

ICCR'S  
**2023**  
PROXY RESOLUTIONS  
& VOTING GUIDE



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# 2023 Executive Summary

## Who We Are

**O**ur guiding principle as shareholders is that sustainable corporations must look beyond the next earnings report to account for the full impact of their businesses on society and the environment, and must view the well-being of all of their stakeholders — including their workers and the communities where they operate — as integral to their long-term success.

Our global membership comprises a diverse community of institutional investors— communities of faith, labor unions, pension funds, asset managers, foundations, and other like-minded investors— collectively representing over US\$4T in assets under management. Together, we use our leverage as shareholders in some of the world’s most powerful corporations to catalyze change on critical environmental and social issues, including worker rights and human rights, the climate crisis, racial justice, and health equity, as well as a range of cross-cutting governance risks including corporate lobbying and political spending.

We are grateful to count on the expertise and experience of an ever-growing network of NGO and civil society allies and know that our work would not be possible without these partnerships.

## 2023 Proxy Season Overview

### The Anti-ESG Pushback

As we publish this year’s Proxy Resolutions and Voting Guide our work is coming under attack from conservative legislators and others such as the American Legislative Exchange Council, seeking to discredit ESG (environmental, social, and governance) investing as “woke capitalism” and a dereliction of fiduciary duty. While we have



seen pushback from these quarters before, this well-coordinated and well-funded campaign seeks to insert ESG investing directly into the “culture wars” and elevate it as a political wedge issue to further divide our country. To date, legislation prohibiting the use of ESG investment strategies has been introduced in ten states, and fund managers employing ESG as a risk-management tool have been blacklisted by state treasurers who are accusing them of “boycotting” the fossil fuel and firearms sectors.

Despite these challenges, our members, along with the vast majority of the investment community, continue to make the strong case that the management of environmental and social risks, as well as strong corporate governance practices, significantly enhance long-term corporate financial performance and competitiveness to the benefit of shareholders and all stakeholders. Moreover, neglecting ESG concerns can create more global, systemic risks that threaten society, the environment, and economic stability.

## SEC Regulations Governing the Proxy Process

This guide presents the 376 ICCR member-sponsored resolutions — both as lead- and co-filer — filed for 2023 corporate proxies, as of February 16. The majority of these proposals will go to a vote at company annual meetings this spring. Some, however, have been challenged by companies or withdrawn by their proponents; to the best of our knowledge, we indicate the status of proposals as of the date of publication in the **ICCR Member Resolutions by Company** section, which begins on page 9.

Recent proxy seasons have been impacted by rule changes promulgated by the Securities and Exchange Commission (SEC) during the Trump administration that increase barriers to the filing of shareholder proposals. Prompted by years of lobbying by powerful industry trade groups seeking to limit shareholders' voices in corporate decision-making, these limitations include elevated ownership requirements, an increase in vote

resubmission thresholds, a new one-proposal-per-proponent-per-company rule, and an end to the aggregation of shares by a group of co-filers.

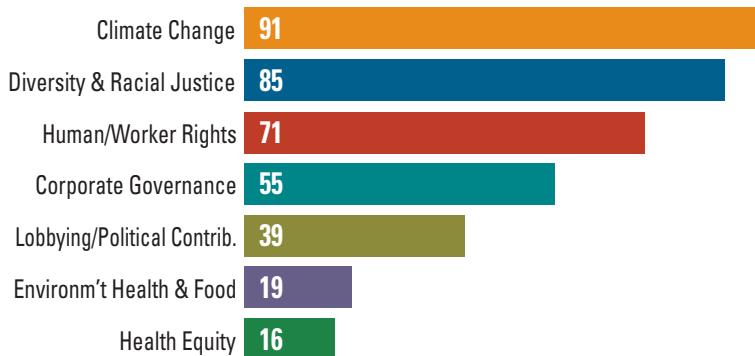
Both individually and collectively, these changes have made the filing of resolutions substantially more onerous for would-be filers over the past two proxy seasons. ICCR, along with As You Sow and James McRitchie, has filed a complaint against the SEC under the Administrative Procedure Act that seeks to vacate these changes. To learn more about our leadership in opposing attempts to restrict shareholder rights, [visit our website](#).

Yet, there is hopeful news on the horizon. In the summer of 2022, the SEC also proposed three changes that would narrow the grounds by which companies could successfully exclude shareholder proposals from their proxy ballots via SEC challenges ("no-action" contests): substantial implementation, duplication, and resubmission of shareholder proposals. These revisions respond to input from the investor community regarding earlier problematic SEC staff approaches to applying bases for exclusion, and also reflect a more nuanced understanding of the dynamic nature of the shareholder proposal process. We will have a better understanding of the impact these revised rules will have on the SEC's review of our members' proposals in the coming months.

**We strongly urge all investors to practice active ownership by voting their proxies every year. If you are an investor, we invite you to read the proposals that follow and vote your proxies in support, noting that un-voted proxies are considered abstentions and are counted as votes for management.**

To see the full list of the investors that filed the resolutions contained in this Guide, please visit p. 260.

### Resolutions by Issue



**Methodology Note:** This year we have moved all resolutions pertaining to Indigenous rights and Free, Prior and Informed Consent out of the Inclusiveness/Racial Justice section where they have been housed in previous years, and into Human Rights & Worker Rights.

### 2023 Noteworthy Trends

Members of the ICCR coalition are known for their innovative strategies in shareholder engagement and in the new topics they are raising with portfolio companies. Among their new asks this year:

#### New Resolutions this Year *(with lead filers)*

- Adopt Coal Phase-Out Policy** (Domini Impact Investments)
- Allow Time to Vote** (Corporate Governance)
- Assessing Allegations of Biased Operations in India** (SumofUs)
- Asset Management Policies and Diversified Investors** (Corporate Governance)
- Company Policy Compared to External Indigenous-led Standards of Practice** (SHARE)
- Eliminating Discrimination through Inclusive Hiring** (NorthStar Asset Mgt)
- Ensuring People in Conflict Zones Do Not Suffer Discriminatory Exclusion** (SumofUs)
- Fair Director Elections** (Corporate Governance)
- Human Rights and Material Risks Related to the Russian Invasion of Ukraine** (Friends Fiduciary)
- Impact of Asset Transfers on Disclosed GHG Emissions** (Andrew Behar, Curtis Overway and Marcelina Cravat-Overway)
- Patents and Access** (Adrian Dominican Sisters, Boston Common Asset Mgt., CommonSpirit Health, Friends Fiduciary, Mercy Investments, Midwest Capuchins, Trinity Health)
- Pilot Fair Food Program** (Domini Impact Investments)
- Privatization of Polluting Assets** (B.C. General Employees' Union (BCGEU))
- Report on Driver Health and Safety** (Achmea Investment Mgt.)
- Report on Guyana Oil Spill Economic, Human, and Environmental Impacts** (Mercy Investments)
- Transition Plan to Address Abuse of Uyghurs** (SumofUs)
- Workplace Safety Policy Assessment - Gun Violence** (United for Respect)

### The Climate Crisis and Racial Justice Continue to Dominate Investor Concerns

As we can see from the chart and consistent with last year, resolutions addressing the climate crisis and racial justice, diversity, equity, and inclusion (DEI) were the most numerous, with 91 and 85 proposals respectively.

This year proposals related to the climate crisis accounted for just under a quarter of all resolutions filed by members of the ICCR coalition, close to the same proportion as last year. Climate proposals focused heavily on banks' financing of emissions as well as companies in the oil & gas sector. The largest group of these proposals (28) called for companies to develop climate transition plans with GHG reduction goals. The second largest group called for Paris-aligned climate lobbying, which was followed by resolutions pressing for direct measurement of methane emissions. Another significant group of proposals this year called on banks to adopt "climate-forward" lending policies to better align their practices with their expressed commitments to achieving net zero emissions.



Back in 2015, shareholders began asking heavily polluting companies to address the financial risks of their polluting assets. Many companies began a process of selling off and privatizing some of their most GHG-intensive assets but frequently did so to companies with poor track records in GHG emissions management. For that reason, several resolutions this year addressed the impacts of the privatization of polluting assets.

Last year investors increased efforts to hold corporate boards accountable for poor climate risk management, zeroing in on those companies lacking meaningful climate commitments. Investors deployed innovative strategies in addition to filing resolutions, including opposing board re-elections via “vote no” campaigns, and voting against approval of company financial statements, and voting against the annual discharge of the board and management.

### **Racial Justice, Diversity, Equity and Inclusion (DEI)**

Corporate America continues to underperform on many critical issues related to racial justice, diversity, equity, and inclusion (DEI). ICCR-member DEI and racial justice filings stand at 85 this year. The largest group of these (26 proposals) called for greater disclosure of material corporate DEI data. The second largest group called for racial equity audits (25).

A comprehensive racial equity audit (REA) helps companies identify, prioritize, remedy, and avoid adverse impacts on BIPOC stakeholders.

### **A Continuing Focus on the Rights of Workers**

This year our members filed a diverse group of 71 resolutions covering numerous human rights and worker rights risks. The largest group of these (nine proposals) focused on worker rights, and called for companies to implement paid sick leave policies as a standard employee benefit. The second largest group (at eight) called on companies to respect freedom of association and collective bargaining. Other resolutions addressed worker health and safety, specifically focusing on Amazon, Dollar General, Dollar Tree, Uber, and Walmart.

### **Shareholders Underscore Intersecting Risks in the Tech Sector**

Members of ICCR and the Investor Alliance for Human Rights have been engaging leading tech companies on their human and digital rights risks for several years, and this year filed a group of 26 proposals for the 2023 proxies of Alphabet, Amazon, and Meta. The proposals raise a variety of human rights concerns (ten proposals) ranging from inadequate content moderation and the proliferation of hate speech to a lack of transparency and accountability through the use of opaque algorithms and artificial intelligence, violations of privacy rights, risks of the targeted advertising business model of Big Tech, as well as corporate governance concerns (eight proposals) such as the dual-class share structures prevalent in the tech sector that limit voting rights for shareholders. Taken together, the issues raised in the proposals speak to the power and influence these tech giants wield over society and highlight how a lack of adequate oversight structures to mitigate potential harms raises risks for all stakeholders.

### **An Emerging Human Rights Focus on Conflict-Affected and High-Risk Areas, including Uyghur Forced Labor and the Russian Invasion of Ukraine**

Doing business in conflict-affected and high-risk areas (CAHRA) carries with it a multiplicity of severe operational and human rights risks for all corporate stakeholders, including investors. The tech sector in particular is increasingly at risk, and there is increasing evidence of the industry's role in exacerbating conflict. Several resolutions this year cited Uyghur forced labor and the Russian invasion of Ukraine, including a Texas Instruments resolution citing the use of its components in Russian weapons systems.

### **Corporate Political Activities Remain Under Heightened Scrutiny**

Corporations spend millions of dollars each year to influence U.S. and global legislative and political systems. Companies are facing increased pressure from investors on both full transparency of their corporate political engagement, as well as alignment of their lobbying and political spending with the companies' stated core values and commitments. Investors are calling out eight corporations for 'misalignment' of their political contributions and public commitments, focusing specifically on those that have given financial support to members of Congress who voted against certifying the 2020 U.S. presidential election results, as well as those who oppose federal voting rights legislation. Still other proposals in this group cite companies' support of the State Financial Officers Foundation ("SFOF"), an organization that works to prevent investor consideration of climate risk and other ESG factors.



In a new development, Amazon and two other companies received resolutions calling on them to adopt policies requiring that, prior to making a donation or expenditure that supports the political activities of any trade association, social welfare organization, or organization primarily engaged in political activities, the companies will require that the organization report its expenditures for political activities — specifying the amount and recipient — and that each such report be posted on the companies' websites.

### **Trends in Proposals by Sector**

In 2023, the sectors receiving the most proposals from ICCR members are oil and gas with 36, and banks with 32, similar to what we saw last year (banks with 32, and oil and gas with 30.) These were followed by hotels and leisure (25).

### SEC Challenges

Every year, companies challenge a portion of our members' resolutions at the SEC, seeking to omit them from their proxy ballots where they become public, are voted on by shareholders, and often garner press attention. Companies receiving proposals have the right to petition the SEC to omit the proposal from the proxy ballot, known as a "No Action" letter. Companies may challenge proposals on multiple grounds to improve their chances of securing an omission. Our members win the majority of these contests each year, and only lost 15% of our No Action challenges in 2022.

Based on data received thus far in 2023, companies have challenged a smaller proportion of our resolutions at this stage of the filing season than either of the prior two years. To date, proponents have received challenges on 43 proposals, comprising 11% of the total number of proposals filed. In terms of the grounds cited by companies for omission, substantially implemented is again the challenge ground most frequently cited, followed by two types of procedural challenges: proof of ownership and failure to respond to notice of deficiency.

These preliminary numbers will change as we receive notification of additional challenges and SEC decisions in the weeks ahead.

### Increased Optimism for Majority Votes

2022 was a banner year for ICCR members with a record-breaking 39 proposals achieving majority votes at annual meetings, and the average vote reaching 31.7%. This is evidence of the strength of our members' proposals and escalating support for their requests in the investor community. Last year, majority votes were concentrated among proposals calling for action on diversity, equity and inclusion, climate change, and corporate governance. We will have a better understanding

of the performance of this year's proposals at the end of the AGM season this summer.

### Withdrawals for Agreement

When shareholders file a resolution, companies may reach out to the filers and request a dialogue to discuss aspects of the proposal and negotiate a withdrawal. If an agreement between both parties is reached that satisfies the main requests of the proposal, filers may choose to voluntarily withdraw the resolution, in which case it won't appear on the company's proxy statement. This is, of course, the most advantageous outcome for proponents.

Every year ICCR members negotiate over one hundred of these successful agreements with companies. Last year our members achieved 185 successful withdrawals by the end of the proxy season — accounting for 36% of all resolutions they filed. Agreements on climate issues (60) led the way, closely followed by agreements on racial justice and DEI (52).

As the season continues to unfold, we will keep you posted as best we can on the status of these important proposals. Moreover, as the anti-ESG campaign continues to ramp up and legislation inhibiting investors' ability to exercise their fiduciary duty spreads, our members' work to keep environmental, social, and governance issues front and center with companies gains relevance. We ask you to support the work of responsible investors as you can and if you are able to vote your proxies in support of these proposals, that is an important start.



## ICCR Member Resolutions by Company

| Company                              | Resolution  | Status     | Page |
|--------------------------------------|---|------------|------|
| Abbott Laboratories                  | Executive Incentive Compensation - Compliance           | Pending    | 101  |
|                                      | Lobbying Expenditures Disclosure                        | Pending    | 253  |
| AbbVie                               | Lobbying Expenditures Disclosure                        | Pending    | 253  |
|                                      | Patents and Access                                      | Challenged | 166  |
| Activision Blizzard, Inc.            | Freedom of Association                                  | Pending    | 188  |
|                                      | Shareholder Ratification of Termination Pay             | Pending    | 99   |
| Adobe Systems Inc.                   | Eliminating Discrimination through Inclusive Hiring     | Pending    | 197  |
| Alarm.com Holdings, Inc.             | Allow Time to Vote                                      | Pending    | 90   |
| Alphabet, Inc.                       | Content Moderation and Legislative Risk                 | Pending    | 204  |
|                                      | Data Operations in Human Rights Hotspots                | Pending    | 216  |
|                                      | Fair Director Elections                                 | Pending    | 87   |
|                                      | Give Each Share an Equal Vote                           | Pending    | 93   |
|                                      | Human Rights Impact Assessment                          | Pending    | 206  |
|                                      | Improving Algorithmic Systems Disclosures               | Pending    | 208  |
|                                      | Paris-Aligned Climate Lobbying                          | Pending    | 54   |
|                                      | Racial Equity Audit                                     | Pending    | 119  |
| Altria Group, Inc.                   | Review of Audit and Compliance Committee                | Pending    | 209  |
|                                      | Civil Rights Audit                                      | Challenged | 126  |
| Amalgamated Financial Corp.          | Political Contributions Misalignment                    | Pending    | 246  |
|                                      | Gender and Racial Pay Gap                               | Pending    | 130  |
| Amazon.com, Inc.                     | Align Retirement Plans with Climate Goals               | Pending    | 79   |
|                                      | Customer Due Diligence                                  | Pending    | 203  |
|                                      | Fair Director Elections                                 | Pending    | 87   |
|                                      | Gender and Racial Pay Gap                               | Pending    | 129  |
|                                      | Hourly Associate on Board of Directors                  | Pending    | 196  |
|                                      | Lobbying Expenditures Disclosure                        | Challenged | 251  |
|                                      | Measure and Disclose Scope 3 GHG Emissions              | Challenged | 43   |
|                                      | Paris-Aligned Climate Lobbying                          | Challenged | 50   |
|                                      | Reduce Plastics Use                                     | Pending    | 150  |
|                                      | Rekognition: Facial Recognition Technology              | Pending    | 205  |
|                                      | Respect for Freedom of Assoc. and Collective Bargaining | Pending    | 187  |
|                                      | Tax Transparency Report                                 | Pending    | 104  |
|                                      | Trade Associations to Disclose Polit. Contributions     | Challenged | 238  |
| Transparency Reporting               | Pending   | 215        |      |
| Worker Pay in Executive Compensation | Pending   | 102        |      |
| Workplace Health and Safety Audit    | Pending   | 191        |      |

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| Company                    | Resolution   | Status     | Page |
|----------------------------|--|------------|------|
| AMEREN                     | Climate Transition Plan and GHG Reduction Goals          | Pending    | 27   |
|                            | Coal-Related Harm  | Pending    | 70   |
|                            | Short and Long-Term Science-Based GHG Targets            | Challenged | 49   |
| American Tower             | Fair Director Elections                                  | Pending    | 87   |
| American Water Works       | Racial Equity Audit                                      | Pending    | 118  |
| Amgen Inc.                 | Patents and Access                                       | Challenged | 166  |
| Apple Computer, Inc.       | Board Responsiveness                                     | On Proxy   | 94   |
|                            | Freedom of Expression Transparency Report                | Agreement  | 211  |
|                            | Gender and Racial Pay Gap                                | Pending    | 130  |
|                            | Lobbying Expenditures Disclosure                         | Pending    | 254  |
|                            | Proxy Rights and Access                                  | Pending    | 88   |
|                            | Respect for Freedom of Assoc. and Collective Bargaining  | Agreement  | 187  |
|                            | Transition Plan to Address Abuse of Uyghurs              | Agreement  | 218  |
| Assured Guaranty Ltd.      | Racial Equity Audit                                      | Pending    | 111  |
| AT&T Inc.                  | Racial Equity Audit                                      | Challenged | 119  |
| Autodesk Inc.              | Risks Associated with Concealment Clauses                | Pending    | 140  |
| Axon Enterprise Inc.       | Fair Director Elections                                  | Pending    | 87   |
| Badger Meter Inc.          | Eliminating Discrimination through Inclusive Hiring      | Pending    | 197  |
| Bank of America Corp.      | Greater Disclosure of Material Corporate DEI Data        | Pending    | 133  |
|                            | Racial Equity Audit                                      | Pending    | 113  |
|                            | Time-Bound Phase-Out of Fossil Fuel Exploration and Dev. | Pending    | 40   |
|                            | Transition Planning                                      | Pending    | 38   |
| Bank of Montreal           | Indigenous Relations / FPIC                              | Pending    | 229  |
|                            | Racial Equity Audit                                      | Pending    | 112  |
| Bank of New York Mellon    | GHG Reduction Targets for Lending/Investment Activities  | Pending    | 42   |
|                            | Greater Disclosure of Material Corporate DEI Data        | Pending    | 133  |
| Bank of Nova Scotia        | Client Engagement  | Pending    | 39   |
|                            | Risks of Financing Controversial Weapons                 | Pending    | 234  |
| Baxter International, Inc. | Greater Disclosure of Material Corporate DEI Data        | Pending    | 133  |
| Berkshire Hathaway Inc.    | Greater Disclosure of Material Corporate DEI Data        | Pending    | 133  |
|                            | Reduce GHG Emissions Associated with Underwriting        | Pending    | 41   |
| Biogen, Inc.               | Greater Disclosure of Material Corporate DEI Data        | Pending    | 133  |
| BlackRock, Inc.            | Gender and Racial Pay Gap                                | Pending    | 131  |
| Boeing                     | Gender and Racial Pay Gap                                | Pending    | 131  |
|                            | Lobbying Expenditures Disclosure                         | Pending    | 254  |
| BorgWarner Inc.            | Just Transition Report                                   | Pending    | 67   |
| Bristol-Myers Squibb       | Executive Incentive Compensation - Compliance            | Pending    | 101  |
|                            | Patents and Access                                       | Pending    | 166  |

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| California Water Service Group    | Climate Transition Plan and GHG Reduction Goals         | Pending    | 30   |
| Canadian Imperial Bank            | Racial Equity Audit                                     | Pending    | 112  |
| Caterpillar Inc.                  | Human Rights Risks in Conflict-Affected Areas Policies  | Pending    | 221  |
|                                   | Lobbying Expenditures Disclosure                        | Pending    | 254  |
| Celldex Therapeutics, Inc.        | Fair Director Elections                                 | Pending    | 87   |
| Centerpoint Energy                | Climate Transition Plan and GHG Reduction Goals         | Pending    | 27   |
| Charles River Laboratories Int'l  | Political Contributions                                 | Pending    | 248  |
| Charles Schwab Corp.              | Gender and Racial Pay Gap                               | Pending    | 131  |
| Charter Communications, Inc.      | Greater Disclosure of Material Corporate DEI Data       | Pending    | 133  |
|                                   | Lobbying Expenditures Disclosure                        | Pending    | 254  |
| Cheesecake Factory                | Deforestation-Free Supply Chain                         | Challenged | 75   |
| Chevron Corp.                     | Adopt Medium-Term Scope 3 GHG Reduction Target          | Pending    | 45   |
|                                   | Business with Govts. Complicit in Genocide, Myanmar     | Challenged | 222  |
|                                   | Impact of Asset Transfers on Disclosed GHG Emissions    | Pending    | 61   |
|                                   | Independent Board Chair                                 | Challenged | 95   |
|                                   | Plant Closure and a Just Transition                     | Pending    | 68   |
|                                   | Racial Equity Audit                                     | Pending    | 116  |
|                                   | Reduced Plastics Demand Impact on Financial Assumptions | Challenged | 154  |
|                                   | Shareowners Right to Call Special Meeting               | Pending    | 100  |
| Chewy, Inc.                       | Tax Transparency Report                                 | Pending    | 104  |
|                                   | ESG Policies, Performance and Improvement Targets       | Pending    | 81   |
| Chipotle Mexican Grill, Inc.      | Fair Director Elections                                 | Pending    | 87   |
|                                   | Lobbying Expenditures Disclosure                        | Pending    | 252  |
| Choice Hotels International, Inc. | Climate Transition Plan and GHG Reduction Goals         | Pending    | 26   |
| Chubb Limited                     | Human Rights Risk Report                                | Challenged | 230  |
|                                   | Reduce GHG Emissions Associated with Underwriting       | Challenged | 41   |
| CIGNA Corp.                       | Political Contributions Misalignment                    | Pending    | 245  |
| Citigroup                         | Respect for Rights of Indigenous Peoples                | Pending    | 228  |
| Cleveland-Cliffs Inc.             | Climate Transition Plan and GHG Reduction Goals         | Pending    | 25   |
| CNX Resources Corp.               | Paris-Aligned Climate Lobbying                          | Challenged | 51   |
| Coca-Cola Company, The            | Political Contributions Misalignment                    | Pending    | 244  |
|                                   | Racial Equity Audit                                     | Pending    | 120  |
| Cognizant Technology Solutions    | Fair Director Elections                                 | Pending    | 87   |
| Colgate-Palmolive                 | Political Contributions                                 | Pending    | 248  |
| Comcast Corp.                     | Align Retirement Plans with Climate Goals               | Challenged | 80   |
|                                   | Political Contributions Misalignment                    | Pending    | 242  |
|                                   | Racial Equity Audit                                     | Pending    | 111  |
| ConocoPhillips                    | Tax Transparency Report                                 | Pending    | 104  |

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| Costco Wholesale Corp.           | Report on the Outcomes of Chemical Reduction Efforts      | Agreement  | 160  |
| Coterra Energy                   | Paris-Aligned Climate Lobbying                            | Pending    | 51   |
| Cummins Inc.                     | Link Executive Pay and GHG Targets                        | Pending    | 82   |
| CVS Health Corp.                 | Fair Director Elections                                   | Pending    | 87   |
|                                  | Paid Sick Leave Policy                                    | Pending    | 182  |
|                                  | Risks Associated with Concealment Clauses                 | Pending    | 142  |
| Danaher Corp.                    | Greater Disclosure of Material Corporate DEI Data         | Pending    | 133  |
| Deere & Company                  | Climate Transition Plan and GHG Reduction Goals           | Agreement  | 28   |
| Delta Air Lines, Inc.            | Respect for Freedom of Assoc. and Collective Bargaining   | Pending    | 186  |
| Denny's Corp.                    | Paid Sick Leave Policy                                    | Pending    | 181  |
| DexCom Inc.                      | Gender and Racial Pay Gap                                 | Pending    | 131  |
| Digital Realty Trust Inc.        | Report on Policies and Racism in Company Culture          | Pending    | 138  |
|                                  | Risks Associated with Concealment Clauses                 | Pending    | 141  |
| Discover Financial Services Inc. | Fair Director Elections                                   | Pending    | 87   |
| Disney (Walt) Company / ABC      | Greater Disclosure of Material Corporate DEI Data         | Agreement  | 133  |
|                                  | Lobbying Expenditures Disclosure                          | Agreement  | 251  |
|                                  | Political Contributions Misalignment                      | Pending    | 241  |
|                                  | Report on the Outcomes of Chemical Reduction Efforts      | Agreement  | 160  |
| Dollar General Corp.             | Workplace Health and Safety Audit                         | Challenged | 190  |
| Dollar Tree Stores               | Workplace Health and Safety Audit                         | Pending    | 192  |
| Douglas Emmett, Inc.             | Lobbying Expenditures Disclosure                          | Pending    | 255  |
| Dow Inc.                         | Reduced Plastics Demand Impact on Financial Assumptions   | Pending    | 154  |
| DTE Energy                       | Lobbying Expenditures Disclosure                          | Pending    | 254  |
| eBay Inc.                        | Greater Disclosure of Material Corporate DEI Data         | Pending    | 133  |
| Electronic Arts Inc.             | Shareholder Ratification of Termination Pay               | Pending    | 99   |
| Elevance Health                  | Civil Rights Audit  | Pending    | 127  |
|                                  | Trade Associations to Disclose Polit. Contributions       | Challenged | 239  |
| Eli Lilly and Company            | Greater Disclosure of Material Corporate DEI Data         | Challenged | 133  |
|                                  | Lobbying Alignment  | Challenged | 249  |
|                                  | Lobbying Expenditures Disclosure                          | Challenged | 253  |
|                                  | Patents and Access  | Challenged | 166  |
| EOG Resources, Inc.              | Direct Measurement of Methane Emissions                   | Agreement  | 59   |
|                                  | Lobbying Activity Alignment with Net Zero GHG Targets     | Agreement  | 56   |
| Essential Utilities              | PFAS Chemicals in Water                                   | Agreement  | 159  |
| Etsy, Inc.                       | Review Effectiveness of Company's Anti-Harassment Efforts | Pending    | 144  |
| Expeditors International         | Greater Disclosure of Material Corporate DEI Data         | Pending    | 133  |
| Exxon Mobil Corp.                | Adopt Medium-Term Scope 3 GHG Reduction Target            | Pending    | 44   |
|                                  | Direct Measurement of Methane Emissions                   | Pending    | 58   |

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| Exxon Mobil Corp.                 | Impact of Energy Transfer on Disclosed GHGs               | Pending    | 62   |
|                                   | Guyana Oil Spill Economic, Human and Enviro. Impacts      | Challenged | 158  |
|                                   | Plant Closure and a Just Transition                       | Pending    | 68   |
|                                   | Reduced Plastics Demand Impact on Financial Assumptions   | Pending    | 154  |
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## Climate Change

Given the severity of the climate crisis, it is imperative that the world’s largest greenhouse gas (GHG) emitters adopt commitments to achieve net zero emissions by 2050, with strong interim absolute emissions reduction goals. Yet, despite widespread pressure, many companies are still failing to set reduction targets and align their capital expenditures to match the scale and urgency of the crisis.

ICCR members press their portfolio corporations to speed the just transition to a clean energy economy by adopting Paris-compliant, science-based GHG reduction targets for their full value chains (Scopes 1-3), and significantly cutting their methane emissions. Our members’ focus is on heavy-emitting sectors, which include oil and gas companies and utilities, as well as banks and insurance companies whose lending and underwriting activities are central to the future of clean energy.

Yet climate progress has been hindered for decades by aggressive lobbying on the part of corporations and their trade associations, chiefly those in the oil and gas sector. Now in its third year, our members’ Paris-aligned climate lobbying campaign, which seeks to drive company ambitions towards alignment with the Paris Agreement and a 1.5°C trajectory, has expanded to include additional companies and new sectors.



### Climate Change 91

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**Paul Rissman**  
*Board Member,*  
*Sierra Club Foundation*

Climate change poses a systemic risk, with an estimated global GDP loss of 11-14% by midcentury under current trajectories. The climate crisis is primarily caused by **fossil fuel production and combustion, which is enabled by funding from financial institutions**. According to scientific consensus, limiting warming to 1.5°C means that the world cannot develop new oil and gas fields or coal mines beyond those already approved. Existing fossil fuel supplies will be sufficient to satisfy global energy needs.

As Net Zero Banking Alliance signatories, all of the major U.S. commercial and investment banks have committed to aligning their financing with the Paris Agreement, achieving net-zero emissions by 2050. However, the banks continue to extend lending and underwriting services to fossil fuel expanders, and cannot explain in detail why these practices won't prevent them from meeting their commitments.

While the banks say "trust us," greenwashing is rampant in financial services. Voluntary organizations such as GFANZ have been weakened. Anti-boycott efforts in red states may threaten their resolve. Investors need reassurance that the banks will meet their net-zero commitments, as the banks themselves recognize that missing these commitments could constitute material risk. Material risk for the banks is material risk for their investors.

ICCR members have therefore filed two types of resolutions with the largest U.S. banks. One requests a policy for a time-bound phase-out of finance for companies and projects expanding fossil fuel exploration and development. This proposal is a less prescriptive version of one filed last year, and we expect a higher level of support. The other proposal is new and asks for the specific measures and policies necessary to achieve the banks' targets, the reductions to be achieved, and timelines for implementation.

Proposals related to the climate crisis accounted for just under a quarter (91 resolutions) of all resolutions filed by ICCR members, consistent with last year. The largest group of these proposals (28) called for companies to develop climate transition plans with GHG reduction goals, a clear indication of investors' desire for corporate action to mitigate climate risk. The second largest group of proposals called for Paris-aligned climate lobbying in recognition of the important role corporate influence plays in enabling or inhibiting progress in addressing the climate crisis.

### Climate Financing

The financial services sector — including banks, hedge funds, private equity, and other investors — has the ability to move global markets and, for this reason, their investment decisions are of critical consequence. By phasing out the financing of high-carbon activities and shifting investments to support the clean energy transition these investors can meaningfully curb the worst impacts of climate change, help protect people and planet, and in doing so stabilize the economy. A significant group of proposals this year called on banks to adopt "climate-forward" lending policies to better align their practices with their expressed commitments to achieving net zero emissions. Investors are also pressing insurers to phase out the underwriting of new fossil fuel projects.

Investors asked Bank of America, Goldman Sachs, JPMorgan Chase, Morgan Stanley, and Wells Fargo to begin time-bound phase-outs of lending and underwriting to projects engaged in new fossil fuel exploration and development.

Berkshire Hathaway and Chubb were asked to report on how they intend to measure, disclose, and reduce the GHG emissions associated with their underwriting, insuring, and investment activities.



**Daniel Stewart**  
*Climate and Energy Program  
Manager, As You Sow*



**David Shugar**  
*Say on Climate Initiative Manager,  
As You Sow*

Climate change poses a significant risk to investors as it can have a major impact on the financial performance of companies. Extreme weather events, rising sea levels, and changes in temperature, can disrupt supply chains, damage infrastructure, and impact the ability of companies to operate. These climate-related effects can lead to increased costs, reduced revenues, and decreased valuations for companies, making them less attractive to investors. This is especially critical for large polluting companies and industries that face serious disruptions to their business models. Conversely, proactively managing climate risks benefits companies. Innovating to reduce greenhouse gas emissions provides new business opportunities for companies to take advantage of the global transition to a low-carbon economy.

To manage portfolio climate risk exposure, investors are increasingly looking for companies that have science-aligned climate targets and plans that demonstrate how they will achieve these targets. Large coalitions of investors, such as the Climate Action 100+ with \$68 trillion in assets under management, are coordinating on improving climate related performance of large polluting companies. **Science-aligned emissions reduction plans** not only help companies to mitigate climate risks, but also improve their reputation and attract new customers. **As You Sow** works on this critical issue by engaging companies to disclose and establish science-aligned greenhouse gas reduction targets as well as climate transition plans to achieve these goals. So far in the 2023 season, **As You Sow** has filed 33 climate transition plan related proposals.

## Transition Planning

Forty percent of global banking assets have committed to aligning their lending and investment portfolios with the goal of reaching net zero by 2050 — but targets alone are not enough to confront the climate realities we face. Investors are seeking disclosures demonstrating that banks have concrete transition strategies in place to credibly achieve those emissions reduction targets. An effective transition plan describes strategies, milestones, and timelines (beyond outside factors such as clients' actions or low-carbon technology developments) that will deliver on decarbonization targets.

Investors asked JPMorgan Chase, Wells Fargo, Bank of America, Morgan Stanley, and Goldman Sachs to issue reports disclosing transition plans that describe how they intend to align their financing activities with their 2030 sectoral GHG emissions reduction targets, including the specific measures and policies to be implemented, reductions to be achieved by such measures and policies, and timelines for implementation and associated emission reductions.

## Climate Transition Plan and GHG Reduction Goals

Investors expect companies to adequately manage their climate risk exposure; large polluting companies in particular will need to set science-based climate targets and demonstrate that they have plans in place to achieve those targets.

Investors asked 28 companies in a range of industries including AMEREN, California Water Services Group, Choice Hotels, Freeport-McMoRan, Lockheed Martin, Olympic Steel, and others to develop climate transition plans to achieve emissions reductions for their Scope 1, 2, and 3 GHG emissions, and to report annually, demonstrating progress towards those goals.

### Paris-Aligned Climate Lobbying

Corporate lobbying activities that seek to prevent or stall science-based climate legislation and regulation present major risks for investors by increasing the risk of physical damage from climate change and posing systemic risks to the global economy.

Amazon and Alphabet were asked to report on their framework for identifying and addressing misalignments between their lobbying and policy influence activities and positions, both direct and indirect through trade associations, coalitions, alliances, and social welfare organizations, and their net zero climate commitments.

ICCR members asked Wells Fargo to report on whether and how it is aligning its lobbying and policy influence activities and positions, both direct and indirect through trade associations, coalitions, alliances, and other organizations, with its public commitment to achieve net zero emissions by 2050 including the activities and positions analyzed, the criteria used to assess alignment, and involvement of stakeholders.

CNX Resources, Coterra Energy, Phillips 66, and UPS were asked to issue reports describing if, and how, their lobbying, directly and through the activities of their trade associations and other funded organizations, aligns with the Paris Climate Agreement's goal.

### Direct Measurement of Methane Emissions

Methane emissions are a dangerous GHG and a powerful driver of global warming. ICCR members seek greater disclosure of methane leakage and management information from companies and support the development of robust, cost-effective federal methane regulation by the EPA.

The EPA methodology used to estimate methane emissions underestimates and fails to capture many major leaks (actual emissions may be 50 to 100 percent higher than reported).

ICCR members asked seven companies including EOG Resources, Exxon Mobil, Marathon Petroleum and Targa Resources to issue reports on the reliability of their methane emissions disclosures, summarizing the outcome of efforts to directly measure methane emissions, and assess whether to alter their actions to achieve their climate targets.

### Plant Closures and a Just Transition

A just transition to an environmentally sustainable economy will be one that anticipates and mitigates impacts on people and communities, including potential job losses and displacement resulting from the move from fossil fuels to clean energy.

Investors asked Chevron and Exxon to report on the social impact on workers and communities of the closure or energy transition of company facilities, and present any alternatives that could help mitigate the impact of such closures or energy transitions.



### Pollution-Intensive Assets

Companies with pollution-intensive assets such as coal, oil and gas projects are coming under increasing pressure to reduce their GHG emissions. Some have responded by selling off their polluting assets. While transferring emissions from one company to another may reduce a company's balance sheet emissions, it does not contribute to the goal of limiting global temperature rise to 1.5°C or mitigating company or stakeholder exposure to climate risk. In aggregate, upstream oil and gas assets have begun moving from operators with stronger climate commitments to ones with weaker targets and disclosures, which can result in higher absolute emissions from more intensive exploitation of assets. This year a group of six resolutions focused on such energy-related asset risks.

Investors asked that when providing new financial services on brown-spinning transactions, Royal Bank of Canada and Toronto-Dominion ensure that the acquiring entities disclose Scope 1 and 2 emissions from their acquired assets annually, and that they set targets for reducing their emissions within a reasonable time after completing the transactions.

The Greenhouse Gas Protocol states that companies should recalculate their base year emissions in the event of a transfer of ownership or control of emissions-generating activities. Investors asked Chevron and Exxon Mobil to disclose recalculated emissions baselines that exclude the aggregated GHG emissions from any material asset divestitures occurring since 2016, the year that both companies use as a baseline for their emissions.

Investors asked Kinder Morgan to disclose the undiscounted expected value needed to settle the company's obligations for AROs (asset retirement obligations), addressing how the assumptions of the IEA's Net Zero by 2050 pathway would affect the estimated remaining useful lives of those assets.

GE continues to rely on gas demand scenarios that do not meet the goal of reaching net zero emissions by 2050, risking leaving its assets stranded. Given GE's plans to spin off its power businesses into a new entity, investors are asking the company to provide an audited report addressing how the application of the IEA Net Zero Emissions by 2050 pathway would affect the assumptions and estimates that underlie GE's valuation and expected cash flow assessments.

### Coal

Investing in new coal capacity is inconsistent with limiting global warming to 1.5°C. According to the IEA, all scenarios to meet the Paris Agreement require a rapid decline in coal use, with global coal demand peaking within the next five years.

Investors asked Huntington Bancshares to adopt a policy to reduce or eliminate risks associated with financing thermal coal above and beyond any existing policies.

Investors asked that a Climate Action Transition Plan be presented for a vote of Glencore shareholders at the company's 2024 AGM. The plan should include disclosure of how its projected thermal coal production aligns with the Paris Agreement, and supply details of how the company's capital expenditure allocated to thermal coal production will align with this disclosure.

## Climate Transition Plan and GHG Reduction Goals

### Raytheon Technologies Corporation

*Similar resolutions were submitted to Linde Plc, Lockheed Martin Corporation, Mosaic Co., Ryerson Holding Corp. and Skechers U.S.A.*

WHEREAS: Climate change is creating systemic economic, environmental, and social risks. The Commodity Futures Trading Commission recently underscored that climate change could impair the productive capacity of the U.S. economy.<sup>1</sup> According to the IPCC, the window for limiting global warming to 1.5 degrees Celsius (1.5°C) and avoiding the worst impacts of climate change is quickly narrowing. Immediate, sharp emissions reduction is required of all market sectors.<sup>2</sup>

In response to material climate risk, the Climate Action 100+ initiative (CA100+), a coalition of over 700 investors with \$60 trillion in assets, issued a Net Zero Benchmark (“Benchmark”) outlining metrics that create climate accountability for companies and transparency for shareholders. Expectations include setting a net zero ambition, adopting 1.5°C aligned reduction goals across all relevant emission scopes, and disclosing decarbonization strategies.<sup>3</sup>

Credible climate transition planning protects against financial risk, increases economic opportunity, and prepares companies to address climate regulations which continue to expand globally.<sup>4</sup> More than 70 countries have now established Net Zero by 2050 commitments.<sup>5</sup> Similarly, in response to the aerospace industry’s 2.4% contribution to global annual carbon dioxide emissions, NATO’s leaders have committed to reduce defense emissions.<sup>6</sup> As governments strive to reach their climate goals, companies with net zero aligned business models will be in a better competitive position to attract contracts and customers.

As a leading global security and aerospace company, Raytheon Technologies creates significant carbon emissions from its value chain and is exposed to numerous climate-related risks. Failing to respond to this changing environment may make Raytheon less competitive and have a negative effect on its cost of capital and shareholders’ financial returns.

While our Company has committed to reduce its operational emissions by 46% by 2030, Raytheon has not established 1.5°C aligned reduction goals that cover all segments of its business, including its Scope 3 value-chain emissions, which comprise over 85% of company emissions. By setting science-based reduction targets for its Scope 1-3 emissions, disclosing a decarbonization plan, and demonstrating progress toward achieving them, Raytheon can provide investors with assurance that it is reducing its climate contribution and addressing the physical, transition, and competitive risks associated with climate change.

**BE IT RESOLVED:** Shareholders request the Board issue a report, at reasonable expense and excluding confidential information, disclosing how the Company intends to reduce its full value chain greenhouse gas emissions in alignment with the Paris Agreement’s 1.5°C goal requiring Net Zero emissions by 2050.

**SUPPORTING STATEMENT:** Proponents suggest, at Board and Company discretion, that the report include:

- Disclosure of all relevant Scope 3 emissions;
- A timeline for setting 1.5°C aligned Scope 3 reduction goals;
- A climate transition plan to achieve emissions reductions goals across all relevant emissions scopes;
- Annual reports demonstrating progress towards meeting emissions reduction goals;
- Other information the Board deems appropriate.

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://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

3. <https://www.climateaction100.org/wp-content/uploads/2021/03/Climate-Action-100-Benchmark-Indicators-FINAL-3.12.pdf>

4. <https://assets.bbhub.io/company/sites/63/2022/09/Expectations-for-Real-economy-Transition-Plans-September-2022.pdf>, [https://cdn.cdp.net/cdp-production/cms/guidance\\_docs/pdfs/000/003/101/original/CDP\\_technical\\_note\\_-\\_Climate\\_transition\\_plans.pdf?1643994309](https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/101/original/CDP_technical_note_-_Climate_transition_plans.pdf?1643994309)

5. <https://www.un.org/en/climatechange/net-zero-coalition>

6. <https://www.mckinsey.com/industries/aerospace-and-defense/our-insights/decarbonizing-defense-imperative-and-opportunity>



### Climate Transition Plan and GHG Reduction Goals

#### Mueller Industries, Inc.

*Similar resolutions were submitted to Cleveland-Cliffs Inc. and Olympic Steel Inc.*

WHEREAS: In addition to environmental and social harms, climate change is creating systemic risk to the economy, making the corporate sector's contribution to climate mitigation a significant policy issue. The latest IPCC publication states that the window for limiting global warming to 1.5 degrees Celsius ("1.5°C"), and thereby avoiding the most catastrophic impacts of climate change, is quickly narrowing and that immediate, sharp emissions reduction is required of all market sectors and industries.<sup>1</sup>

Shareholders are responding to the growing material climate risk to their companies and their portfolios. The Climate Action 100+ initiative, a coalition of more than 700 investors with over \$68 trillion in assets, issued a Net Zero Benchmark ("Benchmark") outlining metrics that create climate accountability for companies and transparency for shareholders. Indicators 1 through 5 of the Benchmark seek reporting on companies' net zero emissions ambition; short, medium, and long-term greenhouse gas (GHG) reductions goals; and strategic actions planned to achieve decarbonization targets.<sup>2</sup>

Mueller Industries is a leading manufacturer of copper, brass, aluminum, and plastic products serving customers in a variety of industries. While our Company discloses its combined Scope 1 and 2 emissions, it does not disclose its Scope 3 value chain GHG emissions, nor has it set short or long-term 1.5°C-aligned GHG reduction targets.<sup>3</sup>

To manage climate risk, it is critical that companies set 1.5°C aligned GHG emissions reduction targets to reduce risk, remain competitive, and guide planning and investment decisions. Metal markets are already shifting to lower GHG emissions. General Motors,<sup>4</sup> Ford,<sup>5</sup> and Volvo are moving to procure low-carbon steel.<sup>6</sup> The Science Based Targets initiative lists 26 companies in the 'Mining – Iron, Aluminum, Other Metals' industrial sector as committed to or having approved net zero targets, including thyssenkrupp, and SSAB. Tata Steel, Arcelor Mittal, U.S. Steel, and Nucor have made commitments to produce net zero steel by 2050 or earlier.

By setting 1.5°C, Paris-aligned GHG reduction targets for its Scope 1 through 3 emissions, disclosing a net zero transition plan, and demonstrating progress toward achieving these goals, Mueller Industries can provide investors with assurance that management is reducing its climate contribution, addressing the risks and opportunities associated with climate change, and remaining competitive.

BE IT RESOLVED: Shareholders request the Board issue a report, excluding confidential information, disclosing how Mueller Industries intends to reduce its operational and value chain GHG emissions in alignment with the Paris Agreement's 1.5°C goal requiring Net Zero by 2050 emissions.

SUPPORTING STATEMENT: Proponents suggest, at Company discretion, it:

- Disclose a timeline for setting a net zero by 2050 GHG reduction target and 1.5°C aligned interim goals;
- Consider approaches used by advisory groups such as the Science Based Targets initiative;
- Include an enterprise-wide climate transition plan to achieve 1.5°C aligned emission reductions;
- Annually report progress towards meeting its emissions reduction goals.

1. [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

2. <https://www.climateaction100.org/>

3. <https://www.muellerindustries.com/sites/629/uploaded/files/MuellerSustainabilityDisclosure2022.pdf>, p.11

4. <https://www.nasdaq.com/articles/nucors-nue-net-zero-steel-gets-general-motors-as-1st-customer-2021-10-14>

5. <https://www.reuters.com/business/sustainable-business/tata-steels-dutch-arm-signs-mou-supply-ford-with-green-steel-2022-10-25/>

6. <https://www.volvogroup.com/en/news-and-media/news/2022/jun/volvo-group-and-fossil-free-steel.html>

### Climate Transition Plan and GHG Reduction Goals

#### Choice Hotels International, Inc.

*Similar resolutions were submitted to Freeport-McMoRan Copper & Gold Inc.*

WHEREAS: Experts agree that to avoid the most catastrophic effects of climate change, global temperature increase must be limited to 1.5 degrees Celsius. This will require, at a minimum, achieving net zero greenhouse gas emissions by 2050. According to the Intergovernmental Panel on Climate Change, the window for limiting global warming to 1.5 degrees is quickly narrowing. Immediate, dramatic emissions reduction is required of all market sectors.<sup>1</sup>

Investor demand to reduce corporate emissions reflects the reality that climate change poses a systemic risk to portfolios. Failure to reach net zero by 2050 is projected to have dramatic economic consequences.<sup>2</sup>

Hotels account for roughly one percent of global carbon emissions.<sup>3</sup> Choice Hotels International, Inc. (Choice Hotels) is one of the largest hotel companies in the world by number of properties, with hotels located in more than 40 countries.<sup>4</sup>

Choice Hotels lacks any emissions disclosures or emissions reduction targets, despite acknowledging in its 10-K that its failure to act responsibly in relation to climate change could increase regulatory risk and result in “damage to our reputation and the value of our hotel brands.”<sup>5</sup> Credible greenhouse gas emissions goals and climate transition plans protect against financial risk, increase economic opportunity, and prepare companies to meet climate regulations which continue to expand globally.<sup>6</sup>

Research indicates that consumers increasingly prioritize sustainable options when traveling,<sup>7</sup> but Choice Hotels significantly lags nearly all its major competitors in addressing climate risk. Hilton Worldwide, InterContinental Hotels Group, Hyatt Hotels, Radisson Hotel Group, and Accor have all set reduction targets for their Scope 1, 2, and 3 emissions and validated these targets through the Science Based Targets initiative. Marriott International has pledged to do the same.<sup>8</sup>

By setting science-based reduction targets for its Scope 1, 2, and 3 emissions, disclosing a climate transition plan, and demonstrating progress towards these goals, Choice Hotels can align with peers and provide investors with assurance that it is addressing the regulatory, competitive, and physical risks associated with climate change.

BE IT RESOLVED: Shareholders request that the Board issue a report, at reasonable expense and excluding confidential information, disclosing how Choice Hotels intends to reduce its full Scope 1, 2 and 3 value chain greenhouse gas emissions in alignment with the Paris Agreement’s 1.5-degree Celsius goal requiring Net Zero emissions by 2050.

SUPPORTING STATEMENT: Proponents recommend, at Board discretion, that the report include:

- Disclosure of all relevant Scope 1, 2, and 3 emissions;
- A timeline for setting 1.5 degree Celsius-aligned near-term reduction goals;
- A timeline for setting long-term net zero goals;
- A climate transition plan to achieve emissions reductions goals across all relevant emissions scopes;
- A rationale for any decision not to set targets aligned with the Paris Agreement’s 1.5-degree goal;
- Annual reporting demonstrating progress towards meeting emissions reduction goals.

1. [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

2. <https://www.nytimes.com/2021/04/22/climate/climate-change-economy.html>

3. <https://www.washingtonpost.com/travel/2022/06/29/carbon-neutral-hotels-green/>

4. <https://www.statista.com/statistics/197869/us-hotel-companies-by-number-of-properties-worldwide/>

5. <https://app.quotemedia.com/data/downloadFiling?webmasterId=101533&ref=116490594&type=PDF&symbol=CHH&companyName=Choice+Hotels+International+Inc.&formType=10-K&dateFiled=2022-02-24&CK=1046311> p. 28

6. <https://assets.bbhub.io/company/sites/63/2022/09/Expectations-for-Real-economy-Transition-Plans-September-2022.pdf>; [https://cdn.cdp.net/cdp-production/cms/guidance\\_docs/pdfs/000/003/101/original/CDP\\_technical\\_note\\_-\\_Climate\\_transition\\_plans.pdf?1643994309](https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/101/original/CDP_technical_note_-_Climate_transition_plans.pdf?1643994309)

7. <https://skift.com/2022/06/22/new-research-understanding-consumer-demand-for-sustainable-travel/>

8. <https://sciencebasedtargets.org/companies-taking-action>

### Climate Transition Plan and GHG Reduction Goals

#### AMEREN (Union Electric)

*Similar resolutions were submitted to Centerpoint Energy and Southern Company.*

WHEREAS: Energy utilities will play a critical role in achieving the Paris Agreement's goal of limiting global warming to 1.5 degrees Celsius (1.5°C). Electricity production accounts for 25% of national greenhouse gas emissions and burning natural gas for heat in buildings accounts for approximately 11%.<sup>1</sup> In addition, significant upstream emissions are created from the production of fossil fuels used in power production and heating buildings.<sup>2,3</sup> Utilities also provide energy to some of the most greenhouse gas (GHG) intensive industries.

The International Energy Agency's Net Zero Scenario is clear on the trajectory necessary to achieve 1.5°C, calling for net zero emissions from power generation by 2035 in advanced economies and globally by 2040, while requiring a 40% reduction of emissions from the building sector by 2030.<sup>4</sup>

Ameren has set GHG reduction targets for its Scope 1 and 2 emissions but not for its Scope 3 value-chain emissions.<sup>5</sup> 40% of the Company's total reported GHG footprint is within its value chain, including upstream production of gas, downstream burning of gas by customers, and purchased power from the grid.<sup>6</sup> The percentage may be higher. Research has found that the Environmental Protection Agency's emissions factors for natural gas, on which many utilities' methane calculations rely, potentially underestimate supply chain methane emissions by 60%.<sup>7</sup>

Peer utilities are starting to address value-chain emissions in their GHG reduction goals. PSEG and NRG committed to set a net zero target through the Science Based Targets initiative, which requires utilities to address all material Scope 3 value-chain emissions. Sempra, Duke, and Dominion set net zero targets covering full Scope 3 value-chain emissions, while Xcel and CMS have expanded their net zero targets to include customer use of natural gas.

BE IT RESOLVED: Shareholders request the Board issue short and long-term targets aligned with the Paris Agreement's 1.5°C goal requiring Net Zero emissions by 2050 for the full range of its Scope 3 value chain GHG emissions.

SUPPORTING STATEMENT: Proponents suggest, at management discretion:

- Taking into consideration approaches used by advisory groups like the Science Based Targets initiative;
- Providing a timeline for setting its short and long-term Scope 3 GHG reduction targets;
- Providing an enterprise-wide climate transition plan to achieve net zero Scope 3 emissions;
- Disclosing annual progress towards meeting its emissions reduction goals.

1. <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

2. [https://globalenergymonitor.org/wp-content/uploads/2022/03/GEM\\_CCM2022\\_final.pdf](https://globalenergymonitor.org/wp-content/uploads/2022/03/GEM_CCM2022_final.pdf)

3. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6223263/>

4. [https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector\\_CORR.pdf](https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf), p.99

5. <https://www.ameren.com/-/media/corporate-site/files/environment/esg-report-library/cdp-climate-change-questionnaire.ashx>, p.37

6. <https://www.ameren.com/-/media/corporate-site/files/environment/esg-report-library/cdp-climate-change-questionnaire.ashx>, calculated from Ameren emissions reporting, p.66-74

7. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6223263/>

### Climate Transition Plan and GHG Reduction Goals

#### Deere & Company

WHEREAS: In 2018, the Intergovernmental Panel on Climate Change advised that greenhouse gas emissions must reach net zero by 2050 to limit warming to 1.5 degrees Celsius, prevent the worst consequences of climate change, and meet the goals of the Paris Agreement. According to the United Nations, we are significantly “off track” in achieving these targets, spurring investors to seek corporate commitments to science-based greenhouse gas (GHG) emissions reduction goals.

The Climate Action 100+ initiative, a coalition of more than 700 investors with over \$68 trillion in assets, issued a Net Zero Benchmark outlining metrics that create climate accountability for companies and transparency for shareholders. Benchmark Indicators seek reporting on companies’ net zero emissions ambitions; short, medium and long term GHG reduction goals covering enterprise-wide emissions (scopes 1-3); and strategic action plans to achieve decarbonization targets.<sup>1</sup>

Deere is a leading manufacturer of agricultural equipment and machinery. Deere’s 2021 10-K states business results could be negatively affected by “unfavorable weather conditions or natural calamities that reduce agricultural production and demand for agriculture and turf equipment” and “increasingly stringent emission regulations or bans on internal combustion engines.”<sup>2</sup> Not only does Deere face climate-related risks but actively contributes to them through production of fossil fuel-intensive equipment.

While Deere has set 2030 GHG emission reduction targets, it only aspires for 30% reduction of scope 3 emissions,<sup>3</sup> 99% of its total emissions.<sup>4</sup> Long term planning to guide business transition and to support zero carbon product innovation is imperative for Deere to reduce emissions associated with customers’ use of its sold products, 92% of its total emissions. Deere has not set a net zero by 2050 ambition inclusive of all scopes of emissions, or disclosed a detailed plan for how to achieve such Paris-aligned GHG emissions reductions. In contrast, four of Deere’s peers in the “Electric Equipment and Machinery” sector have adopted validated, net zero targets through the Science Based Targets initiative (SBTi) and another 69 peers in this category have committed to SBTi validation of net zero targets.<sup>5</sup>

Setting long-term 1.5 degree aligned GHG goals and developing transition plans to achieve them is an important means of abating climate risk for shareholders and avoiding future disruptive impacts to returns. These steps can assure shareholders that Deere’s management is taking seriously the physical and transition risks associated with climate change, benefitting the Company, its customers, and investors.

