida**

Apdo. Postal 105-3 Torreon, Coahuila C.P., 27003, MX

### **Nathan Cummings Foundation**

475 Tenth Avenue, 14th Floor, New York, NY 10018  
212-787-7300

### **Needmor Fund**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108

### **New York City Employees Retirement System (NYC Pension Funds)**

Municipal Building, Room 729, New York, NY

### **New York State Common Retirement Fund**

Alfred E. Smith Office Bldg., Albany, NY 12236

### **Newground Social Investment**

111 Queen Anne Ave North, Seattle, WA 98109-4955  
(206) 522-1944

### **NorthStar Asset Management**

30 St. John Street, Boston, MA 02130

### **Northwest Women Religious Investment Trust**

PO Box 248, Bellevue, WA 98009

### **Oblate International Pastoral Investment Trust**

391 Michigan Avenue, NE, Washington, DC 20017

### **Oxfam America**

226 Causeway Street, Boston, MA 02114-2206  
617-482-1211

### **PeaceHealth**

1115 SE 164th Ave., Vancouver, WA 98683  
360-729-1000

## Contact Details for Filers

### **Portico Benefit Services (ELCA)**

800 Marquette Ave., Minneapolis, MN 55402  
800-352-2876

### **Presbyterian Church (USA)**

100 Witherspoon St., Rm 3046,  
Louisville, KY 40202-1396  
502-569-5809

### **Providence St. Joseph Health**

1801 Lind Avenue, SW, Renton, WA 98057-9016

### **Providence Trust**

515 SW 24th Street, San Antonio, TX 78207-4619  
210-434-1866

### **Province of St. Joseph of the Capuchin Order (Midwest Capuchins)**

1015 N. 9th Street, Milwaukee, WI 53233

### **Proxy Impact**

1611 Telegraph Ave., Oakland, CA 94612

### **Rathbone Investment Management**

8 Finsbury Circus, London, EC2M 7AZ, GB

### **Religious of the Sacred Heart of Mary, Western American Province**

RSHM Provincial Center,  
Montebello, CA 90640-2901  
323-887-8821

### **Reynders McVeigh Capital Management LLC**

121 High St., Boston, MA 02110  
(617) 226-9999, <https://reyndersmcveigh.com>

### **Riverwater Partners LLC**

1433 N. Water St., Milwaukee, WI 53202

### **Robeco Institutional Asset Management B.V.**

Coolsingel 120, Rotterdam, 3011 AG, NL

### **Sarasin Asset Management Limited**

Juxon House, 100 St. Paul's Churchyard, London,  
EC4M 8BU, GB

### **School Sisters of Notre Dame Central Pacific Province**

320 East Ripa Avenue, St. Louis, MO 63125

### **School Sisters of Notre Dame Cooperative Investment Fund**

345 Belden Hill Road, Wilton, CT 06897  
203 762 3318

### **Service Employees International Union (SEIU)**

1800 Massachusetts Avenue, NW,  
Washington, DC 20036

### **ShareAction**

63/66 Hatton Garden, Fifth Floor, Suite 23, London,  
EC1N 8LE, GB  
+44 (0)20 7403 7800

### **Shareholder Association for Research and Education (SHARE)**

26th Floor, 1055 West Georgia,  
Vancouver, BC V6E 3R5, CA

### **Sinsinawa Dominican Sisters**

2117 Monroe St., Madison, WI 53562  
608-748-4411, <http://www.sinsinawa.org>

### **Sisters of Bon Secours USA**

1525 Marriottsville Road, Marriottsville, MD 21104

### **Sisters of Charity of St. Elizabeth, NJ**

One Convent Station Rd.,  
Convent Station, NJ 07961-0476  
201-278-1424

### **Sisters of Charity of the Blessed Virgin Mary**

205 West Monroe St., Chicago, IL 60606

### **Sisters of Notre Dame de Namur-Boston**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108

### **Sisters of Providence, Mother Joseph Province**

506 Second Ave.-Ste. 1200, Seattle, WA 98104-2329

### **Sisters of St. Dominic of Caldwell, NJ**

75 South Fullerton Avenue, Montclair,  
NJ 07042

### **Sisters of St. Dominic, Amityville**

555 Albany Avenue, Amityville, NY 11701-1197

### **Sisters of St. Dominic, WI (Racine Dominicans)**

Siena Center, Racine, WI 53402

## Contact Details for Filers

### **Sisters of St. Francis Charitable Trust**

3390 Windsor Avenue, Dubuque, IA 52001  
563-583-9786

### **Sisters of St. Francis of Philadelphia**

609 S. Convent Rd., Aston, PA 19014

### **Sisters of St. Joseph of Carondelet of St. Paul Province**

1884 Randolph Ave., St. Paul, MN 55015

### **Sisters of St. Joseph of Orange**

480 South Batavia, Orange, CA 92668  
714-633-8121

### **Sisters of St. Joseph of Peace, WA**

P.O. Box 248, Bellevue, WA 98009

### **Sisters of St. Joseph, Brentwood**

St. Joseph's, Brentwood, NY 11717

### **Sisters of the Good Shepherd**

82-31 Doncaster Place, Jamaica, NY 11432

### **Sisters of the Holy Family, CA**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108  
510-624-4500

### **Sisters of the Holy Names of Jesus and Mary Ontario Province**

P.O. Box 398, Marylhurst, OR 97036  
503-675-7100

### **Sisters of the Humility of Mary, OH**

2218 West Blvd., Cleveland, OH 44102  
216-961-3169

### **Sisters of the Presentation of the Blessed Virgin Mary, SD**

1500 North 2nd Street, Aberdeen, SD 57401-1238

### **State of Rhode Island and Providence Plantations**

Office of the General Treasurer, Providence, RI 02903

### **SumofUs**

P.O. Box 1128, New York, NY 10156

### **The 1970 Trust**

12 St Catherine Street Cupar, Fife, KY15 4HN, GB

### **The Olga Monks Pertzoff Trust 1945**

111 Commercial Street, Portland, ME 04101

### **The Oneida Tribe of Indians Trust Fund for the Elderly**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108

### **The Swift Foundation**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108  
<https://www.bostontrustwalden.com/>

### **Tides Foundation**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108

### **Trillium Asset Management Corporation**

Two Financial Center, Boston, MA 02111  
<https://trilliuminvest.com/>

### **Trinity College, Cambridge**

Trinity College, Cambridge, CB2 1TQ, GB

### **Trinity Health**

Treasury Operations Mail Code,  
Livonia, MI 48152-7006

### **Unitarian Universalist Association**

24 Farnsworth Street, Boston, MA 02210-1409  
617-742-2100

### **United Church Funds**

475 Riverside Drive, New York, NY 10115

### **United for Respect**

3578 Grand Avenue, #14, Oakland, CA 94610  
<http://www.united4respect.org>

### **United Steelworkers**

60 Boulevard of the Allies, Pittsburgh, PA 15222

### **Vermont Pension & Investment Committee**

Vermont State Treasurer's Office,  
Montpelier, VT 05609

### **Wallace Global Fund**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108

## Contact Details for Filers

### **Weinstock**

c/o Boston Trust Walden, One Beacon Street,  
Boston, MA 02108  
<https://www.bostontrustwalden.com/>

### **Zevin Asset Management**

2 Oliver Street, Boston, MA 02109





## 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 \$2 trillion 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 five decades ago, our principal focus has been on the social impacts of corporate operations and policies and our engagements are shaped by a human rights lens.

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).



475 Riverside Drive  
Suite 1842  
New York, NY 10115  
(212) 870-2295 / [www.iccr.org](http://www.iccr.org)