BE IT RESOLVED: Shareholders request that Deere issue a climate transition report, at reasonable cost and omitting proprietary information, disclosing long-term science-based 1.5 degree greenhouse gas targets, covering scopes 1-3, including operational, supply chain, and product related emissions, and progress made in achieving them.

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

- Commitment to Science Based Targets initiative validation;
- An enterprise-wide climate transition plan to achieve net zero emissions;
- How capital allocation plans align with climate transition plans, where relevant.

1. <https://www.climateaction100.org/net-zero-company-benchmark/methodology/>

2. [https://s22.q4cdn.com/253594569/files/doc\\_downloads/2022/1/de-20211031x10k.pdf](https://s22.q4cdn.com/253594569/files/doc_downloads/2022/1/de-20211031x10k.pdf) p.20

3. <https://www.deere.com/assets/pdfs/common/our-company/sustainability/sustainability-report-2021.pdf> p.11

4. <https://www.deere.com/assets/pdfs/common/our-company/sustainability/sustainability-report-2021.pdf> p.33

5. <https://sciencebasedtargets.org/companies-taking-action>

### Climate Transition Plan and GHG Reduction Goals

#### Public Storage

WHEREAS: The increasing rate and number of climate-related disasters affecting society are raising alarms globally, making the corporate sector's contribution to climate mitigation a significant policy issue.

In addition to environmental and social harms, climate change is creating systemic risk to the economy. The latest IPCC publication states that the window for limiting global warming to 1.5 degrees Celsius (1.5°C), and thereby avoiding the most catastrophic impacts of climate change, is quickly narrowing. Immediate, sharp emissions reduction is required of all market sectors and industries.<sup>1</sup>

Shareholders are increasingly concerned about the growing material climate risk to their companies and to their portfolios. In response, the Climate Action 100+ initiative, a coalition of more than 700 investors with over \$68 trillion in assets, issued a Net Zero Benchmark ("Benchmark") outlining metrics that create climate accountability for companies and transparency for shareholders. Indicators 1 through 5 of the Benchmark seek reporting on companies' net zero emissions ambition; short, medium, and long-term greenhouse gas (GHG) reductions goals; and strategic actions planned to achieve decarbonization targets.<sup>2</sup>

Public Storage has not established any emissions reduction targets, despite receiving a shareholder proposal in 2021 asking the Company to issue a report addressing if and how it plans to reduce emissions in alignment with the Paris Agreement's 1.5°C goal.<sup>3</sup> The proposal was withdrawn for a commitment to produce such a report. Nearly two years later, Public Storage states it is "considering" adopting science-based targets but provides no timeline for establishing such goals.<sup>4</sup> In contrast, 51 North American companies in the real estate sector have committed to establish valid GHG targets through the Science Based Targets initiative.<sup>5</sup>

As the world's leading owner and operator of self-storage facilities, Public Storage faces material risks from climate change, including physical risk and regulatory risk associated with its large stock of buildings. By setting 1.5°C, Paris-aligned GHG reduction targets for its Scope 1, 2, and 3 emissions, disclosing a net zero climate transition plan, and demonstrating progress toward achieving its goals, Public Storage can provide investors with assurance that management is reducing its climate contribution and addressing the risks and opportunities associated with climate change.

BE IT RESOLVED: Shareholders request that the Board issue short and long-term Scope 1-3 greenhouse gas reduction targets aligned with the Paris Agreement's 1.5°C goal requiring Net zero emissions by 2050.

SUPPORTING STATEMENT: Proponents suggest, at management's discretion, that the targets:

- Take into consideration approaches used by advisory groups such as the Science Based Targets initiative;
- A timeline for setting a net zero by 2050 GHG reduction target, and 1.5°C aligned interim targets;
- An enterprise-wide climate transition plan to achieve 1.5°C aligned emissions; and
- Annual progress towards meeting its emissions reduction goals.

1. [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

2. <https://www.climateaction100.org/wp-content/uploads/2021/03/Climate-Action-100-Benchmark-Indicators-FINAL-3.12.pdf>

3. [https://engagements.ceres.org/ceres\\_engagementdetailpage?reclD=a011H00000Cjfd7QAB](https://engagements.ceres.org/ceres_engagementdetailpage?reclD=a011H00000Cjfd7QAB)

4. [https://s1.q4cdn.com/588671402/files/doc\\_downloads/2022/06/Public-Storage-2022-Sustainability-Report-vF-\(1\).pdf](https://s1.q4cdn.com/588671402/files/doc_downloads/2022/06/Public-Storage-2022-Sustainability-Report-vF-(1).pdf)

5. <https://sciencebasedtargets.org/companies-taking-action>

### Climate Transition Plan and GHG Reduction Goals

#### Wabtec

*Similar resolutions were submitted to California Water Service Group, OraSure Technologies, Inc. and STERIS plc.*

WHEREAS: Climate change is creating systemic economic, environmental, and social risks. The Commodity Futures Trading Commission recently underscored that climate change could impair the productive capacity of the U.S. economy.<sup>1</sup> According to the Intergovernmental Panel on Climate Change, the window for limiting global warming to 1.5 degrees Celsius (1.5°C) and avoiding the worst impacts of climate change is quickly narrowing. Immediate, sharp emissions reduction is required of all market sectors.<sup>2</sup>

In response to material climate risk, the Climate Action 100+ initiative, a coalition of over 700 investors with \$60 trillion in assets, issued a Net Zero Benchmark outlining metrics that create climate accountability for companies and transparency for shareholders. Expectations include setting a net zero ambition, adopting 1.5°C aligned reduction goals across relevant emission scopes, and disclosing decarbonization strategies.<sup>3</sup>

As a leading global provider of transportation solutions, Westinghouse Air Brake Technologies Corp (“WABTEC”) creates significant carbon emissions from its value chain and is exposed to numerous climate-related risks. WABTEC states it is working to help realize a zero-emission rail network, but this long-term ambition is insufficient. The Company has not yet established a plan to achieve net zero alignment across its own value chain. The transportation sector is the largest contributor of U.S. greenhouse gas emissions and is quickly evolving in response to climate mandates.<sup>4</sup> Credible climate transition planning protects against financial risk, increases economic opportunity, and prepares companies to align with climate regulations.<sup>5</sup> Failure to respond to this changing environment may make WABTEC less competitive in attracting customers, may increase its cost of capital, and harm shareholders’ financial returns.

While WABTEC has committed to reduce Scope 1 and 2 emissions, these goals do not address the Company’s full value chain emissions. WABTEC discloses certain Scope 3 emissions categories but fails to disclose its full range of value chain emissions. Furthermore, WABTEC has not established a Scope 3 reduction target which represents a significant portion of its total emissions. By setting science-based reduction targets for its Scope 1-3 emissions, disclosing a decarbonization plan, and demonstrating progress toward achieving them, WABTEC can provide investors with assurance that it is reducing its climate contribution and addressing the physical, transition, and competitive risks associated with climate change.

BE IT RESOLVED: Shareholders request the Board issue a report, at reasonable expense and excluding confidential information, disclosing how the Company intends to reduce its Scope 3 value chain greenhouse gas emissions in alignment with the Paris Agreement’s 1.5°C degree goal requiring Net Zero emissions by 2050.

SUPPORTING STATEMENT: Proponents suggest, at Board and Company discretion, that the report include:

- Disclosure of all relevant Scope 3 emissions;
- A timeline for setting 1.5°C aligned Scope 3 reduction goals;
- A climate transition plan to achieve emissions reductions goals across all relevant emissions scopes;
- Annual reports demonstrating progress towards meeting emissions reduction goals;
- Other information the Board deems appropriate.

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://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

3. <https://www.climateaction100.org/wp-content/uploads/2021/03/Climate-Action-100-Benchmark-Indicators-FINAL-3.12.pdf>

4. <https://www.epa.gov/greenvehicles/fast-facts-transportation-greenhouse-gas-emissions>

5. <https://assets.bbhub.io/company/sites/63/2022/09/Expectations-for-Real-economy-Transition-Plans-September-2022.pdf>; [https://cdn.cdp.net/cdp-production/cms/guidance\\_docs/pdfs/000/003/101/original/CDP\\_technical\\_note\\_-\\_Climate\\_transition\\_plans.pdf?1643994309](https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/101/original/CDP_technical_note_-_Climate_transition_plans.pdf?1643994309)

### **Climate Transition Plan and GHG Reduction Goals**

#### **Walgreens Boots Alliance**

WHEREAS: The Intergovernmental Panel on Climate Change (IPCC) has advised that greenhouse gas (GHG) emissions must be halved by 2030 and reach net zero by 2050 to limit warming to 1.5°C and prevent the worst consequences of climate change. Absent deep reductions in GHG emissions, IPCC projects increases in surface temperatures, sea levels, extreme weather events, forest fires, and agricultural losses. These changes will increase physical and systemic risks for investors and companies, including supply chain dislocations, reduced resource availability, lost productivity, commodity price volatility, and physical infrastructure damage, and could result in new regulations and transition costs.

In its 2021 10-K, Walgreens Boots Alliance (“Walgreens” or “the Company”) noted, “The long-term effects of global climate change present both physical risks...and transition risks...which are expected to be widespread and unpredictable. These changes could over time affect...the availability and cost of products, commodities and energy... which in turn may impact our ability to procure goods or services required for the operation of our business...” Despite acknowledging its climate risk, Walgreens has a modest short-term GHG reduction target that excludes scope 3 emissions and is not aligned with holding warming to 1.5°C.

Walgreens trails its peers in setting science-based GHG reduction targets. CVS Health has near- and long-term targets validated through the Science Based Targets initiative (SBTi) and has pledged to reach net-zero GHG emissions across its value chain by 2050, including a commitment to reduce its scope 3 GHG emissions by 90% by 2050 from a 2019 baseline. Peer companies Walmart and Target also have near-term targets approved by SBTi and have pledged to reach Net Zero emissions by 2050.

There is growing interest from investors in increased transparency of how companies are addressing the climate crisis and plan to transition their business model to one that aligns with limiting warming to 1.5°C. To assist companies in developing viable transition plans, groups including CDP, State Street Global Advisors (SSGA), and Climate Action 100+ (CA100+) have provided guidance for companies on writing comprehensive transition plans adequate to achieve science-based GHG reductions.

RESOLVED: Shareholders request Walgreens issue a report on climate change, aligning operations and value chain emissions with the Paris Agreement’s ambition of limiting global temperature increase to 1.5°C. The report should set forth near-, medium- and long-term science-based greenhouse gas emissions reduction targets for the Company’s full carbon footprint (scopes 1, 2, and 3) supported by a climate transition plan describing how the company intends to meet the targets. The report should be prepared, at reasonable expense and excluding confidential information, within a year and updated annually thereafter.

SUPPORTING STATEMENT: In assessing targets, we recommend, at the board and management’s discretion:

- Using approaches from advisory groups like SBTi when adopting near- and long-term GHG emissions reduction targets;
- Considering climate transition plan criteria used by advisory groups like CDP, CA100+, and SSGA; and
- Setting supporting targets for renewable energy, energy efficiency, and other measures.

### Climate Transition Plan and GHG Reduction Goals

#### Texas Roadhouse, Inc.

**RESOLVED:** Shareholders request Texas Roadhouse 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 chain, and align its operations with the Paris Agreement’s goal of maintaining global temperature increases to 1.5°C.

**SUPPORTING STATEMENT:** Shareholders recommend the report disclose, among other issues at board and management discretion, the relative benefits and drawbacks of:

- Establishing for the Company’s full greenhouse gas emissions (GHG) footprint short-, medium-, and long-term emissions reduction targets aligned with the goals of the Paris Agreement; and
- Developing a transition plan detailing how the Company intends to achieve such targets.

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 susceptible to climate change, it also contributes approximately 22% of anthropogenic greenhouse gas emissions.<sup>2</sup>

The impacts of climate change on agricultural commodities are evident today. According to the U.S. Department of Agriculture (USDA), 60% of the nation’s cattle were affected by drought in 2022, which led many ranchers to slaughter herds early due to pasture conditions. In fact, more domestic beef cows were slaughtered in July of 2022 than in any month on record.<sup>3</sup> The USDA expects “[d]omestic use of beef...to decline sharply in 2023 as the U.S. cattle herd shrinks, a result of drought and high feed costs,” with 2023 beef production forecast 6% lower than that of 2022. The price of feeder steers in September 2022 was approximately 14% higher than the prior year.<sup>4</sup>

Texas Roadhouse has yet to disclose the greenhouse gas emissions associated with its direct operations or supply chain, let alone establish credible targets to reduce those emissions. While the company discloses anecdotes regarding operational resource management initiatives, much of its emissions footprint likely lies in the supply chain. Peer Darden Restaurants reports supply chain emissions account for approximately 80% of its overall footprint.

Several restaurant companies, including Chipotle, McDonald’s, and Yum! Brands, are taking responsibility for their full value chain emissions and working to align their carbon footprints with goals of the Paris Agreement. These companies are not only measuring their full value chain emissions, but also pursuing long-term, science-based emissions reduction goals.

Proponents believe a report describing if, and how, Texas Roadhouse plans to measure and reduce its full value chain emissions footprint is a prudent and vital course of action that should help the Company and investors understand the sourcing and pricing risks associated with climate change, potential carbon-related regulations, and evolving consumer preferences.

1. U.S. Global Change Research Program, 2018: Fourth National Climate Assessment.

2. IPCC, 2022: Summary for Policymakers.

3. USDA, August 2022: Livestock, Dairy, and Poultry Outlook. <https://www.ers.usda.gov/webdocs/outlooks/104508/ldp-m-338.pdf?v=7761.5>

4. USDA, October 2022: Livestock, Dairy, and Poultry Outlook. <https://www.ers.usda.gov/webdocs/outlooks/105007/ldp-m-340.pdf?v=8398.4>



### **Climate Transition Plan and GHG Reduction Goals**

Kinder Morgan, Inc.

WHEREAS: The Intergovernmental Panel on Climate Change (IPCC) advises that greenhouse gas (GHG) emissions must fall 45 percent by 2030 and reach net zero by 2050 to limit warming to 1.5 degrees Celsius and prevent the worst climate impacts.<sup>1</sup>

Midstream companies play an important role in delivering oil and gas and associated products and thus are highly exposed to climate risks. Considerable pressure from investors, policymakers, and society to transition to a low-carbon future is prompting upstream producers and downstream consumers to act, impacting midstream companies. Understanding how companies are positioned to adapt over the coming decades is critical to investors' analysis of the salient risks and long-term investment value that they will deliver. Many jurisdictions, companies, and financial institutions are committing to net-zero by mid-century, which will dramatically transform the utility of fossil infrastructure. Company strategies guided by a net zero path will avoid future stranded assets and loss of economic value.

Kinder Morgan, the largest energy infrastructure firm in the S&P 500, is highly exposed to climate risk. Revenues are derived largely from high-emitting fossil fuel products. Efforts to reduce global carbon emissions will challenge the future of those revenues as markets shift to low carbon products. We applaud the Company's evaluating the baseline emissions for scopes 1 & 2 as well as improved monitoring processes. Clear and ambitious targets set for these operational emissions, where the Company has the most influence, would indicate that the Company is on a meaningful path for emissions reductions.

Kinder Morgan severely lags peers Enbridge and TC Energy who have both set operational net zero and interim GHG reduction targets. Royal Dutch Shell, BP, and Equinor are examples of oil and gas companies that have announced ambitious targets to reduce emissions and align capital spending and business activities with the goals of the Paris Agreement.

Investors hope to see Kinder Morgan remain competitive during the energy transition. Setting GHG targets gives investors confidence that Kinder Morgan is planning for expected changes in market conditions.

RESOLVED: Shareholders request Kinder Morgan issue, within a year, short, medium and long-term operational GHG reduction targets aligned with the Paris Agreement's ambition to limit global temperature rise to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees, and summarize plans to achieve them.

SUPPORTING STATEMENT: In assessing targets, we recommend, at the board's discretion:

- Pursuing alignment with internationally recognized 1.5 degree aligned pathways such as those outlined by the IPCC or International Energy Agency (IEA);
- Considering both intensity and absolute targets;
- Considering sector-specific target setting guidance developed by groups like Transition Pathway Initiative<sup>2</sup>;
- Developing a climate transition plan which identifies and quantifies the set of actions Kinder Morgan intends to take to achieve its GHG reduction targets over the targeted timeframe.

1. <https://www.ipcc.ch/sr15/chapter/spm/>

2. Oil & Gas Distribution - Transition Pathway Initiative

### **Climate Transition Plan and GHG Reduction Goals**

#### **XPO Logistics**

*Similar resolutions were submitted to Illinois Tool Works Inc., and Kadant Inc.*

WHEREAS: The Intergovernmental Panel on Climate Change has advised that greenhouse gas (GHG) emissions must be halved by 2030 and reach net zero by 2050 to limit global warming to 1.5°C.

Every incremental increase in temperature above 1.5°C will entail increasingly severe physical, transition, and systemic risks for companies and investors alike.

In its 2021 10-K, XPO Logistics, Inc. (“XPO” or “the Company”) noted, “Extreme or unusual weather conditions whether due to climate change or otherwise, can disrupt our operations, impact freight volumes, and increase our costs, all of which could have a material adverse effect on our business results.” Despite acknowledging its climate risk, XPO’s mitigation strategy falls short of what is needed to shield the Company and investors from climate-related risks.

XPO trails competitors in setting holistic GHG reduction targets and managing climate risks. DHL Group has committed to set near-term and net zero science-based targets through the Science Based Targets initiative (SBTi). DHL has also committed to invest \$7.5 billion towards decarbonization and has pledged to reduce all logistic-related emissions to zero by 2050.

Ramping up the scale, pace, and rigor of its climate-related initiatives will help prepare XPO for future climate-related regulations that may affect its operations. It may also unlock opportunities for growth, enabling the Company to become a sustainable solution for current and potential future customers decarbonizing their supply chains.

Investors seek increased disclosure of how XPO is addressing the climate crisis and its plans to transition its business model to one that aligns with limiting warming to 1.5°C.

RESOLVED: Shareholders request XPO Logistics, within a year, issue near and long-term science-based GHG reduction targets aligned with the Paris Agreement’s ambition of maintaining global temperature rise to 1.5°C and summarize plans to achieve them. The targets should cover the Company’s full range of operational and supply chain emissions.

SUPPORTING STATEMENT: In assessing targets, we recommend, at board and management discretion:

- Taking into consideration approaches used by advisory groups like SBTi;
- Developing a transition plan that shows how the Company plans to meet its goals, taking into consideration criteria used by advisory groups and investors like CDP, State Street Global Advisors, and the Task Force on Climate-Related Financial Disclosures;
- Consideration of supporting targets for renewable energy, energy efficiency, zero-emission vehicles, and other measures deemed appropriate by management; and,
- Joining the Corporate Electric Vehicle Alliance, a group of companies that have committed to vehicle electrification.

### **Climate Transition Plan and GHG Reduction Goals**

#### **Norfolk Southern Corporation**

WHEREAS: The Intergovernmental Panel on Climate Change has advised that greenhouse gas (GHG) emissions must be halved by 2030 and reach net zero by 2050 to limit global warming to 1.5°C.

Every incremental increase in temperature above the Paris Agreement's goal of holding warming to 1.5°C will entail increasingly severe physical, transition, and systemic risks for companies and investors alike.

In its 2022 10-K, Norfolk Southern Corporation ("Norfolk", or "the Company") highlighted its climate risk, noting, "Severe weather and disasters have caused, and could again cause, significant business interruptions and expenditures." The Company also noted, "Restrictions, caps, taxes, or other controls on GHG emissions, including diesel exhaust, could significantly increase our operating costs and decrease the amount of traffic we handle."

Despite acknowledging its climate risk, Norfolk's mitigation strategy falls short of what is needed to shield the Company and investors from climate-related risks. The Company's short-term commitment through the Science Based Targets initiative (SBTi) is not aligned with limiting warming to 1.5°C. SBTi will soon require targets not yet aligned with 1.5°C be updated to reach alignment in order to be validated. Norfolk also does not have a long-term GHG reduction target aligned with the goals of the Paris Agreement.

Norfolk trails its competitors in setting holistic GHG reduction targets and managing climate risks. Union Pacific has committed to setting near and long-term science-based targets (SBTs) through SBTi. The Canadian National Railway Company has also committed to set a long-term SBT through SBTi.

There is growing interest from investors in increased disclosure of how companies are addressing the climate crisis and planning to transition their business models to ones that align with limiting warming to 1.5°C. To assist companies in developing viable transition plans, groups including We Mean Business, CDP, State Street Global Advisors, and the Task Force on Climate-Related Disclosures have provided guidance.

Ramping up its climate-related initiatives may unlock opportunities for Norfolk's growth by preparing the Company for future climate-related regulations that would affect its operations. The Company can also become a more compelling sustainable solution for customers and potential customers decarbonizing their supply chains.

RESOLVED: Shareholders request Norfolk Southern Corporation, within a year, issue near and long-term science-based GHG reduction targets aligned with maintaining global temperature rise to 1.5°C and summarize plans to achieve them. The targets should cover the Company's full range of operational and supply chain emissions.

SUPPORTING STATEMENT: In assessing targets, we recommend, at board and management discretion:

- Taking into consideration approaches used by advisory groups like SBTi;
- Developing a transition plan that shows how the Company plans to meet its goals, taking into consideration criteria used by advisory groups; and,
- Consideration of supporting targets for energy efficiency, zero-emission material sourcing, and other measures deemed appropriate by management.

### Climate Transition Plan and GHG Reduction Goals

#### Valero Energy Corporation

WHEREAS: In 2018, the Intergovernmental Panel on Climate Change advised that net greenhouse gas (GHG) emissions must fall 45 percent by 2030 and reach net zero by 2050 to limit warming below 1.5 degrees Celsius and prevent the worst consequences of climate change.<sup>1</sup>

A 2021 International Energy Agency report concluded that limiting warming to 1.5 degrees Celsius would require no new internal combustion engine sales after 2035, nearly 90 percent of global electricity generation from renewable sources by 2050, and electrification of areas previously dominated by fossil fuels.<sup>2</sup> Wood Mackenzie concludes that “survivors in this shrinking market for refined products are coastal, primarily [national oil companies]-owned integrated refinery/ petrochemical facilities located in industrial clusters with low-carbon operations...”<sup>3</sup>

As policymakers, consumers and companies move to tackle climate issues with growing urgency, regulation of high-carbon products will significantly increase as demand decreases. These transition risks pose fundamental challenges to companies like Valero Energy (“Valero”), the world’s largest independent petroleum refiner.

While Valero has adopted short-term GHG reduction targets, it does not provide a robust decarbonisation plan ensuring a resilient business model through the energy transition, exposing the Company to reputational, regulatory and transition risks. Valero’s climate action plan includes minimal absolute emissions reductions and an overreliance on unverified “displaced emissions” with no reduction target or actions associated with scope 3 emissions.

Valero is falling behind peers in managing risks and opportunities of the energy transition and curbing its GHG emissions. Phillips 66 and Marathon Petroleum have set targets for their scope 3 emissions and are investing in multiple low-carbon technologies and fuels. Integrated producers like Shell, bp, and Equinor have announced targets to reduce emissions and plans to align capital spending with lower emissions pathways.

Valero maintains that it leads the industry in producing low-carbon renewable fuels. Ramping up the scale, pace and rigor of its climate-related initiatives could unlock further opportunities for growth in new renewable fuels, help strengthen financial resilience, and avoid investments in assets that will lose value as the global economy transitions away from fossil fuels.

RESOLVED: Shareholders request Valero issue a report, at reasonable expense and excluding confidential information, within a year and updated annually thereafter, on its climate transition plan to align operations and value chain emissions with a well-below 2 degrees Celsius scenario, including short-, medium- and long-term reduction targets for Valero’s full GHG emissions (scopes 1, 2, and 3).

SUPPORTING STATEMENT: In developing a report and assessing targets, we recommend, at management’s discretion:

- Developing a robust low-carbon transition plan, taking into consideration frameworks like Climate Action 100+ Net Zero Benchmark or Net Zero Standard for Oil and Gas<sup>4</sup>, showing evidence of implementation to meet Valero’s targets;
- Including a plan for capital expenditures necessary to implement the transition plan and meet targets; and
- Consulting industry best practice and third-party experts on target setting and carbon accounting methodologies.

1. <https://www.ipcc.ch/sr15/chapter/spm/>

2. <https://www.iea.org/reports/net-zero-by-2050>

3. <https://www.woodmac.com/news/the-edge/what-different-scenarios-tell-us-about-the-future-of-oil-and-gas/>

4. <https://www.iigcc.org/resource/net-zero-standard-for-oil-and-gas-companies/>

### Transition Planning

#### J.P. Morgan Chase & Co.

*Similar resolutions were submitted to Goldman Sachs Group Inc., Morgan Stanley, and Wells Fargo & Company.*

**BE IT RESOLVED:** Shareholders request that JP Morgan Chase issue a report disclosing a transition plan that describes how it intends to align its financing activities with its 2030 sectoral greenhouse gas emissions reduction targets, including the specific measures and policies necessary to achieve its targets, the reductions to be achieved by such measures and policies, and timelines for implementation and associated emission reductions.

**WHEREAS:** The banking sector has a critical role to play in achieving global Net Zero by 2050 goals. The Net Zero Banking Alliance (NZBA) notes that 40 percent of global banking assets have committed to aligning lending and investment portfolios with Net Zero by 2050.<sup>1</sup> But targets alone are insufficient. Investors seek disclosures demonstrating banks' concrete transition strategies to credibly achieve their disclosed emission reduction targets.

The United Nations has recommended that financial institution transition plans demonstrate how all parts of the business align with interim targets and long-term net zero targets.<sup>2</sup> Other guidelines exist to help financial institutions operationalize and translate net zero commitments into strategies "with specific objectives ... against which progress can be assessed."<sup>3,4</sup>

JP Morgan Chase is the largest global funder of fossil fuels, with nearly \$62 billion in fossil fuel financing in 2021, and \$382 billion between 2016 through 2021.<sup>5</sup>

Recognizing the need for action and the importance of achieving global 1.5°C climate goals, Chase is a member of NZBA. In October 2021, Chase announced a Net Zero by 2050 greenhouse gas emissions (GHG) reduction goal; it also set 2030 intensity reduction targets for its oil and gas, electric power, and auto manufacturing emissions. Chase states that it will implement these targets by assessing client's emissions and decarbonization plans when considering new transactions; by supporting clients with capital and expertise, strategic advice, connectivity to bank products and solutions, and sustainable investing; and facilitating approximately \$1 trillion through 2030 to accelerate the transition to a low-carbon economy.<sup>6,7</sup> Chase has also committed to integrate climate into its risk management framework.<sup>8</sup>

These are important first steps. But Chase cannot stop there. Shareholders are concerned that Chase does not demonstrate a concrete transition plan for achieving its 2030 sectoral reductions targets. An effective transition plan creates accountability by describing the policies, indicators, milestones, metrics, and timelines to deliver on its 2030 decarbonization targets and ensure investors that it is fully accountable for the risks associated with its financing of high-carbon activities. Currently, Chase has not demonstrated whether its planned actions will result in 1.5 degree aligned emissions reductions.

The disclosures requested in this proposal will help assure investors that Chase has an effective and accountable transition plan in place for achieving its 2030 intensity goals.

1. <https://www.unepfi.org/net-zero-banking/>

2. [https://www.un.org/sites/un2.un.org/files/high-level\\_expert\\_group\\_n7b.pdf](https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf) p.21-22

3. <https://www.iigcc.org/media/2022/07/An-investor-led-framework-of-pilot-indicators-to-assess-banks-on-the-transition-to-net-zero-28-July.pdf>

4. [https://assets.bbhub.io/company/sites/63/2022/06/GFANZ\\_Recommendations-and-Guidance-on-Net-zero-Transition-Plans-for-the-Financial-Sector\\_June2022.pdf](https://assets.bbhub.io/company/sites/63/2022/06/GFANZ_Recommendations-and-Guidance-on-Net-zero-Transition-Plans-for-the-Financial-Sector_June2022.pdf)

5. [https://www.ran.org/wp-content/uploads/2022/03/BOCC\\_2022\\_vSPREAD-1.pdf](https://www.ran.org/wp-content/uploads/2022/03/BOCC_2022_vSPREAD-1.pdf)

6. <https://www.jpmorgan.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2021.pdf> p.12

7. <https://www.jpmorgan.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2021.pdf> p.6

8. <https://www.jpmorgan.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2021.pdf> p.54

### Transition Planning

#### Bank of America Corp.

**RESOLVED:** Shareholders request that Bank of America issue a report disclosing a transition plan that describes how it intends to align its financing activities with its 2030 sectoral greenhouse gas emissions reduction targets, including the specific measures and policies to be implemented, reductions to be achieved by such measures and policies, and timelines for implementation and associated emission reductions.

**WHEREAS:** The banking sector has a critical role to play in achieving global net zero by 2050 goals. The Net Zero Banking Alliance (NZBA) notes that 40 percent of global banking assets have committed to aligning lending and investment portfolios with net zero by 2050.<sup>1</sup> But targets alone are insufficient. Investors seek disclosures demonstrating banks' concrete transition strategies to credibly achieve their disclosed emission reduction targets.

Guidelines are emerging to help financial institutions operationalize and translate net zero commitments into strategies "with specific objectives ... against which progress can be assessed."<sup>2,3</sup>

Bank of America ("BofA") is a member of the NZBA and is the fourth largest global lender and underwriter of fossil fuels, with \$32 billion in fossil fuel financing in 2021, and over \$232 billion between 2016 through 2021.<sup>4</sup>

An effective transition plan creates bank accountability by describing the strategies, indicators, milestones, metrics, and timelines to deliver on decarbonization targets and ensure investors that a bank is addressing and accountable for the risks associated with its financing of high carbon activities. BofA has set forth no such transition plan.

In its 2022 TCFD report, BofA identifies 2030 targets for reducing its operational emissions and highlights actions to achieve those outcomes.<sup>5</sup> BofA also sets 2030 intensity reduction targets for the financed emissions from its three highest carbon emitting business sectors. However, it does not disclose a transition plan for how it will achieve these intensity targets, despite their representing a far larger proportion of the company's carbon footprint than operational emissions. Instead, BofA makes vague statements including that it will need to work with its clients to understand their commitments and transition plans, and that it will need to modify a number of its internal processes and routines.<sup>6</sup> It further states that it has begun capturing unspecified client data and that near term foundational steps will focus on "Processes and Routines," "Data," and "Reporting and Monitoring." These vague statements do not constitute a transition plan likely to achieve BofA's planned emissions reduction targets.

While BofA has committed to a notable \$1 trillion in low-carbon sustainable business financing through 2030, it does not disclose any estimate of the emissions reductions such financing will contribute, on what timeline, or how this compares to its total financed emissions.

The disclosures requested in this proposal will help assure investors that BofA has an effective and accountable transition plan in place for achieving its 2030 intensity goals.

1. <https://www.unepfi.org/net-zero-banking/>

2. <https://www.iigcc.org/media/2022/07/An-investor-led-framework-of-pilot-indicators-to-assess-banks-on-the-transition-to-net-zero-28-July.pdf>

3. [https://assets.bbhub.io/company/sites/63/2022/06/GFANZ\\_Recommendations-and-Guidance-on-Net-zero-Transition-Plans-for-the-Financial-Sector\\_June2022.pdf](https://assets.bbhub.io/company/sites/63/2022/06/GFANZ_Recommendations-and-Guidance-on-Net-zero-Transition-Plans-for-the-Financial-Sector_June2022.pdf)

4. [https://www.ran.org/wp-content/uploads/2022/03/BOCC\\_2022\\_vSPREAD-1.pdf](https://www.ran.org/wp-content/uploads/2022/03/BOCC_2022_vSPREAD-1.pdf)

5. [https://about.bankofamerica.com/content/dam/about/pdfs/BOA\\_TCFD\\_2022%209-22-2022-VOX220929%20split%20paragraph%20Secured.pdf](https://about.bankofamerica.com/content/dam/about/pdfs/BOA_TCFD_2022%209-22-2022-VOX220929%20split%20paragraph%20Secured.pdf)

6. [https://about.bankofamerica.com/content/dam/about/pdfs/BOA\\_TCFD\\_2022%209-22-2022-VOX220929%20split%20paragraph%20Secured.pdf](https://about.bankofamerica.com/content/dam/about/pdfs/BOA_TCFD_2022%209-22-2022-VOX220929%20split%20paragraph%20Secured.pdf), p. 19.

### Client Engagement

#### Bank of Nova Scotia

**RESOLVED:** Shareholders request that Bank of Nova Scotia (the “Company”) issue a report, at reasonable expense and excluding confidential information, that articulates its expectations for net-zero transition plans of high-GHG-emitting clients and how the Company assesses the sufficiency of those transition plans year over year in relation to the bank’s 2030 emissions reduction and net zero goals.

Climate change is a global crisis that requires urgent action. Exceeding a 1.5°C warming scenario presents risks to the planet, economies, investors, and ultimately to the long-term profitability of banks: projections have found that limiting global warming to 1.5° degrees will save \$20 trillion globally by 2100, while exceeding 2 degrees could lead to climate damages in the hundreds of trillions. Estimates show that 10% of global economic value stands to be lost by 2050 under current emissions trajectories.<sup>1</sup>

The Bank of Nova Scotia has acknowledged that climate change is a “top and emerging risk” that can ultimately “affect Bank performance by giving rise to credit, reputational, operational or legal risk”.<sup>2</sup> In response, Scotiabank has published a net-zero by 2050 target, and in October 2021, publicly committed to the Net-Zero Banking Alliance, which includes a commitment to align its lending and investment portfolios with a net-zero by 2050 pathway.<sup>3</sup> Despite these commitments, Scotiabank is currently the ninth highest lender to the fossil fuel sector globally since the Paris Agreement (over C\$200 B total), including C\$38 B of financing for the sector in 2021, the bank’s highest amount to date.

In its 2021 Net Zero Pathway Report, Scotiabank states: “We believe we have a key role to play in the transition to a net-zero future, and we intend to collaborate with and support our current and prospective clients in the public and private sector, as they decarbonize their supply chains, operations, and economies.” However, the bank has yet to demonstrate to investors that it is systematically managing the risks associated with its financing of high carbon activities. Specifically, it has yet to articulate its framework for expecting, assessing and evaluating high GHG emitting clients’ transition plans.

When a bank’s clients are expected to set and implement transition plans, they become accountable for their part in reducing the financed emissions of the bank and its investors. Standards and guidelines are emerging to help financial institutions and their clients operationalize net zero commitments, and “to accelerate the development and implementation of credible, real-economy transition plans”.<sup>4</sup>

From an investor vantage point, failing to set these expectations could expose Scotiabank to considerable material financial risks, including (but not limited to): significant counterparty risks due to stranded assets, declining credit quality, increased risk in other portfolios, and loss of goodwill. The disclosures requested in this proposal will help assure investors that both Scotiabank and its high carbon-risk clients have effective and accountable transition plans in place for achieving 2030 emissions reduction goals.

1. <https://www.swissre.com/institute/research/topics-and-risk-dialogues/climate-and-natural-catastrophe-risk/expertise-publication-economics-of-climate-change.html>

2. <https://www.scotiabank.com/ca/en/about/responsibility-impact/esg-publications-policies.html> p 17

3. <https://www.unepfi.org/net-zero-banking/commitment/>

4. September 22, 2022, GFANZ Releases Report to Provide Blueprint for Real-Economy Transition Plans

## Time-Bound Phase-Out of New Fossil Fuel Exploration and Development

J.P. Morgan Chase & Co.

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

**RESOLVED:** Shareholders request that the Board of Directors adopt a policy for a time-bound phase-out of the Company's lending and underwriting for projects and companies engaged in new fossil fuel exploration and development.

**SUPPORTING STATEMENT:** This proposal is intended, in the discretion of board and management, to enable support for the Company's energy clients' low-carbon transition.

**WHEREAS:** Climate change poses a systemic risk, with estimated global GDP loss of 11-14% by midcentury under current trajectories.<sup>1</sup> The climate crisis is primarily caused by fossil fuel production and combustion, which is enabled by funding from financial institutions.

According to scientific consensus, limiting warming to 1.5°C means that the world cannot develop new oil and gas fields or coal mines beyond those already approved (new fossil fuel exploration and development).<sup>2</sup> Furthermore, existing fossil fuel supplies are sufficient to satisfy global energy needs.<sup>3</sup> New oil and gas fields would not produce in time to mitigate current energy market turmoil resulting from the Ukraine War.<sup>4</sup>

JPMorgan Chase (JPM) has committed to align its financing with the goals of the Paris Agreement,<sup>5</sup> achieving net-zero emissions by 2050, consistent with limiting global warming to 1.5°C.<sup>6</sup> However, JPM's current policies and practices are not net-zero aligned.

JPM is the world's largest funder of fossil fuels, providing over \$382 billion in lending and underwriting to fossil fuel companies during 2016-2021 (34% more than the second-highest bank), including over \$116 billion to 100 top companies engaged in new fossil fuel exploration and development.<sup>7</sup> CEO Jamie Dimon continues to make public statements calling for new oil leases and gas pipelines.<sup>8</sup>

Without a policy to phase out financing of new fossil fuel exploration and development, JPM is unlikely to meet its climate commitments and merits scrutiny for material risks that may include:

- Greenwashing: Banking and securities regulators are tightening and enforcing greenwashing regulations, which could result in major fines and settlements.<sup>9</sup>
- Regulation: Central banks, including the Fed, are starting to implement climate stress tests<sup>10</sup> and scenario analyses,<sup>11</sup> and some have begun to propose increased capital requirements for banks' climate risks.<sup>12</sup>
- Competition: Dozens of global banks have adopted policies to phase out financial support for new oil and gas fields<sup>13</sup> and coal mines.<sup>14</sup>
- Reputation: Campaigns targeting JPM's climate policies include hundreds of organizations with tens of millions of global members and supporters, including current and potential JPM customers.<sup>15</sup>

By exacerbating climate change, JPM is increasing systemic risk, which will have significant negative impacts – including physical risks and transition risks<sup>16</sup> – for itself and for diversified investors.

Best practices for banks to achieve net zero involve financing of companies reducing scopes 1-3 absolute emissions and allocating capital in line with science-based, independently verified short, medium and long-term decarbonization targets. Organizations like the Science Based Targets initiative and Transition Pathway Initiative can provide independent verification of decarbonization targets.

**RESOLVED:** Shareholders request that the Board of Directors adopt a policy for a time-bound phase-out of the Company's lending and underwriting for projects and companies engaged in new fossil fuel exploration and development.

**SUPPORTING STATEMENT:** This proposal is intended, in the discretion of board and management, to enable support for the Company's energy clients' low-carbon transition.

1. <https://www.swissre.com/media/press-release/nr-20210422-economics-of-climate-change-risks.html>
2. <https://www.iisd.org/system/files/2022-10/navigating-energy-transitions-mapping-road-to-1.5.pdf>
3. <https://www.ipcc.ch/report/ar6/wg3/resources/spm-headline-statements/>
4. <https://www.iea.org/commentaries/what-does-the-current-global-energy-crisis-mean-for-energy-investment>
5. <https://www.jpmorganchase.com/news-stories/jpmorgan-chase-adopts-paris-aligned-financing-commitment>
6. <https://www.unepfi.org/net-zero-banking/commitment/>
7. <http://bankingonclimatechaos.org/>
8. <https://reports.jpmorganchase.com/investor-relations/2021/ar-ceo-letters.htm>
9. <https://www.bankingsupervision.europa.eu/press/speeches/date/2022/html/ssm.sp220922-bb043aa0bd.en.html>
10. <https://www.bankingsupervision.europa.eu/press/pr/date/2022/html/ssm.pr220708-565c38d18a.en.html>
11. <https://www.federalreserve.gov/newsevents/pressreleases/other20220929a.htm>
12. <https://www.bis.org/review/r220223e.htm>
13. <https://oilgaspolicytracker.org/>
14. <https://coalpolicytool.org/>
15. <https://stopthemoneypipeline.com/>
16. <https://www.bis.org/bcbs/publ/d517.pdf>



### Measure, Disclose and Reduce GHG Emissions Associated with Underwriting

#### Berkshire Hathaway Inc.

*Similar resolutions were submitted to Chubb Limited and The Travelers Companies, Inc.*

WHEREAS: Insurance companies have a critical role to play in meeting the Paris Agreement's 1.5 degrees Celsius ("1.5°C") goal, requiring Net Zero greenhouse gas (GHG) emissions by 2050. Projections<sup>1</sup> show that limiting global warming to 1.5°C versus 2 degrees will save \$20 trillion globally by 2100, while exceeding 2 degrees could lead to hundreds of trillions in damages.<sup>2</sup> The U.S. insurance industry is under increasing pressure to address its contributions to climate change from underwriting, insuring, and investing in high emitting activities.<sup>3</sup>

These financial activities contribute to systemic portfolio risk to the global economy, investors, and insurers' profitability.

Growing public pressure for the insurance industry to account for its climate-related risks is exemplified by legislation passed in Connecticut requiring regulators to incorporate emissions reduction targets into their supervision of insurers.<sup>4</sup>

Shareholders are concerned that Berkshire Hathaway Inc. ("Berkshire") is not adequately reducing the climate footprint of its insurance operations, which make up over 26% of its business and is its largest value segment.<sup>5</sup> This failure creates significant risk. Berkshire reported pre-tax losses of \$3.4 billion from Hurricane Ian in 2022 and an insurance and reinsurance underwriting loss of \$962 million, up from a \$784 million loss last year.<sup>6</sup> This follows a larger global trend: insured losses from natural disasters exceeding those from the prior 10 years, with \$105 billion in 2021 alone.<sup>7</sup>

Berkshire is a laggard on climate in the global insurance sector, scoring 0 of 10 in a survey of the 30 largest global insurers; its ranking has declined year over year since 2018.<sup>8</sup> Berkshire also earned a zero in recent scoring by the Climate Action 100+ for lack of compliance with the Net Zero Company Benchmark.<sup>9</sup> In contrast, peers are beginning to address the GHG emissions associated with their underwriting and investment activities. 29 global insurers have joined the United Nations' Net Zero Insurance Alliance, committing to transition emissions from insurance and reinsurance underwriting portfolios to Net Zero by 2050.

Berkshire does not measure or disclose its financed emissions, including those attributable to underwriting and insuring, nor has it adopted targets aligned with the Paris Agreement's 1.5°C goal. In 2022, 46.7% of independent shareholders voted in favor of a resolution seeking 1.5 degree-aligned goals. Since the vote, Berkshire has not taken responsive action.

**BE IT RESOLVED:** Shareholders request that Berkshire issue a report, at reasonable cost and omitting proprietary information, addressing if and how it intends to measure, disclose, and reduce the GHG emissions associated with its underwriting, insuring, and investment activities in alignment with the Paris Agreement's 1.5°C goal, requiring net zero emissions.

**SUPPORTING STATEMENT:** Shareholders recommend the report disclose at board discretion:

- Whether Berkshire will begin measuring and disclosing emissions associated with its full range of business activities, and by when;
- Whether Berkshire will set a Paris-aligned, net zero goal, and interim aligned targets, and on what timeline.

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

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

3. <https://shareaction.org/reports/insuring-disaster-a-ranking>

4. <https://www.businessinsurance.com/article/20210617/NEWS06/912342605/Connecticut-bill-calls-for-regulation-of-insurers%E2%80%99-climate-risks>

5. <https://www.spglobal.com/esg/insights/completing-data-gaps-in-environmental-performance-disclosure>

6. <https://www.reinsurancene.ws/berkshire-hathaway-reports-re-insurance-underwriting-loss-amid-hurricane-ian-claims-of-3-4bn/>

7. <https://www.swissre.com/media/press-release/nr-20211214-sigma-full-year-2021-preliminary-natcat-loss-estimates.html>

8. <https://insure-our-future.com/company/berkshire-hathaway/>

9. <https://www.climateaction100.org/company/berkshire-hathaway/app://resources/notifications.html>

### **Adopt GHG Reduction Targets for Lending/Investment Activities**

#### **Bank of New York Mellon Corporation**

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

WHEREAS: The Intergovernmental Panel on Climate Change says global greenhouse gas (GHG) emissions must be cut in half by 2030 to achieve net zero by 2050 and meet the Paris Agreement's goal to limit warming to 1.5 degrees Celsius and avoid the worst impacts of climate change. At current emissions trajectories of 3 degrees of warming, an estimated 10 percent of global economic value could be lost by 2050.<sup>1</sup>

Banks play a critical role in limiting global temperature rise and may face serious business risks associated with financing projects or companies that lack alignment with the Paris Agreement's goals. Financing high-emitting activities poses systemic risks to the global economy, portfolio-wide risks to diversified investors, and serious risks to banks' own operations.

Bank of New York Mellon (BNY Mellon) services clients in the fossil fuel sector, most notably as administrative agent for a multi-year revolving credit facility for Southwest Gas.<sup>2</sup> While BNY Mellon has set Scope 1 and 2 reduction targets in line with Science Based Targets initiative methodology, the Company does not yet measure or disclose the carbon footprint associated with its lending or investment activities, nor has it adopted targets to reduce these emissions. Research shows that, on average, financed emissions can be 700 times greater than financial institutions' direct emissions,<sup>3</sup> indicating that the Company is addressing a fraction of its climate impact.

Competitors have taken steps to mitigate their risk. Asset managers, including BlackRock and Vanguard, have set interim GHG targets for their investments through the Net Zero Asset Managers initiative. Banks like Wells Fargo and Citigroup have set targets to reduce their financed emissions associated with sectors like energy and power generation.

Investors applaud the progress made by BNY Mellon subsidiaries, Insight and Newton, which set interim targets through the Net Zero Asset Managers initiative, but remain concerned that the Company has not made similar enterprise-wide commitments.<sup>4</sup>

Resolved: Shareholders request BNY Mellon set near- and long-term GHG emission reduction targets for its high-emitting lending and investment activities, aligned with the Paris Agreement's 1.5-degree goal, and report on progress annually.

SUPPORTING STATEMENT: Proponents recommend the following, at the Board's discretion:

- Disclosure of the Scope 3 emissions, starting with those associated with the Company's lending and investment activities for high-emitting sectors;
- A commitment to reach net zero by 2050 or sooner;
- A near-term (2030 or sooner) target for highest-emitting sectors, with a commitment to update this target every 5 years;
- Consideration of approaches used by advisory groups like the Partnership for Carbon Accounting Financials and the Science Based Targets initiative. Emissions from underwriting should be accounted for in the Company's disclosure and target-setting once methodologies become available;
- Annual report on progress.

1. <https://www.swissre.com/institute/research/topics-and-risk-dialogues/climate-and-natural-catastrophe-risk/expertise-publication-economics-of-climate-change.html>

2. <https://www.prnewswire.com/news-releases/southwest-gas-corporation-issues-600-million-of-4-05-debt-due-2032--301508848.html>

3. <https://www.cdp.net/en/articles/media/finance-sectors-funded-emissions-over-700-times-greater-than-its-own>

4. <https://www.netzeroassetmanagers.org/media/2022/07/NZAM-Initial-Target-Disclosure-Report-May-2022.pdf>

### Measure and Disclose Scope 3 GHG Emissions

Amazon.com, Inc

WHEREAS: Climate change is creating systemic risks to the economy, and the window for avoiding the most catastrophic impacts of climate change is quickly narrowing. Immediate, sharp emissions reduction is required of all market sectors and industries.<sup>1</sup>

For many companies, a majority of their climate risk is contained within their value chain. According to McKinsey, scope 3 value chain emissions may constitute 80 percent of companies' climate impact,<sup>2</sup> underscoring the importance of assuring emissions reductions from suppliers and customers.

Amazon, one of the largest global retailers,<sup>3</sup> discloses enormous and growing greenhouse gas (GHG) emissions, which have increased nearly 40 percent between 2019 and 2021.<sup>4</sup> Yet this reflects only a full climate impact. For example, for product related emissions, Amazon only discloses emissions for Amazon-branded products, which comprise 1 percent of its sales.<sup>5,6</sup>

In contrast, peers Target and Walmart each disclose emissions from all product sales.<sup>7,8</sup> As indicated in the chart below, Amazon's emissions are significantly misaligned with its total volume of sales, in contrast with Target and Walmart's more comprehensive disclosures.

Amazon is not clear as to what emissions are covered by its Net Zero target; its failure to disclose 99 percent of product emissions suggests that these emissions are not covered by its Net Zero target.<sup>9</sup> In contrast, Target and Walmart have ambitious targets to reduce value chain emissions, both verified by Science Based Targets initiative. Walmart launched Project Gigaton, targeting removal of a billion tons of carbon from its global value chains by 2030.<sup>10</sup> Target has a goal to reduce scope 3 emissions from all retail purchased goods and services by 30 percent by 2030; by 2023, 80 percent of its suppliers by spend must adopt science-based reduction targets for scope 1 and 2 emissions.<sup>11</sup>

By calculating its full value chain emissions and including them in its net zero reduction strategies, Amazon can provide investors with assurance that management is adequately addressing concern about growing climate risks, including reputational risk.

RESOLVED: Shareholders request that Amazon measure and disclose scope 3 GHG emissions from its full value chain inclusive of its physical stores and e-commerce operations and all products that it sells and those sold by third party vendors.

SUPPORTING STATEMENT: Proponents recommend, at management discretion:

- Adopting emissions reduction targets for all GHG Protocol-defined sources of scope 3 emissions—including from sales of all products—in alignment with limiting global temperature increases to 1.5 degrees Celsius;
- Requiring largest vendors by spend to set science-based targets.

1. [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

2. <https://www.mckinsey.com/capabilities/operations/our-insights/making-supply-chain-decarbonization-happen>

3. <https://www.forbes.com/sites/laurendebter/2022/05/12/worlds-largest-retailers-2022-amazon-walmart-alibaba/?sh=3992e7f659e3>

4. <https://sustainability.aboutamazon.com/environment/carbon-footprint>

5. <https://www.congress.gov/116/meeting/house/110883/documents/HHRG-116-JU05-20200729-QFR052.pdf>, p.24

6. <https://sustainability.aboutamazon.com/environment/carbon-footprint>

7. [https://corporate.target.com/\\_media/TargetCorp/Sustainability-ESG/PDF/2022-CDP-Climate-Response.pdf](https://corporate.target.com/_media/TargetCorp/Sustainability-ESG/PDF/2022-CDP-Climate-Response.pdf), p.64-74

8. [https://corporate.walmart.com/esgreport/media-library/document/cdp-climate-change-2021/\\_proxyDocument?id=0000017f-d222-d452-a3ff-da66867f0000](https://corporate.walmart.com/esgreport/media-library/document/cdp-climate-change-2021/_proxyDocument?id=0000017f-d222-d452-a3ff-da66867f0000), p.20-24

9. <https://sustainability.aboutamazon.com/environment/carbon-footprint>

10. <https://www.walmartsustainabilityhub.com/climate/project-gigaton/faqs>

11. [https://corporate.target.com/\\_media/TargetCorp/Sustainability-ESG/PDF/2022-CDP-Climate-Response.pdf](https://corporate.target.com/_media/TargetCorp/Sustainability-ESG/PDF/2022-CDP-Climate-Response.pdf), p.34

### **Adopt Medium-Term Scope 3 GHG Reduction Target**

#### **Exxon Mobil Corporation**

**WHEREAS:** The world has declared to drive down greenhouse gas (GHG) emissions this decade, the energy transition presents great opportunities for an integrated energy multinational.

**RESOLVED:** Shareholders request the Company to set a medium-term reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

The strategy for how to achieve this target is entirely up to the board. You have our support.

**SUPPORTING STATEMENT:** We believe that ExxonMobil could lead and thrive in the energy transition by meeting the increasing demand for energy services while reducing GHG emissions to levels consistent with the global intergovernmental consensus specified by the Paris Accord.

Setting a Paris-aligned medium-term target covering Scope 3 is paramount, because the medium-term is decisive for the Company and the Paris Accord and because Scope 3 accounts for around 90% of total Scope 1, 2 and 3 emissions.<sup>1,2</sup>

ExxonMobil is one of the few oil majors that has not set Scope 3 targets (at the time of filing this proposal). Therefore, this proposal supports ExxonMobil to set a Paris-aligned medium-term target covering Scope 3.

We, the shareholders, understand this support to be our fiduciary duty to secure the long-term interest of the Company and to protect all our assets in the global economy from devastating climate change; limiting global warming is essential to risk management and responsible stewardship of the economy.

Backing from investors determined to achieve Paris remains strong; in 2022, 28% of shareholders in ExxonMobil and up to 39% of shareholders in other oil majors voted in favour of Follow This climate resolutions requesting Paris-aligned targets.<sup>3</sup>

The current energy crisis and the climate crisis can be addressed simultaneously by investing the windfall profits from high oil and gas prices in other energy sources.<sup>4</sup> Diversification of the energy supply would foster energy security by reducing dependency on oil and gas fields tied up in geo-political conflict and reduce emissions to address the climate crisis simultaneously.

Changes in demand are as critical as changes in supply, but customers can only change sufficiently when key system players like ExxonMobil offer alternative energy sources at scale.<sup>5</sup> By investing in alternatives, a global integrated energy company like ExxonMobil could decrease emissions without ultimately shrinking business.

It is in the Company's and its shareholders' best interest to pursue the opportunities the energy transition presents; this will also pre-empt risks of losing access to capital markets, policy interventions, litigation, liability for the costs of climate change, disruptive innovation, and stranded assets.<sup>6</sup>

You have our support.

Sources: [www.follow-this.org/ExxonMobil-resolution-2023-sources/](http://www.follow-this.org/ExxonMobil-resolution-2023-sources/)

### **Adopt Medium-Term Scope 3 GHG Reduction Target**

**Chevron Corp.**

**WHEREAS:** The world has declared to drive down greenhouse gas (GHG) emissions this decade, the energy transition presents great opportunities for an integrated energy multinational.

**RESOLVED:** Shareholders request the Company to set a medium-term reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

The strategy for how to achieve this target is entirely up to the board. You have our support.

#### **SUPPORTING STATEMENT:**

We believe that Chevron could lead and thrive in the energy transition by meeting the increasing demand for energy services while reducing GHG emissions to levels consistent with the global intergovernmental consensus specified by the Paris Accord. Setting a Paris-aligned medium-term target covering Scope 3 is paramount, because the medium-term is decisive for the Company and the Paris Accord and because Scope 3 accounts for around 90% of total Scope 1, 2 and 3 emissions.<sup>1,2</sup>

Therefore, we welcomed Chevron's Portfolio Carbon Intensity (PCI) target, which covers Scope 3, to reduce its carbon intensity by over 5% by 2028.<sup>3</sup> However, this target is not Paris-aligned; it will not lead to large-scale (net) reductions in absolute emissions in this decade.

Therefore, this proposal supports Chevron to set a Paris-aligned medium-term target covering Scope 3.

We, the shareholders, understand this support to be our fiduciary duty to secure the long-term interest of the Company and to protect all our assets in the global economy from devastating climate change; limiting global warming is essential to risk management and responsible stewardship of the economy.

Backing from investors determined to achieve Paris remains strong; in 2022, 33% of shareholders in Chevron and up to 39% in other oil majors voted in favour of Follow This climate resolutions requesting Paris-aligned targets.<sup>4</sup>

The current energy crisis and the climate crisis can be addressed simultaneously by investing the windfall profits from high oil and gas prices in other energy sources.<sup>5</sup> Diversification of the energy supply would foster energy security by reducing dependency on oil and gas fields tied up in geo-political conflict and reduce emissions to address the climate crisis simultaneously.

Changes in demand are as critical as changes in supply, but customers can only change sufficiently when key system players like Chevron offer alternatives at scale.<sup>6</sup> This would also allow Chevron to decrease emissions without ultimately shrinking business. It is in the Company's and its shareholders' best interest to pursue the opportunities the energy transition presents; this will also pre-empt risks of losing access to capital markets, policy interventions, litigation, liability for the costs of climate change, disruptive innovation, and stranded assets.<sup>7</sup>

You have our support.

### **Adopt Short and Long-Term Science-Based GHG Reduction Targets**

#### **Wabtec**

WHEREAS: The Intergovernmental Panel on Climate Change has advised that greenhouse gas (GHG) emissions must be halved by 2030 and reach net zero by 2050 to limit global warming to 1.5°C.

Every incremental increase in temperature above the Paris Agreement's goal of holding warming to 1.5°C will entail increasingly severe physical, transition, and systemic risks for companies and investors alike.

In its 2022 10-K, Wabtec Corporation ("Wabtec" or "the Company") highlighted its climate risk, noting, "Future climate change regulation could result in increased operating costs, affect the demand for our products or affect the ability of our critical suppliers to meet our needs."

Despite acknowledging its climate risk, Wabtec's mitigation strategy does not appear to be sufficient to shield the Company and its investors from climate-related risks. The Company's Scope 1 and 2 reduction goals are modest and not aligned with holding warming to 1.5°C. Wabtec does not publicly report or have a goal covering its material Scope 3 emissions.

Wabtec is trailing other companies in addressing its climate risk. Over 4,000 companies have committed to set or have set 1.5°C-aligned science-based targets (SBTs) through the Science Based Targets initiative (SBTi). This includes Wabtec's customers and potential customers, such as Union Pacific, which has committed to setting a long-term target which will require the company to reduce its Scope 3 emissions by 90-95%. Mining companies including Vale and Freeport McMoRan have also set or committed to setting SBTs through SBTi.

Ramping up its climate-related initiatives may unlock opportunities for Wabtec's growth by preparing the Company for future climate-related regulations that would affect its operations. With its stated goal of "decarbonizing global transport,[1]" this may help increase existing and potential customers' trust in Wabtec's ability to provide solutions for decarbonizing their operations and supply chains.

Investors seek increased disclosure of how companies are addressing the climate crisis and planning to transition their business models to ones that align with limiting warming to 1.5°C. To assist companies in developing viable transition plans, groups including We Mean Business, CDP, State Street Global Advisors, and the Task Force on Climate-Related Disclosures have provided guidance.

RESOLVED: Shareholders request Wabtec Corporation, within a year, issue near and long-term science-based GHG reduction targets aligned with the Paris Agreement's ambition of maintaining global temperature rise to 1.5°C and summarize plans to achieve them. The targets should cover the Company's full range of operational and supply chain emissions.

SUPPORTING STATEMENT: In assessing targets, we recommend, at management's discretion:

- Taking into consideration approaches used by advisory groups like SBTi;
- Developing a transition plan that shows how the Company plans to meet its goals, taking into consideration criteria used by advisory groups; and
- Consideration of supporting targets for renewable energy, energy efficiency, low-carbon material procurement, and other measures deemed appropriate by management.

### **Adopt Short and Long-Term Science-Based GHG Reduction Targets**

#### **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 degrees Celsius, thereby preventing the worst consequences of climate change.

Climate change poses risks to United Parcel Service (UPS). Exceeding 1.5 degrees is predicted to increase sea level rise, severe heat waves, floods, and hurricanes which may lead to shipping delays, including from washed out roadways,<sup>1</sup> deterioration of bridge infrastructure,<sup>2</sup> and buckling<sup>3</sup> and flooding of airport runways.<sup>4</sup> Shipping delays related to unpredictable weather cost US trucking companies \$8.5 billion<sup>5</sup> and global air cargo companies \$1 billion,<sup>6</sup> annually. By 2050, projections show heat waves costing the US economy \$500 billion annually in lost labor productivity,<sup>7</sup> and extreme heat has already led to the tragic deaths of several UPS drivers.<sup>8</sup>

As an integrated freight and logistics company, UPS contributes significantly to climate change. The transportation sector is the largest source of U.S. greenhouse gas emissions.<sup>9</sup> Internal combustion engine medium and heavy-duty vehicles have significant adverse health impacts that disproportionately affect low-income communities and communities of color.<sup>10</sup>

Whereas peers FedEx and Amazon have set goals for electric vehicle procurement, UPS's goals for its ground fleet rely on alternative fuel, which unnecessarily prolongs potential emissions and bolsters fossil fuel infrastructure.<sup>11</sup>

While UPS has announced a goal to achieve carbon neutrality in its operations by 2050 and a 50 percent reduction in emissions per small package delivered by 2035, UPS has not set a goal that covers its scope 3 emissions, which represent 54 percent of its overall footprint.<sup>12</sup> Additionally, shareholders do not know whether UPS plans on achieving net zero through actual emissions reductions or through the purchase of carbon offsets.

Given the risks climate change poses to the economy, environment, employees, and other stakeholders, proponents believe UPS has a responsibility to its investors and stakeholders to adopt greenhouse gas reduction goals aligned with a 1.5 degrees scenario. Independently verified, science-based goals covering scopes 1-3 would provide shareholders with objective assurance that UPS is doing its part to reduce emissions in a comprehensive and timely manner. Peer DHL and 46 other air freight transportation and logistics companies have committed to set targets via the Science Based Targets Initiative (SBTi).

RESOLVED: Shareholders request that UPS adopt independently verified short and long-term science-based greenhouse gas emissions reduction targets, inclusive of emissions from its full value chain, in order to achieve net zero emissions by 2050 or sooner and to attain appropriate emissions reductions prior to 2030, in line with the Paris Agreement's goal of limiting global temperature rise to 1.5 degrees Celsius.

SUPPORTING STATEMENT: We recommend, at management's discretion, consideration of approaches used by advisory groups such as SBTi.

1. <https://19january2017snapshot.epa.gov/climate-impacts/climate-impacts-t...>
2. <https://www.climatelinks.org/sites/default/files/asset/document/BRIDGES...>
3. [https://www.upi.com/Top\\_News/World-News/2022/07/18/eu-runways-melt-brit...](https://www.upi.com/Top_News/World-News/2022/07/18/eu-runways-melt-brit...)
4. <https://19january2017snapshot.epa.gov/climate-impacts/climate-impacts-t...>
5. <https://rosap.ntl.bts.gov/view/dot/3384,60>.
6. <https://www.tomorrow.io/blog/the-air-freight-industry-has-a-billion-dol...>
7. <https://www.atlanticcouncil.org/wp-content/uploads/2021/08/Extreme-Heat...>
8. <https://www.nytimes.com/2022/08/20/business/ups-postal-workers-heat-str...>
9. <https://www.eia.gov/totalenergy/data/monthly/pdf/flow/fossil-fuel-spagh...>
10. <https://www.washingtonpost.com/climate-solutions/2020/06/29/climate-cha...>
11. <https://www.sightline.org/2021/03/09/the-four-fatal-flaws-of-renewable-...>
12. <https://about.ups.com/content/dam/upsstories/assets/reporting/sustainab...>

### **Adopt Short and Long-Term Science-Based GHG Reduction Targets**

Metro, Inc.

**RESOLVED:** Shareholders request that Metro Inc. adopt near- and long-term science-based greenhouse gas emissions reduction targets, inclusive of Scope 3 emissions from its full value chain, which are aligned with the Paris Agreement's 1.5°C goal requiring net-zero emissions by 2050 or sooner and to effectuate appropriate emissions reductions prior to 2030. The targets should:

- Be publicly disclosed at least 180 days prior to the next annual shareholders meeting;
- Follow the guidance of advisory groups such as the Science-Based Targets Initiative;
- Be supported by an enterprise-wide climate action plan outlining the steps the company will take to achieve net zero emissions.

**WHEREAS:** In 2018, the Intergovernmental Panel on Climate Change advised that greenhouse gas emissions must be halved by 2030 and reach net zero by 2050 to limit warming to 1.5°C, prevent the worst consequences of climate change, and meet the goals of the Paris Agreement. Subsequent UN reports have warned that the world is “way off track” in its efforts to achieve these targets, and on “a fast track to disaster.”

The physical and financial risks posed by climate change to long-term investors are systemic, portfolio-wide, unhedgeable and undiversifiable. The actions of companies that fail to align to limiting warming to 1.5°C pose material risks to those companies, the financial system as a whole, and to investors' entire portfolios.

Metro is exposed to significant operational, financial, reputational and regulatory risks associated with climate change. For example, Metro notes in its 2021 CDP Climate Change report (for which it received a “C”) that physical risks associated with climate change, “could impact our supply chain network, resulting in increased food and energy prices, as well as supply chain disruptions.”

Against the backdrop of these climate-related vulnerabilities and need for urgent and ambitious action, Metro's recent climate commitments are woefully inadequate. While Metro has a goal to reduce its Scope 1 and 2 emissions by 37.5% by 2035, it is not aligned with the global 1.5-degree Paris goal. The company has also not disclosed a time-bound plan to measure and set reduction targets for its full Scope 3, or value chain, emissions which are likely to represent Metro's greatest contribution to climate change.

Metro lags peer companies in its greenhouse gas emission disclosures and targets. In 2022, both Loblaw Companies Ltd. and Empire Company Ltd./Sobeys announced commitments to achieve net-zero Scope 1 and 2 emissions by 2040 and net-zero Scope 3 emissions by 2050 in line with the Science Based Targets Initiative. Sobeys' recent GHG emissions inventory revealed that Scope 3 emissions make up a staggering 97% of its total emissions.

By setting 1.5 degree-aligned greenhouse gas reduction targets across all relevant emissions scopes, Metro can provide investors with assurance that management is appropriately reducing its climate contribution and addressing the growing risks associated with climate change.

We urge shareholders to vote FOR this Proposal.



### Adopt Short and Long-Term Science-Based GHG Reduction Targets

#### AMEREN (Union Electric)

WHEREAS: In 2018, the Intergovernmental Panel on Climate Change (IPCC) advised that net greenhouse gas (GHG) emissions must fall 45 percent by 2030 and reach net zero by 2050 to limit warming below 1.5 degrees Celsius and prevent the worst consequences of climate change.<sup>1</sup>

Electric power is arguably the most important sector to decarbonize over the next decade. Rapid decarbonization is needed, not only to address the sector's own substantial GHG emissions, but also to support the transition of other sectors, such as transportation and buildings, to net zero through electrification. The International Energy Agency Net Zero By 2050 report found that emissions from the power sector must reach net zero by 2035 in advanced economies and by 2040 globally.<sup>2</sup> Under this scenario, electricity generation using natural gas without carbon capture must begin falling by 2030 and is 90% lower by 2040.

While Ameren Corporation ("Ameren") has set a target to reach net zero emissions for power generation by 2045 and has announced investments in renewables, it lags many of its peers in setting short and mid-term emissions targets aligned with a 1.5 degree pathway.<sup>3</sup> For example, peer companies WEC<sup>4</sup> and DTE<sup>5</sup> plan to retire their coal generation by 2035; Xcel is accelerating its coal retirement schedule to 2030<sup>6</sup>; and CMS Energy plans to retire its coal plants by 2025.<sup>7</sup> In contrast, Ameren currently plans to continue to run two coal units at the Labadie Energy Center beyond 2040.<sup>8</sup>

Many of Ameren's peers are generating more of their electricity from renewable sources.<sup>9</sup> In addition, regulated utility peers such as AEP,<sup>10</sup> Xcel Energy<sup>11</sup> and Dominion Energy<sup>12</sup> have announced medium-term plans to deploy substantial capital into renewables and grid upgrades that will decarbonize operations while simultaneously growing assets that will support future earnings growth. Following the passage of the Inflation Reduction Act in 2022 more investment in clean energy sources is likely. However, Ameren currently plans a generation mix dominated by fossil fuels well into the future.

RESOLVED: Shareholders request Ameren issue a report within a year, and annually thereafter, at reasonable expense and excluding confidential information, that discloses Scopes 1 and 2 operational greenhouse gas targets in the short, medium and long-term aligned with the Paris Agreement's goal of maintaining global temperature rise at 1.5 degrees Celsius, consistent with sector-modelled pathways, and plans to achieve them.

SUPPORTING STATEMENT: In assessing targets, we recommend, at the board's discretion:

- Pursuing alignment with sector-modelled 1.5C aligned pathways such as those outlined by the IPCC or IEA;
- Taking into consideration approaches used by groups like the Science Based Targets initiative and Transition Pathway Initiative; and
- Developing a decarbonization strategy which identifies and quantifies the set of actions Ameren intends to take to achieve its GHG reduction targets over the targeted timeframe.

1. <https://www.ipcc.ch/sr15/chapter/spm/>

2. <https://www.iea.org/reports/net-zero-by-2050>

3. <https://www.transitionpathwayinitiative.org/companies/ameren#carbon-performance>

4. <https://www.wecenergygroup.com/home/generation-reshaping-plan.htm>

5. <https://www.detroitnews.com/story/business/2022/11/03/dte-speeds-coal-exit-adds-natural-gas-renewable-energy-in-2042-plan/69613541007/>

6. <https://www.businesswire.com/news/home/20221031005623/en/Xcel-Energy-proposes-to-exit-coal-by-2030>

7. <https://www.consumersenergy.com/-/media/CE/Documents/company/IRP-2021.ashx>

8. <https://www.ameren.com/missouri/company/environment-and-sustainability/integrated-resource-plan>

9. <https://www.ceres.org/resources/reports/benchmarking-air-emissions-100-largest-electric-power-producers-united-states-2022>

10. <https://www.aep.com/Assets/docs/investors/eventspresentationsandwebcasts/AnalystDayPresentation2022.pdf>

11. [https://s25.q4cdn.com/680186029/files/doc\\_presentations/2022/11/EEL-Financial-Conference-Presentation-11-13-2022.pdf](https://s25.q4cdn.com/680186029/files/doc_presentations/2022/11/EEL-Financial-Conference-Presentation-11-13-2022.pdf)

12. [https://s2.q4cdn.com/510812146/files/doc\\_financials/2022/q3/2022-11-04-DE-IR-3Q-2022-earnings-call-slides-vTC.pdf](https://s2.q4cdn.com/510812146/files/doc_financials/2022/q3/2022-11-04-DE-IR-3Q-2022-earnings-call-slides-vTC.pdf)

### Paris-Aligned Climate Lobbying

Amazon.com, Inc.

**RESOLVED:** Shareholders of Amazon.com Inc. (“Amazon”) request that the Board report to shareholders (at reasonable cost, omitting confidential/proprietary information) on its framework for identifying and addressing misalignments between Amazon’s lobbying and policy influence activities and positions, both direct and indirect through trade associations, coalitions, alliances, and social welfare organizations (“Associations”), and its Net Zero (emissions) climate commitments, including the criteria used to assess alignment, the escalation strategies used to address misalignments, and the circumstances under which escalation strategies are used (e.g., timeline, sequencing, degree of influence over an Association).

**SUPPORTING STATEMENT:** Critical gaps persist between national climate commitments and the actions necessary to meet them. A 2022 global assessment makes it clear that nations are not doing enough to limit global warming to 1.5 degrees Celsius<sup>1</sup> and that this goal is now almost entirely out of reach unless immediate and dramatic changes are implemented.<sup>2</sup>

Voluntary initiatives are insufficient to meet the Paris Agreement’s goals without robust climate public policy. Major companies have enormous influence and bipartisan credibility to help establish a policy environment that will avert the most dire climate consequences and take advantage of the opportunity of this generational economic shift. Corporate lobbying that is inconsistent with the Paris Agreement poses significant escalating risks to companies and investors. Investors need clear information on how companies’ direct and indirect policy advocacy efforts align with their own climate targets, as companies may tout their climate efforts but often fail to account for their support for organizations and initiatives that work to block critical climate policies.

Amazon notes that its lobbying and advocacy activities are “aligned with the Paris Agreement goals”<sup>3</sup> and that it “advocate[s] in support of public policy that advances... access to and the expansion of clean energy, sustainable transportation, and other decarbonizing solutions.”<sup>4</sup> But Amazon also acknowledges that its “membership in certain organizations may... be viewed as indirectly funding positions that are inconsistent with [its] views on climate change and the Paris Agreement goals.”<sup>5</sup>

Amazon reports considering the reputational risks of potential misalignment between its policy positions and those of third parties representing it, but claims that the benefits of such memberships may outweigh the risks,<sup>6</sup> without analyzing the trade-offs. Amazon says that it communicates with third parties representing it when the company disagrees with their climate policy positions,<sup>7</sup> but insufficient detail is provided to allow investors to evaluate the robustness of Amazon’s responses.

Additionally, Amazon’s trade association and other memberships<sup>8</sup> reveal inconsistencies with its actions on, and commitments to, its own Net Zero ambitions, including support for organizations consistently doubting the scientific consensus on climate change.<sup>9</sup>

While Amazon has publicly outlined examples of positive direct lobbying efforts aligned with the Paris Agreement, it has not disclosed the policy positions, actions, assessment framework, and escalation considerations needed for investors to properly analyze and address misaligned activities, and the consistency of aligned positions.

1. <https://unfccc.int/news/climate-plans-remain-insufficient-more-ambitious-action-needed-now>

2. [www.nature.com/articles/s41586-022-04553-z](https://www.nature.com/articles/s41586-022-04553-z)

3. [https://s2.q4cdn.com/299287126/files/doc\\_downloads/2022/Note-on-Alignment-with-Paris-Agreement.pdf](https://s2.q4cdn.com/299287126/files/doc_downloads/2022/Note-on-Alignment-with-Paris-Agreement.pdf)

4. Ibid.

5. Ibid.

6. [https://s2.q4cdn.com/299287126/files/doc\\_downloads/2022/Note-on-Alignment-with-Paris-Agreement.pdf](https://s2.q4cdn.com/299287126/files/doc_downloads/2022/Note-on-Alignment-with-Paris-Agreement.pdf)

7. Ibid.

8. [https://s2.q4cdn.com/299287126/files/doc\\_downloads/2021/politicalengagement/2021-PoliticalEngagement-Statement.pdf](https://s2.q4cdn.com/299287126/files/doc_downloads/2021/politicalengagement/2021-PoliticalEngagement-Statement.pdf); and <https://lobbymap.org/influencer/California-Chamber-of-Commerce-5bd0824487d9cdacdc577e0af93089ed>

9. [www.aei.org/articles/what-we-really-know-about-climate-change](https://www.aei.org/articles/what-we-really-know-about-climate-change)

### Paris-Aligned Climate Lobbying

#### Phillips 66

*Similar resolutions were submitted to CNX Resources Corp., and Coterra Energy.*

WHEREAS: United Nations Climate Change asserts that greenhouse gas emissions must decline by 45 percent from 2010 levels by 2030 to limit global warming to 1.5 degrees Celsius. If that goal is not met, even more rapid reductions, at greater cost, will be required to compensate for the slow start on the path to global net zero emissions.<sup>1</sup>

Even with the recent passage of the Inflation Reduction Act, critical gaps remain between Nationally Determined Contributions set by the U.S. government and the actions required to prevent the worst effects of climate change. Domestically and internationally, companies have an important and constructive role to play in enabling policymakers to close these gaps.

Corporate lobbying that is inconsistent with the Paris Agreement presents increasingly material risks to companies and their shareholders, as delays in emissions reductions undermine political stability, damage infrastructure, impair access to finance and insurance, and exacerbate health risks and costs. Further, companies face increasing reputational risks from consumers, investors, and other stakeholders if they appear to delay or block effective climate policy.

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

Proponents appreciate that Phillips 66 (the Company) has announced that it intends to reduce the greenhouse gas emissions intensity from its operations companywide 50% by 2050. While recognizing that this is short of goals set by peers and is not aligned with the Paris Agreement, it is an important step towards addressing climate change risk.

RESOLVED: Shareholders request that the Board of Directors conduct an evaluation and issue a report (at reasonable cost, omitting confidential or proprietary information) describing if, and how, the Company's lobbying and policy influence activities (both direct and indirect through trade associations, alliances, and other organizations) align with the goal of the Paris Agreement to limit average global warming to well below 2°C above pre-industrial levels, and to pursue efforts to limit temperature increase to 1.5°C, and how it plans to mitigate the risks presented by any misalignment.

SUPPORTING STATEMENT: The Company's previously published Lobbying Activities Report<sup>2</sup> does not address the concerns of investors adequately. The Report lists the stated positions on climate change of the Company's trade associations but does not address actual lobbying activities on climate-related legislation and regulations. The Climate Action 100+ Benchmark finds that the Company lacks a Paris Agreement-aligned climate lobbying position and does not ensure that lobbying activities are aligned with Paris.<sup>3</sup> Influence Map rates Phillips in the second to last performance band.<sup>4</sup> The proponents believe the request in this proposal is consistent with the investor expectations described in the Global Standard on Responsible Climate Lobbying, and that this Standard is a useful resource for implementation.<sup>5</sup> Phillips 66's disclosure of its policy engagement on climate should be improved.

1. <https://unfccc.int/news/updated-ndc-synthesis-report-worrying-trends-confirmed>

2. [https://phillips66.widen.net/s/mzqpcf2pqr/21-0093\\_lobbying-activities-report](https://phillips66.widen.net/s/mzqpcf2pqr/21-0093_lobbying-activities-report)

3. <https://www.climateaction100.org/company/phillips-66/>

4. <https://lobbymap.org/company/Phillips-66>

5. [https://climate-lobbying.com/wp-content/uploads/2022/03/2022\\_global-standard-responsible-climate-lobbying\\_APPENDIX.pdf](https://climate-lobbying.com/wp-content/uploads/2022/03/2022_global-standard-responsible-climate-lobbying_APPENDIX.pdf)

### Paris-Aligned Climate Lobbying

#### Wells Fargo & Company

WHEREAS: A 2022 assessment by the Intergovernmental Panel on Climate Change<sup>1</sup> stated that nations and fossil-fuel users have fallen short<sup>2</sup> of the Paris Agreement goals and that sudden and dramatic changes are required. The Financial Stability Oversight Council identified climate change as an emerging and increasing threat to the financial system.<sup>3</sup>

Wells Fargo & Company (“Company”) CEO Charlie Scharf stated, “Climate change is one of the most urgent environmental and social issues of our time, and Wells Fargo is committed to aligning our activities to support the goals of the Paris Agreement and to helping transition to a net zero carbon economy.”<sup>4</sup> Consistent with this pledge, the Company joined the Net Zero Banking Alliance.<sup>5</sup>

Voluntary initiatives are insufficient to meet the Paris Agreement goals without robust climate public policy. Major companies have enormous influence and bipartisan credibility to help establish a policy environment that will avert the most dire climate risks and take advantage of the opportunity of this generational economic shift. Corporate lobbying that is inconsistent with the Paris Agreement poses escalating material risks to companies and investors.<sup>6</sup>

The Company committed to advocate for policies that enable client transitions to net zero emissions.<sup>7</sup>

However, the Company’s positions on and details of engagement with policymakers are unclear.<sup>8</sup> A recent letter submitted to the Municipal Advisory Council of Texas shows evidence of the Company’s continued support for investing in fossil fuels.<sup>9</sup> The Company’s sponsorship of the State Financial Officers Foundation, which has been weaponizing state treasurers’ offices against climate-related financial risk management, has been called out by members of Congress.<sup>10</sup>

Of increasing concern are trade associations and other policy organizations that speak for business but too often present major obstacles to addressing the climate crisis. The Company is a member of financial industry associations which are opposing emerging sustainable finance policy, including the U.S. Chamber of Commerce, the Business Roundtable, and the California Chamber of Commerce.<sup>11</sup>

RESOLVED: Shareholders of Wells Fargo and Company request that the Board of Directors analyze and report to shareholders annually (at reasonable cost, omitting confidential and proprietary information) on whether and how it is aligning its lobbying and policy influence activities and positions, both direct and indirect through trade associations, coalitions, alliances, and other organizations, with its public commitment to achieve net zero emissions by 2050 including the activities and positions analyzed, the criteria used to assess alignment, and involvement of stakeholders, if any, in the analytical process.

SUPPORTING STATEMENT: In evaluating the degree of alignment between the Company’s emissions goals and its lobbying, the Company should disclose its direct and indirect policy positions and lobbying actions with regard to climate provisions of key international, federal and state legislation and regulation. The Company should consider investor expectations described in the Global Standard on Responsible Climate Lobbying<sup>12</sup> as a useful resource for implementation.

1. [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_SummaryForPolicymakers.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_SummaryForPolicymakers.pdf)

2. <https://www.gov.uk/government/news/window-for-climate-action-closing-fast>;

3. <https://home.treasury.gov/news/press-releases/jy0426>

4. <https://newsroom.wf.com/English/news-releases/news-release-details/2021/Wells-Fargo-Sets-Goal-to-Achieve-NetZero-Greenhouse-Gas-Emissions-by-2050/default.aspx>

5. <https://newsroom.wf.com/English/news-releases/news-release-details/2021/Wells-Fargo-Joins-Net-Zero-BankingAlliance/default.aspx>

6. <https://www.occ.gov/news-issuances/speeches/2021/pub-speech-2021-116.pdf?source=email>

7. <https://newsroom.wf.com/English/news-releases/news-release-details/2021/Wells-Fargo-Sets-Goal-to-Achieve-NetZero-Greenhouse-Gas-Emissions-by-2050/default.aspx>

8. <https://www.ceres.org/accelerator/responsible-policy-engagement/database/wells-fargo>

9. [https://lobbymap.org/site/data/000/941/WellsFargo\\_TexasMACCertification\\_January\\_2022.pdf](https://lobbymap.org/site/data/000/941/WellsFargo_TexasMACCertification_January_2022.pdf)

10. [http://casten.house.gov/sites/evo-subsites/casten.house.gov/files/evo-media-document/10-20-22-wf-sfosponsorship-follow-up\\_1.pdf](http://casten.house.gov/sites/evo-subsites/casten.house.gov/files/evo-media-document/10-20-22-wf-sfosponsorship-follow-up_1.pdf)

11. <https://influencemap.org/report/Finance-and-Climate-Change-17639>

12. [https://climate-lobbying.com/wp-content/uploads/2022/03/2022\\_global-standard-responsibleclimatelobbying\\_APPENDIX.pdf](https://climate-lobbying.com/wp-content/uploads/2022/03/2022_global-standard-responsibleclimatelobbying_APPENDIX.pdf)

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

United Parcel Service, Inc.

WHEREAS: The United Nations Environment Programme asserts that greenhouse gas emissions must decline by 45 percent from 2010 levels by 2030 to limit global warming to 1.5 degrees Celsius.<sup>1</sup>

Public policy will play an important role in keeping emissions within these bounds.

However, even with the recent passage of the Inflation Reduction Act, critical gaps remain between its anticipated 40 percent reduction in emissions by 2030 and the 50 percent reduction promised in the U.S. nationally determined contribution to the Paris Agreement.<sup>2</sup> Companies have an important role to play in encouraging and enabling policymakers to close these gaps.

Corporate lobbying inconsistent with the Paris Agreement presents increasingly material risks to investors, including systemic risks to our financial systems, as delays in emissions reductions increase the compounding physical risks of climate change, threaten economic stability, and heighten uncertainty and volatility in investment portfolios.

Of particular concern are trade associations and other politically active organizations that too often lobby aggressively against forward-looking regulations and legislation addressing the climate crisis.

As long-term shareholders, we commend United Parcel Service (“UPS”) for setting a Paris-aligned Net Zero emissions goal and taking steps to implement it. As part of this plan, UPS should carefully evaluate whether its public policy advocacy advances or undercuts the goals of the Paris Agreement. Numerous companies in both the U.S. and Europe have produced or agreed to issue reports evaluating the Paris alignment of their lobbying programs in the past two years.

UPS does not provide sufficient information to help investors understand if or how UPS ensures that its lobbying activities, directly, in the company’s name, and indirectly, through membership organizations and trade associations, align with the Paris Agreement’s net-zero goals, and how management and the board address any misalignments in overall policies or specific lobbying activities. UPS has disclosed some information about the climate positions of its trade associations in its response to the annual CDP questionnaire but has yet to undertake a review of any misalignments with its own net-zero goals or the goals of the Paris Agreement. This disclosure does not include analysis of specific positions taken by trade association or other organizations. For example, UPS is a known supporter and funder of the American Legislative Exchange Council, which actively advances campaigns against positive climate policy.

RESOLVED: Shareholders request that UPS conduct an evaluation and issue a report annually, beginning in 2023 (at reasonable cost, omitting proprietary information) describing if, and how, its lobbying, directly and through the activities of its trade associations and other UPS-funded organizations, aligns with the Paris Climate Agreement’s goal to hold the increase in the global average temperature to well below 2°C above preindustrial levels, aspiring to limit increases to 1.5 degrees Celsius. The report should also address the risks presented by any misaligned lobbying and the Company’s efforts, if any, to mitigate these risks.

1. <https://news.un.org/en/story/2022/10/1129912>

2. <https://www.eesi.org/articles/view/what-the-inflation-reduction-act-means-for-u.s-engagement-at-the-u.n-climate-talks>

### Paris-Aligned Climate Lobbying

Alphabet, Inc.

**WHEREAS:** Regular examination of the alignment of lobbying activities (direct and indirect) with corporate public commitments and policies is an increasingly important requirement of strong corporate governance.

**RESOLVED:** Shareholders request the Alphabet Inc. Board of Directors within the next year conduct an evaluation and issue a report (at reasonable cost, omitting proprietary information) describing its framework for identifying and addressing misalignments between Alphabet's lobbying (directly and indirectly through trade associations and social welfare and nonprofit organizations) and Alphabet's commitments to mitigate climate impact and its support of the Paris Agreement, which seeks to limit average global warming to no more than 1.5 degrees Celsius by 2030. The report should include essential elements, such as the criteria used to assess alignment; the strategies used to address any misalignment; and circumstances under which these strategies are implemented.

**SUPPORTING STATEMENT:** Corporate lobbying activities inconsistent with meeting the goals of the Paris Agreement present regulatory, reputational, and legal risks to companies. Such policy engagement also presents systemic risks to economies and markets, as delays in implementation of the Paris Agreement increase the physical risks of climate change, undermine economic stability, and introduce uncertainty and volatility into our investment portfolios. We believe Paris-aligned climate lobbying helps mitigate these risks and contributes positively to the long-term value of companies.

Alphabet publicly supports the goals of the Paris Agreement, advocates for specific science-based climate policies, leads investment in carbon-free energy, and maintains a policy for Google advertisers, publishers and YouTube creators "that will prohibit ads for, and monetization of, content that contradicts well-established scientific consensus around the existence and causes of climate change."<sup>1</sup> Alphabet also discloses an extensive list of its memberships in trade associations and policy-focused non-profits.

Alphabet does not, however, disclose whether its lobbying practices (directly and indirectly) align with the Paris Agreement's aims or Alphabet's own carbon-free energy target, nor company actions to address instances of misalignment.

Of particular concern are industry and policy groups that represent business but too often present obstacles to global emissions reductions, and regulation or legislation addressing climate risk. A review of Alphabet's disclosed memberships<sup>2</sup> reveals inconsistencies with Alphabet's actions on, and commitments to, the Paris Agreement and the prevailing science.<sup>3,4,5</sup> For example, Alphabet discloses it is a member of the US Chamber of Commerce, which has spent nearly \$1.8 billion on federal lobbying since 1998.<sup>6</sup> The Chamber lobbied strongly against the Inflation Reduction Act, the most ambitious climate policy in U.S. history.<sup>7</sup>

An alignment assessment can help to identify and address risks presented by misalignment and protect the credibility of Alphabet's leadership efforts on climate.

Thus, we urge the Board and management to conduct a comprehensive review of Alphabet's lobbying and public policy activity, assessing the degree of alignment with the Paris Agreement's objectives, and detailing clear plans for action to address any misalignment. This proposal was introduced with Alphabet last year and earned 55.6% of the outside vote.

1. <https://support.google.com/google-ads/answer/11221321?hl=en>

2. <https://kstatic.googleusercontent.com/>

3. <https://cei.org/sites/default/files/20170508%20CEI%20Paris%20Treaty%20with%20logos%20-%202044%20Final.pdf>

4. <https://www.aei.org/politics-and-public-opinion/its-time-to-cancel-the-climate-crisis/>

5. <https://www.heritage.org/renewable-energy>

6. <https://www.opensecrets.org/>

7. [https://ceres.org/sites/default/files/reports/2022-11/RPE%20Report\\_Nov22.pdf](https://ceres.org/sites/default/files/reports/2022-11/RPE%20Report_Nov22.pdf)

### Paris-Aligned Climate Lobbying - Framework

#### Meta (Facebook Inc.)

**RESOLVED:** Shareholders of Meta Platforms Inc. (“Meta”) request that the Board of Directors report to shareholders (at reasonable cost, omitting confidential/proprietary information) on its framework for identifying and addressing misalignments between Meta’s lobbying and policy influence activities and positions--both direct and indirect through trade associations, coalitions, alliances, and social welfare organizations (“Associations”) and Meta’s Net Zero emissions commitment across its value chain by 2030, including the criteria used to assess alignment; the escalation strategies used to address misalignments; and the circumstances under which escalation strategies are used (e.g., timeline, sequencing, degree of influence over an Association).

**SUPPORTING STATEMENT:** Research continues to highlight critical gaps between the climate commitments made by national governments and the actions necessary to prevent the worst effects of climate change on society. A 2022 global assessment makes it clear that nations are not doing enough to limit global warming to 1.5 degrees Celsius<sup>1</sup> and that this goal is now almost entirely out of reach unless immediate and dramatic changes are implemented to limit fossil fuel use, and re-envision energy, transport, and land development.<sup>2</sup>

Companies like Meta have a crucial role to play in both empowering policymakers to close these gaps and in addressing the rising energy demands of its own sector. Investors need clear information on how companies are addressing these challenges, including an analysis of the alignment between companies’ direct and indirect policy advocacy efforts and their own climate targets.

Companies may tout their climate efforts, but often fail to account for their support for organizations and initiatives that work to block critical climate policies needed on a broader scale. As Unilever succinctly notes, “Progress on our own climate change targets means nothing in an overheated world.”<sup>3</sup>

Corporate lobbying that is inconsistent with the goals of the Paris Agreement further poses mounting systemic risks to our financial systems and infrastructure, as delays in curbing greenhouse gases increase physical threats from extreme weather, weaken regional economic stability, and heighten portfolio volatility.<sup>4</sup> Proponents view climate scenarios of 3 degrees Celsius or more as economically destabilizing, and are therefore more critically scrutinizing the potential misalignment between companies’ climate strategies and their policy advocacy efforts.<sup>5</sup>

A review of Meta’s disclosed trade association and other memberships<sup>6</sup> reveals concerning inconsistencies with Meta’s actions on, and commitments to, its own Net Zero ambitions.<sup>7,8</sup> Meta further supports the direction of some of these potentially misaligned organizations by serving on their boards.<sup>9</sup>

While Meta’s recent policy record includes statements supporting climate science, the need for renewable energy leadership, and the importance of new business alliances tackling gaps in policy, Meta continues to underperform its peers on the strength of its climate policy engagement,<sup>10</sup> its governance and oversight of political influence activity,<sup>11</sup> and in its addressing of widespread climate policy disinformation on its platforms.<sup>12</sup>

1. [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_SummaryForPolicymakers.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_SummaryForPolicymakers.pdf); <https://unfccc.int/news/climate-plans-remain-insufficient-more-ambitious-action-needed-now>
2. <https://www.gov.uk/government/news/window-for-climate-action-closing-fast>; <https://www.nature.com/articles/s41586-022-04553-z>
3. <https://www.unilever.com/planet-and-society/climate-action/using-our-voice-for-a-zero-carbon-future/>
4. <https://www.occ.gov/news-issuances/speeches/2021/pub-speech-2021-116.pdf?source=email>; <https://www.fsb.org/wp-content/uploads/P231120.pdf>; <https://www.federalreserve.gov/econres/notes/feds-notes/climate-change-and-financial-stability-20210319.htm>; <https://www.forbes.com/sites/pedrodacosta/2020/12/20/climate-change-poses-a-clear-and-present-systemic-risk-to-theeconomy/?sh=6735918310d9>
5. <https://www.politico.com/news/2021/04/20/investors-corporate-climate-lobbying-activity-483429>; <https://www.ft.com/content/9391e853-7b6d-41ca-85a8-49e67ed7e683>
6. <https://about.facebook.com/facebook-political-engagement/>
7. <https://www.aei.org/politics-and-public-opinion/its-time-to-cancel-the-climate-crisis/>
8. <https://www.ceres.org/accelerator/responsible-policy-engagement/database/meta-platforms-inc-formerly-facebook>
9. <https://www.uschamber.com/about/governance/board-of-directors>
10. <https://www.theguardian.com/environment/2021/sep/20/big-tech-climate-change>
11. <https://www.ceres.org/accelerator/responsible-policy-engagement/database/meta-platforms-inc-formerly-facebook>; [https://www.ceres.org/sites/default/files/reports/2022-11/RPE%20Report\\_Nov22.pdf](https://www.ceres.org/sites/default/files/reports/2022-11/RPE%20Report_Nov22.pdf)
12. <https://influencemap.org/report/Climate-Change-and-Digital-Advertising-a40c8116160668aa2d865da2f5abe91b#1>; <https://influencemap.org/report/Climate-Change-and-Digital-Advertising-86222daed29c6f49ab2da76b0df15f76#1>

### **Report on Lobbying Activity Alignment with Net Zero Greenhouse Gas Targets**

EOG Resources, Inc.

WHEREAS: The United Nations Framework Convention on Climate Change asserts that greenhouse gas emissions must decline by 45 percent from 2010 levels by 2030 to limit global warming to 1.5 degrees Celsius. If that goal is not met, even more rapid reductions, at greater cost, will be required to compensate for the slow start on the path to global net zero emissions.<sup>1</sup>

EOG Resources has set a net zero goal by 2040 for Scope 1 and Scope 2 greenhouse gas emissions. However, for the Company to achieve its climate goals, supportive public policy is essential. Therefore, the Company should ensure that all public policy advocacy activities and spending are aligned and coordinated, including support for third party organizations that engage in lobbying.

Even with the recent passage of the Inflation Reduction Act, critical gaps remain between Nationally Determined Contributions set by the US government and the actions required to prevent the worst effects of climate change. Domestically and internationally, companies have an important and constructive role to play in enabling policymakers to close these gaps.

Corporate lobbying that is inconsistent with the Paris Agreement and companies' own net zero targets presents increasingly material risks to companies and their shareholders, as delays in emissions reductions undermine political stability, damage infrastructure, impair access to finance and insurance, and exacerbate health risks and costs. Further, companies face increasing reputational risks from consumers, investors, and other stakeholders if they appear to delay or block effective climate policy.

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

RESOLVED: Shareholders of EOG Resources, Inc. ("EOG") request that the Board of Directors annually analyze and report to shareholders (at reasonable cost, omitting confidential and proprietary information) on whether and how EOG is aligning its lobbying and policy influence activities and positions, both direct and indirect (through trade associations, coalitions, alliances, and other organizations), with its commitment to achieve net zero emissions by 2040, including the activities and positions analyzed, the criteria used to assess alignment, and involvement of stakeholders, if any, in the analytical process.

SUPPORTING STATEMENT: In evaluating the degree of alignment between EOG's emissions goals and its lobbying, the proponents recommend that the Company include in its analysis EOG's direct and indirect policy positions and lobbying actions, such as comment submissions, with regard to climate provisions of key international, federal and state legislation and regulation.

The proponents believe this request is generally consistent with the investor expectations described in the Global Standard on Responsible Climate Lobbying, and that this Standard is a useful resource for implementation.<sup>2</sup>

1. <https://unfccc.int/news/updated-ndc-synthesis-report-worrying-trends-confirmed>

2. [https://climate-lobbying.com/wp-content/uploads/2022/03/2022\\_global-standard-responsible-climate-lobbying\\_APPENDIX.pdf](https://climate-lobbying.com/wp-content/uploads/2022/03/2022_global-standard-responsible-climate-lobbying_APPENDIX.pdf)



### Direct Measurement of Methane Emissions

#### Williams Companies, Inc., The

*Marathon Petroleum, Ovintiv Inc. (Formerly Encana) and Targa Resources Corp.*

WHEREAS, methane is at least 80 times more potent than carbon dioxide over a 20-year period. In 2020, 32% of U.S. methane emissions from human activities came from natural gas and petroleum systems.<sup>1</sup> According to the United Nations Environment Programme, cutting methane is the strongest lever we have to slow climate change over the next 25 years.<sup>2</sup>

The Environmental Protection Agency (EPA) methodology used to estimate methane emissions fails to capture many major leaks, wasting valuable product worth \$2 billion per year. Studies have found actual emissions to be 50 to 100% higher than reported emissions.<sup>3</sup> In certain basins, emissions are more than 10 times industry disclosed figures.<sup>2</sup> Therefore, oil and gas industry Scope 1 emissions may be significantly higher than currently reported. Methane emissions can be quantified directly through measurement (e.g., by detector, drone or satellite), or indirectly through calculations and modelling. Estimates improve when direct measurement methodologies are used, when emissions are identified by source type and at a site or facility level, and then reconciled, as shown by the Oil and Gas Methane Partnership 2.0 (OGMP).<sup>4</sup>

In 2021, investors managing more than \$6 trillion supported strong federal methane regulations. The U.S. joined the Global Methane Pledge, committing to using best available inventory methodologies to quantify methane emissions. Companies across the world, including ConocoPhillips, Devon, Occidental and Pioneer, have joined the OGMP, committing to improving methane data quality and consistency.<sup>5</sup> Companies that do not adequately manage methane emissions risk their reputation and license to operate, as investors, regulators and civil society are setting expectations to address this issue.

Williams is a member of GTI Project Veritas, which provides funding for research to test and develop new, innovative technology to measure methane emissions, and monitors and quantifies methane emissions at the source level in the Haynesville basin.<sup>6</sup> However, Williams has not taken the critical steps to reduce investor concerns by using direct methane measurement across all operations and reporting on it.

RESOLVED, shareholders request that Williams issue a report analysing a critical climate change concern, the reliability of its methane emission disclosures. The report should:

- be made public, omit proprietary information, and be prepared expeditiously at reasonable cost;
- summarize the outcome of efforts to directly measure methane emissions by Williams, using recognized frameworks such as OGMP;
- describe any material difference between direct measurement results and Company's reported methane emissions; and
- assess the degree to which any differences would alter estimates of the Company's Scope 1 emissions.

SUPPORTING STATEMENT: At management's discretion, we recommend that the report describe:

- the types of source- and site-level measurements used;
- plans to improve emission estimates over time, consistent with frameworks such as OGMP;
- any material difference between third-party direct measurements results and Company's reported methane emissions, by site or region; and
- plans to validate emissions estimates and disclosure through a third-party audit or evaluation.

1. <https://www.epa.gov/ghgemissions/overview-greenhouse-gases>

2. <https://www.ccacoalition.org/sites/default/files/press/GMA%20Press%20Release%20FINAL.pdf>

3. <https://www.seas.harvard.edu/news/2021/03/oil-and-natural-gas-production-emit-more-methane-previously-thought>,  
<https://www.nature.com/articles/s41467-021-25017-4>

4. [https://business.edf.org/files/Investors-Guide-to-the-OGMP\\_09.17.21\\_FINAL.pdf](https://business.edf.org/files/Investors-Guide-to-the-OGMP_09.17.21_FINAL.pdf)

5. <http://ogmpartnership.com/partners>

6. [https://www.williams.com/wp-content/uploads/sites/6/2021/07/2022-CDP-Climate-Change-Questionnaire\\_The-Williams-Companies-Inc..pdf](https://www.williams.com/wp-content/uploads/sites/6/2021/07/2022-CDP-Climate-Change-Questionnaire_The-Williams-Companies-Inc..pdf)

### Direct Measurement of Methane Emissions

#### Exxon Mobil Corporation

WHEREAS, methane is at least 80 times more potent as a greenhouse gas than carbon dioxide over a 20-year period. The Environmental Protection Agency (EPA) reports that 32% of U.S. methane emissions from human activities comes from natural gas and petroleum systems.<sup>1</sup> According to the United Nations Environment Programme (UNEP), cutting methane is the strongest lever we have to slow climate change over the next 25 years.<sup>2</sup>

The EPA methodology used to estimate methane emissions underestimates and fails to capture many major leaks, which waste a valuable product worth over \$2 billion per year. Studies have found actual emissions to be 50 to 100% higher than reported emissions.<sup>3</sup> In certain basins, emissions are more than 10 times industry-disclosed figures.<sup>2</sup> Therefore, oil and gas industry Scope 1 emissions may be significantly higher than currently reported. Methane emissions estimates improve when direct measurement methodologies are used, when emissions are identified by source type and at a site or facility level, and then reconciled, as shown by the Oil and Gas Methane Partnership 2.0 (OGMP).<sup>4</sup>

The U.S. joined the Global Methane Pledge in 2021, committing to use best available inventory methodologies to quantify methane emissions. The same year, investors managing more than \$6 trillion supported strong federal methane regulations. Companies responsible for approximately 30% of global natural gas production, including bp, Shell, TotalEnergies, Occidental, and ConocoPhillips, have joined the OGMP, a multi-stakeholder initiative launched by UNEP committed to improving methane data quality and consistency.<sup>5</sup> Companies that do not adequately manage methane emissions risk their reputation and license to operate.

ExxonMobil has committed to reduce methane emissions in alignment with the Global Methane Pledge by deploying best practices and advanced technologies, including satellite, aerial, and ground-sensor networks.<sup>6</sup> The Company supports strong measurement, reporting and verification standards. It participates in various international methane coalitions and contributes to research to improve methane quantification.<sup>7</sup> However, it has not taken the critical step to reduce investor concerns by reporting on its methane emission measurements.

RESOLVED, shareholders request that ExxonMobil issue a report analyzing the reliability of its methane emission disclosures. The report should:

- Be made public, omit proprietary information, and be prepared expeditiously at reasonable cost; and
- Summarize the outcome of efforts to directly measure methane emissions, using recognized frameworks such as OGMP; and whether those outcomes suggest a need to alter the Company's actions to achieve its climate targets.

SUPPORTING STATEMENT: At management's discretion, we recommend that the report:

- Describe the types of source- and site-level measurements used;
- Describe any material difference between its own or third-party direct measurement results and Company's reported methane emissions;
- Describe plans to validate emissions estimates and disclosure through third-party audit or evaluation; and
- Describe plans to improve emission estimates over time, consistent with frameworks such as OGMP.

1. <https://www.epa.gov/ghgemissions/overview-greenhouse-gases>

2. <https://www.ccacoalition.org/sites/default/files/press/GMA%20Press%20Release%20FINAL.pdf>

3. <https://www.seas.harvard.edu/news/2021/03/oil-and-natural-gas-production-emit-more-methane-previously-thought>,  
<https://www.nature.com/articles/s41467-021-25017-4>

4. [https://business.edf.org/files/Investors-Guide-to-the-OGMP\\_09.17.21\\_FINAL.pdf](https://business.edf.org/files/Investors-Guide-to-the-OGMP_09.17.21_FINAL.pdf)

5. <http://ogmpartnership.com/partners>

6. <https://corporate.exxonmobil.com/climate-solutions/advancing-climate-solutions#:~:text=Net%2Dzero%20ambition,Scope%202%20greenhouse%20gas%20emissions>

### Direct Measurement of Methane Emissions

#### EOG Resources, Inc.

WHEREAS, methane is at least 80 times more potent as a greenhouse gas than carbon dioxide over a 20-year period. The Environmental Protection Agency (EPA) reports that 32% of U.S. methane emissions from human activities comes from natural gas and petroleum systems.<sup>1</sup> According to the United Nations Environment Programme (UNEP), cutting methane is the strongest lever we have to slow climate change over the next 25 years.<sup>2</sup>

The EPA methodology used to estimate methane emissions underestimates and fails to capture many major leaks, which waste a valuable product worth over \$2 billion per year. Studies have found actual emissions to be 50 to 100% higher than reported emissions.<sup>3</sup> In certain basins, emissions are more than 10 times industry-disclosed figures.<sup>2</sup> Therefore, oil and gas industry Scope 1 emissions may be significantly higher than currently reported. Methane emissions estimates improve when direct measurement methodologies are used, when emissions are identified by source type and at a site or facility level, and then reconciled, as shown by the Oil and Gas Methane Partnership 2.0 (OGMP).<sup>4</sup>

The U.S. joined the Global Methane Pledge in 2021, committing to use best available inventory methodologies to quantify methane emissions. The same year, investors managing more than \$6 trillion supported strong federal methane regulations. Companies responsible for approximately 30% of global natural gas production, including bp, Shell, TotalEnergies, Occidental, and ConocoPhillips, have joined the OGMP, a multi-stakeholder initiative launched by UNEP committed to improving methane data quality and consistency.<sup>5</sup> Companies that do not adequately manage methane emissions risk their reputation and license to operate.

According to EPA data, EOG Resources (“EOG”) ranks 74th in methane intensity among U.S. top 100 oil and gas producers, with an intensity of 0.07%.<sup>6</sup> However, given the limitations of EPA’s methodology, this ranking lacks credibility. Investors would like to see our company take the critical step to reduce concerns by using direct methane emission measurements across all operations and reporting on it.

RESOLVED, shareholders request that EOG issue a report analyzing the reliability of its methane emission disclosures. The report should:

- Be made public, omit proprietary information, and be prepared expeditiously at reasonable cost;
- Summarize the outcome of efforts to directly measure methane emissions, using recognized frameworks such as OGMP;
- Describe any material difference between the Company’s direct measurement results and Company’s reported methane emissions; and
- Based on the results, assess whether to alter the Company’s actions to achieve its climate targets.

SUPPORTING STATEMENT: At management’s discretion, we recommend that the report also:

- Describe the types of source- and site-level measurements used;
- Describe any material difference between third-party direct measurement results and Company’s reported methane emissions;
- Describe plans to validate emissions estimates and disclosure through third-party audit or evaluation; and
- Describe plans to improve emission estimates over time, consistent with frameworks such as OGMP.

1. <https://www.epa.gov/ghgemissions/overview-greenhouse-gases>

2. <https://www.ccacoalition.org/sites/default/files/press/GMA%20Press%20Release%20FINAL.pdf>

3. <https://www.seas.harvard.edu/news/2021/03/oil-and-natural-gas-production-emit-more-methane-previously-thought>, <https://www.nature.com/articles/s41467-021-25017-4>

4. [https://business.edf.org/files/Investors-Guide-to-the-OGMP\\_09.17.21\\_FINAL.pdf](https://business.edf.org/files/Investors-Guide-to-the-OGMP_09.17.21_FINAL.pdf)

5. <http://ogmpartnership.com/partners>

6. <https://www.ceres.org/resources/reports/benchmarking-methane-and-other-ghg-emissions-oil-natural-gas-production-united>

### **Direct Measurement of Methane Emissions**

#### **Marathon Oil Corp.**

WHEREAS, methane is at least 80 times more potent than carbon dioxide over a 20-year period, meaning reducing emissions now can buy time to address the climate crisis.

In 2020, 32% of U.S. methane emissions from human activities came from natural gas and petroleum systems.<sup>1</sup>

Methane emissions can be quantified directly through measurement (e.g., by detector, drone or satellite), or indirectly through calculations and modelling. Estimates improve when direct measurement methodologies are used, when emissions are identified by source type and at a site or facility level, and then reconciled, as shown by the Oil and Gas Methane Partnership 2.0 (OGMP).<sup>2</sup>

The Environmental Protection Agency (EPA) methodology used to estimate methane emissions fails to capture many major leaks, wasting valuable product (worth \$2 billion per year) and substantially underestimating emissions. Studies have found actual emissions to be 50 to 100% higher than reported emissions.<sup>3</sup> In certain basins, emissions are more than 10 times industry disclosed figures.<sup>2</sup> Therefore, oil and gas industry Scope 1 emissions may be significantly higher than currently reported.

Companies that do not manage methane emissions jeopardize the oil and gas industry's broader decarbonization efforts, and risk their reputation and social license to operate, as investors, regulators and civil society are setting expectations to address this issue.

In 2021, investors managing more than \$6.23 trillion supported strong federal methane regulations. The U.S. joined the Global Methane Pledge, committing to using best available inventory methodologies to quantify methane emissions. Companies across the world, including ConocoPhillips, Devon and Pioneer, have joined the OGMP, committing to improving methane data quality and consistency.<sup>4</sup>

According to EPA data, Marathon Oil Corporation ("Marathon Oil") ranks 29th in methane intensity among the U.S. top 100 oil and gas producers, with an intensity of 0.27%.<sup>5</sup> However, given the limitations of EPA's methodology, this ranking lacks credibility.

RESOLVED, shareholders request that Marathon Oil issue a report analysing a critical climate change concern, the reliability of its methane emission disclosures. The report should:

- summarize the outcome of any Marathon Oil efforts to directly measure methane emissions, using recognized frameworks such as OGMP;
- explain whether there is likely to be a material difference between direct measurement results and Company's reported methane emissions;
- assess the degree to which any differences would alter estimates of the Company's Scope 1 emissions.

The report should be made public, omit proprietary information, and be prepared expeditiously at reasonable cost.

SUPPORTING STATEMENT: At management's discretion, we recommend that the report:

- Describe the types of source- and site-level measurements used;
- Provide a narrative explanation of the difference between the Company's estimated methane emissions and their own or third-party direct measurements, by site or region;
- Describe any effort to improve emission estimates over time, consistent with frameworks such as OGMP; and
- Describe any efforts to validate emissions estimates and disclosure through a third-party audit or evaluation.

1. <https://www.epa.gov/ghgemissions/overview-greenhouse-gases>

2. [https://business.edf.org/files/Investors-Guide-to-the-OGMP\\_09.17.21\\_FINAL.pdf](https://business.edf.org/files/Investors-Guide-to-the-OGMP_09.17.21_FINAL.pdf)

3. <https://www.seas.harvard.edu/news/2021/03/oil-and-natural-gas-production-emit-more-methane-previously-thought>,  
<https://www.nature.com/articles/s41467-021-25017-4>

4. <http://ogmpartnership.com/partners>

5. <https://www.ceres.org/resources/reports/benchmarking-methane-and-other-ghg-emissions-oil-natural-gas-production-united>

### Impact of Asset Transfers on Disclosed GHG Emissions

#### Chevron Corp.

WHEREAS: The economic risks associated with climate change exist in the real world rather than on company balance sheets. Transferring emissions from one company to another may reduce balance sheet emissions but does not mitigate company or stakeholder exposure to climate risk or contribute to the goal of limiting global temperature rise to 1.5 degrees Celsius. In aggregate, upstream oil and gas assets are moving from operators with stronger climate commitments to operators with weaker climate targets and disclosures.<sup>1</sup>

The Glasgow Financial Alliance for Net Zero states that “divestment of carbon-intensive assets can be ineffective and even lead to real-world increases in emissions.”<sup>2</sup> As such, these divestments should not be counted as emissions reductions.

To accurately account for greenhouse gas (GHG) emissions reductions, the Greenhouse Gas Protocol provides that companies should recalculate base year emissions in the event of a “transfer of ownership or control of emissions-generating activities.”<sup>3</sup> Oil and gas industry association IPIECA similarly recommends “adjustments to the base year emissions” to account for asset divestiture, to avoid giving the appearance of “increases or decreases in emissions, when in fact ... emissions would merely be transferred from one company to another.”<sup>4</sup>

Since 2016, Chevron reports a 4.7% reduction in its portfolio carbon intensity.<sup>5</sup> However, between 2017 and 2021, Chevron sold more assets than any other American oil and gas company, ranking third globally among sellers.<sup>6</sup> It is unclear how Chevron accounts for these divestitures in its emissions reporting. Therefore, shareholders cannot determine whether Chevron’s reported GHG reductions are the result of operational improvements or of transferring emissions off its books.

In contrast, peer company Devon Energy recalculates its baseline when asset divestitures or investments result in “a change to its emissions baseline of 5% or higher” to ensure accuracy and comparability of emissions reporting.<sup>7</sup> Devon notes that this “recalculation methodology affirms our commitment to structurally drive down emissions, rather than divesting assets as a means to achieve our ambitious emissions reduction targets.”<sup>8</sup> Investors deserve the same transparency from Chevron.

RESOLVED: Shareholders request that Chevron, at reasonable cost and omitting proprietary information, disclose a recalculated emissions baseline that excludes the aggregated GHG emissions from material asset divestitures occurring since 2016, the year Chevron uses to baseline its emissions.

SUPPORTING STATEMENT: Proponents recommend disclosing, at management discretion:

- The emissions associated with Chevron’s material asset divestments since 2016;
- What portion, if any, of Chevron’s current emissions reduction targets relies on accounting for asset transfers as emissions reductions;
- A base year emissions recalculation policy establishing a threshold for future recalculations related to divestitures.

1. <https://business.edf.org/files/Transferred-Emissions-How-Oil-Gas-MA-Hamper-Energy-Transition.pdf>

2. <https://assets.bbhub.io/company/sites/63/2021/11/GFANZ-Progress-Report.pdf>. p. 52

3. <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf> p. 35

4. <https://www.ipieca.org/resources/good-practice/petroleum-industry-guidelines-for-reporting-greenhouse-gas-emissions-2nd-edition/> p.39

5. <https://www.chevron.com/-/media/chevron/sustainability/documents/2021-climate-change-resilience-report.pdf>

6. <https://business.edf.org/files/Transferred-Emissions-How-Oil-Gas-MA-Hamper-Energy-Transition.pdf> p. 22

7. [https://dvnweb.azureedge.net/assets/documents/Sustainability/DVN\\_2022\\_SustainabilityReport.pdf](https://dvnweb.azureedge.net/assets/documents/Sustainability/DVN_2022_SustainabilityReport.pdf) p.20

8. Ibid.

### Impact of Asset Transfers on Disclosed GHG Emissions

#### Exxon Mobil Corporation

WHEREAS: The economic risks associated with climate change exist in the real world rather than on company balance sheets. Transferring emissions from one company to another may reduce balance sheet emissions but does not mitigate company or stakeholder exposure to climate risk or contribute to the goal of limiting global temperature rise to 1.5 degrees Celsius. In the aggregate, upstream oil and gas assets are moving from operators with stronger climate commitments to operators with weaker climate targets and disclosures.<sup>1</sup>

The Glasgow Financial Alliance for Net Zero states that “divestment of carbon-intensive assets can be ineffective and even lead to real-world increases in emissions.”<sup>2</sup> As such, these divestments should not be counted as emissions reductions.

To accurately account for greenhouse gas (GHG) emissions reductions, the Greenhouse Gas Protocol provides that companies should recalculate base year emissions in the event of a “transfer of ownership or control of emissions-generating activities.”<sup>3</sup> Oil and gas industry association IPIECA similarly recommends “adjustments to the base year emissions” to account for asset divestiture, to avoid giving the appearance of “increases or decreases in emissions, when in fact ... emissions would merely be transferred from one company to another.”<sup>4</sup>

Since 2016, ExxonMobil reports absolute Scope 1 and 2 emissions reductions of roughly 10% on both equity and operated bases.<sup>5</sup> However, between 2017 and 2021, ExxonMobil sold more assets than any other American oil and gas company except Chevron, ranking fourth globally among sellers.<sup>6</sup> It is unclear how ExxonMobil accounts for these divestitures in its emissions reporting. Therefore, shareholders cannot determine whether ExxonMobil’s reported GHG reductions are the result of operational improvements or of transferring emissions off its books.

In contrast, peer company Devon Energy recalculates its baseline when asset divestitures or investments result in “a change to its emissions baseline of 5% or higher” to ensure accuracy and comparability of emissions reporting.<sup>7</sup> Devon notes that this “recalculation methodology affirms our commitment to structurally drive down emissions, rather than divesting assets as a means to achieve our ambitious emissions reduction targets.”<sup>8</sup> Investors deserve the same transparency from ExxonMobil.

RESOLVED: Shareholders request that ExxonMobil, at reasonable cost and omitting proprietary information, disclose a recalculated emissions baseline that excludes the aggregated GHG emissions from material asset divestitures occurring since 2016, the year ExxonMobil uses to baseline its emissions.

SUPPORTING STATEMENT: Proponents recommend disclosing, at management’s discretion:

- The emissions associated with ExxonMobil’s material asset divestments since 2016;
- What portion, if any, of ExxonMobil’s current emissions reduction targets relies on accounting for asset transfers as emissions reductions;
- A base year emissions recalculation policy establishing a threshold for future recalculations related to divestitures.

1. <https://business.edf.org/files/Transferred-Emissions-How-Oil-Gas-MA-Hamper-Energy-Transition.pdf> p. 4

2. <https://assets.bbhub.io/company/sites/63/2021/11/GFANZ-Progress-Report.pdf> p. 52

3. <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf> p. 35

4. <https://www.ipieca.org/resources/good-practice/petroleum-industry-guidelines-for-reporting-greenhouse-gas-emissions-2nd-edition/> p. 39

5. <https://corporate.exxonmobil.com/-/media/global/files/advancing-climate-solutions-progress-report/2022-july-update/exxonmobil-advancing-climate-solutions-2022-progress-report.pdf?la=en&hash=3A2B299463CE50DCDD6A9595E49AC3030CFF4350>

6. <https://business.edf.org/files/Transferred-Emissions-How-Oil-Gas-MA-Hamper-Energy-Transition.pdf> p. 22

7. [https://dvnweb.azureedge.net/assets/documents/Sustainability/DVN\\_2022\\_SustainabilityReport.pdf](https://dvnweb.azureedge.net/assets/documents/Sustainability/DVN_2022_SustainabilityReport.pdf) p. 20

8. Ibid.

### **Assess Energy-Related Asset Resilience**

#### **General Electric Company**

**RESOLVED:** Shareholders ask the Board of General Electric Company (“GE”) to provide an audited report to address how application of the International Energy Agency’s Net Zero Emissions by 2050 pathway would affect the assumptions and estimates that underlie GE’s valuation and expected cash flow assessments. The report should address GE’s existing assets as well as planned investments in renewable energy, nuclear, and thermal power; and include asset lives, asset retirement obligations, and capital expenditures (including new material capital expenditures), as well as potential impairments. The report should be produced at reasonable cost and omit proprietary information.

**SUPPORTING STATEMENT:** In 2021, a majority of shareholders voted for a similar proposal that sought disclosure regarding GE’s alignment with a net zero pathway. The Company has not meaningfully responded, and the time to do so is now.

The International Energy Agency’s Net Zero Emissions by 2050 Scenario<sup>1</sup> (“NZE2050”) makes clear that achieving net zero emissions by 2050 implies an extremely limited and narrowing role for fossil fuels in electricity generation. Despite having its own net zero by 2050 target, GE has reported involvement in almost 25 gigawatts of new LNG to power projects in Vietnam and Bangladesh and two LNG import facilities in Bangladesh, planned to operate to 2050 and beyond.

Recognizing there are transition risks associated with meeting the Paris Agreement’s climate goals and NZE2050, investors are increasingly demanding disclosure of how climate action scenarios would affect key assumptions – including those related to asset lives. Climate Action 100+<sup>2</sup> has identified companies – including GE – who fail to back their net zero commitments with clear plans, noting particular inadequacies in decarbonization strategy and capital allocation alignment.<sup>3</sup>

GE continues to rely on gas demand scenarios<sup>4</sup> that fail to meet net zero emissions by 2050 and, therefore, risk leaving assets stranded.

Given GE’s plans to spin off its power businesses into a new entity, GE Vernova, investors need more disclosure from the company regarding the risks to its assets.

A majority of GE’s shareholders voted for a similar proposal in 2021 that sought disclosure on the company’s alignment with a net zero pathway. This proposal builds upon the 2021 resolution, and seeks decision-critical information for investors that we hope will demonstrate the resilience of GE’s energy-related assets within the context of a credible net zero by 2050 pathway.

**THEREFORE:** Vote FOR GE’s future resilience and profitability by supporting this proposal. Thank you.

1. [www.iea.org/reports/world-energy-outlook-2022](http://www.iea.org/reports/world-energy-outlook-2022)

2. [www.climateaction100.org/wp-content/uploads/2022/01/Climate-Action-100-2021-Progress-Update-Final.pdf](http://www.climateaction100.org/wp-content/uploads/2022/01/Climate-Action-100-2021-Progress-Update-Final.pdf)

3. [www.climateaction100.org/company/general-electric-company](http://www.climateaction100.org/company/general-electric-company)

4. [www.ge.com/content/dam/gepower-new/global/en\\_US/downloads/gas-new-site/future-of-energy/ge-future-of-energywhite-paper.pdf](http://www.ge.com/content/dam/gepower-new/global/en_US/downloads/gas-new-site/future-of-energy/ge-future-of-energywhite-paper.pdf)

### Report on Climate Related Financial Impacts on Asset Retirement Obligations

Kinder Morgan, Inc.

WHEREAS: Oil and gas companies are legally required to decommission certain long-lived tangible assets at the end of their useful lives. These liabilities are recognized as Asset Retirement Obligations (AROs). AROs are critical accounting estimates,<sup>1</sup> yet useful details on midstream AROs are frequently omitted from financial reports due to uncertainty about the timing of decommissioning.

Demand for natural gas and petroleum products will decrease as the global economy decarbonizes. In 2022, the International Energy Agency (IEA) projected near-term peaks in demand for each fossil fuel, including a plateau in natural gas demand by the end of this decade, based on existing policy. Even in the highest-consumption scenario of the IEA's 2022 World Energy Outlook, the Inflation Reduction Act cuts projected U.S. natural gas demand in 2030 by more than 40 billion cubic meters compared with last year's projections.<sup>2</sup> Consequently, the time to decommission pipelines, processing facilities, and other oil and gas infrastructure will likely occur sooner than originally anticipated and investors have little insight into the associated costs and the likely impact to company value.

Kinder Morgan owns an interest in or operates approximately 83,000 miles of pipelines and 143 terminals, which are primarily used for the transportation and processing of high-carbon products.<sup>3</sup> While pipelines are responsible for over 80% of Kinder Morgan's revenue, the company does not presently recognize the AROs for decommissioning "pipelines, certain processing plants and distribution facilities, and certain liquids and bulk terminal facilities."<sup>4</sup> Rather, the company maintains that it "currently cannot reasonably estimate the fair value of these obligations because the associated assets have indeterminate lives."<sup>5</sup>

Near-term changes in regulatory or economic conditions as a result of the energy transition could materially accelerate the settlement of these liabilities. If companies choose not to recognize the fair value of AROs on grounds that assets have indeterminate lives, it is imperative that they disclose the undiscounted costs to settle these material off-balance sheet liabilities. Otherwise, investors cannot assess the true risk-adjusted value of their investment.

BE IT RESOLVED: Shareholders request that Kinder Morgan publish an audited report, at reasonable expense and omitting proprietary information, disclosing the undiscounted expected value to settle obligations for AROs and addressing how the assumptions of the IEA's Net Zero by 2050 pathway would affect the estimated remaining useful lives of those assets.

SUPPORTING STATEMENT: At Board discretion, we recommend that the report also include:

- A range of potential settlement dates based on assets' estimated economic lives for a range of energy transition scenarios;
- Probabilities assigned by the company to each of these potential settlement dates;
- Whether, based on known information, it is reasonably possible that these assumptions and estimates will change in the near term.

The granularity of this reporting may be by asset categories or by individual assets, at Board discretion. This information will allow investors to assess ARO liabilities considering the energy transition underway.

1. <https://www.sec.gov/rules/interp/33-8350.htm>

2. <https://www.iea.org/reports/world-energy-outlook-2022/executive-summary>

3. <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001506307/f85c7d4e-9096-4a13-811e-8af7523d5e9a.pdf>, p.4

4. <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001506307/f85c7d4e-9096-4a13-811e-8af7523d5e9a.pdf>, p.81

5. Ibid.



### Privatization of Polluting Assets

#### Toronto-Dominion Bank

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

Public companies with pollution-intensive assets such as coal, oil, and gas projects (polluting assets) are coming under increasing pressure from institutional investors with ESG concerns. Certain issuers have sold or are contemplating selling these pollution-intensive assets. When these assets are sold to private enterprises, investors are concerned about the lack of disclosure that results.

The challenge of facilitating the movement of polluting assets from public companies to private enterprises was outlined by the UN Principles for Responsible Investment (PRI) in a recent publication discussing divestment of polluting assets by public companies<sup>1</sup>:

While a listed company spinning off a polluting asset may eliminate emissions from its balance sheet, it is unlikely to translate to a reduction in real-world emissions. In fact, it may reduce transparency and accountability over how the asset is managed, result in higher absolute emissions from more intensive exploitation of the asset, and shift risk onto governments and taxpayers.

A March 2022 paper by the European Corporate Governance Institute (ECGI) labels this phenomenon as “brown-spinning”<sup>2</sup>:

[T]here has been a concerning recent phenomenon known as brown-spinning whereby public companies sell their carbon-intensive assets to players in private markets (including private equity firms and hedge funds). This helps divesting companies to reduce their own emissions but does not result in any overall emission reduction in the atmosphere. [H]aving carbon-intensive assets going dark where they are not subject to the usual strict scrutiny of public markets is worrisome from the perspective of lowering emissions.

TD’s Environmental and Social Risk Process for Non-Retail Lending Business Lines describes heightened due diligence for transactions with higher environmental and social risk and includes a list of prohibited transactions, including mining of conflict minerals and activities within sensitive cultural/ecological sites.<sup>3</sup> A similar approach is needed for the bank’s involvement in brown-spinning transactions to bridge the disclosure gap between public and private enterprises.

TD’s Thermal Coal Position states TD will not lend to, facilitate capital markets transactions for, or advise on M&A for new mining company clients with a certain level of involvement in thermal coal operations.<sup>4</sup>

ECGI describes the benefits of improved disclosure from private entities, stating: “the uneven playing field between public and private companies would be levelled, thus eliminating the classical problem of avoiding regulatory obligations tied to being public by staying private (i.e, removing incentives to remain private longer to avoid sustainability disclosures).”

RESOLVED THAT TD amend its Environmental and Social Risk Process for Non-Retail Lending Business Lines to provide that when TD provides new project-specific financial services, including advisory services, on brown-spinning transactions, TD will take reasonable steps to have parties to such transactions take steps and make disclosures consistent with TCFD, including:

- ensuring acquiring board oversight of climate-related risks,
- annual acquiring entity disclosure of Scope 1 and 2 GHG emissions from the acquired assets, and
- regarding such acquired assets, having the acquiring entity set targets for reducing GHG emissions within a reasonable time after completing the transaction.

1. <https://www.unpri.org/download?ac=16109>

2. [https://ecgi.global/sites/default/files/working\\_papers/documents/gozulogolringefinal.pdf](https://ecgi.global/sites/default/files/working_papers/documents/gozulogolringefinal.pdf)

3. <https://www.td.com/document/PDF/ESG/2021-TD-Environmental-and-Social-Credit-Risk-Process.pdf>

4. <https://www.td.com/document/PDF/ESG/2021-Climate-Action-Report.pdf>

### Just Transition Report

#### Wabtec

WHEREAS: The Paris Agreement underscored the “close links between climate action, sustainable development, and a just transition.” To support implementation of a just transition, the International Labor Organization (ILO) developed guidelines discussing the anticipated employment impacts, importance of skills development and decent work during the energy transition, and adaptation needed by companies and communities to avoid lost assets, livelihoods or involuntary migration.<sup>1</sup>

Investors increasingly acknowledge the importance of a just transition and providing greater market certainty in the transition to a low-carbon economy. Over 700 investors, managing \$68 trillion, support Climate Action 100+, which requests just transition disclosures.

The freight rail and passenger transit industries are contributors to climate change and also have opportunities to provide climate solutions. As a result, almost 40 railroad companies globally have set, or committed to set, emission reduction targets with the Science Based Targets initiative,<sup>2</sup> and cities globally have pledged to electrify their transit systems.<sup>3</sup>

Wabtec will play a meaningful role as its customers work to reduce their emissions, including through the transition to battery electric and hydrogen-powered locomotives. Wabtec has over 25,000 employees, 38% based in the United States and 62% globally, to support operations in 50 countries. Proponents believe this shift will cause disruption to current Wabtec operations, with potentially significant changes to the number of workers, skills required, and manufacturing facility size and location, leading to impacts on local communities, including changes to economic activity or tax revenue for local governments.

Wabtec does not currently disclose how its decarbonization strategy will align with just transition principles. While the Company states it is “committed to the development of and investment in the communities where our teams live and work,” it does not discuss the impact of its decarbonization strategy on communities and other stakeholders, or the global locations where impacts are anticipated. It also does not report any strategies to support, train, and retain its workers impacted by the transition.

RESOLVED: Shareholders request that the Board publish a just transition report, disclosing how Wabtec is assessing, consulting on, and addressing, the impact of its climate change-related strategy on relevant stakeholders, including but not limited to its employees, workers in its supply chain, and communities in which it operates, consistent with the ILO’s “just transition” guidelines. The report should be updated annually, at reasonable cost, and omit proprietary information.

SUPPORTING STATEMENT: Shareholders recommend the report include, at Board discretion:

- A set of measurable, time-bound indicators, such as those recommended by Climate Action 100+, World Benchmarking Alliance, or the Glasgow Financial Alliance for Net Zero — and progress against such indicators; and
- Disclosure on the company’s stakeholder engagement process in developing its just transition plan, such as participating stakeholders, key recommendations, and progress on recommendations made.

1. [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/publication/wcms\\_432859.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf)

2. <https://sciencebasedtargets.org/companies-taking-action>

3. [https://tfl.gov.uk/info-for/media/press-releases/2022/october/new-rapid-wireless-bus-charging-technologyintroduced-as-part-of-the-capital-s-journey-to-zeroemission#:~:text=This%20is%20the%20latest%20chapter,in%20its%20Bus%20Action%20Plan.](https://tfl.gov.uk/info-for/media/press-releases/2022/october/new-rapid-wireless-bus-charging-technologyintroduced-as-part-of-the-capital-s-journey-to-zeroemission#:~:text=This%20is%20the%20latest%20chapter,in%20its%20Bus%20Action%20Plan.;); <https://new.mta.info/project/zero-emission-bus-fleet>

### Just Transition Report

#### BorgWarner Inc.

WHEREAS: The Paris Agreement underscored the “close links between climate action, sustainable development, and a just transition.” To support implementation of a just transition, the International Labor Organization (ILO) developed guidelines discussing the anticipated employment impacts, importance of skills development and decent work during the energy transition, and adaptation needed by companies and communities to avoid lost assets, livelihoods or involuntary migration.<sup>1</sup>

Investors increasingly acknowledge the importance of a just transition and providing greater market certainty in the transition to a low-carbon economy. Over 700 investors, managing \$68 trillion, support Climate Action 100+, which requests just transition disclosures.

The automotive industry is one of the heaviest contributors to global greenhouse gas emissions and must transition current business models from internal combustion engines to zero and lower-emissions technologies. Governments are calling for 40-50% of all vehicles sold to be electric vehicles by 2030.<sup>2</sup>

BorgWarner will play a meaningful role as a supplier to global auto manufacturers, many of which have electrification strategies. In its 10-K, BorgWarner says it is well positioned for the movement toward an electrified portfolio through investments and acquisitions, as well as dispossession of combustion assets. It plans to generate 45% of its revenue from products for electric vehicles by 2030, from less than 3% in 2021.<sup>3</sup>

Proponents believe this will cause disruption to current BorgWarner operations, which may result in significant changes to the number of workers, skills required, and manufacturing facility size and location, leading to impacts on local communities, including changes to economic activity or tax revenue for local governments.

While BorgWarner indicates it conducts training for salaried employees, its reporting lacks detail on the scale and reach of programs for the workforce affected by the electrification transition. It does not discuss the impact of its electrification strategy on communities and other stakeholders, or the locations where impacts are anticipated. It also does not report any strategies to support hourly employees, which comprise approximately two-thirds of its workforce.

RESOLVED: Shareholders request that the Board of Directors publish a just transition report, disclosing how BorgWarner is assessing, consulting on, and addressing, the impact of its climate change-related strategy on relevant stakeholders, including but not limited to its employees, workers in its supply chain, and communities in which it operates, consistent with the ILO’s “just transition” guidelines. The report should be updated annually, at reasonable cost, and omit proprietary information.

SUPPORTING STATEMENT: Shareholders recommend the report include, at Board discretion:

- A set of measurable, time-bound indicators, such as those recommended by Climate Action 100+, World Benchmarking Alliance, or the Glasgow Financial Alliance for Net Zero — and progress against such indicators; and
- Disclosure on the company’s stakeholder engagement process in developing its just transition plan, such as participating stakeholders, key recommendations, and progress on recommendations made.

1. [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/publication/wcms\\_432859.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf)

2. <https://www.whitehouse.gov/briefing-room/statements-releases/2022/09/14/fact-sheet-president-bidens-economic-plan-drives-americas-electric-vehicle-manufacturing-boom/>; <https://www.theguardian.com/business/2022/sep/17/biden-electric-vehicle-revolution-detroit-auto-show>

3. <https://www.borgwarner.com/docs/default-source/investors/annual-reports/2021-annual-report.pdf>

### Plant Closure and a Just Transition

#### Exxon Mobil Corporation

*A similar resolution was submitted to Chevron.*

**RESOLVED:** The shareholders of Exxon Mobil Corporation (the “Company”), hereby request that the Board of Directors create a report regarding the social impact on workers and communities from closure or energy transition of the Company’s facilities, and alternatives that can be developed to help mitigate the social impact of such closures or energy transitions. The report should be prepared at reasonable cost, omitting proprietary information, and be available on the Company’s website by the 2024 Annual Meeting of Shareholders.

#### SUPPORTING STATEMENT

As the nation and our Company prepare for and participate in a transitioning energy economy, our Company should play a role to in helping provide security for impacted workers and communities where our Company operates.

Our Company’s Chairman and CEO Darren W. Woods has personally signed the Business Roundtable’s Statement on the Purpose of a Corporation which affirmed our Company’s commitment to serve all stakeholders, including “investing in our employees” and supporting the communities in which we work.” (<https://opportunity.businessroundtable.org/ourcommitment/>)

UN PRI’s Statement of Investor Commitment to Support a Just Transition on Climate Change states that “the responsible management of workforce and community dimensions of climate change are increasingly material drivers for value creation.” (<https://www.unpri.org/download?ac=10382>)

In the International Labour Organization’s (ILO) 2015 Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies for All, ILO emphasizes that the transition to environmentally sustainable economies and societies involves “the pivotal role of employers” and “anticipating impacts on employment, adequate and sustainable social protection for job losses and displacement, skills development and social dialogue, including the effective exercise of the right to organize and bargain collectively.” ([https://www.ilo.org/wcmsp5/groups/public/@ed\\_emp/@emp\\_ent/documents/publication/wcms\\_432859.pdf](https://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_432859.pdf))

In its Advancing Climate Solutions 2022 Progress Report, the Company stated that it plans to invest more than \$15 billion over the next six years under the International Energy Agency’s (IEA) Net Zero Emissions by 2050 (NZE) scenario to reduce emissions through carbon capture and storage, hydrogen and biofuels. The report discussed the Company’s process to address socioeconomic risks before pursuing a new development, but the report did not discuss the implications for workers and communities when a refining, petrochemical or production facility is transitioning or closed. (<https://corporate.exxonmobil.com/climate-solutions/advancing-climate-solutions-progress-report>)

For these reasons, it is imperative that the Board creates the proposed report as a first step towards understanding and mitigating the impact of future plant closings and transition on workers and communities where the Company operates.

We urge shareholders to vote “FOR” this proposal.

### **Adopt Coal Phase Out Policy**

#### **Huntington Bancshares, Inc.**

WHEREAS: The Intergovernmental Panel on Climate Change says global greenhouse gas emissions must reach net zero by 2050 to meet the Paris Agreement's goal to limit warming to 1.5 degrees Celsius and avoid the worst climate impacts. At current emissions trajectories, approximately 10 percent of global economic value could be lost by 2050.<sup>1</sup>

New coal capacity is inconsistent with limiting global warming to 1.5 degrees Celsius.<sup>2</sup> Burning coal presents risks to environmental and human health, with Black and low-income communities often facing higher levels of air pollution and related health impacts.<sup>3</sup> According to the International Energy Agency, all scenarios to meet the Paris Agreement require a rapid decline in coal use, with forecasts that global coal demand will peak within the next five years.<sup>4</sup> Governments and investors globally support a "just transition" that anticipates the impacts of the climate transition on workers, communities, and stakeholders. Banks play a critical role in limiting global temperature rise and may face substantial risks in continuing financing of high-emitting projects or companies. As the highest-emitting power source,<sup>5</sup> phasing out coal can avoid an estimated \$267 billion of stranded asset risk globally.<sup>6</sup>

Huntington Bancshares' ("Huntington") Environmental Social Governance (ESG) report acknowledges that "in alignment with...the Paris Agreement ... a net zero carbon economy is a valuable and necessary effort." It notes its plans to evaluate financed emissions through its participation in the Partnership for Carbon Accounting Financials (PCAF).<sup>7</sup> Huntington also recognizes the need to address the disproportionate impacts of climate change and environmental health on Black, Indigenous, and People of Color (BIPOC) communities. Despite this, reports indicate that Huntington lent \$338 million and underwrote \$234 million to thermal coal companies and projects between January 2019 and November 2021, including coal producers, exporters, and utilities with coal-fired generation.<sup>8</sup> Huntington currently has no commitment or public plan to phase out coal financing.

Over 300 financial institutions have policies restricting financial services to the coal sector,<sup>9</sup> and the net-zero strategy of many banks includes complete or partial coal phase-out policies.<sup>10</sup> Among peers, U.S. Bancorp prohibits financing of new coal-fired power plants and coal producers, and conducts enhanced due diligence on coal mining and electric power generation from coal.<sup>11</sup> Further, Comerica, states it conducts enhanced due diligence around coal-related businesses.<sup>12</sup>

**RESOLVED:** Due to the profound societal, health, and business risks associated with climate change, shareholders request Huntington adopt a policy to reduce or eliminate risks associated with financing thermal coal above and beyond any existing policies.

**SUPPORTING STATEMENT:** Proponents recommend, at management discretion, that the policy include a commitment to cease lending, underwriting, and investment services of new coal projects and companies deriving a certain percentage of revenue from thermal coal, and specify a time-bound plan to phase out existing exposure to coal projects and companies.

1. <https://www.swissre.com/institute/research/topics-and-risk-dialogues/climate-and-natural-catastrophe-risk/expertise-publication-economics-of-climate-change.html>
2. <https://www.gfanzero.com/press/statement-on-no-new-coal-from-michael-r-bloomberg-mark-carney-and-mary-schapiro/>
3. <https://pubs.acs.org/doi/pdf/10.1021/acs.est.2c00881>; <https://www.greenpeace.org/usa/reports/fossil-fuel-racism/>
4. [www.iea.org/reports/world-energy-outlook-2022](http://www.iea.org/reports/world-energy-outlook-2022); <https://www.iea.org/reports/world-energy-outlook-2021/phasing-out-coal>
5. <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>
6. <https://carbontracker.org/reports/coal-portal/>
7. [https://www.huntington.com/-/media/investor-relations/documents/environmental-social-governance/Huntington\\_2021ESGReport\\_FINAL.pdf?rev=0733db607c9d41deaa8facdabfc06cd6](https://www.huntington.com/-/media/investor-relations/documents/environmental-social-governance/Huntington_2021ESGReport_FINAL.pdf?rev=0733db607c9d41deaa8facdabfc06cd6)
8. <https://www.coalexit.org/bank/huntington-bancshares>
9. <https://coalpolicytool.org/>; <https://www.sierraclub.org/sites/www.sierraclub.org/files/2022-10/US-Banks-Net-Zero-Progress-Report-November-2022.pdf>
10. <https://www.citigroup.com/citi/sustainability/data/Environmental-and-Social-Policy-Framework.pdf>; <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/governance-risk/values-business.html>
11. <https://www.usbank.com/dam/documents/pdf/about-us-bank/community/Ethics/12132021-External-ESRP.pdf>
12. <https://www.comerica.com/content/dam/comerica/en/documents/resources/about/sustainability/Comerica-CDP-Climate-Change-Response.pdf>

### Coal-Related Harm

#### AMEREN (Union Electric)

WHEREAS: Coal use produces well-established harms to public health, including climate change, poor air quality for vulnerable communities, and water contamination.

Coal burning results in coal ash, which is laced with heavy metals such as arsenic that can contaminate water and raise cancer risk with long-term exposure. Burning coal results in sulfur dioxide, nitrous oxide, mercury, and particulate matter. These pollutants can cause serious health problems, such as respiratory illness, including asthma and lung disease; heart attack; reduced life expectancy; and increased infant mortality. According to data from the Clean Air Task Force, Ameren's four St. Louis area coal plants contribute to 300 premature deaths and over 3,000 asthma attacks per year.<sup>1</sup>

In 2016, the U.S. Civil Rights Commission criticized current Environmental Protection Agency regulations for disproportionately impacting low-income communities of color. Black children in St. Louis are ten times more likely to take a trip to the emergency room for asthma attacks than their white counterparts.<sup>2</sup> A study by the University of Washington and Stanford University found that Black people have the highest risk for deaths related to particulate matter pollution in the Midcontinent Independent System Operator (MISO) region, in which Ameren is one of the largest utilities.

Coal burning also releases carbon dioxide, a primary greenhouse gas driving climate change. Amid its many impacts, climate change intensifies extreme storms and flooding, threatening the reliability and safety of coal ash infrastructure and creating risk to downstream communities. The Company's Labadie facility emitted 17 million tons of carbon dioxide in 2021 alone.

Yet, Ameren remains committed to coal use. In 2021, Ameren relied on coal for over 75% of its energy mix, plans to retain half of its coal generation capacity through 2030, and plans to end coal use in 2045.

Given heightened awareness around environmental racism and climate injustice, Ameren's failure to adequately address the environmental and social harms caused by its continued coal use creates material risk to the Company, including growing public controversy and the potential for regulatory fines and litigation, among others. Ameren released its Environmental Justice Principles in 2022, yet its current trajectory keeps Black and low-income communities directly in harm's way for decades to come.

RESOLVED: Shareholders request the Board, at reasonable expense and excluding proprietary information, issue an audited public report quantifying the rates of illness, mortality, and infant death due to coal-related air and water pollution in communities downwind and adjacent to Ameren's coal operations, and how the Company intends to address and reduce such community impacts from its operations.

SUPPORTING STATEMENT: Proponents suggest the report include, at Board discretion, a financial analysis of the cost to the Company of coal-related public health harms, including potential liability and regulatory actions.

1. [https://www.tollfromcoal.org/#/map/\(title:none/MO//detail:none/MO//map:none/MO\)](https://www.tollfromcoal.org/#/map/(title:none/MO//detail:none/MO//map:none/MO))

2. <https://www.stlouis-mo.gov/government/departments/mayor/initiatives/resilience/equity/documents/equity-indicators-baseline-report.cfm>

### Projected Thermal Coal Production

#### Glencore plc

That the Climate Action Transition Plan to be presented for a vote (by whatever name called) at the 2024 Glencore plc Annual General Meeting includes:

- Disclosure of how the Company's projected thermal coal production aligns with the Paris Agreement's objective to pursue efforts to limit the global temperature increase to 1.5°C;
- Details of how the Company's capital expenditure allocated to thermal coal production will align with the disclosure in a. above; and
- The extent of any inconsistency between the disclosure in a. above with the IEA Net Zero Scenario timelines for the phase out of unabated thermal coal for electricity generation in (i) advanced economies, and (ii) developing economies.

SUPPORTING STATEMENT to be Circulated (835 words)

Our Company made a welcome public commitment in 2021 to, "manage the decline of [its] fossil fuel portfolio in a responsible manner", and stated that, "Glencore is committed to align its targets and ambition with the goals of the Paris agreement." This commitment was accompanied with a medium-term 50% reduction of total (Scope 1, 2 and 3) emissions by 2035 on 2019 levels, which our Company stated was in line with the ambitions of the 1.5°C scenarios set out by the Intergovernmental Panel on Climate Change. However, it is unclear how our Company's planned thermal coal production aligns with the global demand for thermal coal under a 1.5°C scenario.

Institutional investors in Glencore see immense opportunity for corporate value creation if it can be demonstrated that the Company's thermal coal production does in fact align with the Paris Agreement's objective of pursuing efforts to limit the global temperature increase to 1.5°C.

According to Glencore's 2021 Annual Report, coal accounted for approximately 90% of Glencore's total disclosed scope 1, 2 and 3 emissions. Our Company has significant exposure to thermal coal, which accounts for approximately 90% of its total annual coal production, based on Company disclosures. This high proportion of emissions from thermal coal production requires investors to have greater insights into the specific plan to align thermal coal production with emissions reductions commitments.

In 2022, our Company progressed its intention to gain approval for thermal coal expansions at the Glendell and Hunter Valley Operations coal mines. Thermal coal output recently increased due to the acquisition of 100% of the Cerrejón coal mine in Columbia.

Currently, there is insufficient evidence to demonstrate that our Company's planned thermal coal expansions are aligned with the Paris Agreement or that these expansions correspond with a pathway to limit warming to 1.5°C.

#### **Capex commitments could drive new opportunities**

Capital expenditure for thermal coal is of particular significance for our Company's corporate value given the high proportion of its emissions generated by coal production.

Our Company is well positioned to benefit in the new energy economy. It possesses significant potential to increase strategic focus on boosting transition metal production to aid renewable energy development. In contrast, thermal coal production faces declining demand and is misaligned with efforts to stabilise global temperature rise to 1.5°C. There is potential to enhance the Company's valuation by aligning coal production to a 1.5°C pathway and accelerating investment in transition minerals.

Our Company will benefit from actively embracing the climate change challenge. By allocating capital to thermal coal expansion, Glencore is exacerbating its Scope 1 and 3 emissions impacts. We believe more value will be

created for shareholders by allocating fossil fuel capex to the energy transition instead.

Corporate value would be better protected with greater disclosure of how our Company will align its capital expenditure plans with the Paris Agreement's objective to pursue efforts to limit the global temperature increase to 1.5°C.

### **'Just transitions' are less risky**

Any transition that does not include the fair treatment of workers and communities can carry an additional set of risks for investors. The World Energy Outlook 2022 states, "people-centred and just transition policies will be vital to provide support for fossil fuel workers with limited transition prospects in energy or parallel industries." Investors would benefit from more information and for Glencore to outline its own just transition policies as part of the next Climate Action Transition Plan.

### **The IEA Net Zero Emissions Scenario provides timelines**

The most recent 2022 IEA Net Zero Emissions (NZE) scenario offers a 1.5°C-aligned outlook for coal demand that considers the impact of the global energy crisis. Phasing out coal for electricity generation is a central pillar of the scenario, with demand falling by two thirds between 2021 and 2030. The report states, "Despite a temporary boost from the current energy crisis... the share of unabated coal in global electricity generation falls rapidly from 36% in 2021 to 12% in 2030, and to zero percent by 2040 and beyond."

Thermal coal demand will drop faster than coking coal demand over the period to 2030, falling by 50% compared to 30%, with both categories facing steeper declines after 2030. Overall declines in the NZE will be sharper in developed countries compared to developing countries. Between 2021 and 2030, coal demand will drop by around 75% in the developed world, and 40% in the developing world.

Currently, our Company does not clearly disclose the destination of its thermal coal exports. Enhanced disclosure would assist investors to understand the extent to which Glencore's thermal coal production is being exported to developed countries for power generation and if thermal coal production is aligned with the demand forecast applicable to each customer country.

While investors welcome our Company's ambition to be net zero by 2050, the next iteration of the Climate Action Transition Plan would be improved by enhanced disclosure of the forward projections for thermal coal production and more frequent reporting against key milestones towards the 2050 net zero ambition.



### Deforestation-Free Supply Chain

#### Papa John's Int'l, Inc.

WHEREAS: In 2022, the Intergovernmental Panel on Climate Change advised that that the window for limiting global warming to 1.5 degrees Celsius (1.5°C) is quickly narrowing and that immediate, dramatic emissions reduction is required of all market sectors and industries.<sup>1</sup>

Food companies like Papa John's International Inc. ("Papa John's") are particularly exposed to climate risk. In September, the United Nations' Climate Change High-Level Champions group reported that, due to escalating climate and nature risk, "food and agriculture companies could lose up to 26% of their value by 2030, with permanent sector-wide losses equivalent to the 2008 financial crash."<sup>2</sup> The report identified eliminating deforestation as the highest priority call to action, stating that, "unless we end net deforestation, achieving net zero and a 1.5°C world is impossible."<sup>3</sup>

Deforestation directly impacts agricultural productivity by altering precipitation patterns and other ecosystem services. The deforestation of the Amazon could halve Sierra Nevada snowpack,<sup>4</sup> dramatically reducing irrigation capacity in California, which produces 95% of the processing tomatoes grown in the U.S.<sup>5</sup>

Papa John's most recent 10-K specifically identifies the impacts of climate change and adverse weather on the California tomato crop as a risk that could negatively affect the results of its operations.<sup>6</sup> Papa John's uses beef, palm oil, soy, and fiber-based packaging in its products. These commodities are the leading drivers of deforestation, which is responsible for approximately 15% of global greenhouse gas emissions and contributes to biodiversity loss.<sup>7</sup>

Papa John's 10-K notes that, "if we are not effective in addressing social and environmental sustainability matters, consumer trust and investor confidence in our Company may suffer."<sup>8</sup> Yet in contrast to competitors like Domino's and Yum! Brands, Papa John's lacks any disclosures or policies related to supply chain deforestation.

Financial institutions with nearly \$9 trillion in assets under management have committed to eliminating agricultural commodity-driven deforestation from their portfolios by 2025.<sup>9</sup> Failing to end deforestation may make Papa John's less attractive to investors, less competitive, and have a negative effect on shareholders' financial returns.

BE IT RESOLVED: Shareholders request that Papa John's issue a report, at reasonable expense and excluding confidential information, disclosing how it can achieve deforestation-free commodity supply chains by 2025.

SUPPORTING STATEMENT: Proponents recommend, at management discretion, that the report include:

- A disclosure of Company sourcing geographies and deforestation-free volumes of forest-risk commodities, if any, and relevant certifications;
- An estimate of the greenhouse gas emissions associated with deforestation and land-use change from the Company's supply chains;
- The potential for eliminating native vegetation conversion and primary forest logging from Company supply chains as part of a deforestation-free goal;
- Consideration of guidance from the Accountability Framework initiative, the Science Based Targets initiative, and the Greenhouse Gas Protocol in setting targets and plans.

1. [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

2. <https://climatechampions.unfccc.int/unpriced-nature-and-climate-risk-could-wipe-off-billions/>

3. <https://climatechampions.unfccc.int/wp-content/uploads/2022/09/Assessing-the-financial-impact-of-the-land-use-transition-on-the-food-and-agriculture-sector.pdf>

4. <https://journals.ametsoc.org/view/journals/clim/26/22/jcli-d-12-00775.1.xml>

5. <https://calag.ucanr.edu/Archive/?article=ca.v060n02p95>

6. <https://ir.papajohns.com/static-files/ec569cb0-72dc-42b9-900d-b4b552fa9207>

7. <https://www.cdp.net/en/forests>

8. Ibid.

9. <https://climatechampions.unfccc.int/leading-financial-institutions-commit-to-actively-tackle-deforestation/>

## Deforestation-Free Supply Chain

### Texas Roadhouse, Inc.

WHEREAS: In 2022, the Intergovernmental Panel on Climate Change advised that the window for limiting global warming to 1.5 degrees Celsius (1.5°C) is quickly narrowing and that dramatic emissions reduction is required of all industries.<sup>1</sup>

In September, the United Nations' Climate Change High-Level Champions group reported that due to escalating climate and nature risk, food companies "could lose up to 26% of their value by 2030, with permanent sector-wide losses equivalent to the 2008 financial crash."<sup>2</sup> The report identified eliminating deforestation as the highest priority call to action: "unless we end net deforestation, achieving net zero and a 1.5°C world is impossible."<sup>3</sup> Deforestation causes 15% of global greenhouse gas emissions and contributes to biodiversity loss.<sup>4</sup>

In addition to exacerbating climate-related risks, deforestation harms agricultural productivity by altering precipitation patterns and other ecosystem services, damages brand reputation, and is increasingly subject to regulatory scrutiny.

Texas Roadhouse's business is highly dependent on beef. Cattle ranching is the leading cause of deforestation globally and drives roughly 90% of the deforestation occurring in the Amazon.<sup>5</sup>

Texas Roadhouse's 10-K notes that changes in consumer preferences and competitive conditions "related to environmental, social and/or governance practices" may impact quarterly operating results.<sup>6</sup> However, in contrast to peers like Darden Restaurants, The Cheesecake Factory, McDonald's, and Restaurant Brands International, Texas Roadhouse has neither disclosed the geographic origin of its purchased beef nor adopted any policies related to reducing or eliminating deforestation from its supply chains.

Texas Roadhouse purchases the majority of its beef from just three suppliers.<sup>7</sup> Given the highly consolidated nature of the beef processing industry, and the high cattle-driven deforestation exposure of major market players like JBS and Marfrig,<sup>8</sup> Texas Roadhouse is likely to have deforestation exposure in its supply chains.

Financial institutions with nearly \$9 trillion in assets under management have committed to eliminating agricultural commodity-driven deforestation from their portfolios by 2025.<sup>9</sup> Failing to end deforestation may make Texas Roadhouse less attractive to investors, less competitive, and have a negative effect on shareholders' financial returns.

**BE IT RESOLVED:** Shareholders request that Texas Roadhouse issue a report, at reasonable expense and excluding confidential information, disclosing how it can achieve deforestation-free commodity supply chains by 2025.

**SUPPORTING STATEMENT:** Proponents recommend, at management discretion, that the report include:

- A disclosure of the Company's sourcing geographies and deforestation-free volumes of forest-risk commodities, if any, and relevant certifications;
- An estimate of the greenhouse gas emissions associated with deforestation and land-use change from the Company's supply chains;
- The potential for eliminating native vegetation conversion and primary forest logging from Company supply chains as part of a deforestation-free goal;
- Consideration of guidance from the Accountability Framework initiative, the Science Based Targets initiative, and the Greenhouse Gas Protocol in setting targets and plans.

1. [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

2. <https://climatechampions.unfccc.int/unpriced-nature-and-climate-risk-could-wipe-off-billions/>

3. <https://climatechampions.unfccc.int/wp-content/uploads/2022/09/Assessing-the-financial-impact-of-the-land-use-transition-on-the-food-and-agriculture-sector.pdf>

4. <https://www.cdp.net/en/forests>

5. <https://www.vox.com/science-and-health/2022/10/19/23403330/amazon-rainforest-deforestation-cattle-laundering>

6. <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001289460/1a584dba-5db4-459e-9fa3-5e4232bf938.pdf>

7. Ibid.

8. <https://www.vox.com/science-and-health/2022/10/19/23403330/amazon-rainforest-deforestation-cattle-laundering>

9. <https://climatechampions.unfccc.int/leading-financial-institutions-commit-to-actively-tackle-deforestation/>

### **Deforestation-Free Supply Chain Cheesecake Factory**

WHEREAS: The Cheesecake Factory (CAKE) uses palm oil, soy, beef, paper/pulp, coffee and cocoa in its products and packaging. These commodities are leading drivers of deforestation and native vegetation conversion globally, which are responsible for approximately 11 percent of global greenhouse gas emissions.

A recent report from the UN Framework Convention on Climate Change identifies deforestation as a source of policy and supply-chain-related cost impacts, demand-related revenue impacts, and regulatory and reputational risks. While CAKE states that the company “is working towards zero deforestation from the sourcing of produce, cocoa, coffee, and tea,” as well as palm oil, this aspiration not only lacks a specific, time-bound commitment, but also omits key commodities such as beef, soy, and paper/pulp, which comprise three of the top four commodity drivers of deforestation. Furthermore, in its 2021 CSR report, CAKE estimates that only 62 percent of its key produce ingredients are free from deforestation, leaving nearly 40 percent exposed to deforestation risk.

The Intergovernmental Panel on Climate Change advises that greenhouse gas emissions must be halved by 2030 and reach net zero by 2050 to limit warming to 1.5°C and prevent the worst consequences of climate change. CAKE has committed to setting 1.5°C-aligned emissions targets with the Science Based Targets initiative (SBTi), which has identified 2025 as the date by which companies must achieve deforestation-free supply chains in order to align with a 1.5°C scenario. CAKE may be unable to deliver on its climate commitment if it does not eliminate supply chain deforestation by 2025, thereby exposing the company to reputational risk.

While leading restaurant companies including McDonald’s and Yum! Brands have made timebound commitments to eliminate supply chain deforestation, CAKE does not disclose its forest footprint and lacks a policy to address deforestation risk from all sourced forest-risk commodities. As comprehensive no-deforestation policies and action plans become the industry standard, CAKE’s lack thereof increasingly lags peer companies positioning themselves to address these deforestation risks.

Finally, 35 financial institutions with nearly US \$9 trillion in AUM have committed to eliminating agricultural-commodity-driven deforestation from their portfolios by 2025. As an increasing number of asset managers incorporate deforestation risk into their investment decision making, CAKE must achieve a deforestation-free supply chain by 2025 or risk becoming un-investable.

BE IT RESOLVED: Shareholders request that The Cheesecake Factory issue a report, at reasonable expense and excluding confidential information, disclosing how it can achieve deforestation-free commodity supply chains by 2025.

SUPPORTING STATEMENT: In achieving this goal, proponents recommend:

- Eliminating native vegetation conversion and primary forest logging from company supply chains as part of a deforestation-free goal;
- Estimating the greenhouse gas emissions associated with deforestation and land-use change from the company’s supply chains;
- Consideration of guidance from Accountability Framework initiative in setting targets and plans; and
- Annual disclosure of quantitative progress toward these best practices.

### Deforestation-Free Supply Chain

#### Pilgrim's Pride Corp

WHEREAS: Pilgrim's Pride sources beef, palm oil, soy, and fiber-based packaging. These commodities are leading drivers of deforestation, which is responsible for approximately 15% of global greenhouse gas emissions and contributes to biodiversity loss.<sup>1</sup>

In 2022, the Intergovernmental Panel on Climate Change advised that the window for limiting global warming to 1.5° Celsius is quickly narrowing and that immediate, dramatic emissions reduction is required of all market sectors and industries.<sup>2</sup>

Food companies like Pilgrim's are particularly exposed to climate risk. In September, the United Nations Climate Change High-Level Champions group reported that due to escalating climate and nature risk, food companies "could lose up to 26% of their value by 2030, with permanent sector-wide losses equivalent to the 2008 financial crash."<sup>3</sup>

The report identified eliminating deforestation as the highest priority call to action: "unless we end net deforestation, achieving net zero and a 1.5° world is impossible."<sup>4</sup> Pilgrim's has set a net zero by 2040 target, but it may be unable to deliver on its climate commitment if it does not eliminate supply chain deforestation by 2025.

Pilgrim's confirms exposure to climate and nature-related risks in its 10-K, noting that "climate change may have a long-term adverse impact on our business."<sup>5</sup> However, unlike peers such as Tyson and Cargill, Pilgrim's has not publicly adopted a time-bound commitment to eliminate deforestation from its supply chains, though certain subsidiaries have adopted limited deforestation policies.

While majority owner JBS's deforestation policies may apply to Pilgrim's, these policies are inadequate to address risk, both in aspiration and in implementation. JBS's timeline for eliminating supply chain deforestation stretches until 2035, ten years too late.<sup>6</sup> Bloomberg recently described JBS's supply chain as "among the biggest drivers of Amazon deforestation the world has ever known,"<sup>7</sup> and a 2021 audit by Brazilian prosecutors found that JBS purchased more than 300,000 cattle from ranches in the Amazon with "irregularities" including illegal deforestation.<sup>8</sup>

Financial institutions with nearly \$9 trillion in assets under management have committed to eliminating agricultural commodity-driven deforestation from their portfolios by 2025.<sup>9</sup> Failing to end deforestation may make Pilgrim's less attractive to investors and may have a negative effect on shareholders' financial returns.

Resolved: Shareholders request that Pilgrim's Pride report on how it will accelerate its efforts to eliminate deforestation from its supply chains, so as to achieve independently verified deforestation-free supply chains by 2025.

SUPPORTING STATEMENT: In achieving this goal, proponents defer to management's discretion but recommend:

- Eliminating native vegetation conversion and primary forest degradation from its supply chains by 2025.
- Annually disclosing the company's forest footprint and deforestation-free commodity volumes.
- Annually disclosing Scope 3 emissions related to deforestation and land-use change.
- Considering the guidance of the Accountability Framework initiative and the Science Based Targets initiative.

1. <https://www.cdp.net/en/forests>

2. [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

3. <https://climatechampions.unfccc.int/unpriced-nature-and-climate-risk-could-wipe-off-billions/>

4. <https://climatechampions.unfccc.int/wp-content/uploads/2022/09/Assessing-the-financial-impact-of-the-land-use-transition-on-the-food-and-agriculture-sector.pdf>

5. <https://ir.pilgrims.com/static-files/7b4dcb3d-4b50-4148-98c3-2ad410f5ca36>

6. <https://jbs.com.br/en/press/jbs-makes-global-commitment-to-achieve-net-zero-greenhouse-gas-emissions-by-2040/>

7. <https://www.bloomberg.com/graphics/2022-beef-industry-fueling-amazon-rainforest-destruction-deforestation/?sref=TtrRgti9>

8. <https://www.reuters.com/business/sustainable-business/brazil-audit-finds-32-jbs-cattle-amazon-state-irregular-farms-2021-10-07/>

9. <https://climatechampions.unfccc.int/leading-financial-institutions-commit-to-actively-tackle-deforestation/>

### Water Risk Assessment

#### Kraft Heinz Company

WHEREAS: According to the 2021 IPCC report, climate change is intensifying the water cycle, resulting in more intense droughts globally.<sup>1</sup> Climate change related water scarcity poses material risk to our company, including lowered production capacity and disruption of supply chains.

For companies in the food sectors, the vast majority of their water footprint comes from agricultural supply chains.<sup>2,3</sup> While Kraft Heinz has conducted water risk assessments on its annual water withdrawals for its manufacturing operations, it neglects to provide the same disclosure for water use in its agricultural related ingredient production – the most water intensive function of its business.

It is likely that some portion of Kraft Heinz source ingredients are supplied by growers in water vulnerable locations. Given the Company has acknowledged 19 elevated water stress areas out of 79 within their own operations, these risks are likely to be extended within the supply chain. Because Kraft Heinz either does not assess supply chain water risk, or does not disclose such risk to investors, the company's water related risk remains in question.

To identify water risk and reduce costs, many peer companies – including Conagra Brands, Unilever, General Mills and Campbells have conducted water risk assessments for both operations and supply chains. By doing so, these companies have laid a foundation to mitigate future business risks associated with water and take the proper steps to future goal setting.

Kraft Heinz acknowledges that “having access to sufficient amounts of quality fresh water ... is critical to our business.” With water being a “vital component” to growing and as a direct ingredient in many products, conducting a water risk assessment is imperative to mitigating future water concerns.

Without a full value chain water risk assessment, and disclosure of quantitative performance metrics and best practices for water management in areas of water stress, investors cannot gauge whether Kraft Heinz adequately manages its water risk.

RESOLVED: Considering the growing pressure on water supplies posed by climate change, shareholders request that Kraft Heinz conduct and report to shareholders, using quantitative indicators where appropriate, an assessment to identify the water risk exposure of its supply chain, and its responsive policies and practices to reduce this risk and prepare for water supply uncertainties associated with climate change.

SUPPORTING STATEMENT: Proponents request the report disclose, at management's discretion:

- Identification of water assessment tools used by Kraft Heinz or its suppliers to assess supply chain water related risk
- Results of water risk assessments across its agricultural supply chain, including identifying the regions of at-risk ingredient production and supply chains
- Any additional monitoring of supply chain water resources
- Water scarcity planning and responsive actions
- A description of how water management is integrated into governance mechanisms
- A description of water-related engagement with value chain partners

1. <https://www.ipcc.ch/report/sixth-assessment-report-working-group-i/>

2. <https://www.ceres.org/resources/reports/global-assessment-private-sector-impacts-water>

3. <https://www.ceres.org/resources/reports/global-investor-engagement-meat-sourcing-2022>

## Environmental and Social Risk Report

### Southwest Airlines Co.

**RESOLVED:** Shareholders of Southwest Airlines Co. (“Southwest” or the “Company”) ask the Board of Directors to report on the Company’s due diligence process to identify and address environmental and social risks related to climate change, greenhouse gas emissions and other pollution resulting from the operation of aircraft. The report should:

- Explain the types and extent of stakeholder consultation; and
- Address how Southwest tracks effectiveness of measures to assess, prevent, mitigate, and remedy adverse impacts on the environment and human health

**SUPPORTING STATEMENT:** Southwest’s operations have meaningful environmental and social impacts, and those impacts are likely to increase. The FAA forecasts that annual U.S. carrier domestic passenger growth will average 4.7% over the next 20 years.<sup>1</sup> Globally, Boeing projects that traffic will increase by 3.8% per year through 2041.<sup>2</sup> In 2021, Southwest had 17.4% of the domestic market share among U.S. carriers, second only to American.<sup>3</sup> Southwest also flies to cities in Mexico, Central America, and the Caribbean.<sup>4</sup>

The global airline industry contributes significantly to pollution and climate change. According to the EPA, commercial airplanes and large business jets accounted for 10% of U.S. transportation emissions. If the industry were a country, its greenhouse gas emissions would put it in 6th place, between Japan and Germany. Aircraft also contribute to climate change through the warming effect of contrails.<sup>5</sup>

When aircraft burn fuel, they emit ultrafine particulate (“UFP”) matter, which is “much more toxic” than larger size particulate matter.<sup>6</sup> Although UFPs are linked to serious health conditions and problems with fetal development,<sup>7</sup> they are unregulated. UFP levels are higher near airports.<sup>8</sup> Research shows that people living in airport flight paths experience higher rates of asthma and cardiorespiratory hospitalizations.<sup>9</sup> A 2018 study found asthmatics experienced acute inflammation after walking at a site near Los Angeles International Airport (“LAX”), which the author attributed to UFPs, and no effects when they walked at a control site not near the airport.<sup>10</sup>

The impacts of pollution generated by aircraft are not distributed equitably. Residents of communities that have the greatest exposure to aircraft emissions are more likely to be nonwhite and have lower income and education levels.<sup>11</sup> Most of the neighborhoods east of LAX, where Southwest has the fourth-highest volume of passenger traffic,<sup>12</sup> with the highest rates of respiratory illness are communities of color. (Ninety-five percent of traffic in and out of LAX “take[s] off and land[s] into winds blowing west to east because that’s the typical wind direction of the area.”)<sup>13</sup>

Failure to adequately address environmental and social risks poses regulatory and reputational risks to Southwest and its shareholders. Residents may object to airport expansions due to environmental and/or social impacts, as has occurred at LAX.<sup>14</sup> Investors lack sufficient disclosure on how Southwest identifies and addresses environmental and social risks associated with its operations.

1. [https://www.faa.gov/sites/faa.gov/files/2022-06/Forecast\\_Highlights.pdf](https://www.faa.gov/sites/faa.gov/files/2022-06/Forecast_Highlights.pdf), at 2.

2. <https://www.boeing.com/commercial/market/commercial-market-outlook/index.page>

3. <https://www.statista.com/statistics/250577/domestic-market-share-of-leading-us-airlines/>

4. <https://www.southwest.com/international/>

5. <https://agupubs.onlinelibrary.wiley.com/doi/full/10.1002/2015JD024696>

6. <https://envhealthcenters.usc.edu/2019/02/ultrafine-particle-pollution-lax.html>

7. <https://www.theguardian.com/environment/2022/feb/11/pollutionwatch-ultrafine-particles-from-aircraft-engines-endanger-lives>; <https://www.sciencedirect.com/science/article/pii/S2590252021000118?via%3Dihub>

8. <https://www.sciencedirect.com/science/article/pii/S2590252021000118?via%3Dihub>

9. [https://www.lawa.org/-/media/lawa-web/lawa-communityrelations/files/laxaac/presentations/habre\\_laxufps\\_laxaac\\_2019.ashx](https://www.lawa.org/-/media/lawa-web/lawa-communityrelations/files/laxaac/presentations/habre_laxufps_laxaac_2019.ashx), slide 11.

10. <https://www.sciencedirect.com/science/article/pii/S2590252021000118?via%3Dihub>

11. <https://repository.upenn.edu/cgi/viewcontent.cgi?article=3887&context=edissertations>, at 49.

12. <https://www.lawa.org/-/media/lawa-web/statistics/market-share-statistics/aircarrier-2022.ashx>

13. <https://abc7.com/lax-air-pollution-respiratory-illness-inequities-los-angeles/11174361/>

14. See [spectrumnews1.com/ca/la-west/environment/2021/09/15/maxine-waters-opposes-lax-gate-expansion--citing-noise--pollution](https://spectrumnews1.com/ca/la-west/environment/2021/09/15/maxine-waters-opposes-lax-gate-expansion--citing-noise--pollution); [labusinessjournal.com/infrastructure/el-segundo-opposes-lax-terminal-plan](https://labusinessjournal.com/infrastructure/el-segundo-opposes-lax-terminal-plan)

### Align Retirement Plan Options with Climate Action Goals

Amazon.com, Inc

*A similar resolution was submitted to Netflix, Inc.*

WHEREAS: Climate change poses a growing, systemic risk to the economy. If global climate goals are not met, workers face the likelihood of significant negative impacts to their retirement portfolios. Swiss Re estimates a 4% decline in global GDP by 2050 if global temperature increases are kept below 2 degrees Celsius, but up to an 18% decline without effective mitigation.<sup>1</sup>

Amazon has taken actions to address climate change by committing to achieve net-zero Scope 1 and 2 greenhouse gas emission reductions by 2040 and 100% renewable energy use by 2025.<sup>2</sup> Yet, even while it transitions its business away from fossil fuels, our Company's 401(k) retirement plan ("Plan") invests significantly in companies that contribute to climate change, jeopardizing workers' life savings.

Employee retirement funds are automatically invested in the Plan's default investment option unless employees proactively choose different investments. Thus, the majority of the Amazon Plan's \$17.4 billion in assets are invested in the default option.<sup>3</sup>

Amazon has selected Vanguard Target Retirement funds as the Plan's default offering, which invest significantly in fossil fuel companies and companies contributing to deforestation.<sup>4</sup> By investing employees' retirement savings in companies with outsized contributions to climate change, Amazon is generating climate risk, including transition risk and long-term systemic risk, to workers' portfolios.

Amazon's default 401(k) choice risks compromising its obligation to select retirement plan investment options in the best interests of its plan participants, including those with retirement dates more than a decade out.

In the increasingly competitive employee recruitment and retention landscape, failing to minimize material climate risk in its default 401(k) plan option may make it more difficult for Amazon to attract and retain top talent. Employee polling indicates that firms' environmental records are an important consideration in choosing a job.<sup>5</sup> Employee polling also reveals increasing demand for climate-safe retirement plan options.<sup>6</sup>

Given the threat that climate change poses to employee's life savings, our Company can help ensure employee loyalty and satisfaction, and demonstrate that it is actively safeguarding all employee retirement savings, no matter when they are set to retire, by minimizing climate risk in its Plan offerings, especially the default option. The federal government recently clarified that fiduciaries may appropriately consider climate risk in the selection of plan offerings, including in the default option.<sup>7</sup>

RESOLVED: Shareholders request that the Board publish a report, at reasonable expense and omitting confidential information, disclosing how the Company is protecting Plan beneficiaries with a longer investment time horizon from climate risk in the Company's default retirement options.

SUPPORTING STATEMENT: The report should include, at Board discretion, an analysis of:

- the degree to which carbon-intensive investments in the default investment option contribute to greater beneficiary risk and reduced Plan performance over time;
- whether carbon-intensive investments in the default investment option put younger beneficiaries' savings at greater risk than participants closer to retirement.

1. <https://www.swissre.com/media/press-release/nr-20210422-economics-of-climate-change-risks.html>

2. <https://sustainability.aboutamazon.com/pdfBuilderDownload?name=sustainability-all-in-september-2020>

3. <https://iyv-charts.s3.us-west-2.amazonaws.com/retirement-plans/amazon-com/amazon-401k-plan-form-5500-filing-and-attachment-2021.pdf>

4. <https://investyourvalues.org/retirement-plans/amazon-com>

5. <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/climate-change-branding-can-lift-recruitment-and-retention.aspx>

6. <https://www.cncb.com/2019/04/09/workers-want-elusive-socially-responsible-investments-in-401k-survey.html>

7. <https://www.federalregister.gov/documents/2022/12/01/2022-25783/prudence-and-loyalty-in-selecting-plan-investments-and-exercising-shareholder-rights>

### **Align Retirement Plan Options with Climate Action Goals**

#### **Comcast Corp.**

WHEREAS: Climate change poses growing, systemic risk to the economy. If global climate goals are not met, workers face the likelihood of significant negative impacts to their retirement portfolios. Swiss Re estimates a 4% decline in global GDP by 2050 if global temperature increases are kept below 2 degrees Celsius, but up to an 18% decline without effective mitigation.<sup>1</sup>

Comcast has taken certain actions to address climate change, for example, by committing to reach carbon neutrality for Scope 1 and 2 emissions, across its global operations, by 2035.<sup>2</sup> Yet, while decarbonizing part of its business, Comcast's 401(k) retirement plan ("Plan") continues to invest significantly in companies that contribute to climate change, jeopardizing workers' life savings.

Our Company's employee retirement funds are automatically invested in the Plan's default investment option unless employees proactively choose different investments. Thus, the majority of the Comcast Plan's \$17.6 billion in assets are invested in its default option.<sup>3</sup>

Comcast has selected Vanguard Target Retirement funds as the Plan's default offering. These funds invest significantly in fossil fuel companies and companies contributing to deforestation.<sup>4</sup> By investing employees' retirement savings in companies with outsize contributions to climate change, Comcast is generating climate risk, including transition risk and long-term systemic risk, to workers' portfolios.

Comcast's default 401(k) choice risks compromising its obligation to select retirement plan investment options in the best interests of its plan participants, including those with retirement dates more than a decade out.

In the increasingly competitive employee recruitment and retention landscape, failing to minimize material climate risk in its 401(k) Plan default option may make it more difficult for Comcast to attract and retain top talent. Employee polling indicates that firms' environmental records are an important consideration in choosing a job.<sup>5</sup> Employee polling also reveals increasing demand for climate-safe retirement plan options.<sup>6</sup>

Given the threat that climate change poses to employee's life savings, our Company can help ensure employee loyalty and satisfaction, and demonstrate that it is actively safeguarding all employee retirement savings, no matter when they are set to retire, by minimizing climate risk in its Plan offerings, especially in its default option. The federal government recently clarified that fiduciaries may appropriately consider climate risk in the selection of plan offerings, including in the default option.<sup>7</sup>

**BE IT RESOLVED:** Shareholders request that the Board publish a report, at reasonable expense and omitting confidential information, disclosing how the Company is protecting Plan beneficiaries with a longer investment time horizon from climate risk in the Company's default retirement options.

**SUPPORTING STATEMENT:** The report should include, at Board discretion, analysis of:

- The degree to which carbon-intensive investments in the default investment option contribute to greater beneficiary risk and reduced Plan performance over time;
- Whether carbon-intensive investments in the default investment option put younger beneficiaries' savings at greater risk than participants closer to retirement.

1. <https://www.swissre.com/media/press-release/nr-20210422-economics-of-climate-change-risks.html>

2. [https://update.comcast.com/wp-content/uploads/sites/33/dlm\\_uploads/2021/06/Comcast-Impact-Report-FIN3.pdf](https://update.comcast.com/wp-content/uploads/sites/33/dlm_uploads/2021/06/Comcast-Impact-Report-FIN3.pdf)

3. <https://iyv-charts.s3.us-west-2.amazonaws.com/retirement-plans/comcast/comcast-corporation-employee-savings-plans-master-trust-form-5500-filing-and-attachment-2021.pdf>

4. <https://investyourvalues.org/retirement-plans/comcast>

5. <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/climate-change-branding-can-lift-recruitment-and-retention.aspx>

6. <https://www.cnbc.com/2019/04/09/workers-want-elusive-socially-responsible-investments-in-401k-survey.html>

7. <https://www.federalregister.gov/documents/2022/12/01/2022-25783/prudence-and-loyalty-in-selecting-plan-investments-and-exercising-shareholder-rights>



### **ESG Policies, Performance and Improvement Targets**

Chewy, Inc.

WHEREAS: Substantive reporting allows companies to better integrate and capture value from existing sustainability efforts, identify gaps and opportunities in policies and practices, enhance company-wide communications, and recruit and retain employees.

In fact, 70% of U.S. CEOs believe their ESG programs improve their financial performance according to the KPMG 2022 CEO Outlook survey.<sup>1</sup> Proponents believe tracking and reporting on ESG practices strengthens a company's ability to address financial risks related to climate change and to compete and adapt in today's global business environment, which is characterized by finite natural resources, changing legislation, and heightened public expectations for corporate accountability.

In Chewy, Inc.'s 10-K, the Company acknowledges certain environmental risks by saying "Severe weather, including hurricanes, earthquakes and natural disasters could disrupt normal business operations, which could result in increased costs and materially and adversely affect our business, financial condition, and results of operations."

The Company has not disclosed qualitative descriptions of its ESG policies nor quantitative metrics conveying the company's operational ESG performance, its GHG data, or established goals to improve environmental performance. In contrast, Petco, PetSmart, Fresh Pet are examples of pet food industry peers publishing sustainability metrics and improvement targets, alongside qualitative supporting details.

As shareholders, we believe it is prudent for Chewy 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 the company is managing its material ESG risks and opportunities.

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

SUPPORTING STATEMENTS: Proponents believe Chewy should review the resources and reporting recommendations made by the Global Reporting Initiative, CDP, and the Sustainability Accounting Standards Board in identifying topics to be discussed in this report. These widely accepted platforms suggest topics such as operational environmental impacts (including energy and water use, air emissions and waste management), employee health & safety, and supply chain management.

1. <https://info.kpmg.us/news-perspectives/industry-insights-research/2022-sustainability-reporting.html#:~:text=Of%20the%20world's%20top%20250,to%20assure%20their%20ESG%20metrics>

### Link Executive Pay and GHG Targets

#### Cummins Inc.

WHEREAS: The IPCC states that the window for limiting global warming to 1.5 degrees Celsius (“1.5°C”) to avoid the worst impacts of climate change is quickly narrowing. Immediate, sharp emissions reduction is required of all market sectors.<sup>1</sup>

In response to this growing material climate risk, the Climate Action 100+ initiative (“CA100+”), a coalition of over 700 investors with \$60 trillion in assets, issued a Net Zero Benchmark (“Benchmark”) outlining metrics that create climate accountability for companies and transparency for shareholders. Expectations include setting a net zero ambition, adopting 1.5°C aligned reduction goals across all relevant emission scopes, and establishing executive compensation metrics for achieving emissions reduction targets.<sup>2</sup>

As a global leader in engine manufacturing and components for heavy industrial vehicles, Cummins Inc. (“Cummins”) is included on the CA100+ list of the world’s largest corporate greenhouse gas emitters. Companies in the transportation sector are particularly vulnerable to climate risk as this sector was responsible for 37% of global greenhouse gas emissions in 2021.<sup>3</sup>

Cummins has set a goal to reduce its Scope 3 use-of-product emissions, which represent 99% of the Company’s value chain emissions, by 25% by 2030 (from a 2018 baseline), a goal significantly below that necessary to align with the 1.5°C Paris goal and the CA100+ Benchmark. Cummins is not on track to achieve even this limited goal. From 2018 to 2021, Cummins’ use-of-product emissions have increased 6 percent.<sup>4</sup>

Cummins has also failed to meet the CA100+ Net Zero Benchmark indicators for climate-related executive compensation metrics.<sup>5</sup> Cummins’ compensation structure does not currently link greenhouse gas emissions reduction to executive compensation.<sup>6</sup> In fact, Cummins received an “F” grade on a recent report assessing Company Chief Executive Officer (CEO) compensation linkage to climate performance.<sup>7</sup>

Linking executive compensation to achieving 1.5°C aligned emissions reductions will incentivize leadership to prioritize climate performance while providing board oversight on this important issue. By tying CEO pay to 1.5°C aligned emissions reduction targets across its value chain, Cummins can assure investors it is adequately planning for long-term value creation and managing climate risk.

**BE IT RESOLVED:** Shareholders request the Board disclose a plan, at reasonable expense and excluding confidential information, to link executive compensation to 1.5°C aligned greenhouse gas emissions reductions across the company’s value chain, including Scope 1, 2, and 3 greenhouse gas emissions.

**SUPPORTING STATEMENT:** Proponents suggest the Board assess and disclose the benefits to the company of:

- Linking executive compensation to emission reductions across the Company’s full value chain;
- Linking compensation to a:
  - (1) standalone,
  - (2) quantitative emissions reduction metric,
  - (3) that is not a de minimis portion of total pay;
- Including emission reductions in the long-term incentive plan, preferably as performance share units;
- Annually reporting progress towards meeting emissions reduction compensation goals;
- Other information the Board deems appropriate.

1. [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

2. <https://www.climateaction100.org/net-zero-company-benchmark/methodology/>

3. <https://www.iea.org/topics/transport>

4. <https://www.cdp.net/>

5. <https://www.climateaction100.org/company/cummins-inc/>

6. <https://investor.cummins.com/sec-filings/all-sec-filings/content/0001104659-22-038414/0001104659-22-038414.pdf>

7. <https://www.asyousow.org/report-page/2022-pay-for-climate-performance/files/565eb487f8cf9f96af89a4147ee79eb4cf3989d3c3953197b1e36e65e132b57ffaebccfb03ed62c57b8ffc5cd83654686f6b5160a97d3b561bc65ce5206012e9>

## Corporate Governance

CCR members have long championed their right, as shareholders of corporations, to have a say in corporate decision-making. As investors and fiduciaries, we encourage corporate governance practices such as transparency and board oversight to improve stakeholder relations and reduce reputational and legal risks.

Our members filed 55 resolutions related to corporate governance this year. More than half of these called for fair elections of board members. Noting that tax avoidance is a key driver of inequality, an additional five dealt with corporate tax transparency and proposed reporting according to the GRI's Tax Standard.

### Calibrate Pay to External Costs

Negative “externalities” are corporate impacts that create systemic risks for society and the environment that rebound to the economy and, by extension, the investments of diversified shareholders. For instance, detrimental content shared on social media platforms such as Facebook and Instagram has been linked to misinformation

### Corporate Governance

55

| Proposal Topic   | Quantity |
|--|----------|
| <i>For the full list of investors who filed these resolutions, see p. 250.</i> |          |
| Fair Director Elections  | 29       |
| Tax Transparency Report  | 5        |
| Exec. Incentive Compensation - Compliance Costs                                | 3        |
| Independent Board Chair  | 3        |
| Give Each Share an Equal Vote  | 2        |
| Proxy Rights and Access  | 2        |
| Shareholder Ratification of Termination Pay                                    | 2        |
| Transition to Elect Directors by Majority Vote                                 | 2        |
| Worker Pay in Executive Compensation   | 2        |
| Allow Time to Vote   | 1        |
| Asset Management Policies & Diversified Investors                              | 1        |
| Board Responsiveness   | 1        |
| Report on Pay Calibration to Externalized Costs                                | 1        |
| Shareowners Right to Call Special Meeting                                      | 1        |

campaigns and hate speech that directly threatens our electoral and democratic systems. These proposals seek to ensure that executive compensation strategies are designed to take these harmful externalities into account.

Meta stakeholders are concerned that the company's executive officers have prioritized the boosting of traffic to their platforms and the resulting increase in advertising revenue to increase their own compensation in spite of the potential societal and environmental risks this may create.

Investors asked Meta to issue a report assessing the feasibility of integrating specific weights or dollar amounts into base and bonus pay, calibrated consistent with the costs externalized by company operations, including costs imposed on the global economy and the environment.





**James McRitchie**  
*Publisher, Corporate Governance*

As an alternative to addressing issues individually through proxy proposals, many shareholders advocate for a stronger voice for shareholders in nominating and electing directors who can act as their representatives within a company on ESG concerns. However, high hopes for shareholder representation through proxy access have been dashed, as corporations have adopted bylaws that impose size limits on nominating groups, and other restrictive requirements.

Now, universal proxy cards promise to make influencing director elections more shareholder friendly. However, courts and shareholders have grown increasingly alarmed by a rush by corporate boards to adopt advance notice bylaws that appear to serve no legitimate corporate purpose and eviscerate the right of shareholders to exercise their franchise. Guardrails are needed to ensure advance notice bylaws that tip the scales in favor of board candidates over those nominated by shareholders at least require shareholder approval.

As a result, this year investors have filed a group of 29 proposals arguing that disclosure and other director nominee requirements should apply equally, regardless of whether a board nomination is made by the board or shareholders. These **“fair director elections”** proposals aim to ensure corporate bylaws contain appropriate guardrails, and that any bylaws which stray beyond those guardrails require shareholder approval.

### Fair Director Elections

The power to amend bylaws is shared by both corporate directors and shareholders. Although directors have the power to adopt bylaw amendments, shareholders have the power to check that authority by repealing board-adopted bylaws. A group of 29 resolutions this year argued that directors should not amend their bylaws in ways that inequitably restrict shareholders’ right to nominate directors through a proxy contest.

Investors asked 29 companies, including Alphabet, Amazon, Chipotle, and Mastercard to amend their bylaws to require shareholder approval for any bylaw amendments that would: require the nomination of candidates more than 90 days before a company’s AGM; require disclosure of nominee past/future plans; and require disclosure of business associates and limited partners.

### Allow Time to Vote

The AGM – the annual meeting of shareholders -- is a hallmark of corporate accountability, the once-a-year event when CEOs and the board are obligated to present themselves to their shareholders and submit to their questions. In the wake of the COVID-19 pandemic, most companies switched to virtual or hybrid formats, restricting the interactive nature of these meetings. As a consequence, the time allowed for voting on shareholder proposals at AGMs seems to have been significantly reduced, in some cases to mere seconds.

Requesting that shareholders be given appropriate time to listen to presentations and consider how they want to cast or change their votes at AGMs, investors asked Alarm.com Holdings to provide a reasonable time for voting after a proposal is presented at its AGM.



**Seamus Finn**  
*FCI Director, Missionary Oblates  
of Mary Immaculate*

Over the past 18 months, shareholder resolutions with tech companies (Amazon, Microsoft, Cisco) and with U.S. oil giants (ExxonMobil, Chevron, ConocoPhillips) are turning up the pressure for greater transparency, particularly regarding country-by-country **reporting on tax liabilities and payments**. This is obviously very significant as countries on an annual basis strive to balance their budgets by raising sufficient revenue to meet the obligations that they have adopted to meet the needs of their citizens, to protect the planet, and to contribute to the promotion of the universal common good.

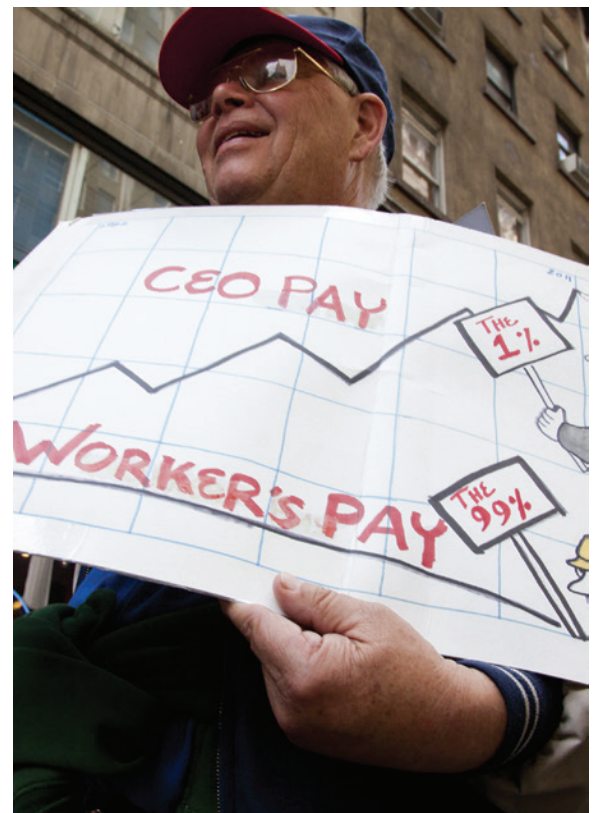
Corporate compliance with their tax liabilities in every jurisdiction where they operate is a priority for responsible investors who are committed to allocating their capital to corporations that are responsible citizens and that support sustainable social and environmental investment practices. Avoiding companies that are known for practicing overly aggressive tax evasion practices is also a priority.

These resolutions are very much in line with a significant wave of international pressure, including new legislation in Europe and the U.S., that seeks to shine a light on the secretive tax-avoiding practices of many large multinational companies. In addition, this call for transparency is being adopted by standards-setting institutions by which companies are being evaluated.

## Worker Pay in Executive Compensation

In 2021, CEOs at S&P 500 companies made on average 324 times their median workers' salaries. Meanwhile, the U.S. is currently experiencing its highest inflation in 40 years, creating economic stress for millions of Americans, particularly low-wage workers.

Arguing that high pay ratios between senior executives and other employees negatively affect worker morale and productivity and that using peer group benchmarks to set senior exec compensation can lead to pay inflation, investors asked Amazon and Walmart to tackle pay disparity by taking into consideration the pay grades and/or salary ranges of all classifications of company employees when setting target amounts for chief and senior executive officer compensation.



### Fair Director Elections

Amazon.com, Inc

*Similar resolutions were submitted to PetMed and Workday Inc.*

RESOLVED: James McRitchie and other shareholders request that directors of Amazon.com amend its bylaws to include the following language:

Shareholder approval is required for any advance notice bylaw amendments that:

- require nomination of candidates more than 60 days before the annual meeting,
- impose new disclosure requirements for director nominees, including disclosures related to past and future plans, or
- require nominating shareholders to disclose limited partners or business associates, except to the extent such investors own more than 5% of Amazon.com's shares.

SUPPORTING STATEMENT: Under SEC Rule 14a-19, the universal proxy card must include all director nominees presented by management and shareholders for election.<sup>1</sup> Although the Rule implies each side's nominees must be grouped together and clearly identified as such, in a fair and impartial manner, most rules for director elections are set in company bylaws.

For Rule 14a-19 to be implemented equitably, boards must not undertake bylaw amendments that deter legitimate efforts by shareholders to submit nominees. The bylaw amendments set forth in the proposed resolution would presumptively deter legitimate use of Rule 14a-19 by deterring legitimate efforts by shareholders to seek board representation through a proxy contest.

The power to amend bylaws is shared by directors and shareholders. Although directors have the power to adopt bylaw amendments, shareholders have the power to check that authority by repealing board-adopted bylaws. Directors should not amend the bylaws in ways that inequitably restrict shareholders' right to nominate directors. This resolution simply asks the board to commit not to amend the bylaws to deter legitimate efforts to seek board representation, without submitting such amendments to shareholders. We urge the Board not to amend its advance notice bylaws until shareholders have at least voted on this proposal.

Directors of at least one company (Masimo Corp.) recently adopted bylaw amendments that could deter legitimate efforts by shareholders to seek board representation through a proxy contest. Masimo's advance notice bylaws "resemble the 'nuclear option' and offers a case study in how rational governance devices can become unduly weaponized, writes Lawrence Cunningham.<sup>2</sup> Directors of other companies are considering similar proposals.

Bloomberg's Matt Levine speculates bylaws might require disclosure submissions "on paper woven from unicorns' manes,"<sup>3</sup> with requirements waived for the board's nominees.

This request should be seen in context: Judith McGrath, Chair of Leadership Development and Compensation, won only 78% of the vote in 2022. The advisory vote on executive pay won 56%.

Shareholders also voiced board dissatisfaction by voting on 15 shareholder proposals, including reducing plastic use, reports on lobbying, assessing human rights due diligence, risks associated with use of Rekognition, and an audit of working conditions, which each received more than 40% of the vote.

To ensure shareholders can vote on any proposal that would impose inequitable restrictions, we urge a vote FOR Fair Elections.

1. <https://www.ecfr.gov/current/title-17/chapter-II/part-240/section-240.14a-19>

2. <https://corpgov.law.harvard.edu/2022/10/23/the-hottest-front-in-the-takeover-battles-advance-notice-bylaws/>

3. <https://www.bloomberg.com/opinion/articles/2022-10-27/credit-suisse-gives-first-boston-gets-a-second-chance?sref=a7KhiWzs>

## Fair Elections

### Alphabet, Inc.

*Similar resolutions were submitted to American Tower Corporation, Axon Enterprise Inc, Celldex Therapeutics, Inc., Chipotle Mexican Grill, Inc., Cognizant Technology Solutions Corp., CVS Health Corp, Discover Financial Services Inc., Illumina, Impinj, Inc., MasterCard Incorporated, NVIDIA, Proto Labs Inc., Redfin Corporation, Repligen Corporation, Salesforce.com, Inc., Syneos Health, Teladoc Health Inc, Tractor Supply Company, Union Pacific Corporation, United Therapeutics Corporation, Upwork Inc., Veeva Systems, Inc., Walmart Stores, Inc., West Pharmaceutical Services, Inc., and Yelp Inc.*

**RESOLVED:** James McRitchie and other shareholders request that directors of Alphabet Inc. (“Company”) amend its bylaws to include the following language:

Shareholder approval is required for any advance notice bylaw amendments that:

- require the nomination of candidates more than 90 days before the annual meeting,
- impose new disclosure requirements for director nominees, including disclosures related to past and future plans, or
- require nominating shareholders to disclose limited partners or business associates, except to the extent such investors own more than 5% of the Company’s shares.

**SUPPORTING STATEMENT:** Under SEC Rule 14a-19, the universal proxy card must include all director nominees presented by management and shareholders for election.<sup>1</sup> Although the Rule implies each side’s nominees must be grouped together and clearly identified as such, in a fair and impartial manner, most rules for director elections are set in company bylaws.

For Rule 14a-19 to be implemented equitably, boards must not undertake bylaw amendments that deter legitimate efforts by shareholders to submit nominees. The bylaw amendments set forth in the proposed resolution would presumptively deter legitimate use of Rule 14a-19 by deterring legitimate efforts by shareholders to seek board representation through a proxy contest.

The power to amend bylaws is shared by directors and shareholders. Although directors have the power to adopt bylaw amendments, shareholders have the power to check that authority by repealing board-adopted bylaws. Directors should not amend the bylaws in ways that inequitably restrict shareholders’ right to nominate directors. This resolution simply asks the board to commit not to amend the bylaws to deter legitimate efforts to seek board representation, without submitting such amendments to shareholders. We urge the Board not to further amend its advance notice bylaws until shareholders have at least voted on this proposal.

Bloomberg’s Matt Levine speculates bylaws might require disclosure submissions “on paper woven from unicorns’ manes,”<sup>2</sup> with requirements waived for the board’s nominees. While Mr. Levine depicts humorous and exaggerated possibilities, some companies are adopting amendments clearly designed to discourage fair elections.

Directors of at least one company (Masimo Corp.) recently adopted bylaw amendments that could deter legitimate efforts by shareholders to seek board representation through a proxy contest. Masimo’s advance notice bylaws “resemble the ‘nuclear option’ and offers a case study in how rational governance devices can become unduly weaponized, writes Lawrence Cunningham.<sup>3</sup> Directors of other companies are considering similar proposals.

To ensure shareholders can vote on any proposal that would impose inequitable restrictions, we urge a vote FOR Fair Elections.

1. <https://www.ecfr.gov/current/title-17/chapter-II/part-240/section-240.14a-19>

2. <https://www.bloomberg.com/opinion/articles/2022-10-27/credit-suisse-gives-first-boston-gets-a-second-chance?sref=a7KHiWzs>

3. <https://corpgov.law.harvard.edu/2022/10/23/the-hottest-front-in-the-takeover-battles-advance-notice-bylaws/>

### Proxy Rights and Access

#### Apple Computer, Inc.

RESOLVED: Shareholders of Apple, Inc. (the “Company” or “Apple”) ask the board of directors (the “Board”) to amend its “Proxy Access for Director Nominations” bylaw, and any other associated documents, to include the following changes or their equivalent for the purpose of increasing the potential number of nominees:

The number of “Shareholder Nominees” eligible to appear in proxy materials shall be 20% of the directors then serving or 2, whichever is greater.

SUPPORTING STATEMENT: Current proxy access bylaws restrict Shareholder Nominees to 20% of directors rounded down to the nearest whole number. Apple has only nine directors. 20% of 9, rounding down to the nearest whole number is 1. Therefore, Apple allows shareholders to nominate only one director, given the current board size.

The Council of Institutional Investors notes: “It is important that shareholder nominees have meaningful representation on the board, and in many or most cases, one director is insufficient to achieve that goal. Having at least two nominees helps ensure such nominees, if elected, can serve on multiple committees and have greater opportunities to bring an independent perspective into board decisions.” (Proxy Access: Best Practices 2017, <https://corpgov.law.harvard.edu/2017/08/28/proxy-access-best-practices-2017/>)

Sidley Austin reported that 86% of companies with proxy access allow a minimum of 2 directors to be nominated or 25% of the board. Only 14% have the same standard as Apple – 20% of the board with no minimum. (Proxy Access: A Five-Year Review, [https://www.sidley.com/-/media/update-pdfs/2020/01/proxy-access/proxy-access\\_a-fiveyear-review-jan-2020--w-appendices.pdf?la=en](https://www.sidley.com/-/media/update-pdfs/2020/01/proxy-access/proxy-access_a-fiveyear-review-jan-2020--w-appendices.pdf?la=en))

Apple wrote of a similar proposal, “Our proxy access bylaws overall are well within the mainstream of public company practices and share similar features with the proxy access bylaws of many other companies.” However, most companies with a similar standard, 20% of the board with no minimum, have boards of 10 or more, so 20% still yields at least two nominees.

In a request to the SEC, our Company previously alleged a similar proposal “falsely” described the Company as a “distinct outlier” and “laggard” in regards to its access bylaw.

The SEC flatly rejected Apple’s contention. “We are unable to conclude that you have demonstrated objectively that the Proposal is materially false and misleading.” (<https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2018/mcritchieapple112118-14a8.pdf>)

Apple has proxy access but is out of step with industry best practices, which allow shareholders to nominate up to 20% of the board or 2, whichever is greater. I could only identify only two other companies that limit proxy access candidates to 1 — Arch Resources (previously Arch Coal) and EOG Resources (formerly Enron Oil & Gas Company). Should these distinct outliers really be our peer group? Are these laggards really “mainstream” companies Apple should emulate? Apple should be better.



### Proxy Rights and Access

#### Wendy's International, Inc.

**RESOLVED:** Shareholders request our Board of Directors take the necessary steps to enable as many shareholders as needed to aggregate shares to meet 2% of stock owned continuously for 3 years required to nominate directors to the Company's ballot.

**WHEREAS:** Eliminating group limits and lowering the ownership percentage from 3% to 2% would empower shareholders with smaller holdings to nominate more diverse Board members with independent perspectives. This would benefit the Company, especially given the influence that Nelson Peltz and hedge fund Trian Partners hold over the Board. Reports that they are exploring a potential acquisition of the Company present additional governance concerns.<sup>1</sup>

Peltz and Trian hold 19.24% of Wendy's Common Stock, approximately \$865.8 million of Wendy's \$4.5 billion market cap.<sup>2</sup> Board Chair Nelson Peltz is a Founder of Trian; Matthew Peltz, Trian Partner and son of Nelson Peltz, sits on Wendy's Board as Vice-Chair with Trian Co-Founder Peter May as Senior Vice-Chair; Trian Principals chair four of the Board's seven committees, with former Trian associates chairing the remaining three; and nine of the ten non-executive Board members have current or former business associations with Nelson Peltz or Trian.<sup>3</sup> Accordingly, shareholders remain concerned that the Chair and his fund have outsized influence over the Company's senior leadership and Board.

Adding to these governance concerns, Wendy's Board has failed to adequately manage human rights risks in its supply chain. Wendy's was unresponsive to the Franciscan Sisters of Allegany, NY's 2021 shareholder resolution, supported by 95% of votes cast, requesting disclosure about worker protections in the Company's food supply chain.<sup>4</sup> The related exempt solicitation outlining the aforementioned concerns and urging shareholders to vote "no" on four Board Members contributed to decreased support for them in 2022,<sup>5</sup> for example:

- Peter Rothschild received 86.9% support, placing him in the bottom 10% of S&P MidCap 400 board members.
- Nelson Peltz received 92.6% support placing him in the bottom 17% of the S&P MidCap 400.
- Less than a week after Wendy's annual meeting, Trian announced it was exploring its potential transaction with Wendy's.

Proxy access serves as an accountability guardrail to help ensure effective oversight when management-nominated directors fail to respond to shareholder concerns. The Company's proxy access currently allows 25 stockholders, owning 3% of outstanding Common Stock continuously for 3 years, to aggregate their shares to nominate directors, but in practice, it renders proxy access inaccessible, partly due to Peltz and Trian's large holdings. At Wendy's, proxy access would require average share ownership of around \$5 million, something smaller, independent, diverse shareholders cannot achieve. Removing the cap on the number of stockholders is an emerging investor expectation and best practice, receiving 36% shareholder support at Target Corporation, and pairing it with a 2% ownership threshold is particularly warranted at Wendy's to address governance concerns.<sup>6</sup>

1. <https://www.reuters.com/markets/europe/investor-nelson-peltz-explores-takeover-bid-wendys-2022-05-24/>

2. <https://www.sec.gov/Archives/edgar/data/1345471/000134547122000063/amend56.htm>

3. [https://www.sec.gov/Archives/edgar/data/30697/000138713122004700/wen-px14a6g\\_041122.htm](https://www.sec.gov/Archives/edgar/data/30697/000138713122004700/wen-px14a6g_041122.htm)

4. <https://ciw-online.org/wp-content/uploads/20220308-Shareable-Digital-FFP-Advisory-and-Appendix-1.pdf>

5. <https://static1.squarespace.com/static/5d4df99c531b6d0001b48264/t/6291168ee0e5c3371f0ebd6d/1653675662447/DRAFT+2.0+-+MA+IASJ+statement+on+WEN+transaction.docx.pdf>

6. <https://www.sec.gov/ix?doc=/Archives/edgar/data/0000027419/000002741922000018/tgt-20220608.htm>

### **Allow Time to Vote**

Alarm.com Holdings, Inc.

**RESOLVED:** James McRitchie and other shareholders request the Board of Directors adopt as policy and amend bylaws as necessary to provide a reasonable time for votes to be cast or changed after the final proposal is presented at the company's annual general meetings (AGMs). Or, the Board, at its discretion, could evaluate options and procedures for shareholder voting at AGMs, including whether to allow a reasonable time for votes to be cast or changed after the final proposal is presented at the company's AGMs, issuing a report to shareholders on the Board's recommendations.

**SUPPORTING STATEMENT:** The AGM is the single venue where our company's shareholders gather to deliberate and vote both on board and shareholder proposals. The AGM allows shareholders to speak persuasively to fellow shareholders, the board, and management. Shareholder communications during AGMs provide a critical opportunity for deliberation and debate.

Therefore, it is only reasonable to expect that shareholders be given time to listen to the presentations and consider how they want to cast or change their vote at the meeting. Yet, many companies treat the process as an empty ritual, allowing little or no time for shareholders to vote after presentation of the final proposal.

The Interfaith Center on Corporate Responsibility collected data from 31 annual company meetings attended by its members in 2022. Their survey showed 10 out of 31 companies allowed 0-10 seconds to vote at annual meetings after proposals were presented, 5 allowed up to 30 seconds, 6 allowed 50-60 seconds, and 10 allowed 2 minutes or more. Our company allowed 10 seconds.

Carl Hagberg, well-known inspector of elections, suggests that after all proposals have been introduced, companies announce that polls will remain open for 10 more minutes during a general discussion or question-and-answer period "to allow voters who have not yet voted or who wish to change their votes online to do so."<sup>1</sup>

Failure to provide investors adequate time to vote could negatively affect investor perception of the company and its stock value since fair corporate suffrage is a fundamental right of shareholders.

To ensure adequate time to consider meeting presentations, we urge a vote FOR this shareholder proposal.

1. Carl T. Hagberg & Associates, How and When to Properly Open and Close the Polls, The Shareholder Service Optimizer, Second Quarter 2022 <https://optimizeronline.com/how-and-when-to-properly-open-and-close-the-polls/>

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

#### **Meta (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:**

Since its creation, Meta Platforms ("Meta"), formerly Facebook, has faced numerous headline-grabbing scandals, including controversies that have resulted in the loss of users, decline in user confidence, and a one-day stock price drop that wiped off "more than \$119bn ... [from] Facebook's market value."<sup>1</sup> Shareholders believe that proper governance reforms are needed to help the company avoid future scandals.

These controversies and allegations include criticism for its "lax position on political lies," its role in Russia's misinformation campaign during the 2016 U.S. election, data breaches, failing to prevent its platforms from being used to incite violence, and more. Most recently, CEO Mark Zuckerberg was sued over his alleged role in the Cambridge Analytica privacy scandal. The suit "alleges Zuckerberg was closely involved in envisioning and carrying out the framework on Facebook that ultimately allowed Cambridge Analytica to collect user data without consent..."<sup>2</sup>

Meta's newest ventures into the metaverse generates myriad new risks for the company regarding data privacy, user harassment and abuse, cybersecurity threats, exploited user data, and more. Given the company's history of issues with protecting user privacy, strong company governance is critical as the Meta moves forward into the new virtual world.

In another of its biggest scandals, in 2021 whistleblower Frances Haugen testified before the Senate to allege that Meta has consistently chosen to "maximize its growth rather than implement safeguards on its platforms, just as it hid from the public and government officials internal research that illuminated the harms of Facebook products."<sup>3</sup> Haugen also noted that Mr. Zuckerberg, who currently controls over 58% of voting shares while owning only 13% of economic value of the firm, dictates the course of the company. Haugen noted that "there is no one currently holding Zuckerberg accountable but himself."<sup>4</sup> Without equal voting rights, shareholders cannot hold management accountable.

Governance experts support the recapitalization sought by this proposal: the Council for Institutional Investors (CII) recommends a seven-year phase-out of dual class share offerings and the International Corporate Governance Network supports CII's recommendation. Outsider shareholders have repeatedly widely supported this proposal, and ongoing scandals demonstrate the critical need for this governance reform.

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

1. <https://www.theguardian.com/technology/2018/jul/26/facebook-market-cap-falls-109bn-dollars-after-growth-shock>

2. <https://www.cnn.com/2022/05/23/meta-ceo-zuckerberg-sued-over-cambridge-analytica-privacy-scandal.html>

3. <https://www.npr.org/2021/10/05/1043377310/facebook-whistleblower-frances-haugen-congress>

4. <https://www.nytimes.com/2021/10/05/technology/facebook-frances-haugen-testimony.html>

### Report on Pay Calibration to Externalized Costs

Meta Platforms, Inc.

On October 5, 2021, Frances Haugen, a former Company data scientist, testified before the U.S. Senate, highlighting the Company's unmitigated prioritization of profits:

I'm here today because I believe Facebook's products harm children, stoke division and weaken our democracy.

The Company reached 2.96 billion users in the third quarter of 2022. Its platforms affect users' perceptions, and these perceptions affect social institutions and the ability of the global community to address catastrophic threats. As one expert stated:

Facebook is becoming the last bastion of climate denial.

Company personnel know its content is harmful:

- We know that COVID vaccine hesitancy has the potential to cause severe societal harm
- We make body image issues worse for one in three teen girls
- But a former employee says the Company accepts those harms to increase its profits:

The company's leadership knows how to make Facebook and Instagram safer, but won't make the necessary changes because they put their astronomical profits before people...

According to the 2022 proxy statement, the 2021 bonus plan was intended "to motivate executive officers to focus on company priorities and to reward them for individual results and achievements." The calculations of Company priorities included: "Continue making progress on the major social issues facing the internet and our company, including privacy, safety, and security." The proxy statement noted: "None of these priorities were assigned any specific weighting or dollar amount of the target bonus."

This level of accountability for these social issues seems inadequate to the task of ensuring that the executive officers are not motivated to boost traffic and advertising revenues to increase their own compensation when doing so would lead to environmental and social damage that harms the economy and the portfolios of diversified shareholders. Essentially, the current plan allows executives to be rewarded for profits based on decisions that harm the economy

**RESOLVED:** Shareholders request that the Board Compensation, Nominating and Governance Committee prepare a report assessing the feasibility of integrating specific weights or dollar amounts to base and bonus pay calibrated consistent with the costs externalized by Company operations, including costs imposed on the global economy and the environment

#### SUPPORTING STATEMENT:

In preparing this report, the Committee should identify quantifiable negative externalities, such as environmental costs, affected social determinants of health, societal disruption, and other damage attributable to Company activities that will be absorbed by the economy, as well as those negative externalities for which quantification is not feasible, but for which a reasonable approximation or relevant measure may be developed. The weights or dollar amounts may be calculated proportional to the level of externalities imposed by the Company with such amounts calculated to offset any incentive to create such externalities when doing so would improve the Company's financial performance

Please vote for: Report on Pay Calibration to Externalized Costs

### **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 retain voting control even though they have stepped down from leading the 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 the 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 1, 2022, 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.

### Board Responsiveness

#### Apple Computer, Inc.

WHEREAS: In 1947, the Court of Appeals for the Third Circuit upheld the right of a shareholder to submit a proposal on shareholder approval of the auditor, stating that “A corporation is run for the benefit of its stockholders and not for that of its managers.”<sup>1</sup> The SEC’s Staff has made clear that “a cornerstone of shareholder engagement on important matters”<sup>2</sup> is the shareholder resolution process.

In our view, a high vote for a shareholder proposal indicates that investors believe insufficient attention has been paid by the company’s management or Board to the issue at hand.

Apple’s Corporate Governance Guidelines state that the Board of Directors oversees the CEO and senior management and “seeks to ensure that the long-term interests of shareholders are being served.” The Guidelines also state that “The Board believes that management speaks for the Corporation” and that it is only in “unusual circumstances” that individual directors will be authorized to speak with investors or other stakeholders.

If Apple’s Board members are restricted in when they speak with stakeholders, this may undermine the Board’s ability to, per the Corporate Governance Guidelines, proactively “ensure that the Corporation is committed to business success through the maintenance of high standards of responsibility and ethics.”<sup>3</sup>

For example, in 2022, Nia Impact Capital (“Nia”) submitted a resolution requesting that the Board review Apple’s use of concealment clauses in the context of harassment, discrimination and other unlawful acts. The resolution received support from 50.4% of all shares voted “For” and “Against.”

Apple’s management had stated that it was “not aware” of the use of concealment clauses and that “Apple does not limit employees’ and contractors’ ability to speak freely about harassment, discrimination, and other unlawful acts in the workplace.”<sup>4</sup> However, shortly after this statement a former Apple employee went public with a severance agreement that Apple had asked her to sign which included non-disclosure and non-disparagement clauses related to workplace conditions.<sup>5</sup>

This discrepancy undermined Nia’s confidence in management’s representation of Apple’s use of concealment clauses. Despite the high vote showing that other investors shared these concerns and an explicit request made by Nia and other investors for a meeting, no Board member has agreed to a meeting.

RESOLVED: Apple shareholders urge the Board to adopt a policy that, should holders of a majority of non-insider shares voted support a shareholder proposal (calculated by dividing (i) “For” votes by (ii) the sum of votes cast “For” and “Against”, minus the shares held by current executive officers and Board members as reported in the proxy statement), a Board member or members, identified by the Nominating Committee Chair, will be made available for a discussion with the proposal’s proponents within three months of Apple filing its Report on Form 8-K containing the voting results.

SUPPORTING STATEMENT: Neither the Board nor Apple or the resolution’s proponents would be obligated to take any action as a result of this discussion.

1. <https://casetext.com/case/securities-exch-com-v-transamerica-corp>

2. <https://www.sec.gov/corpfin/staff-legal-bulletin-14l-shareholder-proposals>

3. [https://s2.q4cdn.com/470004039/files/doc\\_downloads/gov\\_docs/Corporate-Governance-Guidelines.pdf](https://s2.q4cdn.com/470004039/files/doc_downloads/gov_docs/Corporate-Governance-Guidelines.pdf)

4. <https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2021/niaapple122021-14a8.pdf>

5. <https://www.businessinsider.com/apple-sec-response-under-scrutiny-after-whistleblower-comes-forward?r=US&IR=T>

### **Independent Board Chair**

#### **Chevron Corp.**

**RESOLVED:** Chevron Corporation stockholders request that the Board of Directors adopt a policy (amending the bylaws as necessary) which requires that the Chair of the Board of Directors be an independent member of the Board whenever possible. This policy would commence with the next CEO transition.

If the Board determines that a Chair who was independent when selected is no longer independent, it shall select a new Chair within a reasonable period who satisfies the requirements of this policy. Compliance with this policy may be suspended for up to six months if no independent director is available and willing to serve as Chair.

#### **SUPPORTING STATEMENT**

Inadequate oversight and a lack of checks-and-balances has allowed management to mishandle multiple issues, increasing both risk and cost to stockholders.

A recent report entitled Chevron's Global Destruction<sup>1</sup> (the "Report") – an expansive compendium of documented legal actions filed against Chevron and its subsidiaries globally – reveals that Chevron is liable for \$55 billion in judgments and seizure claims globally (including fines and interest), and that the Company's actions have destroyed critical biodiversity around the planet. This Report was entered into the Congressional Record<sup>2</sup> as part of the U.S. House of Representatives Committee on Oversight and Reform hearing entitled: Fueling the Climate Crisis: Exposing Big Oil's Disinformation Campaign to Prevent Climate Action.

A year ago, Chevron CEO/board chair Michael Wirth was formally asked by the House Oversight Committee to respond to the Report's findings, but he has not done so. Despite management's assertions regarding respect for human rights and adherence to environmental standards, investors worry that 71% of the cases detailed in the Report indicate grave violations of rights to land, life, and safety. Of these reported cases, 65% alleged severe human rights abuses – including torture, forced labor/slavery, rape, murder, and genocide – in thirteen (13) countries, including: Angola, Burma/Myanmar, Cameroon, Chad, China, East Timor, Ghana, Indonesia, Kazakhstan, Nigeria, Poland, Romania, and Thailand.

As well, the Report documents serious allegations that Chevron has violated the Foreign Corrupt Practices Act (FCPA) in eight (8) countries: Angola, Argentina, Cambodia, Equatorial Guinea, Indonesia, Iran, Iraq, and Liberia. Furthermore, the Report indicates that Chevron has not responded to charges that it has refused to comply with mandated cleanups in fifteen (15) countries, including the United States: Argentina, Azerbaijan, Brazil, Burma/Myanmar, Cambodia, China, Ecuador, East Timor, Nigeria, Poland, Romania, Ghana, Thailand, the United States, and Venezuela.

Inadequate Board attention to management's actions – perhaps in large part the result of not having an independent chair – has intensified the severity of these reported incidents, and will contribute to the emergence of future risks and controversies in other arenas of the Company's global operations. An independent Chair would improve oversight of management, enhance accountability to shareholders, protect against mounting legal judgements, and ensure that appropriate levels of attention are being paid to avoiding long-term risks such as those detailed herein.

**THEREFORE:** Please vote FOR this intelligent and much needed Independent Chair proposal.

1. <https://docs.house.gov/meetings/GO/G000/20211028/114185/HHRG-117-G000-20211028-SD018.pdf>

2. <https://docs.house.gov/Committee/Calendar/ByEvent.aspx?EventID=114185>

### **Independent Board Chair**

**IQVIA Holdings, Inc.**

RESOLVED: Myra K. Young, of CorpGov.net, requests the Board of Directors adopt as policy and amend 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 to avoid violating any contractual obligations. If the Board determines that a Chair who was separated when selected is no longer independent, the Board shall select a new Chair who satisfies the policy requirements 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**

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. Shareholders are best served by an independent Board Chair who can provide a balance of power between the CEO and the Board. This step is in the long-term interests of shareholders and will promote effective oversight of management.

In the S&P 500, independent board chairs increased from 30% in 2018 to 37% as of June 2022, while companies combining the chair and CEO roles decreased from 49% to 44%. IQVIA Holdings is particularly in need of effective and unconflicted oversight, as evidenced by shareholder votes at our 2022 annual meeting:

- 100% of the shares voted to declassify the board
- 58.6% of shares voted to require a majority vote to elect uncontested directors. As of this filing, the Board has failed to adopt this measure.<sup>1</sup>
- 24% of shares voted against the advisory vote on executive officers' compensation

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.

This request should be seen in the context that our Company does not have any limit on the number of boards our directors can serve on. Neither does it allow shareholders to call special meetings or act by written consent. Our board is locked into an outdated governance structure that reduces accountability to shareholders, increasing the likelihood of stagnation.

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

1. Zombies on Board: Investors Face the Walking Dead (<https://www.msci.com/www/blog-posts/zombies-on-board-investors-face/02161045315>)



### **Independent Board Chair**

PPG Industries, Inc.

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

This policy shall apply prospectively 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**

We believe that an independent Chair will enhance the independent leadership of the Board. In our opinion, the Board’s oversight of management can be diminished when the Board Chair is not an independent director. We favor having an independent Board Chair to provide a more robust oversight of risk including of environmental, social, and governance issues. Independent board chairs have become more common in recent years. In 2021, 37 percent of S&P 500 boards were chaired by an independent director, compared to 21 percent a decade ago.<sup>1</sup>

Our Company has announced that Michael McGarry intends to retire as Executive Chairman of the Company on October 1, 2023. Prior to Tim Knavish’s appointment as Company CEO, Mr. McGarry had served as Chair and CEO since 1016. In our view, this leadership transition provides the opportunity for the Board to appoint an independent director as Chair. We note that Mr. McGarry joined the Company in 1981 and Mr. Knavish joined the Company in 1987. While this long service with the Company is commendable, we believe that having an independent director serve as Chair will bring a valuable outside perspective to Board deliberations.

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 more balance 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 management conflicts that exist when the CEO or other executive also serves as a chairman.”<sup>3</sup>

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

1. Spencer Stuart, 2021 U.S. Spencer Stuart Board Index, 2021, <https://www.spencerstuart.com/-/media/2021/october/ssbi2021/us-spencer-stuart-board-index-2021.pdf>

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

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

### **Transition to Elect Directors by Majority Vote**

#### **Lantheus Holdings Inc.**

*A similar resolution was submitted to Paycom Software Inc.*

**RESOLVED:** Shareholders of Lantheus Holdings, Inc. ('Lantheus') request the Board of Directors amend our Lantheus' policies, articles of incorporation and/or bylaws to provide that director nominees be elected by the affirmative vote of the majority of votes cast, with a plurality vote standard retained for contested director elections, that is, when the number of director nominees exceeds the number of board seats. This proposal includes that a director who receives less than a majority vote be removed as soon as a replacement director can be qualified on an expedited basis. If such a removed director has key experience, they can transition to a consultant or director emeritus. With written justification, the board can set an effective date several years into the future for these changes to take effect.

**SUPPORTING STATEMENT:** To provide shareholders a meaningful role in director elections, Lantheus' current director election standard should transition from a plurality vote standard to a majority vote standard when only board-nominated candidates are on the ballot.

Under Lantheus' current voting system, a director can be elected if all shareholders oppose the director but one shareholder votes FOR, even by mistake. 91.6% of companies in the S&P 500 have adopted majority voting for uncontested elections.

In 2022 majority shares voted FOR similar proposals at 2U Inc. (97.9% for), Warrior Met Coal (66.5%), nCino (98.8%), and IQVIA Holdings (58.6%).

Vanguard, one of our largest shareholders, wrote: "If the company has plurality voting, a fund will typically vote for shareholder proposals requiring majority vote for election of directors." BlackRock wrote: "Majority voting standards assist in ensuring that directors who are not broadly supported by shareholders are not elected to serve as their representatives." Many of our other large shareholders have similar proxy voting policies.

Our outdated governance structure reduces accountability. We should not risk Zombies on Board: Investors Face the Walking Dead (<https://www.msci.com/www/blog-posts/zombies-on-board-investors-face/02161045315>).

Note: SEC rules provide that if shareholders fail to present proposals, without good cause, companies can exclude their proposals for two years. Yet, Lantheus arrogantly treats the process as an empty ritual. At our 2022 annual shareholder meeting, voting was closed immediately following presentation of the last proposal, allowing shareholders no time to vote or change their vote based on the information presented. That was disrespectful.

Carl Hagberg, well-known inspector of elections, suggests that after all proposals have been introduced, companies announce that polls will remain open for 10 more minutes during a discussion or question-and-answer period "to allow voters who have not yet voted or who wish to change their votes online to do so."<sup>1</sup>

1. Carl T. Hagberg & Associates, How and When to Properly Open and Close the Polls, The Shareholder Service Optimizer, Second Quarter 2022 <https://optimizeronline.com/how-and-when-to-properly-open-and-close-the-polls/>

### **Shareholder Ratification of Termination Pay**

#### **Electronic Arts Inc.**

*A similar resolution was submitted to Activision Blizzard, Inc.*

**RESOLVED:** Shareholders of Electronic Arts Inc. (Company) request the Board seek shareholder approval of any senior manager's new or renewed pay package that provides for severance or termination payments with an estimated value exceeding 2.99 times the sum of the executive's base salary plus target short-term bonus.

"Severance or termination payments" include cash, equity or other compensation that is paid out or vests due to a senior executive's termination for any reason. Payments include those provided under employment agreements, severance plans, and change-in-control clauses in long-term equity plans, but not life insurance, pension benefits, or deferred compensation earned and vested prior to termination.

"Estimated total value" includes; lump-sum payments; payments offsetting tax liabilities; perquisites or benefits not vested under a plan generally available to management employees; post-employment consulting fees or office expense; and equity awards if vesting is accelerated, or a performance condition waived, due to termination.

The Board shall retain the option to seek shareholder approval after material terms are agreed upon.

#### **SUPPORTING STATEMENT:**

Generous performance-based pay can be good but shareholder ratification of "golden parachute" severance packages with a total cost exceeding 2.99 times base salary plus target short-term bonus better aligns management pay with shareholder interests.

For instance, at one company if the CEO is terminated without cause, whether or not his termination follows a change in control, he will receive \$39 million in termination payments, nearly 7-times his base salary plus short-term bonus.

It is in the best interest of Company shareholders to be protected from such lavish management termination packages.

It is important to have this policy in place so that Company management focuses on improving company performance, instead of possible business combinations to trigger a golden parachute windfall.

This proposal is more important at our Company because of the tendency to overpay management or provide the wrong management pay incentives. Pay was rejected by 8% of shares in 2022, 58% in 2021, 74% in 2020, whereas a 5% rejection is more the norm.

Consider also: Contrary best practice,<sup>1</sup> our Company closed polls about fifteen seconds after presentation of the last proposal at its 2022 annual meeting. If shareholders fail to present their proposals, companies can exclude proposals for two years. Our company treats voting at the meeting as an empty ritual.

1. <https://optimizeronline.com/how-and-when-to-properly-open-and-close-the-polls/>

### Shareowners Right to Call Special Meeting

Chevron Corp.

RESOLVED: Chevron Corporation stockholders request that the Board of Directors give holders of 10% of outstanding common stock the power to call a special shareowners meeting, by taking the steps needed to amend Company bylaws and related governing documents. As fully as permitted, such bylaw shall not contain exceptions or excluding conditions that apply to shareowners but not to the management or Board.

#### SUPPORTING STATEMENT

Management's handling of a range of issues has increased both risk and cost to shareholders, which necessitates the protective response of reducing the threshold to call a special meeting.

A recent report, *Chevron's Global Destruction*,<sup>1</sup> documents legal actions filed against Chevron and its subsidiaries globally. It provides evidence that Chevron is liable for \$55 billion in judgments and seizure claims globally, including interest. This report was the focus of a U.S. House Oversight Committee hearing entitled: *Fueling the Climate Crisis: Exposing Big Oil's Disinformation Campaign to Prevent Climate Action*.

Perhaps the largest of these issues is the ongoing effort by Ecuadorian communities to enforce a \$9.5 billion judgment against Chevron for devastating oil pollution (the "Judgment").

Chevron claims "several international courts have determined the Ecuadorian Judgment to be fraudulent." However, the only trial court to review the merits of the evidence was Ecuador's, and the only appellate courts to review the evidence de novo also ruled for the Ecuadorians. Decisions from Brazil and Argentina were made on procedural grounds only, and did not find the Judgment fraudulent. A non-court private investor arbitration panel that determined fraud is suspect because the Ecuadorians were neither a party to the proceeding nor allowed to present evidence.

In contrast, Chevron's principal witness in a RICO trial was Alberto Guerra, who later recanted key testimony and admitted:

- (a) That he received nearly \$500,000 in cumulative payments from Chevron; and
- (b) That Chevron's law firm – Gibson Dunn & Crutcher – coached him more than 50 times before he delivered his false testimony. CEO/board chair Michael Wirth has not responded to the House Oversight Committee's question whether he had approved this use of shareholder funds to obtain false testimony.

Mr. Wirth's statements regarding the Judgment were challenged in the House Oversight hearings referenced above, where it was learned that Wirth had told shareholders "[there is] no scientific evidence of contamination." In subsequent questioning, Wirth was formally asked: "[if there is] no scientific evidence... why did [the Company] spend \$40 million to... remediate?" Wirth remained silent, and also refused to answer questions on how much money has been spent on litigation and PR regarding the Ecuador matter.

Though the Ecuadorian Judgment continues to represent a serious liability, it is only the most striking of numerous examples of ineffectual oversight.

THEREFORE: Because these matters evidence systemic errors in prudence, as well as accountability gaps in Chevron's C-suite, shareholders need the enhanced protections a 10% special meeting threshold can provide.

Please vote FOR this Special Meeting proposal.

### Executive Incentive Compensation - Compliance Costs

#### Bristol-Myers Squibb Company

*Similar resolutions were submitted to Abbott Laboratories and Pfizer, Inc.*

RESOLVED that shareholders of Bristol-Myers Squibb Company (“Bristol-Myers” or “the Company”) urge the Board of Directors to adopt a policy that no financial performance metric shall be adjusted to exclude Legal or Compliance Costs when evaluating performance for purposes of determining the amount or vesting of any senior executive Incentive Compensation award. “Legal or Compliance Costs” are expenses or charges associated with any investigation, litigation or enforcement action related to drug manufacturing, sales, marketing or distribution, including legal fees; amounts paid in fines, penalties or damages; and amounts paid in connection with monitoring required by any settlement or judgement of claims of the kind described above. “Incentive Compensation” is compensation paid pursuant to short-term and long-term incentive compensation plans and programs. The policy should be implemented in a way that does not violate any existing contractual obligation of the Company or the terms of any compensation or benefit plan. The Board shall have discretion to modify the application of this policy in specific circumstances for reasonable exceptions and in that case shall provide a statement of explanation.

SUPPORTING STATEMENT: The Investors for Opioid and Pharmaceutical Accountability (IOPA), a coalition of 67 investors with \$4.2 trillion in assets under management has been engaging companies on issues of good corporate governance for several years. As shareholders bear the financial impacts of legal settlements related to inadequate assessment of how business decisions would impact possible litigation, the IOPA believes executives should similarly be accountable for the financial impacts of those decisions.

Bristol-Myers (BMS) adjusts certain financial metrics when calculating progress for executive incentive compensation. While some adjustments may be appropriate, we believe senior executives should not be insulated from all legal costs as a matter of policy.

These considerations are especially critical for pharmaceutical companies because of the industry’s high legal and regulatory risks related to product safety and the industry’s commercial practices. BMS, in particular, is facing several concerning lawsuits, including:

- A \$6.4 billion class action lawsuit filed on behalf of former shareholders of Celgene Corporation who received Contingent Value Rights for violations of the federal securities laws.<sup>1</sup>
- A \$75 Million, plus interest, settlement to resolve allegations that it knowingly underpaid rebates owed under the Medicaid Drug Rebate Program<sup>2</sup>
- \$11 million to settle a lawsuit that accused several drugmakers of conspiring to block generic competition to HIV medicines.<sup>3</sup>

Companies that opt to align the interests of executive and shareholders through the structure of the executive compensation plan sever that alignment when litigation is simply cherry picked out of the calculation. Some firms have chosen to address this issue by voluntarily reducing CEO pay in response to large litigation fees. For example, following discussions with the IOPA and other shareholders, AmerisourceBergen, Cardinal Health, and McKesson reduced CEO pay in light of opioid-related litigation settlements. While the IOPA views the amounts of the reductions as less than warranted, we applaud the decision to acknowledge that incentives matter. We urge shareholders to vote for this proposal.

1. <https://www.fiercepharma.com/pharma/bristol-myers-loses-bid-toss-64-billion-cvr-lawsuit-tied-celgene-takeover-breyanzi-approval>

2. <https://www.justice.gov/usao-edpa/pr/bristol-myers-squibb-pay-75-million-resolve-false-claims-act-allegations-underpayment>

3. <https://www.statnews.com/pharmalot/2022/04/14/bristol-gilead-hiv-aids-antitrust/>

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

Amazon.com, Inc

RESOLVED: Shareholders of Amazon.com, Inc. (the “Company”) request that the Leadership Development and Compensation Committee of the Board of Directors (the “Committee”) take into consideration the pay grades and/or salary ranges of all classifications of Company employees when setting target amounts for senior executive officer compensation. The Committee should describe in the Company’s proxy statements 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

This proposal encourages the Leadership Development and Compensation Committee (the “Committee”) to consider whether the Company’s senior executive officer compensation is internally aligned with the Company’s pay practices for its other employees. To ensure that our Company’s senior executive compensation is reasonable relative to our Company’s overall employee pay philosophy and structure, we believe that the Committee should also consider the pay of all Company employees when setting senior executive compensation.

This proposal does not require the Committee to use employee pay data in any specific way to set senior executive compensation. Rather, this proposal is a recommended improvement to the Committee’s process for setting the dollar amounts of senior executive compensation. Under this proposal, how the Committee would consider employee compensation is within its discretion. The Committee also will retain authority to use peer group data or any other relevant information when setting senior executive compensation levels.

Like at many companies, our Company has used peer group benchmarks to set its senior executive pay. Over time, using peer group benchmarks to set senior executive compensation can lead to pay inflation. Although many companies target executive compensation at the median of their peer group, certain companies have targeted their executive pay above median. In addition, peer groups may include larger or more successful companies where executive compensation is higher. (Charles Elson and Craig Ferrere, “Executive Superstars, Peer Groups and Overcompensation,” *Journal of Corporation Law*, Spring 2013.)

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

We note that in 2021, the annual total compensation of our Company’s CEO was \$212.7 million compared to the Company’s median employee compensation of \$32,855. Nearly all of our Company’s 2021 CEO compensation was in the form of time-vesting restricted stock that did not include performance criteria. The Company’s CEO to median employee pay ratio was 6,474:1 in 2021, the highest pay ratio out of all S&P 500 Index companies in that year.

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

#### **Walmart Stores, Inc.**

**RESOLVED:** Shareholders of Walmart Stores, Inc. (“Walmart”) request the adoption of a policy that recommends the Compensation and Management Development Committee (“Committee”) of the Board of Directors to take into consideration the pay grades and/or salary ranges of all classifications of Walmart employees when setting target amounts for chief executive officer (“CEO”) compensation. Compliance with this policy is excused if it violates any existing contractual obligation or the terms of any existing compensation plan.

**SUPPORTING STATEMENT:** This proposal encourages the Committee to consider whether the CEO’s compensation is internally aligned with Walmart’s pay practices for its other employees. 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, 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 and the Committee retains authority to use peer group data or other relevant information when setting CEO pay targets.

There are potential risks to employee morale and company reputation from excessive CEO pay.<sup>1</sup> The 2021 proxy season showed substantial increases in shareholder opposition to CEO pay packages, with a record 16 pay packages rejected. Additionally, As You Sow’s annual “The Most Overpaid CEOs report” notes that since its inaugural report in 2015, companies with the most overpaid CEOs have provided lower returns for shareholders than the average S&P 500 company.<sup>2</sup> Walmart has been listed in As You Sow’s annual top 100 most overpaid CEOs since 2017.

A 2022 survey of Americans found that 87% agree the growing CEO to worker pay gap is a problem and 73% feel that most CEOs of America’s largest companies are compensated too much.<sup>3</sup> Additionally, of those surveyed, 85% agree that companies can make meaningful impact to reduce income inequality by raising their minimum wage to a living wage.

The United States is currently experiencing the highest inflation in 40 years, which is having devastating impacts on low-wage workers.<sup>4</sup> Although Walmart has gradually raised wages for its hourly associates, these gains have been outpaced by rising inflation. In a recent paper, economists found that households earning less than \$30,000 a year consistently experienced higher realized inflation than those earning more than \$100,000 a year and are more negatively impacted by faster price growth of essential products and services.<sup>5</sup> The fiscal 2022 annual total compensation of Walmart’s median associate was \$25,335, compared to \$25,670,673 for the CEO exceeding 1000 to 1 ratio.<sup>6</sup>

Given Walmart’s acknowledgement that “investing in frontline retail workers also creates value beyond Walmart,”<sup>7</sup> we believe that evaluating the pay grades for all employees when determining CEO compensation would help demonstrate Walmart’s commitment to supporting its associates and help mitigate risks associated with growing CEO-worker pay gaps.

1. <https://www.sciencedirect.com/science/article/abs/pii/S0022103118300829>

2. <https://www.asyousow.org/report-page/the-100-most-overpaid-ceos-2022>

3. [https://justcapital.com/wp-content/uploads/2022/05/JUST-Capital\\_Worker-CEO-Pay-Survey-Analysis\\_May-2022-min.pdf](https://justcapital.com/wp-content/uploads/2022/05/JUST-Capital_Worker-CEO-Pay-Survey-Analysis_May-2022-min.pdf)

4. <https://www.washingtonpost.com/business/2022/02/13/low-income-high-inflation-inequality/>

5. <https://www.nber.org/papers/w29640>

6. <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000104169/a261ae26-0b4f-4001-9117-46261df3bca7.pdf>

7. <https://corporate.walmart.com/esgreport/human-capital-good-jobs-advancement-for-associates>

## Tax Transparency Report

Amazon.com, Inc

*Similar resolutions were submitted to Chevron Corp., ConocoPhillip, and Exxon Mobil Corporation.*

**RESOLVED:** Shareholders request that the Board of Directors issue a tax transparency report to shareholders, at reasonable expense and excluding confidential information, prepared in consideration of the indicators and guidelines set forth in the Global Reporting Initiative's (GRI) Tax Standard.

Supporting Statement: The GRI Standards are the world's most utilized corporate reporting standard.<sup>1</sup> The GRI Tax Standard - GRI 207 - is the first comprehensive, global standard for public tax disclosure. It includes four components. GRI 207-1, 207-2, and 207-3 require companies to disclose their approach to tax; their tax governance, control, and risk management; and their stakeholder engagement and management of concerns related to tax, respectively. 207-4 requires public country-by-country reporting (CbCR) of certain company financial information, including revenues, profits and losses, and tax payments within each jurisdiction.<sup>2</sup> GRI 207 also recommends disclosing "industry-related and other taxes or payments to governments." Given the significance of other project-specific payments to governments in the oil and gas sector, GRI identifies disclosures of all significant project-level payments to governments as relevant for that sector in reporting under the Tax Standard.<sup>3</sup>

Tax transparency is increasingly important to investors. The PRI, representing investors with \$89 trillion assets under management, states that tax avoidance is a key driver of inequality.<sup>4</sup> Economic challenges have increased government concern about corporate tax avoidance, and 96% of US companies expect more tax disputes as governments become more rigorous in tax examinations.<sup>5</sup>

In October 2021, 136 countries agreed to a global tax reform framework.<sup>6</sup> Further, in November 2021, the European Union approved a directive to implement public CbCR for large multinationals operating there.<sup>7</sup> In October 2022, the Australian government proposed inclusion of CbCR for multinational companies contracted by the government in the 2022-2023 federal budget.<sup>8</sup>

Currently, Amazon does not disclose revenues, profits or tax payments in non-US markets, challenging investors' ability to evaluate the risks to our company of taxation reforms, or whether Amazon is engaged in responsible tax practices that ensure long term value creation for the company and the communities in which it operates.

Amazon's approach to taxation has been repeatedly challenged by tax authorities globally.<sup>9</sup> In 2020, Amazon was singled out by President Biden as having paid no federal corporate income tax in the U.S.<sup>10</sup>

A GRI-compliant tax transparency report would bring Amazon.com in line with leading companies who report using the Tax Standard,<sup>11</sup> Our company already reports CbCR information to OECD tax authorities privately, so any increased burden is negligible.

We urge shareholders to vote FOR this proposal.

1. <https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/11/the-time-has-come.pdf>
2. <https://www.globalreporting.org/standards/media/2482/gri-207-tax-2019.pdf>
3. <https://www.globalreporting.org/standards/standards-development/sector-standard-for-oil-and-gas/>
4. <https://www.globalreporting.org/about-gri/news-center/backing-for-gri-s-tax-standard/>
5. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/gx-beps-global-survey-summary-results-2022.pdf>
6. <https://www.oecd.org/tax/international-community-strikes-a-ground-breaking-tax-deal-for-the-digital-age.htm>
7. <https://www.internationaltaxreview.com/article/b1vf7yc65qzcd/this-week-in-tax-eu-on-track-for-public-cbr-by-2023>
8. <https://home.kpmg/us/en/home/insights/2022/10/tnf-australia-public-cbc-reporting-proposed-federal-budget.html>
9. <https://www.reuters.com/article/us-france-amazon-tax-idUSKBNiFP1FU>;  
<https://theguardian.com/technology/2017/pct/04/amazon-eu-tax-irish-government-apple>
10. <https://reuters.com/article/us-usa-biden-amazon-taxes-idUSKBN2BN3LL>
11. <https://www.globalreporting.org/news/news-center/momentum-gathering-behind-public-country-by-country-tax-reporting/>



## Tax Transparency Report Microsoft Corporation

RESOLVED: Shareholders request that the Board of Directors issue a tax transparency report to shareholders, at reasonable expense and excluding confidential information, prepared in consideration of the indicators and guidelines set forth in the Global Reporting Initiative's (GRI) Tax Standard.

### SUPPORTING STATEMENT

Profit shifting by corporations is estimated to cost the US government \$70 - 100 billion annually.<sup>1</sup> Globally, the OECD estimates revenue losses of \$100 – 240 billion.<sup>2</sup> The PRI, representing investors with \$89 trillion assets under management, states that tax avoidance is key driver of global inequality.<sup>3</sup>

With the COVID-19 pandemic resulting in large deficits for many governments, there has been increased government and community focus on whether corporations are paying a “fair share” of tax and contributing to societies where profits are earned. 90% of companies believe that the financial impacts of the pandemic may lead to more tax disputes, while 38% expect authorities to become more rigorous in tax examinations.<sup>4</sup>

In October 2021, 136 countries agreed to a framework for global tax reform.<sup>5</sup> In the US, increases in infrastructure and social spending are linked to tax reforms.<sup>6</sup> The proposed Disclosure of Tax Havens and Offshoring Act will require public country-by-country reporting (CbCR) of financial (including tax) data by SEC-registered companies. In November 2021, the European Union approved a directive to implement a form of public CbCR for multinationals operating in the European Union with group revenue of over \$860 million.<sup>7</sup>

Currently, Microsoft does not disclose revenues or profits in non-US markets, and foreign tax payments are not disaggregated, challenging investors' ability to evaluate the risks to our company of taxation reforms, or whether Microsoft is engaged in responsible tax practices that ensure long term value creation for the company and the communities in which it operates. Microsoft's approach to taxation has been repeatedly challenged by tax authorities globally.<sup>8</sup> In 2020, an Irish subsidiary recorded profits of \$315 billion, despite having no employees.<sup>9</sup>

The GRI Standards are the world's most utilized reporting standard.<sup>10</sup> The GRI Tax Standard was developed in response to investor concerns regarding the lack of corporate tax transparency and the impact of tax avoidance on governments' ability to fund services and support sustainable development.<sup>11</sup> It is the first comprehensive, global standard for public tax disclosure and requires public reporting of a company's business activities, including revenues, profits and losses, and tax payments within each jurisdiction.<sup>12</sup>

This proposal would bring our company's disclosures in line with leading companies who already report using the Tax Standard.<sup>13</sup> Our company already reports CbCR information to OECD tax authorities privately, so any increased reporting burden is negligible.

1. <https://thefactcoalition.org/trillions-at-stake-behind-the-numbers-at-play-in-u-s-international-corporate-tax-reform/>

2. <https://www.washingtonpost.com/us-policy/2020/11/19/global-tax-evasion-data/>

3. <https://www.globalreporting.org/about-gri/news-center/backing-for-gri-s-tax-standard/>

4. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/dttl-tax-beps-survey-2021-report.pdf>

5. <https://www.oecd.org/tax/international-community-strikes-a-ground-breaking-tax-deal-for-the-digital-age.htm>

6. <https://thefactcoalition.org/international-tax-reform-in-build-back-better-act-a-promising-start/>

7. <https://www.internationaltaxreview.com/article/b1vf7yc65qzcd/this-week-in-tax-eu-on-track-for-public-cbcr-by-2023>

8. <https://www.propublica.org/article/the-irs-decided-to-get-tough-against-microsoft-microsoft-got-tougher>; <https://www.theguardian.com/australia-news/2015/apr/08/google-apple-and-microsoft-defend-tax-set-up-that-shifts-revenue-offshore>

9. <https://www.theguardian.com/world/2021/jun/03/microsoft-irish-subsidiary-paid-zero-corporate-tax-on-220bn-profit-last-year>

10. <https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/11/the-time-has-come.pdf>

11. <https://www.globalreporting.org/about-gri/news-center/backing-for-gri-s-tax-standard/>

12. <https://www.globalreporting.org/standards/media/2482/gri-207-tax-2019.pdf>

13. <https://www.globalreporting.org/about-gri/news-center/momentum-gathering-behind-public-country-by-country-tax-reporting/>

### **Asset Management Policies and Diversified Investors**

#### **State Street Corporation**

RESOLVED: Shareholders request the board of State Street Corporation (Company) commission and disclose a report on:

- Conflict of interest between executives of portfolio corporations and Company clients, whose investments could benefit from reductions in the social and environmental costs those corporations externalize,
- Whether Company stewardship practices could better account for this conflict, and
- Actions the Company could take to address this conflict including:
  - a. Assessing systemic impacts on diversified portfolios;
  - b. Soliciting input from clients;
  - c. Initiatives to modify executive incentives; and
  - d. Adopting voting policies that account for portfolio impacts of externalized costs.

The report should account for legal limitations on Company actions, including limitations imposed by fiduciary duty.

SUPPORTING STATEMENT: Our Company manages \$4 trillion of client assets. Many clients or beneficiaries are workers saving for retirement. Most clients and savers likely have diversified portfolios in line with modern investing principles.

Company stewardship policies do not account for diversification. Policies ignore the conflict between the interests of corporate executives and diversified investors. Executives are incentivized to maximize the financial returns of their own company. Diversified investors are best served by preserving healthy social and environmental systems that support all their investments because diversified portfolio returns directly correlate to the value of the overall economy.<sup>1</sup> This creates a conflict whenever executives must choose between maximizing their own company's value or preserving the broader economy.

These conflicts frequently arise because companies can increase their profits through social and environmental practices that burden the economy, such as emitting too much carbon, poorly managing data, and violating human rights instead of offering good-paying jobs. While these decisions may increase a company's cash flow, they burden the economy, threatening the diversified portfolios of ordinary workers, institutional investors, and other savers the Company serves.

Company stewardship activities, such as engaging with portfolio companies, voting proxies, and advocating for public policy, should address this conflict by stewarding companies away from practices that degrade the global commons, even when those practices profit the company in question.

Instead, the Company appears to follow a "share primacy" model and only stewards portfolio companies to improve social and environmental practices if doing so directly improves their financial performance.<sup>2</sup> As a result, the Company is not protecting its clients from corporate practices that threaten both their investment portfolios and critical environmental and social systems.

The requested report would help determine whether and how clients would benefit from more systems-oriented stewardship.

1. [https://www.unepfi.org/fileadmin/documents/universal\\_ownership\\_full.pdf](https://www.unepfi.org/fileadmin/documents/universal_ownership_full.pdf); [https://archive.fortune.com/magazines/fortune/fortune\\_archive/2001/12/10/314691/index.htm](https://archive.fortune.com/magazines/fortune/fortune_archive/2001/12/10/314691/index.htm) (total market capitalization to GDP "is probably the best single measure of where valuations stand at any given moment") (quoting Warren Buffet)

2. <https://www.ssga.com/library-content/pdfs/ic/global-Proxy-Voting-and-engagement-guidelines-es-issues.pdf>

## Diversity and Racial Justice

Corporate America continues to underperform on many critical issues related to racial justice, diversity, equity, and inclusion (DEI). Of the 100 companies tracked by Just Capital, only 22 percent disclose the results of their pay equity analyses, and only 23 percent disclose their diversity targets for hiring, workforce composition, promotion, and retention. Moreover, the layoffs currently sweeping the tech industry are reportedly gutting diversity and inclusion departments, which will likely exacerbate diversity performance in the sector.

ICCR member racial justice and DEI filings frequently call for racial equity and civil rights audits, pay equity, diversity on boards of directors, and reports on the negative impacts of policies and practices on communities of color. ICCR member DEI and racial justice filings stand at 85 this year with the largest group of these (26 proposals) calling for greater disclosure of material corporate DEI data. The second largest group called for racial equity audits (25), while the third largest addressed gender and racial pay gaps (16).

Corporate efforts to address racial injustice must begin with identifying the adverse impacts of company policies, practices, and actions, as



### Diversity and Racial Justice 85

| Proposal Topic | Quantity |
|----------------|----------|
|----------------|----------|

For the full list of investors who filed these resolutions, see p. 250.

|   |    |
|---|----|
| Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data | 26 |
| Racial Equity Audit   | 25 |
| Gender and Racial Pay Gap   | 16 |
| Risks Associated with Concealment Clauses                                     | 4  |
| Civil Rights Audit  | 3  |
| Report on Whether Company Policies Reinforce Racism in Company Culture        | 2  |
| Review Effectiveness of Company's Anti-Harassment Efforts                     | 2  |
| Board Diversity   | 1  |
| Disclose Plans and Policies Aligned with Achieving Racial Equality            | 1  |
| Diversity Targets   | 1  |
| Equal Employment Opportunity Report   | 1  |
| Underwriting Police Insurance   | 1  |
| Wage and Equity Report  | 1  |
| Workplace Sexual Harassment Assessment  | 1  |

a roadmap for mitigating and/or remedying harms. A comprehensive racial equity audit (REA) does this by helping companies identify, prioritize, remedy and avoid adverse impacts on Black, Indigenous and people of color (BIPOC) stakeholders.

Last year was a banner year for resolutions calling for REAs; 11— close to half of the 30 REA resolutions filed — were withdrawn by their proponents after the successful negotiation of agreements with corporate management. Among them were agreements reached at JPMorgan Chase, Pfizer, and Verizon. Of those REA resolutions that went to a vote, many saw high votes including five majority votes — Apple (53.5%), Constellation Software (62.8%), Home Depot (62.8%), Johnson & Johnson (62.6%), and Maximus (64%).



**Edgar Hernández**

*Assistant Director, Department of Strategic Initiatives, SEIU Pension Plans Master Trust*

### **Racial and workforce equity for socially sustainable investments**

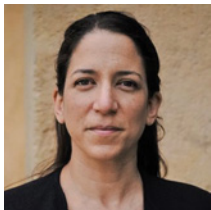
As we mourn the death of young Tyre Nichols at the hands of Memphis police in January, we are reminded of the work we began nearly three years ago in the wake of the police murder of George Floyd. Police killings of Black people across the U.S. continue to galvanize the movement for racial justice, and corporations continue to be held accountable socially and legally for their role in furthering the economic and political repression of nonwhite communities. A few such recent examples include companies where we filed racial equity audits this year, including Wells Fargo, GEO Group, and Valero Energy.

Growing unrest among frontline service workers and healthcare workers, far too many of whom count their friends and colleagues among the million fatal victims of the COVID-19 pandemic, has evolved into concerted labor activity across multiple cities. Companies' reactionary responses to their workers' calls for improved investments in their health and safety have ranged from outright public defiance to unfair labor practices. This has been the case at Starbucks, for example, where an individual worker-shareholder filed a resolution relating to the company's human capital management practices. HCA Healthcare is another example of a company facing a worker-shareholder resolution this year regarding their workforce management practices, after multiple calls to address chronic short-staffing issues went unanswered or dismissed by HCA, which has similarly garnered recent attention from media, regulators, and policymakers.

A wide range of responsible investors, from religious and labor organizations to private endowments and public pension funds, have been calling on companies to engage in more comprehensive and credible assessments of their impacts on nonwhite stakeholders and their workforces. The Service Employees International Union Master Trust, the SOC Investment Group, Trillium Asset Management, SHARE, and Parnassus Investments, as well as several public officials on behalf of government workers' pension funds, have been at the forefront of this effort, securing dozens of agreements and majority votes to conduct third-party assessments on companies' products, policies, and practices, and their impact on racial equity, civil rights, and workers' rights to freedom of association and collective bargaining. This year, investors will finally begin to see the fruits of this labor, as we expect the first reports will be made public at the end of Q1.

We hope to continue to build on last year's success, and we invite all shareholders to vote to hold boards accountable for perpetuating and exacerbating systemic racism and the associated risks to diversified investors.





**Meredith Benton**  
*Principal and Founder, Whistle Stop Capital*



**Jaylen Spann**  
*Lead Research Associate, Whistle Stop Capital*

**Investors are requesting that companies release data that shows the effectiveness of corporate diversity, equity, and inclusion (DEI) efforts using quantitative metrics, not just narrative or anecdotal examples.** In addition to EEO-1 reports, which show workforce diversity, they

are asking for reporting on inclusion factors: hiring, promotion, and retention rates by gender, race, and ethnicity. Workforce diversity and inclusion factors, in tandem, allow investors to better understand how well a company manages its workplace.

In preparation for the 2023 proxy season, Whistle Stop Capital supported its clients in filing resolutions or speaking to over 30 companies. Resolutions were prioritized for those companies that: have a large number of employees, offer limited data disclosure, have concerning allegations of racial or discriminatory incidents, and/or were unresponsive to investor outreach. These companies have been asked to, within two years, release their EEO-1 reports and at least two of the three inclusion factors. The flexibility of the two-year time frame is helpful for those companies still building confidence in their back-end data systems, while other companies have new DEI-focused initiatives and want the numbers they release to be more reflective of the organizations they are becoming.

In just one year, from January 2022 until January 2023, we have seen a remarkable increase in companies committing to releasing these data sets. Around 40 additional companies have committed to increase their hiring rate disclosure, around 20 additional companies have committed to promotion rate disclosure, and almost 25 additional companies to retention rate disclosure. As more companies commit to and release their data, putting increased pressure on competitors, we expect the rate of disclosure to increase even more quickly.<sup>1</sup>

1. Some companies already release gender or partially release race categories, so there is complexity in these calculations. All of this is tracked at *As You Sow's* public [Workplace Diversity, Equity and Inclusion Scorecard](#), which shows disclosure by sector, employee headcount, region, and market cap

### Racial Equity and Civil Rights Audits

Adverse corporate impacts highlighted by 2023 REA and CRA resolutions include racial disparities in lending, contracts with ICE, contributions to members of Congress who objected to certifying the 2020 presidential election results, donations made to police foundations, municipal bond offerings used to pay police brutality settlements, and funding that supports surveillance technology used to target communities of color and nonviolent protestors.

ICCR members filed 28 racial equity civil rights audit resolutions with companies in a range of industries, including ten banks and insurers, asking them to issue independent audits analyzing their adverse impacts on nonwhite stakeholders and communities of color, describing what steps, if any, they plan to mitigate those impacts. Among the companies receiving the resolutions were Alphabet, Bank of America, Chevron, GEO Group, and Johnson and Johnson.

### Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data

Numerous studies have demonstrated the benefits of a diverse workforce; companies in the top quartile for gender diversity, for instance, are 21 percent more likely to outperform on profitability.

In the second year of their campaign, investors filed resolutions calling for greater disclosure of material corporate diversity, equity, and inclusion data at twenty-six companies in a broad range of industries, including Bank of America, Block (f.k.a. Square), Disney, eBay, Eli Lilly, Ford, and others, emphasizing the importance of transparency on outcomes, and that quantitative metrics for hiring, retention, and promotion of employees should be used.



### Gender and Racial Pay Gap

Pay inequities across race and gender persist and have long-lasting systemic impacts. Black workers' hourly median earnings are roughly 64 percent of their white counterparts. Meanwhile, the median income for women working full time is 83 percent that of men. The wage gap has become particularly visible in the tech industry. In 2022, Google settled a \$118 million class-action lawsuit for systematically underpaying its female employees compared to their male peers in the same job code. Citigroup estimates that closing race and gender wage gaps 20 years ago could have generated an additional 12 trillion dollars in income. In January of 2023, California, Rhode Island, and Washington joined the group of states, cities, and counties enacting salary transparency laws intended to give workers more leverage to negotiate their earnings and close wage gaps.

ICCR members asked 16 companies this year including Amazon, Apple, BlackRock, and Netflix to report on their *median* pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, as well as risks related to recruiting and retaining diverse talent.

### Risks Associated with Concealment Clauses

Concealment clauses encompass any employment or post-employment agreement such as arbitration, non-disclosure or non-disparagement agreements, that a company asks its employees or contractors to sign as a way to deliberately limit their ability to discuss unlawful acts, including harassment and discrimination, happening in the workplace. Concealment clauses can thwart accountability and allow discrimination to thrive. The problem has been particularly prevalent in the tech sector, despite tech's frequently stated commitments to transparency and respecting human rights. Filings on concealment clauses last year were extremely successful, resulting in two agreements at Etsy and Salesforce, and three majority votes (Apple with 50.4%, IBM with 64.7% and Twitter with 68.9%).

In year two of their campaign and expanding beyond the initial set of tech sector companies, investors asked Autodesk, CVS Health, Digital Realty Trust, and Nordstrom, to report on the potential risks they face from their use of concealment clauses.

Investors also sent updated resolutions to Etsy and IBM asking them to review the effectiveness and outcomes of their efforts to prevent harassment and discrimination against their protected classes of employees and issue public reports of the findings.

## Racial Equity Audit

### Goldman Sachs Group Inc.

*Similar resolutions were submitted to Assured Guaranty Ltd., Comcast Corp., GEO Group Inc., and Wells Fargo & Company.*

RESOLVED that shareholders of Goldman Sachs Group, Inc. (“Goldman”) urge the Board of Directors to oversee an independent racial equity audit analyzing Goldman’s adverse impacts on nonwhite stakeholders and communities of color and the steps Goldman plans to take to mitigate such impacts. Input from civil rights organizations, employees, and customers should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on Goldman’s website.

#### SUPPORTING STATEMENT

High-profile police killings of black people have galvanized the movement for racial justice. That movement, together with the disproportionate impacts of the pandemic, have focused the attention of the media, the public and policy makers on systemic racism, racialized violence and racial inequities.

Goldman touts its \$10 million Fund for Racial Equity” and the \$17 million it “deployed” to “organizations supporting [COVID-19] relief efforts in communities of color.”<sup>1</sup> But Goldman’s own diversity and inclusion record is subpar. According to its EEO-1 report, while Black workers make up 7.4% of Goldman’s U.S. workforce; only 2.9% of senior managers and 3.1% of lower level managers are Black; the proportion of Black senior managers declined between the 2020 and 2021 People Strategy Reports.<sup>2</sup> A viral June 2020 email from a Black managing director stated: “[W]hile our firm expresses a commitment to equality and social justice up top, [junior colleagues] don’t necessarily see commitment and support from their direct managers.”<sup>3</sup>

Goldman’s proxy voting is misaligned with its stated commitment to racial equity. Of 14 large asset managers whose 2022 proxy voting records were analyzed by Majority Action, Goldman opposed more racial equity audit proposals than any manager besides Vanguard.

Goldman underwrites municipal bonds whose proceeds pay police brutality settlements. Goldman was lead underwriter for a 2017 Chicago offering that allocated \$225 million for settlements and judgments and a 2020 refunding bond intended to “plug[] a huge hole” in the Chicago budget,<sup>4</sup> including a \$90 million increase in the amount appropriated for settlements and judgments.<sup>5</sup> One report characterized these bonds as “a transfer of wealth from over-policed communities of color to Wall Street and wealthy investors.”<sup>6</sup>

Goldman’s philanthropy fund has donated to the Los Angeles, New York City, Houston and other police foundations,<sup>7</sup> and Goldman Sachs Asset Management co-chaired the New York City police foundation’s 2019 annual gala.<sup>8</sup> Police foundations buy equipment for police departments, including surveillance technology that has been used to target communities of color and nonviolent protestors.

We urge Goldman to assess its behavior through a racial equity lens to identify how it contributes to systemic racism, and how it could begin to help dismantle it.

1. <https://www.goldmansachs.com/citizenship/fund-for-racial-equity/index.html>

2. <https://www.goldmansachs.com/our-commitments/sustainability/2021-people-strategy-report/multimedia/report.pdf>, at 45.

3. <https://www.reuters.com/article/us-usa-goldman-sachs-race/goldman-sachs-executives-email-making-plea-for-racial-equality-goes-viral-at-firm-idUSKBN23C086>

4. <https://financialpost.com/pmnl/business-pmnl/chicago-eyes-bigger-budget-savings-from-upsized-bond-refunding>

5. <https://emma.msrb.org/ES1338805-ES1044119-ES1447851.pdf>, at 6.

6. <http://nathancummings.org/wp-content/uploads/PoliceBrutalityBonds-Jun2018-1.pdf>, at 7.

7. [https://policefoundations.org/wp-content/uploads/2021/10/Police-Report-2021\\_10\\_05\\_FINALV3.pdf](https://policefoundations.org/wp-content/uploads/2021/10/Police-Report-2021_10_05_FINALV3.pdf), at 33.1

8. <https://www.institutionalinvestor.com/article/b1m0xjc8wmn3mf/Color-of-Change-Calls-on-Larry-Fink-to-Stop-Supporting-NYC-Police-Foundation>

### Racial Equity Audit

#### Bank of Montreal

*Similar resolutions were submitted to Canadian Imperial Bank of Commerce (CIBC), National Bank of Canada, and Royal Bank of Canada.*

RESOLVED, shareholders request the Bank of Montreal (“BMO”) to conduct and publish (at reasonable cost and omitting proprietary information) a third-party racial equity audit analyzing BMO’s adverse impacts on non-white stakeholders and communities of colour. Input from civil rights organizations, employees, and customers should be considered in determining the specific matters to be analyzed.

SUPPORTING STATEMENT: As critical intermediaries, financial institutions play a key role in the society as they allow businesses and individuals to access essential economic opportunities through a broad range of financial products and services, including facilitating transactions, providing credit and loan services, savings accounts, and investment management. Because of the important role that financial institutions play in our economy and society, such institutions have a responsibility to ensure that their business operations, practices, policies and products and services do not have adverse impacts on non-white stakeholders and communities of colour.

A report from the Financial Consumer Agency of Canada studying frontline practices of six Canadian banks, including BMO, suggests that racialized or Indigenous bank customers are subjected to discriminatory practices.<sup>1</sup> Compared to other customers, visible minorities and Indigenous customers were more likely recommended products that were not appropriate for their needs, were not presented information in a clear and simple manner and were offered optional products, such as overdraft protection and balance protection insurance.

A December 2020 academic review commissioned by the British Columbia Securities Commission found estimates of unbanked Canadians (no official relationship with a bank) ranged from 3%-6%, and underbanked Canadians (who rely on fringe financial institutions like payday lenders) ranged from 15%- 28%.<sup>2</sup> The review found that underbanking has a disproportionate effect on Indigenous peoples, and that “financial access has been cited by researchers as an endemic problem in ‘low-income communities of color’.”

Canadian financial institutions, including BMO, have a responsibility to address financial discrimination and provide greater access to credit and other financial services to ensure all communities become economically resilient.

In recent years, BMO has been subject to negative media coverage on racial equity issues, including racial profiling and racial discrimination.<sup>3,4</sup> Such controversies may be indicative of systemic racial equity issues in the Company’s operations.

BMO’s current diversity, equity, and inclusion (“DEI”) commitments are insufficient to identify or address potential and existing racial equity issues stemming from its practices, policies, products, and services. For example, BMO’s Zero Barriers to Inclusion 2025 strategy does not address existing and/or potential racial equity issues stemming from the products and services it offers.

Racial equity issues present significant legal, financial, regulatory, and reputational business risks to the Company and its shareholders. A racial equity audit will help BMO identify, prioritize, remedy, and avoid adverse impacts on non-white stakeholders and communities of colour. Therefore, we urge BMO to assess its behaviour through a racial equity lens in order to obtain a complete picture of how it contributes to, and could help dismantle, systemic racism.

1. <https://www.canada.ca/en/financial-consumer-agency/programs/research/mystery-shopping-domestic-retail-banks.html>

2. [https://bcbasicincomepanel.ca/wp-content/uploads/2021/01/Financial\\_Inclusion\\_in\\_British\\_Columbia\\_Evaluating\\_the\\_Role\\_of\\_Fintech.pdf](https://bcbasicincomepanel.ca/wp-content/uploads/2021/01/Financial_Inclusion_in_British_Columbia_Evaluating_the_Role_of_Fintech.pdf)

3. <https://yellowheadinstitute.org/2020/02/27/banking-while-brown-indigenous-people-and-structural-racism-in-canada/>

4. <https://www.cbc.ca/news/canada/british-columbia/bmo-human-rights-complaint-1.5812525>



### **Racial Equity Audit**

Bank of America Corp.

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

#### SUPPORTING STATEMENT

Recently, the racial justice movement together with the disproportionate impacts of the COVID-19 pandemic on communities of color have focused the public’s and policy makers’ attention on racial equity issues. Following the June 2020 protests related to George Floyd’s murder, BofA announced it would commit \$1 billion to racial equity initiatives with an additional \$250 million in March 2021 because of the urgent need “to address long-standing issues of inclusion and racial inequality...”

BofA has a conflicted history when it comes to racial equity issues. In 2018, the Treasury Department’s Office of the Comptroller of the Currency found that the bank offered disproportionately fewer home loans to minorities than to white applicants in Philadelphia. The bank also closed 29.1% of branches in majority-Black communities compared to 18.4% in non-majority Black areas from 2010-2018, despite the important role that branches play in supporting small businesses. From an employment perspective, while the bank recently increased representation of minorities in its senior executive team, executive/senior level officials and managers comprise only 5% of Black employees and 4% of Hispanic employees according to its last EEO-1 report although 45% of its workforce are people of color.

While BofA has provided specific areas it plans to focus on, including funding affordable housing through minority depository institutions, its racial equity commitment does not address concerns related to its own financial products. Further, the bank provided \$15 billion in affordable home lending outside of its racial equity commitment, but this earmarked amount is a fraction of the bank’s own residential mortgage lending portfolio, valued at approximately \$215 billion in 2020. The bank has yet to provide information about how it plans to evaluate the racial impact of its direct lending as part of its strategy to address racial inequality.

Lastly, the bank’s corporate contributions are not fully aligned with its public statements: it donates to 11 police foundations that critics note bypass normal procurement processes to buy equipment for police departments, including surveillance technology that has been used to target communities of color.<sup>1</sup>

1. Little Sis. “Police Foundations: A Corporate Sponsored Threat to Democracy and Black Lives.” p. 28 and 51. Oct. 5, 2021, available at [https://policefoundations.org/wp-content/uploads/2021/10/Police-Report-2021\\_10\\_05\\_FINALV3.pdf](https://policefoundations.org/wp-content/uploads/2021/10/Police-Report-2021_10_05_FINALV3.pdf).

### Racial Equity Audit

#### KeyCorp

RESOLVED, that shareholders of KeyCorp urge the Board of Directors to oversee an independent racial equity audit analyzing the Company's adverse impacts on nonwhite stakeholders and communities of color and the steps KeyCorp is taking to mitigate such impacts. Input from civil rights organizations, employees, and customers should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on KeyCorp's website.

#### SUPPORTING STATEMENT

Among the top 50 mortgage lenders in 2021, KeyBank, the principal subsidiary of KeyCorp,<sup>1</sup> ranked last in loans made to Black borrowers.<sup>2</sup> Out of a total of 46,971 KeyBank loans, just 2.2% of total originations were made to Black borrowers.<sup>3</sup> Moreover, KeyBank is tied for second-worst at lending to majority-minority neighborhoods, with just 7% of its total loan originations.

From 2018, a year after entering into a Community Benefits Agreement to increase its lending to Low and Moderate Income borrowers,<sup>4</sup> through 2021, KeyBank showed a trend of less lending to both Low and Moderate Income and Black borrowers with each passing year.<sup>5</sup>

This trend is visible in nearly all of its top markets. In 19 of the 20 markets where KeyBank reported the most originations in 2021, it trailed the rest of that local market in lending to Black borrowers.<sup>6</sup>

The largest market for KeyBank in 2021 was Seattle, where it made 6,032 loans. Of those loans, just 83 went to a Black applicant. Black residents comprise 6% of the total Seattle population, yet just 1.4% of KeyBank's loans went to a Black borrower in 2021. Roughly one-third of KeyBank's 2021 home mortgage loans in Seattle were loans for the purchase of a home. Just 8 of the 2,184 home purchase loans KeyBank made in Seattle were made to a Black borrower. At 0.4%, this falls far short of other Seattle lenders, who made 4.5% of their home purchase loans to Black borrowers that year. In comparison, other lenders are over 12 times as likely than KeyBank to make a loan to a Black borrower to purchase a home.

Buffalo was KeyBank's second largest market in 2021, with 3,375 loan originations. The Buffalo metro is 11% Black, yet Black borrowers got a mortgage loan from KeyBank just 65 times that year, accounting for just 1.9% of the bank's total. This was less than half the rate at which other lenders served Black borrowers. Only 14 out of 652 KeyBank home purchase loans in the Buffalo area in 2021 were made to a Black borrower. Other lenders made 6.2% of their home purchase loans to Black home buyers that same year, nearly triple the rate of KeyBank. In neighborhoods with higher Black populations, there is almost no evidence of lending by KeyBank.

1. P. 6, <https://www.sec.gov/ix?doc=/Archives/edgar/data/91576/000009157622000029/key-20211231.htm>

2. [https://www.datawrapper.de/\\_/ng7zH/](https://www.datawrapper.de/_/ng7zH/)

3. [https://www.datawrapper.de/\\_/yLs06/](https://www.datawrapper.de/_/yLs06/)

4. [https://ncrc.org/wp-content/uploads/2016/03/keybank\\_summary\\_2\\_web.pdf](https://ncrc.org/wp-content/uploads/2016/03/keybank_summary_2_web.pdf)

5. <https://public.tableau.com/app/profile/ncrc.research/viz/KeyBankHomePurchaseLendingScatterplot/KeyBankHomePurchaseLending>

6. [https://www.datawrapper.de/\\_/1nkCS/](https://www.datawrapper.de/_/1nkCS/)

### Racial Equity Audit

#### TransUnion

RESOLVED that shareholders of TransUnion urge the Board of Directors to oversee a third-party racial equity audit analyzing TransUnion's adverse impacts on nonwhite stakeholders and communities of color, above and beyond legal and regulatory matters, and the steps TransUnion is taking to mitigate such impacts. Input from civil rights organizations, employees, and customers should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on the company's website.

SUPPORTING STATEMENT: Following the 2020 racial justice protests, TransUnion signed on to the CEO Action for Diversity & Inclusion Pledge.<sup>1</sup> In 2021, the company donated \$400,000 to help underrepresented individuals build credit.<sup>2</sup> As a major credit rating agency, TransUnion plays a significant role in the development of wealth creation among communities of color beyond just its donations and pledges. Approximately 54% of Black and 41% of Hispanic individuals have "no credit or a poor to fair credit score," according to a 2021 survey.<sup>3</sup> Lack of credit history or a poor credit score directly impacts housing, qualifying for a car loan, and in some cases even securing a new job.

The ability to build credit depends on both credit scores and credit reports, which are furnished by credit ratings agencies like TransUnion. The FICO score, the most common credit score, effectively incorporates centuries of racism and bias through its modeling. For example, 35%<sup>4</sup> of a FICO score is based on payment history, a large component of which is on-time mortgage payments, but not rental payments.<sup>5</sup> As of 2020, only 43.4% of Black Americans owned a home, suggesting the majority of Black Americans rent and would not see an improvement in their credit score despite paying rent on time.<sup>6</sup> Further, although 41% of Vantage Score, a credit model developed by TransUnion and other credit agencies, is based on timely rental payments,<sup>7</sup> the score will only include such information if it is furnished to the credit agency.<sup>8</sup>

Black consumers may also be disproportionately impacted by credit report errors. In 2021, the Consumer Financial Protection Bureau ("CFPB") found consumers living in majority Black neighborhoods were twice as likely to have a dispute appear on their report compared to consumers living in white neighborhoods.<sup>9</sup> Further, in October 2022, a House Subcommittee requested the CFPB investigate TransUnion and its fellow credit agencies for possible violations of the Fair Credit Reporting Act and failing to follow up on consumer disputes.<sup>10</sup> A third-party racial equity audit would assist in remedying the disparate impact of TransUnion's policies on communities of color.

1. <https://newsroom.transunion.com/transunion-joins-more-than-1000-ceos-in-commitment-to-advance-diversity-and-inclusion-in-the-workplace/>

2. <https://www.yahoo.com/entertainment/transunion-announces-400-000-commitment-123000041.html>

3. Megan Leonhardt, "Black and Hispanic Americans often have lower credit scores – here's why they're hit harder," January 28, 2021, <https://www.cnn.com/2021/01/28/black-and-hispanic-americans-often-have-lower-credit-scores.html>

4. <https://www.myfico.com/credit-education/whats-in-your-credit-score>

5. <https://www.myfico.com/credit-education/credit-scores/payment-history>

6. <https://www.nar.realtor/newsroom/u-s-homeownership-rate-experiences-largest-annual-increase-on-record-though-black-homeownership-remains-lower-than-decade-ago>

7. <https://www.nerdwallet.com/article/finance/vantagescore-4-0>

8. <https://vantagescore.com/can-rent-and-utilities-improve-your-credit-scores/>

9. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finds-credit-report-disputes-far-more-common-in-majority-black-and-hispanic-neighborhoods/>

10. <https://coronavirus.house.gov/news/press-releases/clyburn-cfpb-chopra-equifax-experian-transunion>

## Racial Equity Audit

### Chevron Corp.

**RESOLVED:** Shareholders request the Board of Directors commission and publicly disclose the findings of an independent racial equity audit, analyzing the adverse impacts of Chevron's policies and practices that discriminate against or disparately impact communities of color, above and beyond legal and regulatory matters. The report should clearly identify, and recommend steps to eliminate, business activities that further systemic racism, environmental injustice, threaten civil rights, or present barriers to diversity, equity, and inclusion (DEI), both internally in its workforce and externally in impacted communities. Input from impacted workers, community members, customers, and other relevant stakeholders should inform the audit and report. The report should exclude information relevant to any pending legal proceeding or threatened proceeding of which Chevron has notice.

**WHEREAS:** Racial inequity and environmental racism are systemic risks that threaten society and the economy.<sup>1</sup> Companies that fail to correct policies and practices that further racist, discriminatory, or inequitable impacts face legal, financial, reputational, and human capital management risks. Companies that commit to holistically advance racial justice and foster DEI benefit from stronger performance, employee satisfaction, innovation, and positive social impact.<sup>2</sup>

Chevron is one of the highest greenhouse gas emitting companies in the world.<sup>3</sup> Its emissions contribute to the climate crisis, which disparately impacts people of color and furthers systemic racism.<sup>4</sup> Chevron's operations, discharges, and leaks disproportionately burden communities of color with pollution and human health risks.<sup>5</sup>

For example, 80% of fenceline residents living near Chevron's Richmond, CA refinery are people of color, and they experience higher rates of cardiovascular disease, cancer, and asthma.<sup>6</sup> Chevron's Richmond facility is the city's largest polluter and has received 150 environmental violations since 2016,<sup>7</sup> most recently including a \$200,000 settlement related to a 600 gallon oil spill in 2021.<sup>8</sup> Additionally, the Company has spent millions of dollars influencing city politics and funding.<sup>9</sup> Chevron faces recent accusations of potentially illegal political advocacy in Richmond supporting a "race-baiting" redistricting campaign.<sup>10</sup>

Furthermore, Chevron's business disparately impacts Indigenous Peoples. Over 60% of publicly reported abuses from Chevron's operations impacted Indigenous Peoples, including violation of land rights, allegations of genocide, and violence against Indigenous women.<sup>11</sup> Chevron also faces scrutiny for financing police institutions in major U.S. cities that have been linked to police brutality,<sup>12</sup> as well as for financing U.S. politicians with failing civil rights grades issued by the NAACP.<sup>13</sup>

While Chevron has made DEI and philanthropic commitments to support Black employees and communities, its practices have historically exacerbated racial inequities.<sup>14</sup> An independent 2021 report documented dozens of outstanding legal cases against Chevron for alleged environmental damage and human rights violations, noting that the company has only paid .006% of associated fines, court judgements, and settlements.<sup>15</sup> A racial equity audit would help Chevron identify, prioritize, remedy, and avoid adverse impacts on people of color while reducing reputational risk and liabilities.

1. <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/racial-inequity-a-systemic-risk-8211-state-street-global-advisors-ceo-62047105>

2. <https://www.forbes.com/sites/forbeshumanresourcescouncil/2021/05/19/15-key-benefits-of-dei-to-communicate-with-team-members/?sh=78cbb835195c>

3. <https://www.theguardian.com/environment/2019/oct/09/revealed-20-firms-third-carbon-emissions>

4. <https://e360.yale.edu/features/unequal-impact-the-deep-links-between-inequality-and-climate-change> ; <https://blog.ucsusa.org/kathy-mulvey/six-ways-chevron-imperils-climate-human-rights-and-racial-justice/>

5. <https://www.scientificamerican.com/article/pollution-poverty-people-color-living-industry/>

6. <https://www.theguardian.com/environment/2019/oct/09/richmond-chevron-california-city-polluter-fossil-fuel>; <https://ej4all.org/life-at-the-fenceline>

7. <https://accountable.us/wp-content/uploads/2022/07/20220517-AUS-Report-Environmental-Racism-V2.pdf>

8. <https://www.theguardian.com/environment/2021/feb/11/richmond-california-chevron-oil-spill> ; <https://www.kqed.org/news/11931168/chevron-agrees-to-pay-200000-for-2021-bay-fuel-spill-at-richmond-refinery>

9. <https://www.eastbaytimes.com/2014/10/10/chevron-unleashes-campaign-spending-to-influence-richmond-election/>

10. [https://www.richmondprogressivealliance.net/is\\_it\\_chevron](https://www.richmondprogressivealliance.net/is_it_chevron) ; <https://eastbayexpress.com/race-baiting-in-richmond-1/>

11. [https://chevronglobaldestruction.com/chevrons\\_global\\_destruction\\_report.pdf](https://chevronglobaldestruction.com/chevrons_global_destruction_report.pdf)

12. <https://www.theguardian.com/us-news/2020/jul/27/fossil-fuels-oil-gas-industry-police-foundations> ; <https://www.security.org/resources/police-brutality-statistics/>

13. <https://www.globalwitness.org/en/campaigns/oil-gas-and-mining/chevron-stop-funding-racism/>

14. <https://insideclimatenews.org/news/20062020/chevron-black-lives-matter-twitter/>

15. [https://chevronglobaldestruction.com/chevrons\\_global\\_destruction\\_report.pdf](https://chevronglobaldestruction.com/chevrons_global_destruction_report.pdf)

## Racial Equity Audit

### Valero Energy Corporation

RESOLVED that shareholders of Valero Energy Corporation (“Valero”) urge the Board of Directors to oversee an independent third-party racial equity audit analyzing Valero’s impacts on nonwhite stakeholders and communities of color and Valero’s plans, if any, to mitigate those impacts. Input from civil rights organizations, experts on environmental racism, 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 Valero’s website.

SUPPORTING STATEMENT: High-profile police killings of black people have galvanized the movement for racial justice. That movement, and the disproportionate impacts of the pandemic, have focused public attention on systemic racism, environmental racism, racialized violence and inequities in employment, health care, and the criminal justice system.

Several aspects of Valero’s business and operations suggest that a racial equity audit would be useful. In 2020, the Office of Federal Contract Compliance Programs found that a Valero subsidiary had used selection processes with an adverse impact on nonwhite applicants.<sup>1</sup>

Valero’s Environmental Justice Policy Statement asserts that Valero “strives to operate as a good neighbor, and looks for opportunities to work with local officials and directly with fence line neighbors to improve the quality of life for neighbors and communities.”<sup>2</sup> But Valero has come under fire for polluting communities of color. Residents have fought to limit a Texas refinery’s emissions of hydrogen cyanide, a neurotoxin, in Latinx neighborhoods.<sup>3</sup> The neighborhood in which another Texas refinery is located, which is 90% African American, “ranks above the 95th percentile nationally for for both the EPA’s air toxics cancer risk and respiratory hazard metrics.”<sup>4</sup>

Valero ranks as the 39th worst toxic air polluter in the U.S., and 64% of those affected are nonwhite.<sup>5</sup> It ranks as the 62nd worst water polluter<sup>6</sup> and the 24th worst greenhouse gas polluter.<sup>7</sup> As You Sow’s Racial Justice Scorecard for S&P 500 companies placed Valero in the bottom 10, with negative scores on the environmental racism performance indicators, meaning that it harms communities of color more than benefits them.<sup>8</sup>

A racial equity audit could also examine whether Valero’s political activities have a negative racial impact. In 2018, Valero helped defeat Washington State’s carbon tax initiative, giving nearly \$1 million to the No on 1631 campaign.<sup>9</sup> In 2019, Valero and the American Fuel and Petrochemical Manufacturers (“AFPM”), to which Valero belongs,<sup>10</sup> lobbied states to criminalize pipeline protests;<sup>11</sup> AFPM also supports rolling back fuel efficiency standards.<sup>12</sup> Reportedly, Valero contributed \$192,000 during the 2020 election cycle to Members of Congress who objected to certifying the 2020 election results,<sup>13</sup> an action some viewed as “a direct attack on the voting rights of people of color.”<sup>14</sup>

Finally, an independent audit would provide objectivity, assurance and specialized expertise beyond what would be possible with an internal analysis.

1. <https://www.dol.gov/sites/dolgov/files/ofccp/foia/files/2020-03-25Valero-CA-SW-Redacted.pdf>
2. [https://s23.q4cdn.com/587626645/files/doc\\_downloads/2021/09/Environmental-Justice-Policy-Statement.pdf](https://s23.q4cdn.com/587626645/files/doc_downloads/2021/09/Environmental-Justice-Policy-Statement.pdf)
3. <https://www.sierraclub.org/texas/blog/2020/08/houston-community-continues-fight-against-valero-for-polluting-air-hydrogen>
4. <https://www.greenpeace.org/usa/valero-energy-blocking-climate-solutions-taking-handouts/>
5. <https://peri.umass.edu/toxic-100-air-polluters-index-current>
6. <https://peri.umass.edu/toxic-100-water-polluters-index-current>
7. <https://peri.umass.edu/greenhouse-100-polluters-index-current>
8. <https://www.asyousow.org/press-releases/2021/8/11/environmental-racism-metrics-as-you-sow-racial-justice-scorecard>
9. <https://www.vox.com/energy-and-environment/2018/10/26/18026074/koch-industries-bp-colorado-washington-fracking-carbon-tax>
10. [https://esg.investorvalero.com/wp-content/uploads/2021/10/July-2020-June2021\\_Member\\_Organizations\\_Report\\_DRAFT\\_08272021.pdf](https://esg.investorvalero.com/wp-content/uploads/2021/10/July-2020-June2021_Member_Organizations_Report_DRAFT_08272021.pdf)
11. <https://theintercept.com/2019/08/19/oil-lobby-pipeline-protests/>
12. <https://influencemap.org/influencer/American-Fuel-Petrochemical-Manufacturers-cacc951ea59addfcc713fbb359e2680c>
13. <https://www.cnn.com/interactive/2021/01/business/corporate-pac-suspensions/>
14. See <https://www.nytimes.com/2021/01/15/us/politics/lankford-apology-election-biden.html>; <https://www.marketwatch.com/story/business-leaders-call-for-action-on-trump-after-mob-siege-at-capitol-11609976655>

## Racial Equity Audit

### American Water Works Company, Inc.

*Similar resolutions were submitted to SVB Financial and The Travelers Companies.*

RESOLVED: Shareholders urge the board of directors to oversee a third-party audit (within a reasonable time and at a reasonable cost) which assesses and produces recommendations for improving the racial impacts of its policies, practices, products, and services, above and beyond legal and regulatory matters. Input from stakeholders, including civil rights organizations, employees, and customers, should be considered in determining the specific matters to be assessed. A report on the audit, prepared at reasonable cost and omitting confidential/proprietary information, should be published on the company's website.

Racial equity audits engage companies in a process that internal actions may not replicate, potentially unlocking value, uncovering blind spots, and examining external impacts.

American Water states it “has a strong commitment to employee inclusion, diversity and equity so that we reflect the customers and communities we serve.” Its workforce of 74 percent white, 11 percent Black, 6 percent Latino, 2 percent Asian, and <1 percent Native American and Pacific Islander people fails to reflect the demographics of New Jersey, Pennsylvania, Missouri, Illinois, and California, representing 75 percent of operating revenues and 71 percent of its customers.<sup>1</sup> American Water's diversity reporting is not clear about the level of racial and ethnic diversity that has been achieved at executive committee, named executive officer, and board level. Though the company reports having annual goals to increase diversity, they are not public and shareholders cannot evaluate the efficacy of the initiatives.

American Water is also implicated in an environmental justice controversy in Marina, California, where a third of the residents are low-income and many speak limited English.<sup>2</sup> The company's proposed desalination plant in Marina would not supply any of the treated water to the town, which already contains a landfill, a sewage plant, and a sand mine.<sup>3</sup> In addition, California American Water in Monterey, which includes Marina, was the most expensive water system in the country in 2017 after previously holding ninth place in 2015.<sup>4</sup> We believe the company must consider environmental justice in project planning as it may present ongoing operational and legal risk.

In 2020, former CEO Walter Lynch publicly stated that the company works nationally to pass water privatization legislation and supported H.B. 1416 in Maryland, which community organizations, including the NAACP, opposed.<sup>5</sup> Such legislation may have detrimental impacts to communities of color: Black and Latino communities are likelier to experience water affordability issues.<sup>6</sup> Maryland's population is 53 percent non-white, with 42.5 percent being Black or Latino, and 27 percent of such communities living below the poverty line.<sup>7</sup> One study examining 500 of the largest community water systems in America attributed privatized water systems as the leading cause of higher water bills and the second dominant factor in affordability issues for low-income communities.<sup>8</sup>

We urge the company to conduct a racial equity audit to examine its total impact and help dismantle systemic racism.

1. <https://data.census.gov/cedsci/table?q=race%20and%20ethnicity%20in%20california,%20new%20jersey,%20illinois,%20pennsylvania,%20and%20missouri>
2. <https://www.latimes.com/california/story/2020-09-15/cal-am-desalination-coastal-commission-marina-california>
3. <https://www.montereyherald.com/2022/09/07/cal-am-receives-thumbs-up-from-regulator-for-desal-project-application/>
4. [https://www.publicwater.org/most\\_expensive\\_water](https://www.publicwater.org/most_expensive_water)
5. [https://mgaleg.maryland.gov/cmte\\_testimony/2020/ehe/3104\\_03052020\\_10315-128.pdf](https://mgaleg.maryland.gov/cmte_testimony/2020/ehe/3104_03052020_10315-128.pdf)
6. [https://www.naacpldf.org/wp-content/uploads/Water\\_Report\\_FULL\\_5\\_31\\_19\\_FINAL\\_OPT.pdf](https://www.naacpldf.org/wp-content/uploads/Water_Report_FULL_5_31_19_FINAL_OPT.pdf)
7. [http://mapadvocacy.org/wp-content/uploads/2020/02/Maryland-Poverty-Profiles\\_2020-FINAL.pdf](http://mapadvocacy.org/wp-content/uploads/2020/02/Maryland-Poverty-Profiles_2020-FINAL.pdf)
8. <https://iwaponline.com/wp/article/24/3/500/87702/Water-pricing-and-affordability-in-the-US-public>

## Racial Equity Audit

### Alphabet, Inc.

*A similar resolution was submitted to AT&T Inc.*

**RESOLVED:** Shareholders urge the Board of Directors to commission a third-party, independent racial equity audit analyzing Alphabet Inc.'s impacts on Black, Indigenous and People of Color (BIPOC) communities. Input from racial justice and civil rights organizations and employees, temporary vendors, and contractors should be considered in determining specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential and proprietary information, should be published on Alphabet's website.

**WHEREAS:** The harmful and often deadly impacts of systemic racism on BIPOC communities are a major focus of policymakers, media, and the public. Alphabet has made charitable contributions and statements of solidarity with communities of color but must do more to address its impacts on these communities.

In 2021, five U.S. Senators urged Alphabet to "conduct a racial equity audit...to make the company and its products safer for Black people," saying "Google Search, its ad algorithm, and YouTube have all been found to perpetuate racist stereotypes and white nationalist viewpoints."<sup>1</sup> Research suggests, "YouTube plays a key role in exposing young people to white supremacist ideology and anti-Muslim propaganda."<sup>2</sup>

Google's artificial intelligence (AI) tools also have the potential to adversely impact communities of color. Researchers found that an AI tool developed to detect hate speech was up to twice as likely to identify tweets as offensive when they were written with African American Vernacular English or by African Americans.<sup>3</sup> Research found that Google's face detection technology is susceptible to a range of racial biases.<sup>4</sup> There are also concerns that Google's technology may be used by the government to surveil immigrants.<sup>5</sup>

Despite these and other issues, Alphabet has allegedly retaliated against employees who raised concerns.<sup>6</sup> In 2020, nine lawmakers expressed concern after Google fired the co-lead of its AI Ethics team. In 2021, employees told reporters<sup>7</sup> that when they reported workplace racism, they were told to "assume good intent," seek counseling, or take leave. A lawsuit filed by a former employee in March 2022 asserted that "Google is engaged in a nationwide pattern or practice of intentional race discrimination and retaliation and maintains employment policies and practices that have a disparate impact against Black employees throughout the United States."<sup>8</sup> Concerns have also been raised that Google is ignoring caste bias and at least one employee resigned after plans to discuss the issue were cancelled.<sup>9</sup>

Attorneys from the prominent law firm Katten recently noted in Bloomberg Law that, "Promoting racial justice is the right thing to do and is also a good business practice that may lead to higher profits and a sharper competitive advantage. Racial equity audits are an excellent tool to ensure this is all happening."<sup>10</sup> We urge Alphabet to join peers like Apple, Amazon, and Facebook and commit to undertake an independent racial equity audit.

1. [https://www.booker.senate.gov/imo/media/doc/booker\\_colleagues\\_urge\\_major\\_tech\\_conglomerate\\_alphabet\\_inc\\_toconductracialequityauditontheirproducts.pdfutm\\_campaign=wp\\_the\\_technology\\_202&utm\\_medium=email&utm\\_source=newsletter&wpisrc=nl\\_technology202](https://www.booker.senate.gov/imo/media/doc/booker_colleagues_urge_major_tech_conglomerate_alphabet_inc_toconductracialequityauditontheirproducts.pdfutm_campaign=wp_the_technology_202&utm_medium=email&utm_source=newsletter&wpisrc=nl_technology202)
2. <https://acrecampaigns.org/wp-content/uploads/2020/04/FanningtheFlames-Oct2019.pdf>
3. <https://www.newscientist.com/article/2213064-googles-hate-speech-detecting-ai-appears-to-be-racially-biased/#ixzz771qKjsPa>
4. <https://venturebeat.com/2021/09/03/bias-persists-in-face-detection-systems-from-amazon-microsoft-and-google/>
5. <https://theintercept.com/2020/10/21/google-cbp-border-contract-anduril/>
6. <https://www.engadget.com/nlr-google-complaint-expansion-212411947.html>
7. <https://www.nbcnews.com/tech/tech-news/google-advised-mental-health-care-when-workers-complained-about-racism-n1259728>
8. <https://www.classaction.org/media/curley-v-google-llc.pdf>
9. <https://www.washingtonpost.com/technology/2022/06/02/google-caste-equality-labs-tanuja-gupta/>
10. <https://news.bloomberglaw.com/us-law-week/how-proactive-racial-equity-audits-can-increase-company-profits>

### Racial Equity Audit

#### The Coca-Cola Company

RESOLVED, shareholders request that The Coca-Cola Company (“Coca-Cola”) 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, and assess their impact on nonwhite stakeholders. Input from stakeholders, including civil rights organizations, employees, and customers, should be considered in determining the specific matters to be assessed, and the audit should include recommendations for preventing and mitigating adverse impacts. Pay equity analysis by race, which Coca-Cola will analyze in a separate study, need not be included in the audit. A report on the audit, prepared at reasonable cost and omitting confidential/proprietary information, should be published on the Company’s website.

SUPPORTING STATEMENT: The racial justice movement, coupled with the disproportionate impacts of COVID-19 on communities of color, have amplified calls for institutions to advance racial equity. Racial inequity, including racist and discriminatory policies and practices, may present significant legal, financial, and reputational business risks. In response to George Floyd’s murder, Coca-Cola’s CEO said: “as a company that believes diversity and inclusion are among our greatest strengths, we must put our resources and energy toward helping end the cycle of systemic racism.”<sup>1</sup>

Research has found that the most racially diverse and inclusive companies are more likely to outperform less diverse peers in terms of profitability.<sup>2</sup> While Coca-Cola has recently announced a Racial Equity Action Plan,<sup>3</sup> there are concerns around workforce commitments to racial equity that have reversed previously positive trends. Between 2010 and 2020, the proportion of Coca-Cola’s executives that were Black was nearly halved, from 15% to 8%, and the Company’s Black salaried staff also slipped by 5%.<sup>4</sup>

Additionally, Coca-Cola’s Racial Equity Action Plan does not address potential racial equity issues in its products, and some of Coca-Cola’s advertising and marketing practices have faced backlash from stakeholders. The Company’s most recent make-your-own label promotion prevented users from creating “Black Lives Matter” labels, while allowing the printing of “White Lives Matter” labels.<sup>5</sup>

A 2018 study from the Rudd Center for Food Policy and Obesity found that Coca-Cola has increased its sugary drink advertising spending by 81% since 2013, disproportionately targeting Hispanic and Black communities.<sup>6</sup> It found that Black children and teens were exposed to twice as many advertisements than white youth.<sup>7</sup> Increasing rates of diet-related diseases, disproportionately impacting Black and Hispanic teens, have intensified calls for healthier products and more robust responsible marketing practices.<sup>8</sup>

A racial equity audit is an important step in establishing a transparent system of accountability. An audit conducted by a third party has the additional advantage of providing objectivity, assurance and specialized expertise beyond what would be possible with an internal analysis.

1. <https://www.coca-colacompany.com/news/where-we-stand-on-social-justice>

2. <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

3. <https://www.coca-colacompany.com/social-impact/diversity-and-inclusion/racial-equity/our-plan>

4. <https://www.wsj.com/articles/coke-resets-goal-of-boosting-black-employees-after-20-year-effort-loses-ground-11608139999>

5. <https://edition.cnn.com/2021/06/23/business/coke-label-fail/index.html>

6. [https://media.ruddcenter.uconn.edu/PDFs/Sugary\\_Drink\\_FACTS\\_Full%20Report.pdf](https://media.ruddcenter.uconn.edu/PDFs/Sugary_Drink_FACTS_Full%20Report.pdf)

7. <https://www.fastcompany.com/90520068/obesity-researchers-say-coke-and-pepsi-should-stop-targeting-communities-of-color-with-ads>

8. <https://www.aappublications.org/news/2021/01/01/briefs-obesity010121>



### Racial Equity Audit

#### Johnson & Johnson

To combat systemic racism, corporations should recognize and remedy industry- and company-specific barriers to everyone's full inclusion in societal and economic participation. Racial gaps cost the U.S. economy an estimated \$16 trillion over the past twenty years.<sup>1</sup> Closing the Black- and Hispanic-white wealth gaps could add 4-6% to U.S. GDP by 2028.<sup>2</sup>

More than one year after many companies made commitments to racial justice, the practical outcomes remain unclear. Fifty corporate pledges totaling \$49.5 billion were characterized as falling short of addressing systemic racism after an August 2021 analysis.<sup>3</sup> Shareholders lack independent assessments that racial equity strategies are impactful, address appropriate topics, and unlock growth.

Addressing systemic racism and its damaging economic costs demands more than a reliance on internal action and assessment. Audits engage companies in a process that internal actions alone may not replicate; unlocking hidden value and uncovering blind spots that companies may have to their own policies and practices. Company leaders are not diversity, equity, and inclusion experts and lack objectivity. Crucially, a racial justice audit examines the differentiated external impact a company has on minority communities.

Given the many companies across sectors embroiled in race-related controversies, any company without a comprehensive third-party audit and plan for improvement of its internal and external racial impacts could be at risk.<sup>4</sup> Companies such as Facebook, Starbucks, Blackrock and Citi have committed to such audits, and practitioners have developed guidelines.<sup>5</sup>

Healthcare companies especially have a history with, and an ongoing struggle to address, disparate racial impacts.

We applaud the decision to discontinue sales of talcum-based powder worldwide in 2023. However, we are concerned that the structures that enabled the decisions that eventually led to nearly 40,000 plaintiffs suing the company still remain.

In addition, the recent criticism the company received for reportedly prioritizing export of COVID-19 vaccines from South Africa to wealthier nations over the fulfillment of its contract to distribute the vaccines locally, suggests a troubling blind spot.<sup>6</sup>

**RESOLVED**, shareholders urge the board of directors to oversee a third-party audit (within a reasonable time and at a reasonable cost) which assesses and produces recommendations for improving the racial impacts of its policies, practices and products, above and beyond legal and regulatory matters. Input from stakeholders, including civil rights organizations, employees, and customers, should be considered in determining the specific matters to be assessed. A report on the audit, prepared at reasonable cost and omitting confidential/proprietary information, should be published on the company's website.

1. [https://ir.citi.com/NvIUkIHPilz14Hwd3oxqZBLMn1\\_XPqo5FrxsZD0x6hhil84ZxaxEuJUWmak51UHvYk75VKeHCMl%3D](https://ir.citi.com/NvIUkIHPilz14Hwd3oxqZBLMn1_XPqo5FrxsZD0x6hhil84ZxaxEuJUWmak51UHvYk75VKeHCMl%3D)

2. <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/the-economic-impact-of-closing-the-racial-wealth-gap>

3. <https://philanthropynewsdigest.org/news/corporate-pledges-for-racial-justice-fall-short-analysis-finds>

4. <https://www.nytimes.com/2020/06/06/business/corporate-america-has-failed-black-america.html>

5. <https://www.bloomberg.com/news/articles/2021-08-05/how-aclu-veteran-laura-murphy-audited-facebook-s-race-problem?sref=cdlcj118>.

6. <https://apnews.com/article/europe-africa-business-health-coronavirus-pandemic-b2797c07c6233c28bdd43827b55789bf>

## Racial Equity Audit

### UnitedHealth Group Inc.

**RESOLVED:** Shareholders urge the board of directors to oversee a third-party audit (within a reasonable time and at a reasonable cost, and consistent with the law) which assesses and produces recommendations for improving the racial impacts of UnitedHealth Group's ("UHG's") policies, practices, products, and services. Input from stakeholders, including civil rights organizations, employees, and customers, should be considered in determining the specific matters to be assessed. A report on the audit, prepared at reasonable cost and omitting confidential/proprietary information, should be published on the company's website.

Whereas: Black and Native Americans have higher death rates than white people across a variety of illnesses.<sup>1</sup> Black and Latina women also face higher preconception and maternal health risks than other groups, even those in higher income brackets.<sup>2</sup> One study found "a potential economic gain of \$135 billion per year if racial disparities in health are eliminated, including \$93 billion in excess medical care costs and \$42 billion in untapped productivity."<sup>3</sup> UHG, as the largest health insurance provider in the United States, both by market share<sup>4</sup> and revenue<sup>5</sup>, has an outsized role to play in eliminating these inequities.

To that end, the United Health Foundation, an affiliate of UHG, has announced a 10-year, \$100 million commitment to advance health equity<sup>6</sup>, among other initiatives, but UHG has not conducted an outside assessment of its current and potential racial equity impacts.

Although algorithms increase efficiencies, they should be vetted to prevent algorithmic bias. Optum, a UHG subsidiary, used an algorithm that reportedly referred equally sick Black people to care less frequently than white people.<sup>7</sup> We believe an analysis of these algorithms and proxy factors is necessary, along with disclosure of the results. Opaque data collection practices by health insurance companies raise the possibility of discrimination and pose reputational and financial risk.<sup>8</sup> New York's Financial Services and Health departments launched an investigation of Optum after the results of the study were published.<sup>9</sup>

The company's acquisition of Change Healthcare also raises racial justice concerns. The American Antitrust Institute told the Department of Justice that the deal is "likely to harm competition and consumers."<sup>10</sup> Decreasing market competition can lead to fewer options for consumers, which can disproportionately impact people of color. In fact, Color of Change states that "monopolies put economic justice at risk."<sup>11</sup> Additionally, Change Healthcare had to fire an executive for racist behavior over the summer,<sup>12</sup> suggesting that the internal culture of the acquisition should be examined.

Finally, UHG's 2021 EEO-1 report shows just 3.9 percent Hispanic and 3.9 percent Black executives compared to 83.4 percent white executives. UHG's strategy to address the lacking diversity remains unclear to shareholders without public targets.

**We urge the company to conduct a racial equity audit to examine its total impact and help dismantle systemic injustices.**

1. <https://minorityhealth.hhs.gov/omh/browse.aspx?lvl=3&lvlid=61>, <https://www.kff.org/racial-equity-and-health-policy/issue-brief/disparities-in-health-and-health-care-5-key-question-and-answers/>
2. <https://www.nytimes.com/2020/08/06/nyregion/childbirth-Covid-Black-mothers.html>
3. <https://altarum.org/RacialEquity2018>
4. <https://content.naic.org/sites/default/files/publication-msr-hb-accident-health.pdf>
5. <https://www.beckersasc.com/asc-coding-billing-and-collections/5-largest-health-insurance-companies-by-revenue.html>
6. <https://philanthropynewsdigest.org/news/united-health-foundation-commits-100-million-for-health-equity>
7. <https://www.nature.com/articles/d41586-019-03228-6>
8. <https://www.propublica.org/article/health-insurers-are-vacuuming-up-details-about-you-and-it-could-raise-your-rates>, <https://www.nejm.org/doi/10.1056/NEJMms2004740>
9. <https://www.fiercehealthcare.com/payer/new-york-to-probe-algorithm-used-by-optum-for-racial-bias>
10. <https://www.fiercehealthcare.com/payer/american-antitrust-institute-expresses-concern-about-proposed-8b-optum-change-healthcare-deal>
11. [https://act.colorofchange.org/sign/2021-antitrust?source=coc\\_main\\_website](https://act.colorofchange.org/sign/2021-antitrust?source=coc_main_website)
12. <https://biz.crastr.net/we-value-diversity-company-fires-white-woman-who-harassed-black-man-and-his-children-outside-her-home/>

## Racial Equity Audit

### Walmart Stores, Inc.

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

**SUPPORTING STATEMENT:** The harmful impacts of systemic racism on BIPOC communities are a major focus of policymakers, media, and the public. While Walmart has made charitable contributions<sup>1</sup> and statements of solidarity with communities of color, it must do more to address significant adverse impacts of its policies and practices on those communities.

Several aspects of Walmart’s business suggest a racial equity audit would help mitigate reputational, regulatory, legal, and human capital risk. In recent years, Walmart has faced negative media coverage related to claims of discrimination including racial profiling<sup>2</sup> and discriminatory hiring, recruitment<sup>3</sup> and promotion practices.<sup>4</sup> Walmart is also subject to criticism for poor working conditions<sup>5</sup> and paying low wages<sup>6</sup>. The Company does not disclose median or adjusted racial pay gaps.

By Walmart’s own disclosures, it is clear more can be done to address racial inequality in its workforce. The Company reports that people of color comprise 49% of its U.S. workforce but make up only 27% of its U.S. Officers and 18% of its Board of Directors.<sup>7</sup> As the largest private employer in the United States, it is imperative that Walmart ensure its policies and practices do not have adverse impacts on its BIPOC employees.

Political spending and lobbying may have adverse racial impacts. Between 2021 and 2022, the National Retail Federation (NRF), the industry trade association to which Walmart belongs, spent over \$14 million on lobbying<sup>8</sup>, and Walmart spent \$11.4 million over the same period.<sup>9</sup> NRF’s policy priorities include weakening the SEC’s CEO pay ratio disclosure requirement<sup>10</sup> and repeal of the employer mandate requiring large companies to provide health coverage to full-time workers,<sup>11</sup> which may disproportionately affect BIPOC workers and stakeholders.

Given the demographics of Walmart’s hourly workforce, shareholders want to ensure Walmart is not contributing to or exacerbating broader racial inequities. Failure to effectively address racial inequities in its operations exposes stakeholders, including employees, to unacceptable abuses and exposes Walmart to risks that may ultimately affect shareholder long-term value.

A racial equity audit would help Walmart identify, prioritize, remedy and avoid adverse impacts on nonwhite stakeholders and communities of color. We urge Walmart to assess its behavior through a racial equity lens in order to obtain a complete picture of how it contributes to, and could help dismantle, social and economic inequality.

1. <https://corporate.walmart.com/esgreport/esg-issues/diversity-equality-inclusion>
2. <https://www.npr.org/2022/08/25/1119385178/walmart-oregon-settlement-racial-profiling>
3. <https://www.npr.org/local/309/2019/04/22/716144085/complaints-allege-racist-hiring-practices-at-walmart-warehouse>
4. <https://www.forbes.com/sites/edwardsegal/2022/02/11/walmart-is-sued-for-gender-and-race-discrimination-by-eeoc/>
5. <https://www.msn.com/en-us/money/companies/employees-expose-dangerous-walmart-working-conditions/ar-AAZS4X8>
6. <https://www.theguardian.com/business/2021/oct/28/walmart-pay-hourly-low-wages-working-conditions>
7. <https://corporate.walmart.com/esgreport/esg-issues/diversity-equality-inclusion>
8. <https://www.opensecrets.org/federal-lobbying/clients/summary?cycle=2021&id=D000000741> and <https://www.opensecrets.org/federal-lobbying/clients/summary?cycle=2022&id=D000000741>
9. <https://www.opensecrets.org/Lobby/clientsum.php?id=D000000367&year=2021> and <https://www.opensecrets.org/Lobby/clientsum.php?id=D000000367&year=2022>
10. <https://nrf.com/sec-pay-ratio>
11. <https://nrf.com/hill/policy-issues/health-care-reform>

### **Racial Equity Audit**

#### **Lumen Technologies (formerly CenturyLink, Inc.)**

**RESOLVED:** Shareholders request that the Board of Directors of Lumen Technologies, Inc. (“Lumen”) take the necessary steps to conduct a racial equity audit of Lumen to be performed by an independent third-party. Input from civil rights organizations, employees, and customer groups should be considered in determining the specific matters to be analyzed. A report on the racial equity audit, prepared at reasonable cost and omitting confidential and proprietary information (such as any information relevant to any legal claims against Lumen that are pending or about which Lumen has notice), should be publicly disclosed on Lumen’s website.

**SUPPORTING STATEMENT:** As demonstrated by the Black Lives Matter movement, the fight for racial justice in the United States is more urgent than ever. We commend Lumen’s President and CEO for recently stating that “Diversity, Inclusion and Belonging is interwoven in everything we do, and we remain steadfast in our commitment to recruit and retain a diverse workforce.”<sup>1</sup> However, we believe that a conducting a racial equity audit of Lumen’s policies and practices by an independent third- party will help Lumen improve its performance in achieving this goal.

Lumen’s recently disclosed EEO-1 employment data shows that the company has room for improvement to achieve racial diversity at higher levels up the corporate ladder.<sup>2</sup> For example, only 1 percent of Lumen’s senior executives and 5 percent of Lumen’s mid-level managers are African American or Black compared to 8 percent of Lumen’s overall workforce. Hispanic or Latinx employees make up 4 percent of Lumen’s senior executives and 6 percent of Lumen’s mid-level managers compared to 8 percent of Lumen’s overall workforce.

In 2021, Lumen first observed Martin Luther King, Jr. Day as a company holiday but did not provide the holiday to all of its employees who are union members. Instead, the company stated that the holiday would need to be negotiated when each union contract comes up for renegotiation.<sup>3</sup> Martin Luther King, Jr. Day is a federal holiday in the U.S. that celebrates the life of the civil rights leader who was murdered in Memphis, Tennessee where he was supporting striking African American sanitation workers that were seeking to form a union in 1968.

Equal access to high-speed internet service is also an important concern for the communities of color that Lumen’s subsidiary CenturyLink serves. According to a recent report, “AT&T, Verizon, EarthLink, and CenturyLink disproportionately offered lower-income and least-White neighborhoods slow internet service for the same price as speedy connections they offered in other parts of town.”<sup>4</sup> We believe that conducting a racial equity audit will help Lumen better address the digital divide for access to broadband services in communities of color.

For these reasons, we urge shareholders to vote for this proposal.

1. <https://assets.lumen.com/is/content/Lumen/lumen-esg-report>

2. <https://assets.lumen.com/is/content/Lumen/lumen-2021-eeo-1-report>

3. <https://www.channelfutures.com/diversity-inclusion/cwa-wants-to-dismantle-racism-demands-mlk-day-for-all-of-lumen>

4. <https://themarkup.org/still-loading/2022/10/19/dollars-to-megabits-you-may-be-paying-400-times-as-much-as-your-neighbor-for-internet-service>

## Racial Equity Audit

### Salesforce.com, Inc.

**RESOLVED:** Shareholders request that the Board commission a racial equity audit conducted by an independent third-party with input from civil rights organizations, employees, communities in which Salesforce operates, and stakeholders that will analyze Salesforce’s impacts on civil rights, equity, diversity and inclusion, and impacts of those issues on Salesforce’s business. A report on the audit, prepared at reasonable cost, and omitting confidential or proprietary information and information that could be construed as an admission in pending litigation, should be publicly disclosed on Salesforce’s website.

**SUPPORTING STATEMENT:** Salesforce can better manage the risks to our company through assessment of products, services, or practices that may be discriminatory, racist, or increase inequalities.

- In 2021, two Black women in prominent positions left Salesforce citing “rampant microaggressions and gaslighting”.<sup>1</sup>
- A manager resigned, claiming Salesforce lacks accountability regarding diversity, equity, and inclusion, and its “disingenuous marketing around equality” does not align with internal practices.<sup>2</sup> She alleged Salesforce lacks a proactive action plan to prevent underrepresented minorities from suffering “unchecked harm and trauma.”
- A senior manager resigned, claiming she was “manipulated, bullied, [and] neglected.”<sup>3</sup> She asserted there is a “big gap from how Salesforce portrays itself and the lived experience,” citing Salesforce’s “toxic environment.”
- Despite hiring two Chief Equality Officers,<sup>4</sup> Salesforce fails to meaningfully improve workforce diversity for Latinx and Black employees:
- The percentage of Latinx and Black employees barely improved, going from 4 to 5.3% and from 2 to 4.8%<sup>5</sup> from 2015<sup>6</sup> to 2022<sup>7</sup> respectively.
- Salesforce’s goal of “doubling” representation of Black leaders by 2023 leaves Black leaders vastly underrepresented since only 2.3% of Salesforce’s leaders were Black in 2020; Salesforce acknowledged these numbers are being doubled “from a small base.”<sup>8</sup>
- In 2022, Salesforce reported representation of Black leaders has doubled,<sup>9</sup> but currently Black leaders comprise 3.4% of Salesforce’s leadership.<sup>10</sup>
- While Salesforce’s goal of 50% of its workforce consisting of “underrepresented groups” by 2023 is commendable, its decision to place all such groups (Women, Black, Latinx, Indigenous, Multiracial, LGBTQ+ employees, People with Disabilities, and Veterans<sup>11</sup>) into one broad category diminishes accountability at Salesforce.
- Salesforce reports underrepresented minority “attrition is currently slightly higher than total company”<sup>12</sup> despite its diversity programs, and does not disclose key inclusion data like retention or promotion rates.
- Salesforce’s global and American leadership representation remains about 70% white, male.<sup>13</sup>

Following controversies, Facebook and Starbucks conducted civil rights and equity audits that yielded significant improvements. These audits model an effective approach: an audit by a third-party, supported by experts in civil rights, with engagement of stakeholders, which would elucidate the efficacy of Salesforce’s existing diversity programs.

1. <https://www.fastcompany.com/90608433/vivianne-castillo-leaves-salesforce-citing-rampant-microaggressions-and-gaslighting>
2. [https://www.linkedin.com/posts/vccastillo\\_vivianne-castilloresignation-letter21521-activity-6770470033694035968-sWJR](https://www.linkedin.com/posts/vccastillo_vivianne-castilloresignation-letter21521-activity-6770470033694035968-sWJR)
3. <https://www.linkedin.com/posts/activity-6763264995485728768-aRii>
4. <https://www.businessinsider.com/salesforce-push-to-improve-equality-yielded-slow-results-tony-prophet-2020-11>; <https://www.salesforce.com/news/stories/equality-leadership-update/>
5. <https://www.salesforce.com/news/stories/quarterly-equality-update-inclusive-employee-experience/>
6. [https://www.salesforce.com/content/dam/web/en\\_us/www/assets/pdf/datasheets/sustainability-report-fy1516.pdf](https://www.salesforce.com/content/dam/web/en_us/www/assets/pdf/datasheets/sustainability-report-fy1516.pdf)
7. <https://sf-equality-data-vis-dev.herokuapp.com/2021/>
8. <https://sf-equality-data-vis-dev.herokuapp.com/2020>
9. <https://www.salesforce.com/company/equality/>
10. <https://sf-equality-data-vis-dev.herokuapp.com/2021/>
11. <https://www.salesforce.com/company/equality/>
12. <https://sf-equality-data-vis-dev.herokuapp.com/2021>
13. Id.

### Civil Rights Audit

#### Altria Group, Inc.

WHEREAS: we believe in full transparency of the effectiveness of Altria’s commitment to prevent underage use of nicotine products<sup>1</sup> and its commitment to racial equity<sup>2</sup> so we can determine if they adequately address potential legal, financial, and reputational business risks.

RESOLVED: Shareholders of Altria, Inc. (“Altria”) request that the Board of Directors commission a third-party civil rights equity audit to review its corporate policies, practices, products and services, above legal and regulatory matters; to assess the impact of the Company’s policies, practices, products and services on BIPOC (Black, Indigenous and people of color) and Latinx/a/o/e communities, including youth. Input from civil rights organizations, employees, customers, and communities in which Altria operates and other stakeholders should be considered. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on Altria’s website.

SUPPORTING STATEMENT: Altria notes “increases in youth usage of e-vapor have threatened to undermine the hard-fought gains made in preventing underage use.”<sup>3</sup> As age is a protected class in the US constitution, a civil rights audit should include impacts on children and youth.

In December 2018, Altria invested \$12.8 billion in JUUL, taking a 35% stake in the company, and providing advertising and sales support. 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>4</sup> A multi-state coalition of Attorneys General is investigating JUUL’s marketing and sales practices to underage users. Altria shares fell as much as 2.7% after Dow Jones reported the FTC is investigating the marketing practices of JUUL Labs.

Tobacco/nicotine companies have historically placed larger amounts of advertising<sup>5</sup> in African American publications, disproportionately 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>

Numerous companies have recently committed to conducting audits, including Citigroup, Verizon, Apple, Wells Fargo, and Mondelez.

A civil rights audit is an important step in establishing a transparent system of accountability. Altria should take this opportunity to review its policies, practices, products and services, and how they impact the civil rights of youth and BIPOC communities.

1. <https://www.altria.com/en/responsibility/prevent-underage-use>

2. <https://www.altria.com/en/people-and-careers/our-people-and-communities/racial-and-economic-equity>

3. <https://www.altria.com/en/about-altria/government-affairs/public-policy-positions/legislation-preventing-underage-use>

4. Tobacco Product Use and Associated Factors Among Middle and High School Students — United States, 2019 | MMWR (cdc.gov)

5. African Americans and Tobacco Use | CDC

6. African Americans and Tobacco Use | CDC

### Civil Rights Audit

#### Elevance Health

**RESOLVED:** Shareholders urge the board of directors to oversee a third-party audit (within a reasonable time and at a reasonable cost, and consistent with the law) which assesses and produces recommendations for improving the civil rights impact of its policies, practices, products, and services. Input from stakeholders, including civil rights organizations, employees, and customers, should be considered in determining the specific matters to be assessed. A report on the audit, prepared at reasonable cost and omitting confidential/proprietary information, should be published on the company's website.

**WHEREAS:** Black and Native Americans have higher death rates than white people across a variety of illnesses.<sup>1</sup> Black and Latina women, even in higher income brackets, also face higher preconception and maternal health risks than other groups.<sup>2</sup> One study found “a potential economic gain of \$135 billion per year if racial disparities in health are eliminated, including \$93 billion in excess medical care costs and \$42 billion in untapped productivity.”<sup>3</sup> Elevance committed \$50 million to “combat racial injustice, strengthen communities, and address health inequities” among other initiatives, but it has not conducted an outside assessment of its current and potential civil rights impacts.<sup>4</sup>

Although algorithms increase efficiencies, they should be vetted to prevent algorithmic bias. Optum, a UnitedHealth Group subsidiary, used an algorithm that reportedly referred equally sick Black people to care less frequently than white people.<sup>5</sup> We believe an analysis of Elevance's algorithms and proxy factors is necessary as similar biases may exist. Opaque data collection practices by health insurance companies raise the possibility of discrimination and pose reputational and legal risk.<sup>6</sup> New York's Financial Services and Health departments launched an investigation of Optum after the results of the study were published.<sup>7</sup>

Elevance's executive committee also appears to lack racial diversity and its reporting demonstrates a decrease since 2019. Moreover, managerial racial diversity has stayed flat since 2019. The 2021 EEO-1 report shows just 3.2 percent Hispanic and 4.6 percent Black executives compared to 79.7 percent white executives. Elevance's strategy to address the lacking diversity remains unclear to shareholders without public targets.

Beyond race, Elevance should examine its approach to transgender-inclusive care to avoid future legal risk. In September 2022, Elevance's Anthem Blue Cross in California was reportedly found out of compliance by the California Department of Managed Health Care after a transgender patient submitted a complaint.<sup>8</sup> Insurers such as Elevance are requiring manual overrides for transgender patients seeking care, causing additional stress and burden on a marginalized population.

Lastly, Elevance has supported political candidates such as Young Kim of California who voted against HR 8296 Women's Health Protection Act of 2022 and HR 8373 Right to Contraception Act.<sup>9</sup> Bills such as these address health disparities for women.

**We urge the company to conduct a civil rights audit to examine its total impact and help dismantle systemic injustices.**

1. <https://minorityhealth.hhs.gov/omh/browse.aspx?lvl=3&lvlid=61>,  
<https://www.kff.org/racial-equity-and-health-policy/issue-brief/disparities-in-health-and-health-care-5-key-question-and-answers/>
2. <https://www.nytimes.com/2020/08/06/nyregion/childbirth-Covid-Black-mothers.html>.
3. <https://altarum.org/RacialEquity2018>
4. <https://philanthropynewsdigest.org/news/anthem-commits-50-million-for-racial-justice-health-equity>
5. <https://www.nature.com/articles/d41586-019-03228-6>
6. <https://www.propublica.org/article/health-insurers-are-vacuuming-up-details-about-you-and-it-could-raise-your-rates>,  
<https://www.nejm.org/doi/10.1056/NEJMms2004740>
7. <https://www.fiercehealthcare.com/payer/new-york-to-probe-algorithm-used-by-optum-for-racial-bias>
8. <https://khn.org/news/article/medical-coding-creates-barriers-to-care-for-transgender-patients/>
9. <https://justfacts.votesmart.org/candidate/key-votes/151787/young-kim/?p=2>,  
[https://www.antheminc.com/cs/groups/wellpoint/@wp\\_about\\_government/documents/wlp\\_assets/d19n/mzk3/~edisp/2021%20Anthem%20Political%20Giving%20and%20Related%20Activity%20Report%20FINAL.pdf](https://www.antheminc.com/cs/groups/wellpoint/@wp_about_government/documents/wlp_assets/d19n/mzk3/~edisp/2021%20Anthem%20Political%20Giving%20and%20Related%20Activity%20Report%20FINAL.pdf)

### **Civil Rights Audit**

United Natural Foods, Inc.

RESOLVED: That shareholders of United Natural Foods, Inc. (the “Company” or “UNFI”), urge the Board of Directors to oversee a third-party audit analyzing the adverse impact of UNFI’s policies and practices on the civil rights of company stakeholders, above and beyond legal and regulatory matters, and to provide recommendations for improving the Company’s civil rights impact. Input from civil rights organizations, employees, customers, and other stakeholders should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on UNFI’s website.

SUPPORTING STATEMENT: Recently, the racial justice movement together with the disproportionate impacts of the COVID-19 pandemic have focused the public’s and policy makers’ attention on civil rights and gender and racial equity issues. In response to the racial justice protests, UNFI launched the “UCount” campaign, an initiative to refresh the Company’s demographic data, subsequently establishing the “UNFI Diversity and Inclusion Strategic Plan.” UNFI has stated goals for filling 50% of management roles, defined as “associates in supervisor roles and above/” with associates from “underrepresented groups” by 2023 and increasing annual spend with diverse suppliers to 3% by 2023 (currently at 1%).

These efforts, and their associated disclosures, are commendable but insufficient. That is why we recommend an independent audit of the sort conducted in recent years at companies such as Starbucks and Airbnb. An independent audit conducted by persons with broad civil rights expertise, would examine not simply employment statistics, but any companies practices or policies that may unconsciously contribute to disparities and undercut achievement of UNFI ‘s stated goals of diversity and inclusion.

Moreover, current disclosures are inadequate for assessing the efficacy of the Company’s current practices and commitments. For instance, there is no explanation of how the Company came up with its 2023 diversity goal, why it appears to be aggregating ethnicity and gender representation in a single goal (covered by the term “underrepresented”) or why it excludes retail associates from its diversity metrics and goals. In addition, a breakdown of ethnic and gender diversity across the company is provided only at a high level of generality — a comparison between “associates in supervisor roles and above” and the overall workforce — and provides no breakdown for company executives.

Taken on their own terms, the statistics are nevertheless worrisome. For instance, almost half the U.S. workforce is racially diverse, yet three quarters of managers are white.

Against this backdrop, a third-party audit would help assess the effectiveness of the Company’s stated goals and examine more closely any practices that could affect racial and gender equity, inclusion, and diversity at various levels throughout the company.



### Gender and Racial Pay Gap

Amazon.com, Inc.

WHEREAS: Amazon is under public scrutiny for alleged unfair pay and working conditions. On Black Friday, workers went on a mass strike demanding fair wages. The campaign Make Amazon Pay states, “Amazon squeezes workers,” alleging real wages decreased while Amazon achieved record revenue in the second quarter of 2022.<sup>1</sup>

Pay inequities pose substantial risks to companies and society, as they persist across race and gender. Black workers’ hourly median earnings represent 64 percent of white wages. The median income for women working full time is 83 percent that of men. Intersecting race, Black women earn 63 percent, Native women 60 percent, and Latina women 55 percent. At the current rate, women will not reach pay equity until 2059, Black women in 2130, and Latina women in 2224. Citigroup estimates closing minority and gender wage gaps 20 years ago could have generated 12 trillion dollars in additional national income.<sup>2</sup>

Actively managing pay equity is associated with improved representation. Diversity in leadership is linked to superior stock performance and return on equity.<sup>3</sup> Minorities represent 70 percent of Amazon’s workforce and 34 percent of leadership. Women represent 45 percent of the workforce and 23 percent of leadership.<sup>4</sup>

Best practice pay equity reporting consists of two parts:

- unadjusted median pay gaps, assessing equal opportunity to high paying roles,
- statistically adjusted gaps, assessing whether minorities and non-minorities, men and women, are paid the same for similar roles.

Amazon reports statistically adjusted gaps but ignores unadjusted gaps, which address structural bias women and minorities face regarding job opportunity and pay, particularly when men hold most higher paying jobs. While Amazon reports diversity data, median pay gaps show, quite literally, how Amazon assigns value to employees through the roles they inhabit and pay they receive. Median gap reporting also provides a digestible and comparable data point to determine progress over time.

Racial and gender median pay gaps are accepted as the valid way of measuring pay inequity by the United States Census Bureau, Department of Labor, Organization for Economic Cooperation and Development (OECD), and International Labor Organization. The United Kingdom and Ireland mandate disclosure of median gender pay gaps.

RESOLVED: Shareholders request Amazon report on median pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information.

Racial/gender pay gaps are defined as the difference between non-minority and minority/male and female median earnings expressed as a percentage of non-minority/male earnings (Wikipedia/OECD, respectively).

SUPPORTING STATEMENT: An annual report adequate for investors to assess performance could, with board discretion, integrate base, bonus and equity compensation to calculate:

- percentage median gender pay gap, globally and/or by country, where appropriate
- percentage median racial/minority/ethnicity pay gap, US and/or by country, where appropriate

1. <https://makeamazonpay.com/map/>

2. <https://static1.squarespace.com/static/5bc65db67d0c9102cca54b74/t/636c01a29dd3d63e30153443/1668022691457/Racial+and+Gender+Pay+Scorecard+2022.pdf>

3. Ibid.

4. <https://sustainability.aboutamazon.com/2021-sustainability-report.pdf>

### Gender and Racial Pay Gap

Apple Computer, Inc.

*Similar resolutions were submitted to Amalgamated Financial Corp., Kroger Co., Thermo Fisher Scientific Inc., and Visa Inc.*

WHEREAS: Pay inequities persist across race and gender and pose substantial risk to companies and society at large. Black workers' hourly median earnings represent 64 percent of white wages. The median income for women working full time is 83 percent that of men. Intersecting race, Black women earn 63 cents, Native women 60 cents, and Latina women 55 cents. At the current rate, women will not reach pay equity until 2059, Black women until 2130, and Latina women until 2224.

Citigroup estimates closing minority and gender wage gaps 20 years ago could have generated 12 trillion dollars in additional income. PwC estimates closing the gender pay gap could boost Organization for Economic Cooperation and Development countries' economies by 2 trillion dollars annually.

Actively managing pay equity is associated with improved representation, and diversity is linked to superior stock performance and return on equity. Minorities represent 56 percent of Apple's workforce, but only 43 percent of leadership. Women represent 35 percent of Apple's workforce and 31 percent of leadership.

Best practice pay equity reporting consists of two parts:

- unadjusted median pay gaps, assessing equal opportunity to high paying roles,
- statistically adjusted gaps, assessing pay between minorities and non-minorities, men and women, performing similar roles.

Apple reports only statistically adjusted gaps but ignores unadjusted gaps, which address structural bias women and minorities face regarding job opportunity and pay, particularly when men hold most higher paying jobs. Median pay gaps show, quite literally, how Apple assigns value to employees through the roles they inhabit and pay they receive. Median gap reporting also provides a digestible and comparable data point to determine progress over time.

Racial and gender median pay gaps are accepted as the valid way of measuring pay inequity by the United States Census Bureau, Department of Labor, Organization for Economic Cooperation and Development, and International Labor Organization. The United Kingdom and Ireland mandate disclosure of median gender pay gaps. Apple discloses data for United Kingdom employees, reporting a median hourly gender pay gap of 9 percent and median bonus gap of 35 percent.

RESOLVED: Shareholders request Apple report on median pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information.

Racial/gender pay gaps are defined as the difference between non-minority and minority/male and female median earnings expressed as a percentage of non-minority/male earnings (Wikipedia/OECD, respectively).

SUPPORTING STATEMENT: An annual report adequate for investors to assess performance could, with board discretion, integrate base, bonus and equity compensation to calculate:

- percentage median gender pay gap, globally and/or by country, where appropriate
- percentage median racial/minority/ethnicity pay gap, US and/or by country, where appropriate.

## Gender and Racial Pay Gap

### BlackRock, Inc.

*Similar resolutions were submitted to Boeing Company, Charles Schwab Corporation (The), DexCom Inc., Goldman Sachs Group Inc., Intuitive Surgical, Inc., Kellogg Company, Marriott International, Inc., Netflix, Inc., and NextEra Energy.*

**RESOLVED:** James McRitchie, of CorpGov.net, requests BlackRock Inc. (“Company” or “BlackRock”) report annually on unadjusted median and adjusted pay gaps across race and gender globally and/or by country, where appropriate, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy, and legal compliance information.

Racial/gender pay gaps are the difference between non-minority and minority/male and female median earnings expressed as a percentage of non-minority/male earnings.

**SUPPORTING STATEMENT:** Pay inequities persist across race and gender. They pose substantial risks to companies and society. Black workers’ hourly median earnings represent 64% of white wages. Median income for women working full time is 83% of that of men.<sup>1</sup> Intersecting race, Black women earn 63%, Native women 60%, and Latina women 55%.<sup>2</sup> At the current rate, women will not reach pay equity until 2059, Black women 2130, and Latina women 2224.<sup>3</sup>

Citigroup estimated closing minority and gender wage gaps 20 years ago could have generated 12 trillion dollars in additional national income.<sup>4</sup> PwC estimates closing the gender pay gap could boost OECD economies by \$2 trillion annually.<sup>5</sup> Actively managing pay equity is linked to superior stock performance and return on equity.<sup>6</sup>

Best practice includes:

1. unadjusted median pay gaps, assessing equal opportunity to high-paying roles,
2. statistically adjusted gaps, assessing whether minorities and non-minorities, men and women, are paid the same for similar roles.

Over 20 percent of the 100 largest U.S. employers currently report adjusted gaps, and an increasing number of companies disclose unadjusted gaps to address the structural bias women and minorities face regarding job opportunities and pay.<sup>7</sup> BlackRock reports neither.

Racial and gender unadjusted median pay gaps are accepted as the valid way of measuring pay inequity by the United States Census Bureau, Department of Labor, OECD, and International Labor Organization.<sup>8</sup> The United Kingdom and Ireland mandate disclosure of median pay gaps, and the United Kingdom is considering racial pay reporting.

An annual report adequate for investors to assess performance could integrate base, bonus, and equity compensation to calculate:

- percentage median and adjusted gender pay gap, globally and/or by country
- percentage median and adjusted racial/minority/ethnicity pay gap, U.S. and/or by country

1. <https://www.nationalpartnership.org/our-work/resources/economic-justice/fair-pay/americas-women-and-the-wage-gap.pdf>

2. [https://www.aauw.org/app/uploads/2021/09/AAUW\\_SimpleTruth\\_2021\\_fall\\_update.pdf](https://www.aauw.org/app/uploads/2021/09/AAUW_SimpleTruth_2021_fall_update.pdf)

3. <https://iwpr.org/iwpr-publications/quick-figure/the-gender-pay-gap-1985-to-2020-with-forecast-for-achieving-pay-equity-by-race-and-ethnicity/>

4. [https://ir.citi.com/NvIUkIHPIlz14Hwd3oxqZBLMn1\\_XPqo5FrxsZD0x6hhil84ZxaxEuJUWmak51UHvYk75VKeHCM1%3D](https://ir.citi.com/NvIUkIHPIlz14Hwd3oxqZBLMn1_XPqo5FrxsZD0x6hhil84ZxaxEuJUWmak51UHvYk75VKeHCM1%3D)

5. <https://www.pwc.com/hu/en/kiadvanyok/assets/pdf/women-in-work-2021-executive-summary.pdf>

6. <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/promoting-gender-parity-in-the-global-workplace> ; <https://www.issgovernance.com/file/publications/ISS-ESG-Gender-Diversity-Linked-to-Success.pdf>

7. <https://diversiq.com/which-sp-500-companies-disclose-gender-pay-equity-data/>

8. <https://static1.squarespace.com/static/5bc65db67d0c9102cca54b74/t/622f4567fae4ea772ae60492/1647265128087/Racial+Gender+Pay+Scorecard+2022+-+Arjuna+Capital.pdf>

## Wage and Equity Report

### Kroger Co.

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

WHEREAS: Kroger employs nearly 420,000 associates and while the company has raised wages and expanded benefits for associates in 2022, Kroger's average hourly wage is only \$17,<sup>1</sup> with no disclosure of the number, or demographics, of associates earning at or above this amount. This puts the company behind an increasing number of retailer peers who have raised their starting wages to at least \$15 an hour.<sup>2</sup> The 2021 total compensation of Kroger's median associate was \$26,763.<sup>3</sup> While the company's workforce is 50.4% female and 38.5% minority, these groups only make up only 33% and 26% of store leaders.<sup>4</sup>

More than half the U.S. population fails to earn a living wage.<sup>5</sup> According to MIT, the national average living wage is \$17.46 per hour – or \$36,311 annually.<sup>6</sup> The current federal minimum wage stands at \$7.25 and applies in 20 states.

A JUST Capital poll shows that 87% of Americans say large U.S. companies have responsibility to regularly increase wages to keep up with the rising cost of living.<sup>7</sup>

Increasing wages for those earning the least is fundamental to ensuring an equitable economy that leaves no one behind while promoting shared prosperity, and helpful in closing gender and racial pay gaps.<sup>8</sup>

The Congressional Budget Office estimates that income inequality has risen between 1979 and 2019, even after accounting for transfers and taxes.<sup>9</sup>

Research reveals that:

- Income inequality slows U.S. economic growth by reducing demand by 2 to 4 percent.<sup>10</sup>
- A 1% increase in inequality leads to a 1.1% per capita GDP loss.<sup>11</sup>
- Excessive inequality increases health costs and decreases the value of human capital.<sup>12</sup>

By paying its employees less than a living wage, the Company increases its margins and thus financial performance. But gains in Company profits that come at the expense of society and the economy is a bad trade for most Company shareholders, who are diversified and rely on broad economic growth to achieve their financial objectives. The costs and risks created by inequality will directly reduce long-term diversified portfolio returns.

Kroger's 10-K, reports operating profit of \$3.5 billion and lists labor costs and inflation among risks that could adversely affect the company's financial position,<sup>13</sup> but fails to consider the costs that their compensation practices has on the broader economy and for the diversified investor.

1. <https://www.thekrogerco.com/wp-content/uploads/2022/08/Kroger-Co-2022-ESG-Report.pdf>.

2. <https://www.cnbc.com/2021/12/29/minimum-wage-employers-moving-faster-than-states-to-raise-hourly-pay.html>

3. <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000056873/638cf5c4-bc98-48d2-95bc-e236a21fec76.html>

4. <https://www.thekrogerco.com/wp-content/uploads/2022/08/Kroger-Co-2022-ESG-Report.pdf>

5. <https://livingwageforus.org/living-wage-for-us-data-shows-over-half-of-americans-earning-less-than-a-living-wage/>

6. <https://justcapital.com/reports/living-wage-guide-for-business-just-jobs-explained/#:~:text=The%20national%20average%20living%20wage,per%20hour%20%E2%80%93%20or%20%2436%2C311%20annually.> ; <https://livingwage.mit.edu/articles/99-a-calculation-of-the-living-wage>

7. <https://justcapital.com/reports/2022-survey-workers-and-wages-are-more-important-than-ever-to-the-american-public/>

8. <https://www.nelp.org/publication/what-a-15-minimum-wage-means-for-women-and-workers-of-color/>

9. The Distri<https://www.cbo.gov/system/files/2022-11/58353-HouseholdIncome.pdf>btion of Household Income, 2019 (cbo.gov)

10. <https://www.epi.org/publication/secular-stagnation/>

11. <https://www.pionline.com/sponsored-content/facing-hard-truths-material-risk-rising-inequality>

12. <https://www.pionline.com/sponsored-content/facing-hard-truths-material-risk-rising-inequality>

13. <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000056873/107badbb-3656-4d1e-8e88-bede8ee11566.pdf>

## Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data

### Ford Motor Company

*Similar resolutions were submitted to Bank of America Corp., Bank of New York Mellon Corporation, Baxter International, Inc., Berkshire Hathaway Inc., Biogen, Inc., Charter Communications, Inc., Danaher Corp., Disney (Walt) Company / ABC, eBay Inc., Eli Lilly and Company, Expeditors International, Halliburton Company, Honeywell International Inc., Philip Morris International, Raytheon Technologies Corporation, Simon Property Group, Inc., Southern Company, Square Inc., T-Mobile USA (subsidiary of Deutsche Telekom), Target Corp., Texas Instruments Inc., Thermo Fisher Scientific Inc., United Parcel Service, Inc., and Victoria's Secret & Co.*

BE IT RESOLVED: Shareholders request that Ford Motor Co. ("Ford") report to shareholders on the effectiveness of the Company's diversity, equity, and inclusion efforts. The report should be done at reasonable expense, exclude proprietary information, and provide transparency on outcomes, using quantitative metrics for hiring, retention, and promotion of employees, including data by gender, race, and ethnicity.

SUPPORTING STATEMENT: Quantitative data is sought so investors can assess and compare the effectiveness of companies' diversity, equity, and inclusion programs.

WHEREAS: Ford has not shared sufficient quantitative hiring, retention, and promotion data to allow investors to determine the effectiveness of its human capital management programs. Best practice disclosure includes hiring, retention, and promotion rate data by gender, race, and ethnicity in line with Equal Employment Opportunity Commission (EEOC) defined categories.

Between September 2020 and September 2022, S&P 100 companies increased by 298 percent their release of hiring rate data by gender, race, and ethnicity; retention rate data by 481 percent; and promotion rate data by 300 percent.<sup>1</sup>

Companies that release, or have committed to release, more inclusion data than Ford include Boeing, Dow, General Motors, and Harley Davidson. Ford is increasingly a laggard in its decision to continue to withhold these data sets.

Numerous studies have pointed to the benefits of a diverse workforce:

- There is a positive association between diversity in management and cash flow, net profit, revenue, and return on equity.<sup>2</sup>
- Companies in the top quartile for gender diversity are 21 percent more likely to outperform on profitability.<sup>3</sup>
- The 20 most diverse companies had an average annual five-year stock return that was 5.8 percentage points higher than the 20 least diverse companies.<sup>4</sup>
- Hiring, promotion, and retention rate data show how well a company manages its workforce diversity. Without this data, investors are unable to assess the effectiveness of a company's human capital management program.

Companies should look to hire the best talent. However, Black and Latino applicants face hiring challenges. Results of a meta-analysis of 24 field experiments found that, with identical resumes, White applicants received an average of 36 percent more callbacks than Black applicants and 24 percent more callbacks than Latino applicants.<sup>5</sup>

Promotion rates show how well diverse talent is nurtured at a company. Unfortunately, women and employees of color experience "a broken rung" in their careers; for every 100 men who are promoted, only 86 women are. Women of color are particularly impacted, comprising 17 percent of the entry-level workforce and only four percent of executives.<sup>6</sup>

Retention rates show whether employees choose to remain at a company. Morgan Stanley has found that employee retention above industry average can indicate a competitive advantage and higher levels of future profitability.<sup>7</sup> Companies with high employee satisfaction have also been linked to annualized outperformance of over two percent.<sup>8</sup>

Investors have reason to be concerned as Ford has faced allegations of race, age, and gender discrimination.

1. <https://www.asyouow.org/our-work/social-justice/workplace-equity>
2. <https://www.asyouow.org/report-pages/workplace-diversity-and-financial-performance>
3. Ibid
4. <https://www.wsj.com/articles/the-business-case-for-more-diversity-11572091200>
5. <https://hbr.org/2017/10/hiring-discrimination-against-black-americans-hasnt-declined-in-25-years>
6. [https://wiw-report.s3.amazonaws.com/Women\\_in\\_the\\_Workplace\\_2021.pdf](https://wiw-report.s3.amazonaws.com/Women_in_the_Workplace_2021.pdf)
7. [https://www.morganstanley.com/im/publication/insights/articles/article\\_culturequantframework\\_us.pdf](https://www.morganstanley.com/im/publication/insights/articles/article_culturequantframework_us.pdf)
8. [https://www.institutionalinvestor.com/article/b1tx0zdhnhf5x/Want-to-Pick-the-Best-Stocks-Pick-the-Happiest-Companies?utm\\_medium=email&utm\\_campaign=The%20Essential%2011%20100721&utm\\_content=The%20Essential%2011%20100721%20CID\\_eb103a9e15359075f72a85f7f534c79&utm\\_source=CampaignMonitorEmail&utm\\_term=Want%20to%20Pick%20the%20Best%20Stocks%20Pick%20the%20Happiest%20Companies](https://www.institutionalinvestor.com/article/b1tx0zdhnhf5x/Want-to-Pick-the-Best-Stocks-Pick-the-Happiest-Companies?utm_medium=email&utm_campaign=The%20Essential%2011%20100721&utm_content=The%20Essential%2011%20100721%20CID_eb103a9e15359075f72a85f7f534c79&utm_source=CampaignMonitorEmail&utm_term=Want%20to%20Pick%20the%20Best%20Stocks%20Pick%20the%20Happiest%20Companies)

### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

Mohawk Industries, Inc.

WHEREAS: Following George Floyd's 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 acknowledge diversity, equity, and inclusion as core to their business. Unlike the majority of companies in the Russell 1000, Mohawk Industries Inc. did not release a racial justice statement, nor did it amplify its public disclosure related to diversity, equity, and inclusion (DEI).

Mohawk's racial equity policies and practices are hidden from shareholder view. Without proper oversight, transparency, and disclosure, it is impossible to say whether Mohawk is building an equitable work environment for its employees.

According to a November 2022 Racial Justice Scorecard, Mohawk scored only 2%.<sup>1</sup> Mohawk's low score is due, in part, to a lack of publicly accessible diversity, equity, and inclusion targets and lack of disclosed data concerning recruitment, retention, and promotion rates of people of color within the Company. Mohawk is significantly falling behind its peers in its diversity, equity, and inclusion policies, practices, and outcomes. Mohawk's score ranks below that of peer company Armstrong World Industries, which scored an 8%. Additionally, Mohawk is ranked 108 out of 122 companies in the Consumer Discretionary Sector, highlighting the failure of the Company to further racial equity compared to its peers.<sup>2</sup>

We encourage Mohawk to evaluate its behavior through a racial equity lens.

Failing to act on racial equity and disclose related policies and quantifiable data raises the material risk of reduced brand value. A McKinsey study cites material corporate benefits associated with corporate policies promoting racial justice:<sup>3</sup>

Companies with the strongest racial and ethnic diversity are 35% more likely to outperform their industry medians for earnings before interest and tax; Companies with the most ethnically/ culturally diverse boards are 43% more likely to earn higher profit; and For every 10% increase in racial and ethnic diversity among senior executives, EBIT rises 0.8. Mohawk can reduce this risk and play an important role in furthering racial equity by promoting diversity, equity, and inclusion within our Company.

**BE IT RESOLVED:** Shareholders of Mohawk industries urge the Board of Directors to oversee a racial equity audit analyzing Mohawk's current DEI policies and practices and their effects on nonwhite stakeholders and communities of color. Input from civil rights organizations, employees, and customers 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 Mohawk's website.

1. <https://www.asyousow.org/our-work/social-justice/racial-justice>

2. <https://www.asyousow.org/our-work/social-justice/racial-justice>

3. <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/delivering-through-diversity>

### Equal Employment Opportunity Report

MAXIMUS, Inc.

**RESOLVED:** Shareholders request that the Board of Directors adopt a policy requiring Maximus 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 Equal Employment Opportunity Commission. Shareholders also request disclosure of all of Maximus' diversity, equity, and inclusion (DEI) policies, on its website or another public filing or report.

**SUPPORTING STATEMENT:** Recently, the racial justice movement and the disproportionate impacts of the pandemic have focused investor attention on civil rights and gender and racial equity in the workplace. Further, workforce diversity is increasingly seen as a driver of long-term value creation. Accordingly, investors benefit from better understanding of DEI strategy and performance at portfolio companies.

Maximus touts its commitment to DEI, stating that it is "central to our company identity" and a "business imperative." Maximus says that DEI "broadly outlines the comprehensive efforts we are taking to create a more inclusive workplace."<sup>1</sup> While we appreciate these assurances, investors are unable to evaluate Maximus' performance in this area without additional workforce diversity disclosure.

Maximus is required to annually submit 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 Commission. The disclosure of this report would provide comprehensive and standardized workforce diversity data to investors with minimal additional burden on Maximus.

Such disclosure is increasingly becoming standard practice. According to an analysis by As You Sow, 90% of the S&P 100 have released or committed to release their EEO-1 reports and that 67% of the Russell 1000 firms disclose workforce diversity data in some form.<sup>2</sup> Widespread disclosure of EEO-1 data is critical because the standardization provides consistency, allowing investors to compare progress across firms.

Research shows that more diverse workforces are linked to improved financial performance. According to a Wall Street Journal analysis of workforce diversity in S&P 500 companies, the 20 companies that ranked the highest outperformed the bottom 20 by an average operating margin of 12% compared to 8% over the same period. The top companies' stocks also performed better with an average stock return of 10% versus 4.2% over the same five year period.<sup>3</sup>

Studies also show that diversity at multiple echelons of a company can have a big impact, highlighting investors' need for the comprehensive, workplace, demographic disclosure requested in this proposal. A McKinsey study found that companies in the top quartile for ethnic and gender diversity in its executive ranks were 29% more likely to perform better than their peers in the quartile.<sup>4</sup> A 2021 study found that high levels of racial diversity in both upper and lower management was associated with increased productivity.<sup>5</sup>

1. <https://maximus.com/DEI>

2. <https://www.asyousow.org/our-work/social-justice/workplace-equity>

3. <https://www.wsj.com/articles/the-business-case-for-more-diversity-11572091200>

4. <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/delivering-through-diversity>

5. <https://journals.aom.org/doi/abs/10.5465/amj.2019.0468>

### Diversity Targets

#### IPG Photonics Corporation

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.

The business case for workforce diversity is compelling. McKinsey & Company found in 2015, 2017, and 2019 that companies with highly diverse executive teams had higher returns on equity and earnings performance than those with low diversity.<sup>1</sup> Further, McKinsey reports an increased likelihood of financial outperformance in each successive study. 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)

IPG Photonics (“IPG”) states that it “recognizes the importance of a balanced workforce and strives to employ and promote women into leadership positions across all IPG locations.” IPG also states that it “requires our search firms to seek female and diverse candidates.” Yet, the lack of progress on its efforts to, attract, retain, and promote women is concerning. For example, women in senior leader and manager roles remained unchanged at 21 percent for two years ending December 2021. In the same time period women in its workforce declined from 34 percent to 32 percent. There are no women on IPG Photonics executive leadership team. This comes more than two years after a shareholder proposal addressing diversity in the executive leadership ranks earned 45 percent support from its shareholders.<sup>2</sup>

Research continues to point to the lack of diversity in corporate pipelines as a primary reason why too few women are being promoted to senior leadership roles. For the past eight years women have not been promoted at the same rate as men. In 2021, for every 100 men promoted from entry-level roles to manager positions, only 87 women were promoted, and only 82 women of color were promoted. At the same time women leaders are leaving companies at high rates, and are citing factors such as lack of opportunity to advance, company commitments to well-being, and flexibility.<sup>3</sup>

Companies can address this issue through recruitment, retention and promotion practices, and work to provide equity, inclusion, and justice at each step in the career progression. Companies are setting diversity targets which provide an important accountability mechanism. Salesforce, Intel, Microsoft, Alphabet, Intuit are examples of companies that have set quantitative, time-bound diverse representation targets.

Many shareholders<sup>4</sup> are increasingly concerned about material human capital management risk and seek clearly established targets and goals that promote a diverse and inclusive workforce.

**RESOLVED:** Shareholders request that IPG Photonics set public company-wide, quantitative, and time-bound targets to increase the representation of women and minorities, particularly at the managerial and senior levels of the company.

1. McKinsey Company, Diversity wins: How inclusion matters; S. Dixon-Fyle, K. Dolan, V. Hunt, S. Prince; May, 2020

2. [https://www.ipgphotonics.com/en/company#\[social-responsibility\]](https://www.ipgphotonics.com/en/company#[social-responsibility])

3. <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace>

4. <https://www.linkedin.com/company/thirty-percent-coalition/>



### **Disclose Plans and Policies Aligned with Achieving Racial Equality**

#### **Global Payments Inc.**

WHEREAS: Following George Floyd's 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 an important step in acknowledging diversity, equity and inclusion, and racial equity, as core to their business. Global Payments Inc. ("Global Payments") did not release a racial justice statement and has limited public disclosure related to diversity, equity, and inclusion.

A McKinsey study<sup>1</sup> cites material corporate benefits associated with policies promoting racial justice:

- Companies with the strongest racial and ethnic diversity are 35% more likely to outperform their industry medians for earnings before interest and tax;
- Companies with the most ethnically/ culturally diverse boards are 43% more likely to earn higher profits;
- For every 10% increase in racial and ethnic diversity among senior executives, EBIT rises 0.8.

Yet, inequities in the workplace continue:

- People of Color comprise 33% of entry-level positions but 13% of the C-suite;<sup>2</sup>
- In 2019, among the Russell 3000, Black individuals accounted for 4.1% of Board members versus 13.4% of the U.S. population.<sup>3</sup>

Global Payments is falling behind its peers in its reported diversity, equity, and inclusion policies. Global Payments earned a low score of 14% on a recent Racial Justice Scorecard.<sup>4</sup>

Global Payment's score ranks below that of peer companies Block and Fiserv, which scored 17% and 25% respectively. Global Payment's low score is due, in part, to a lack of publicly accessible diversity, equity, and inclusion targets and disclosed data concerning recruitment, retention, and promotion rates of people of color within the Company.

Given heightened awareness around racism, failing to act on racial justice or to disclose related policies and quantifiable data raises the material risk of reduced brand value. Global Payments can reduce this risk and play an important role in furthering racial equity by promoting diversity, equity and inclusion within the Company.

**BE IT RESOLVED:** Shareholders request that Global Payments Inc. publish a report, at reasonable expense and excluding proprietary information, disclosing the racial equity actions and targets the Company has put in place, if any, and providing data reflecting the success of such actions in promoting and improving racial equity outcomes.

**SUPPORTING STATEMENT:** Investors seek quantitative, comparable data to understand if and how the Company is promoting a commitment to racial equity. Proponents suggest the report include:

- Quantitative diversity, equity, and inclusion information, including EEO-1 data and recruitment, retention, and promotion rates for people of color within the Company;
- Any plans to improve disclosures on the performance indicators that underlie the Company's low scores compared to its peers on the above-referenced Racial Justice scorecard;
- Policies the Company could adopt to promote racial equity in its corporate workplaces and operations.

1. <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/delivering-through-diversity>

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

3. <https://cooleypubco.com/2020/07/15/calls-for-actions-racial-ethnic-diversity/>

4. <https://www.asyousow.org/our-work/social-justice/racial-justice>

### Report on Whether Company Policies Reinforce Racism in Company Culture

#### Digital Realty Trust Inc.

*A similar resolution was submitted to Smith (A.O.) Corporation.*

WHEREAS: According to the “Diversity, Equity, and Inclusion (DEI)” website for Digital Realty Trust (the “Company”), the Company aims to “build a place where everyone feels included and sees opportunities to build their careers, regardless of who they are” and that in 2020 the company launched a DEI council to create a more inclusive company;

However, the Company’s diversity data paint a concerning picture. According to the Company’s 2021 EEO-1 report, 93% of executive level officials are white and 86% of those officials are specifically white men. Zero are Black or Hispanic. Of the next four tiers of employees – managers, professionals, technicians, and sales staff – white men make up 60-70% of three of the four categories;

This ignites questions about whether the lack of leadership diversity indicates a systemic challenge at the company;

Author Ibram X. Kendi explains: “every policy in every institution in every community in every nation is producing or sustaining either racial inequity or equity...” existing both in “written and unwritten laws, rules, procedures, processes, regulations, and guidelines that govern people”<sup>1</sup>;

Harvard Business Review explains: “[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 play in the economy at large”<sup>2</sup>;

Corporate culture can include “values, norms, conventions, shared beliefs, customs, traditions, symbols, rituals, knowledge, ideology, identities, and shared mental models.”<sup>3</sup> We believe that long-term value creation could be advanced through analysis of whether and how systemic racism is embedded in company written and unwritten policies, corporate culture, and norms.

RESOLVED: Shareholders request the Board of Directors prepare a report to shareholders analyzing whether written policies or unwritten norms at Digital Realty Trust reinforce racism in company culture and including any planned remedies.

SUPPORTING STATEMENT: The report should be prepared within one year of the annual meeting, at reasonable cost and excluding proprietary and privileged information. For its analysis, the board is encouraged to consider soliciting outside expertise on racism in corporate cultures in conjunction with eliciting feedback from employees through forms of communication such as focus groups or anonymous employee surveying on indicators of structural racism and its effects. In its discretion, the board may include assessment of whether company policies or unwritten norms:

- Yield inequitable outcomes for employees based on race or ethnicity such as patterns of hiring, retention, upward mobility, disciplinary action, allocation of “stretch assignments” (projects intended to develop employee skills and abilities), sponsorship, or usage of benefits;
- Consider “cultural fit” rather than merit and capabilities or create “prove it again” biases (wherein employees of color are forced to prove their capabilities repeatedly);
- Establish a cultural hierarchy through permitting racial microaggressions (behaviors that stereotype or belittle a minority group), create perceived pressure to code-switch (behavioral adjustments used to navigate interracial interactions), or otherwise suppress cultural identity.

1. <https://www.penguin.co.uk/articles/2020/june/ibram-x-kendi-definition-of-antiracist.html>

2. <https://hbr.org/2020/06/confronting-racism-at-work-a-reading-list>

3. <https://ssrn.com/abstract=3946604>

### Board Diversity

#### Medpace Holdings

WHEREAS: Medpace Holdings, Inc. has just one woman and no racial and ethnic diversity on its Board of Directors. We believe diversity among directors, inclusive of gender, race, and ethnicity, is a critical attribute of a well-functioning board and a measure of sound corporate governance.

RESOLVED: Shareholders request the Medpace Holdings, Inc. (“Medpace”) Board of Directors report annually, at reasonable expense and omitting proprietary information, on steps it is taking to enhance board diversity, such as:

Committing publicly to include qualified women and racially and ethnically diverse individuals in each candidate pool for board seats; Detailing board strategies to reflect the diversity of the company’s workforce, community, and customers; and Reporting progress/challenges towards increasing the gender, racial, and ethnic diversity of the board.

SUPPORTING STATEMENT: 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, affirms diversity enhances long-term shareholder value and states: “Boards should develop a framework for identifying appropriately diverse candidates, which asks the nominating/corporate governance committee to consider women and/or minority candidates for each open board seat.”<sup>1</sup> Board and management diversity benefits include larger candidate pools 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 are indicators of good corporate governance. Asset managers, including the world’s largest — BlackRock, State Street Global Advisors, and Vanguard — increasingly vote against directors and support shareholder proposals on board diversity at companies deemed to be making insufficient progress. State and city pension plans nationwide have adopted proxy voting policies with minimum thresholds for board diversity. Proxy advisor Institutional Shareholder Services (ISS) enhanced its proxy voting guidelines related to board diversity for both its Benchmark and Socially Responsible Investment (SRI) policies<sup>2</sup>.

U.S. regulation and legislation to accelerate progress on board diversity is on the rise. In August 2021, the Securities and Exchange Commission approved Nasdaq’s proposed board diversity rule requiring listed companies to publicly disclose on an annual basis board-level diversity statistics and have, or explain their failure to do so, a minimum of two diverse board members. Numerous states, including Illinois, Maryland, and New York, have passed legislation mandating board diversity disclosure reporting, and others may follow suit.

Despite recent progress, gender, racial, and ethnically diverse directors remain significantly underrepresented on U.S. corporate boards. Female directors account for 32% of the directorships in the S&P 500 and 24.1% of the Russell 3000, with racially or ethnically diverse directors accounting for only 21 and 22% respectively.<sup>3,4</sup>

We urge Medpace to expand its disclosure regarding concrete, actionable steps it is taking to further diversify its board of directors, which we believe serves the long-term interests of the company and its shareholders.

1. <https://www.businessroundtable.org/policy-perspectives/corporate-governance/principles-of-corporate-governance>

2. <https://www.issgovernance.com/policy-gateway/voting-policies/>

3. <https://www.conference-board.org/pdfdownload.cfm?masterProductID=>

4. <https://www.spencerstuart.com/research-and-insight/2022-sp-500-new-director-snapshot>

## Risks Associated with Concealment Clauses

### Nordstrom, Inc.

*A similar resolution was submitted to Autodesk Inc.*

**BE IT RESOLVED:** Shareholders of Nordstrom, Inc. (“Nordstrom”) ask the Board to prepare a public report assessing the potential risks to the company associated with its use of concealment clauses in the context of harassment, discrimination, and other unlawful acts. The report should be prepared at reasonable cost and omit confidential information.

**SUPPORTING STATEMENT:** Concealment clauses are defined as any employment or post-employment agreement, such as arbitration, non-disclosure, or non-disparagement agreements that Nordstrom asks employees or contractors to sign to limit their ability to discuss unlawful acts in the workplace, including harassment and discrimination.

**WHEREAS:** Nordstrom appropriately uses concealment clauses in employment agreements to protect confidential corporate information. However, Nordstrom’s employment-related agreements may prohibit workers from speaking publicly about harassment, discrimination, or other unlawful acts, which may contribute to a toxic workplace.

It is not known to what extent Nordstrom uses non-disclosure or non-disparagement agreements. Nordstrom’s Dispute Resolution Program requires prospective and existing employees to agree to mandatory, binding arbitration; give up their rights to a judge or jury trial; and limits their ability to conduct discovery and participate in class actions. This explicitly includes claims related to working conditions, discrimination, harassment, and retaliation.<sup>1</sup>

Nordstrom has faced few public allegations of harassment and discrimination. With mandatory arbitration and possibly other concealment clauses in use, investors cannot know if this is a result of Nordstrom’s strong human capital management or a result of its use of manipulative legal tactics.

A healthy workplace culture is linked to strong returns. McKinsey found that companies in the top quartile for workplace culture post a return to shareholders that is 60 percent higher than those in the median and 200 percent higher than organizations rated in the bottom quartile for healthy workplace culture.<sup>2</sup> A study by the Wall Street Journal found that over a five-year period, the 20 most diverse companies in the S&P 500 had an average annual stock return almost six percentage points higher than the 20 least diverse companies.<sup>3</sup>

In contrast, 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.<sup>4</sup> Companies such as Alphabet,<sup>5</sup> Apple,<sup>6</sup> Microsoft,<sup>7</sup> and Salesforce,<sup>8</sup> among others, have ended their use of concealment clauses.

Nordstrom operates under a quickly changing patchwork of state and federal laws related to use of concealment clauses and will likely benefit from a consistent practice across all employees and contractors, no matter the law of a particular jurisdiction. As of November 2022, “The Speak Out Act,” which limits non-disclosure agreements when sexual harassment is claimed, is expected to be signed into federal law by the President.<sup>9</sup> It joins existing federal legislation which ended the use of forced arbitration in workplace sexual assault and harassment cases.<sup>10</sup> California, Maine, New York, Washington, and other states have also reduced employers’ abilities to use concealment clauses.

1. [https://careers.nordstrom.com/pdfs/Nordstrom\\_Dispute\\_Resolution\\_Program.pdf](https://careers.nordstrom.com/pdfs/Nordstrom_Dispute_Resolution_Program.pdf)

2. <https://www.mckinsey.com/business-functions/organization/our-insights/the-organization-blog/culture-4-keys-to-why-it-matters>

3. <https://www.wsj.com/articles/the-business-case-for-more-diversity-11572091200>

4. [https://conference.iza.org/conference\\_files/LaborMarkets\\_2021/sockin\\_j28322.pdf](https://conference.iza.org/conference_files/LaborMarkets_2021/sockin_j28322.pdf)

5. [https://www.sec.gov/Archives/edgar/data/1652044/000130817922000262/lgoog2022\\_def14a.htm](https://www.sec.gov/Archives/edgar/data/1652044/000130817922000262/lgoog2022_def14a.htm)

6. <https://www.sec.gov/Archives/edgar/data/320193/000119312522003583/d222670ddef14a.htm>

7. <https://www.reuters.com/legal/litigation/microsoft-says-it-will-not-enforce-non-compete-clauses-us-employee-agreements-2022-06-08/>

8. <https://finance.yahoo.com/news/salesforce-let-workers-break-ndas-164604675.html>

9. <https://www.forbes.com/sites/kimelsesser/2022/11/16/congress-passes-law-restoring-victims-voices-banning-ndas-in-sexual-harassment-cases/>

10. <https://www.washingtonpost.com/politics/2022/03/03/biden-signs-new-law-ending-forced-arbitration-sex-assault-harassment/>

### Risks Associated with Concealment Clauses

#### Digital Realty Trust Inc.

**RESOLVED:** Shareholders of Digital Realty Trust, Inc. (“Digital Realty”) ask that the Board of Directors prepare a public report assessing the potential risks to the company associated with its use of concealment clauses in the context of harassment, discrimination and other unlawful acts. The report should be prepared at reasonable cost and omit proprietary and personal information.

**SUPPORTING STATEMENT:** Concealment clauses are defined as any employment or post-employment agreement that Digital Realty asks employees or contractors to sign to limit their ability to discuss unlawful acts in the workplace, including harassment and discrimination. These can include non-voluntary arbitration agreements (including those with short opt-out periods early in employment), settlement agreements, and non-disclosure or non-disparagement agreements.

**WHEREAS:** In June 2022, 45.59% percent of Digital Realty’s investors supported the request of this resolution. Since this high vote, the company has not released any additional information on its use of concealment clauses, nor has it agreed to a conversation with the resolution’s proponents.

It is appropriate to use concealment clauses in employment agreements to protect confidential corporate information. However, Digital Realty’s employment-related agreements may also prohibit workers from speaking publicly about harassment, discrimination, or other unlawful acts. Harassment and discrimination claims should not be kept confidential. If they are, investors cannot be confident in their knowledge of Digital Realty’s workplace culture.

Concealment clauses may limit employees’ remedies for wrongdoing, reduce employee willingness to report discrimination, and prevent employees from learning about shared concerns. Concealment clause use may also create brand, legal, and human capital risks. Arbitration prevents class-action suits, which may allow a sense of impunity from companies with poorly implemented human capital management practices.

A healthy workplace culture is linked to strong returns. McKinsey found that companies in the top quartile for workplace culture post a return to shareholders 60 percent higher than median companies and 200 percent higher than organizations in the bottom quartile.

Digital Realty operates under a quickly changing patchwork of state and federal laws related to the use of concealment clauses and may benefit from a consistent practice across all employees and contractors. As of November 21, 2022, “The Speak Out Act,” which limits non-disclosure agreements when sexual harassment is claimed, is expected to soon be signed into federal law by the President. It joins existing federal legislation which ended the use of forced arbitration in workplace sexual assault and harassment cases. Additionally, a number of states, including California, Maine, New York, and Washington, have reduced employers’ abilities to use of concealment clauses.

Investors seek assurance that missteps are not occurring at Digital Realty, hidden from view because of concealment clauses. Companies such as Alphabet, Apple, Microsoft, and Salesforce, among others, have moved away from the use of these clauses.

1. <https://www.hnrl.org/2020/08/forced-into-employment-arbitration-sexual-harassment-victims-are-saying-metoo-and-beginning-to-fight-back-but-they-need-congressional-help/>
2. <https://www.mckinsey.com/business-functions/organization/our-insights/the-organization-blog/culture-4-keys-to-why-it-matters>
3. <https://www.forbes.com/sites/kimelsesser/2022/11/16/congress-passes-law-restoring-victims-voices-banning-ndas-in-sexual-harassment-cases/>
4. <https://www.washingtonpost.com/politics/2022/03/03/biden-signs-new-law-ending-forced-arbitration-sex-assault-harassment/>
5. [https://www.sec.gov/Archives/edgar/data/1652044/000130817922000262/lgoog2022\\_def14a.htm](https://www.sec.gov/Archives/edgar/data/1652044/000130817922000262/lgoog2022_def14a.htm)
6. <https://www.sec.gov/Archives/edgar/data/320193/000119312522003583/d222670ddef14a.htm>
7. <https://www.reuters.com/legal/litigation/microsoft-says-it-will-not-enforce-non-compete-clauses-us-employee-agreements-2022-06-08/>
8. <https://finance.yahoo.com/news/salesforce-let-workers-break-ndas-164604675.html>

### Risks Associated with Concealment Clauses

#### CVS Health Corp.

**BE IT RESOLVED:** Shareholders of CVS Health Corp. (“CVS”) ask that the Board of Directors prepare a public report assessing the potential risks to the Company associated with its use of concealment clauses in the context of harassment, discrimination, and other unlawful acts. The report should be prepared at reasonable cost and omit proprietary and personal information.

**SUPPORTING STATEMENT:** Concealment clauses are defined as any employment or post-employment agreement that CVS asks employees or contractors to sign to limit their ability to discuss unlawful acts in the workplace, including harassment and discrimination. These can include mandatory arbitration agreements (including those with short opt-out periods early in employment), settlement agreements, and non-disclosure or non-disparagement agreements.

**WHEREAS:** CVS appropriately uses concealment clauses in employment agreements to protect confidential corporate information. However, CVS’ employment-related agreements may prohibit workers from speaking publicly about harassment, discrimination, or other unlawful acts. Harassment and discrimination claims should not be kept confidential. If they are, investors cannot be confident in their knowledge of CVS’ workplace culture.

A healthy workplace culture is linked to strong returns. McKinsey found that companies in the top quartile for workplace culture post a return to shareholders that is 60 percent higher than median companies and 200 percent higher than organizations rated in the bottom quartile for healthy workplace culture.<sup>1</sup> A study by the Wall Street Journal found that over a five-year period, the 20 most diverse companies in the S&P 500 had an average annual stock return almost six percentage points higher than the 20 least diverse companies.<sup>2</sup>

In contrast, 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.<sup>3</sup>

CVS operates under a quickly changing patchwork of state and federal laws related to the use of concealment clauses and may benefit from a consistent practice of limiting the use of concealment clauses in the context of harassment, discrimination, and other unlawful acts across all employees and contractors, no matter the law of a particular jurisdiction. As of November 21, 2022, “The Speak Out Act,” which limits non-disclosure agreements when sexual harassment is claimed, is expected to soon be signed into federal law by the President.<sup>4</sup> It joins existing federal legislation which ended the use of forced arbitration in workplace sexual assault and harassment cases.<sup>5</sup> Additionally, a number of states, including California, Maine, New York, and Washington, have reduced employers’ abilities to use of concealment clauses.

Investors seek assurance that missteps are not occurring at CVS, hidden from view because of concealment clauses. Companies such as Alphabet,<sup>6</sup> Apple,<sup>7</sup> Microsoft,<sup>8</sup> and Salesforce,<sup>9</sup> among others, have ended their use of these clauses. Investors have reason to be concerned. In 2022, a handful of CVS employees, including executives, were terminated for mishandling sexual harassment claims.<sup>10</sup>

1. <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/the-organization-blog/culture-4-keys%20to-why-it-matters>
2. <https://www.wsj.com/articles/the-business-case-for-more-diversity-11572091200>
3. [https://conference.iza.org/conference\\_files/LaborMarkets\\_2021/sockin\\_j28322.pdf](https://conference.iza.org/conference_files/LaborMarkets_2021/sockin_j28322.pdf)
4. <https://www.forbes.com/sites/kimelsesser/2022/11/16/congress-passes-law-restoring-victims-voices-banning-ndas-in-sexual-harassment-cases/>
5. <https://www.washingtonpost.com/politics/2022/03/03/biden-signs-new-law-ending-forced-arbitration-sex-assault-harassment/>
6. [https://www.sec.gov/Archives/edgar/data/1652044/000130817922000262/lgoog2022\\_def14a.htm](https://www.sec.gov/Archives/edgar/data/1652044/000130817922000262/lgoog2022_def14a.htm)
7. <https://www.sec.gov/Archives/edgar/data/320193/000119312522003583/d222670ddef14a.htm>
8. <https://www.reuters.com/legal/litigation/microsoft-says-it-will-not-enforce-non-compete-clauses-us-employee-agreements-2022-06-08/>
9. <https://finance.yahoo.com/news/salesforce-let-workers-break-ndas-164604675.html>
10. <https://www.cnn.com/2022/03/11/cvs-ceo-karen-lynn-fires-executives-after-internal-sexual-harassment-probe.html>

## Review Effectiveness of Company's Anti-Harassment Efforts

### International Business Machines Corp. (IBM)

WHEREAS: Concerns have been raised about International Business Machines' ("IBM") workplace practices. These have included gender, race and age discrimination allegations.

Given the severity of the allegations, investors and other stakeholders may have reduced confidence in the Company's statements that "IBM has been a leader in corporate diversity and inclusion for decades and is deeply committed to fostering a healthy, safe, and productive work environment for all IBMers."<sup>1</sup>

Indicating a possible discomfort with the Company's use of concealment clauses, 64.7 percent of IBM's investors supported a 2022 shareholder resolution which requested that IBM's Board of Directors release a public report assessing the potential risks to the Company associated with its use of concealment clauses in the context of harassment, discrimination and other unlawful acts.<sup>2</sup> Concealment clauses are defined as employment or post-employment agreements, such as arbitration or non-disclosure agreements, that IBM asks employees or contractors to sign which would limit their ability to discuss unlawful acts in the workplace, including harassment and discrimination.

IBM utilizes concealment clauses within a patchwork of state and federal laws. In September 2022, the U.S. Senate unanimously passed "The Speak Out Act" which would limit non-disclosure agreements when sexual harassment is claimed.<sup>3</sup> California and Washington already prohibit agreements that prevent employees from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination.

Given that IBM continues to use concealment clauses "in settlements of lawsuits, or as part of voluntarily agreed exit agreements,"<sup>4</sup> shareholders are unable to assess the breadth of discrimination and related risks within the Company. This practice is not used by Alphabet<sup>5</sup>, Apple<sup>6</sup>, Microsoft<sup>7</sup>, or Salesforce<sup>8</sup>, among others.

RESOLVED: Shareholders request the Board of Directors commission an independent review of the effectiveness and outcomes of the Company's efforts to prevent harassment and discrimination against its protected classes of employees, and issue a public report summarizing the findings.

SUPPORTING STATEMENT: In its discretion, the Board may wish to consider including in the report disclosures such as:

- the total number and aggregate costs associated with disputes settled by the Company related to harassment or discrimination in the previous three years;
- the total number of pending harassment or discrimination complaints the Company is seeking to resolve through internal processes, arbitration or litigation;
- the total number and aggregate costs associated with contracts that include exit or other agreements where concealment clauses that restrict discussions of harassment or discrimination are present,
- an estimate of the number of claims which may be made public, should existing non-disclosure or arbitration agreements be made null by changing legislation.
- The report should not include the names or details of settlements without consent and should be prepared at a reasonable cost and omit any information that is proprietary, privileged, or violative of contractual obligations.

1. <https://sec.report/Document/0001104659-22-031075/>

2. [https://www.sec.gov/ix?doc=/Archives/edgar/data/0000051143/000110465922053570/tm2213945d1\\_8k.htm](https://www.sec.gov/ix?doc=/Archives/edgar/data/0000051143/000110465922053570/tm2213945d1_8k.htm)

3. <https://spectrumnews1.com/oh/cincinnati/news/2022/10/03/u-s--senate-passes-bill-limiting-ndas>

4. <https://sec.report/Document/0001104659-22-031075/>

5. [https://www.sec.gov/Archives/edgar/data/1652044/000130817922000262/lgoog2022\\_def14a.htm](https://www.sec.gov/Archives/edgar/data/1652044/000130817922000262/lgoog2022_def14a.htm)

6. <https://www.sec.gov/Archives/edgar/data/320193/000119312522003583/d222670ddef14a.htm>

7. <https://blogs.microsoft.com/on-the-issues/2022/06/08/microsoft-announces-four-new-employee-workforce-initiatives/>

8. <https://www.salesforce.com/news/stories/salesforce-extends-workplace-protections-in-ca-sb331-bill-to-all-u-s-employees/>

### Review Effectiveness of Company's Anti-Harassment Efforts

Etsy, Inc.

**RESOLVED:** Shareholders request the Board of Directors commission an independent review of the effectiveness and outcomes of the company's efforts to prevent harassment and discrimination against its protected classes of employees, and issue a public report summarizing the findings.

**SUPPORTING STATEMENT:** In its discretion, the Board may wish to consider including in the report disclosures such as:

- the total number and aggregate costs associated with disputes settled by the company related to harassment or discrimination in the previous three years;
- the total number of pending harassment or discrimination complaints the company is seeking to resolve through internal processes, arbitration or litigation;
- the total number and aggregate costs associated with contracts that include exit or other agreements where concealment clauses that restrict discussions of harassment or discrimination are present, an estimate of the number of claims which may be made public, should existing non-disclosure or arbitration agreements be made null by changing legislation.
- The report should not include the names of accusers or details of their settlements without their consent and should be prepared at a reasonable cost and omit any information that is proprietary, privileged, or violative of contractual obligations.

**WHEREAS:** In January 2022, Etsy's management released a report confirming its use of employment-related concealment clauses. In its report, Etsy states that it provides payments to terminated employees that have harassed or discriminated against other Etsy employees in exchange for their agreement to non-disclosure or non-disparagement agreements.<sup>1</sup>

As Etsy continues to use non-disclosure and non-disparagement clauses at severance, investors cannot be confident in their knowledge of Etsy's workplace culture unless the company agrees to additional transparency and reporting.

A healthy workplace culture is linked to strong returns. For example, the consultancy McKinsey found that companies in the top quartile for workplace culture post a return to shareholders that is 60 percent higher than median companies and 200 percent higher than organizations rated in the bottom quartile for healthy workplace culture.<sup>2</sup>

Etsy also operates under a quickly changing patchwork of state and federal laws related to the use of concealment clauses and may benefit from a consistent practice regardless of employee or contractor protected class or physical location. As of November 26, 2022, "The Speak Out Act," which limits non-disclosure agreements when sexual harassment is claimed, is expected to soon be signed into federal law by the President.<sup>3</sup> Additionally, a number of states, including California, Maine, New York, and Washington, have reduced employers' abilities to use of concealment clauses.

Investors have reason to be concerned. Etsy has stated that almost 10% of employees do not agree that Etsy is a place where they rarely experience or observe misconduct.<sup>4</sup> Alphabet<sup>5</sup>, Apple<sup>6</sup>, Microsoft<sup>7</sup>, or Salesforce<sup>8</sup>, among others, have moved away from the use of concealment clauses.

1. [https://s22.q4cdn.com/941741262/files/doc\\_downloads/governance\\_documents/2022/0130/Risk-Assessment-\(Employment-Related-Concealment-Clauses\)-Final.pdf](https://s22.q4cdn.com/941741262/files/doc_downloads/governance_documents/2022/0130/Risk-Assessment-(Employment-Related-Concealment-Clauses)-Final.pdf)

2. <https://www.mckinsey.com/business-functions/organization/our-insights/the-organization-blog/culture-4-keys-to-why-it-matters>

3. <https://www.forbes.com/sites/kimelsesser/2022/11/16/congress-passes-law-restoring-victims-voices-banning-ndas-in-sexual-harassment-cases/>

4. [https://s22.q4cdn.com/941741262/files/doc\\_downloads/governance\\_documents/2022/0130/Risk-Assessment-\(Employment-Related-Concealment-Clauses\)-Final.pdf](https://s22.q4cdn.com/941741262/files/doc_downloads/governance_documents/2022/0130/Risk-Assessment-(Employment-Related-Concealment-Clauses)-Final.pdf)

5. [https://www.sec.gov/Archives/edgar/data/1652044/000130817922000262/lgoog2022\\_def14a.htm](https://www.sec.gov/Archives/edgar/data/1652044/000130817922000262/lgoog2022_def14a.htm)

6. <https://www.sec.gov/Archives/edgar/data/320193/000119312522003583/d222670ddef14a.htm>

7. <https://blogs.microsoft.com/on-the-issues/2022/06/08/microsoft-announces-four-new-employee-workforce-initiatives/>

8. <https://www.salesforce.com/news/stories/salesforce-extends-workplace-protections-in-ca-sb331-bill-to-all-u-s-employees/>



## Workplace Sexual Harassment Assessment

McDonald's Corp.

**RESOLVED:** Shareholders urge the Board of Directors to publish the results of an independent, third-party assessment of the effectiveness of McDonald's Corporation's ("McDonald's" or "the Company") efforts to eradicate sexual harassment and gender discrimination in its corporate owned and franchised restaurants.

At a minimum, the assessment should include a review of:

- McDonald's commitment, policies, and measures to prevent and address sexual harassment and gender discrimination including those outlined in the Company's Global Brand Standards, its Global Statement of Principles on Workplace Violence Prevention and its Global Statement of Principles Against Discrimination, Harassment and Retaliation;
- The measures taken to support franchised owners to adopt best practices and the McDonald's policies mentioned above;
- The grievance mechanisms implemented, including the process for handling complaints and access to effective remediation.

The assessment, prepared at reasonable expense and omitting confidential, proprietary or legally privileged information, should be publicly disclosed on the Company's website by December 31, 2023.

**SUPPORTING STATEMENT:** A US nationwide survey found that forty percent of women in the fast-food industry have experienced sexual harassment on the job.<sup>1</sup>

In recent years, McDonald's has faced significant negative media coverage related to claims of sexual harassment,<sup>2</sup> a \$500 million class action lawsuit in which plaintiffs allege that McDonald's has a "systemic sexual harassment problem"<sup>3</sup>, and numerous complaints filed with the U.S. Equal Employment Opportunity Commission.<sup>4</sup> Another complaint filed by an international coalition of labour unions at the OECD's offices in the Netherlands alleges that gender-based violence and harassment are part of McDonald's culture<sup>5</sup>. The OECD complaint details a "pattern of sexual harassment and gender-based violence" in the U.S, the United Kingdom, France, Australia and many other countries.<sup>6</sup>

In 2021 and 2022, in response to the growing controversy, McDonald's implemented new policies and programs to promote "safe, respectful and inclusive workplaces that protect the physical and psychological safety of all crew and customers".<sup>7</sup> In addition, the Company has developed a suite of policies, tools and training and established an evaluation process to support markets and franchised restaurants in adopting decent work practices.<sup>8</sup>

Despite these reforms and changes, workers have alleged that sexual harassment and retaliation persist in McDonald's restaurants.<sup>9</sup>

Any failure to effectively implement adequate policies and practices to protect workers in corporate owned or franchised restaurants exposes workers to unacceptable abuses, and exposes the Company to material legal and reputational risks that may ultimately affect shareholder long-term value.

A transparent assessment of the effectiveness of management's measures to date is essential not only to protect employees and establish a culture of accountability within the company, but also to allow the company's shareholders to evaluate the effectiveness of management's efforts to eradicate sexual harassment within its global operations.

1. <https://hartresearch.com/fast-food-worker-harassment-survey-findings/>

2. <https://www.npr.org/2019/05/23/726071587/mcdonalds-protests-over-sexual-harassment-grow-as-shareholders-meet>

3. <https://www.businessinsider.com/workers-file-sexual-harassment-lawsuit-against-mcdonalds-2020-4>

4. <https://www.reuters.com/article/us-mcdonald-s-lawsuits-harassment-idUSKCN1SR1RP>

5. <https://www.theguardian.com/business/2020/may/18/mcdonalds-lawsuit-systemic-sexual-harassment-employees-worldwide>

6. <https://www.restaurantdive.com/news/mcdonalds-faces-criticism-for-sexual-harassment-issues-in-international-ma/578181/>

7. <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/jobs-inclusion-and-empowerment/safe-respectful-workplaces.html>

8. <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/jobs-inclusion-and-empowerment/safe-respectful-workplaces.html>

9. <https://www.theguardian.com/business/2022/aug/16/mcdonalds-sexual-harassment-retaliation-firings>

### **Underwriting Police Insurance**

#### **The Travelers Companies, Inc.**

WHEREAS: Police misconduct lawsuits have cost over 3.2 billion dollars in settlements in the largest police jurisdictions over the past decade.<sup>1</sup> Police brutality causes significant human, social, and financial harm. Black men are 2.5 times more likely to be killed than white men by police.<sup>2</sup> Black Americans are more likely to be unarmed and less likely to be threatening someone when killed, indicating issues of structural racism within law enforcement.<sup>3</sup> The murders of Black Americans at the hands of police have strengthened calls for police reform. Insurance policyholder attorney Alexander Brown notes:

“What I see now with the Black Lives Matter is that there’s going to be a whole lot of investigation into whether various municipalities or police entities have policies or practices that discriminate against African-Americans...”

Law enforcement liability insurance may play an important role influencing police accountability. John Rappaport, University of Chicago Law School, notes how insurance policies could decrease police accountability:

“If insurance companies are not doing a good job at trying to manage the risk, they could actually be making things worse. This is the idea of moral hazard, right? When you get insurance coverage, you drive a little bit less carefully.”

Insurance companies are uniquely situated to abate racist police brutality by, for example, working with police departments on policies and training to increase accountability. The United States Commission on Human Rights’ report, “Police Use of Force: An Examination of Modern Policing Policies,” highlights studies to that effect.<sup>4</sup>

Insurance companies exert pressure on police departments to reduce uses of force that may result in large settlements or court-ordered damages that the insurance company must then pay out. Through lower premiums and deductibles, private insurance encourages departments to engage in “better training, better use of force policies, better screening in the hiring process, and even the firing of bad cops.” (Rappaport)

While private insurance is “no panacea,” especially since many large cities are self-insured and therefore lack the external pressure for reform, insurance companies may nonetheless play an important role in increasing police accountability. (Washington Post)

Travelers is a leading commercial provider of law enforcement liability insurance, including coverage for “violation[s] of civil rights under any federal, state, or local law.” Yet, Travelers does not disclose policies or programs to reduce the risk of racist police brutality, including training, education, or audits. A failure to address these issues poses significant reputational and financial risks to Travelers. Transparency into how Travelers assesses and mitigates law enforcement liability risk is crucial for ensuring accountability to investors.

**Resolved:** Shareholders request Travelers report on current company policies, and options for changes to such policies, to help ensure its insurance offerings reduce and do not increase the potential for racist police brutality, nor associate our brand with police violations of civil rights and liberties. The report should assess related reputational, competitive, operational, and financial risks, and be prepared at reasonable cost, omitting proprietary, privileged or prejudicial information.

1. <https://www.washingtonpost.com/investigations/interactive/2022/police-misconduct-repeated-settlements/>

2. <https://www.newsweek.com/black-men-2-5-times-more-likely-killed-police-white-men-1452549>

3. <https://policeviolencereport.org/>

4. <https://www.usccr.gov/files/pubs/2018/11-15-Police-Force.pdf>

## Environmental Health and Food Justice

Proper management of environmental impacts helps companies compete in a business environment marked by growing public rejection of over-consumption and/or waste of precious natural resources. Companies that have a positive impact on the environment are also more likely to experience profitable long-term business performance. ICCR members filed 19 environmental health and food resolutions this year, the majority of which (10) dealt with reducing plastics pollution.

### Reduce Plastics Use

Since its invention more than a century ago, plastic has been integrated into nearly every aspect of our daily lives. While plastic has made possible countless modern conveniences, it has done so with significant environmental downsides, particularly ocean pollution.



### Environment Health, Food and Sustainability 19

| Proposal Topic   | Quantity |
|--|----------|
| <i>For the full list of investors who filed these resolutions, see p. 250.</i> |          |
| Reduce Plastics Use  | 5        |
| Impact of Reduced Plastics Demand on Financial Assumptions                     | 4        |
| Environmental Justice Report   | 2        |
| Report on the Outcomes of Chemical Reduction Efforts                           | 2        |
| Measuring Pesticide Use in Agricultural Supply Chains                          | 1        |
| PFAS Chemicals in Water  | 1        |
| Phase Out Routine Medically Important Antibiotics Use in Supply Chain          | 1        |
| Plan to Reduce Plastic Production  | 1        |
| Public Health Costs of Antimicrobial Resistance                                | 1        |
| Report on Guyana Oil Spill Economic, Human and Environmental Impacts           | 1        |

Without immediate and sustained action, annual flows of plastics into our oceans could nearly triple by 2040. To combat this, a multi-part strategy will be needed: recycling, coupled with major reductions in use, materials re-design, and substitution. Multiple countries and some major brands have already committed to significant cuts in the use of virgin and single-use plastics; investors are focusing on those companies lagging behind their peers in reduction efforts.

ICCR members asked Amazon, Kroger, McDonald's, Restaurant Brands, and Yum! to report on how they might significantly reduce their respective plastics use in alignment with a one-third reduction.



**Conrad Mackerron**  
*Senior Vice President, As You Sow*

The **plastic pollution problem is a global crisis** that rivals climate change in its level of public concern. At the heart of the problem are single-use plastics like consumer goods and beverage packaging. More than 40% of plastic packaging globally escapes collection systems, generating significant economic costs and consumer brand risk polluting oceans and urban infrastructure. Countries are beginning to regulate single-use plastics. More than 125 countries have implemented some form of regulations to reduce plastic waste, but needed change is not happening fast enough. Only about 7% of plastic ocean pollution would be reduced under current commitments, according to a 2020 Pew Trusts report.

For the past decade, As You Sow has been challenging consumer goods, beverage, and fast food companies to reduce plastic waste by making their packaging recyclable and taking financial responsibility to ensure it gets recycled. More recently, we elevated our focus to press for a reduction in the use of virgin plastic and received commitments from major companies like **Walmart** and **Target**, and **Coca-Cola** and **Pepsico** agreed to increase use of refillable bottles. For 2023,

we will continue to press **Amazon, McDonald's, Restaurant Brands International, and YUM! Brands** to set goals to reduce their use of plastic packaging.

Further, resin manufacturers must face the reality that increasing plastics recycling is not enough and reduced demand for plastics is a crucial part of the solution. We are challenging plastics manufacturers **ExxonMobil, Dow, Chevron Phillips Chemical** (owned by Chevron and Phillips 66) and **Westlake Chemical** to study the potential impact of expected future reduction of plastic demand on their business operations. To reduce use of fossil fuels, these companies must also transition to using post-consumer plastic waste as feedstock instead of virgin plastic and they need to disclose the scale and safety of their plans for such a transition.

We invite investors to join our **Plastic Solutions Investor Alliance**, a group of more than 50 investors with \$2.7 trillion AUM, engaging major brands like Coca-Cola, Nestle, Procter & Gamble, and Unilever on plastic pollution.

### Impact of Reduced Plastics Demand on Financial Assumptions

Oil companies are producers of single-use plastic-bound polymers, and each year manufacture millions of metric tons, making it a significant aspect of their business model. Consequently, a global single-use plastics ban or other major plastics demand reduction would significantly reduce oil demand, and producers' bottom lines.

Investors asked **Chevron, Dow, Exxon Mobil, and Phillips 66** to report on whether and how a significant reduction in virgin plastic demand would affect their financial position and the assumptions underlying their financial statements.





**Jillianne Lyons**  
*Program Director, Investor  
Advocates for Social Justice*

Environmental racism has a long history in the United States and is tied to its legacy of colonialism and slavery. Theft of Indigenous lands and extractive practices are key drivers of the climate crisis and exacerbate disparate impacts on vulnerable peoples and places. In the U.S., fossil fuel production, petrochemical facilities, and hazardous waste sites are disproportionately located where people of color work, live, and play. The reality that communities of color sit on the front lines of climate impacts and environmental health risks is by design, not coincidence.

Companies can contribute to, exacerbate, or overlook **environmental justice** in their operations through policies and practices that fuel the climate crisis and degrade the environment. Poor industry practices and weak community engagement systems have contributed to higher air pollution, water contamination, and negative health outcomes for people of color. Community organizers and environmental justice advocates have long fought for equitable climate solutions that prioritize the livelihoods of communities of color.

As investor expectations on climate change and racial equity increase, many investors are ramping up engagements with companies on environmental justice concerns. Not only do these dangerous industry practices put communities at risk, but they uphold systems of racial inequity that undermine our economy and slow the climate transition. Investors are calling for better disclosure on factors such as hazardous facility siting, pollution impacts, and community engagement.



### **Phase out Routine Use of Medically Important Antibiotics in the Supply Chain**

Antibiotic resistance is a global public health crisis that threatens to reverse many medical advances made over the last century. At least 700,000 people die annually from illness due to antimicrobial resistance. Animal agriculture accounts for approximately two-thirds of global antibiotics use. In 2018 McDonald's committed to prohibiting the routine use of antibiotics by its meat suppliers. However, it did not fulfill that promise and in March 2022, it instead replaced its commitment with weaker language setting targets for the 'responsible use' of antibiotics.

Investors asked McDonald's to adopt an enterprise-wide policy to phase out the use of medically-important antibiotics for disease prevention in its beef and pork supply chains. The policy should include global sourcing targets with timelines, metrics for measuring implementation, and third-party verification.

## Reduce Plastics Use

Amazon.com, Inc

WHEREAS: The growing plastic pollution crisis poses increasing risks to our Company. Corporations could face an annual financial risk of approximately \$100 billion should governments require them to cover the waste management costs of the packaging they produce, a policy that is increasingly being enacted around the globe.<sup>1</sup>

The authoritative study, *Breaking the Plastic Wave (2020)*, by Pew Charitable Trusts (“Pew Report”), 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 flows of plastics into oceans could nearly triple by 2040.<sup>2</sup>

The Pew Report also finds that improved recycling must be coupled with reductions in use, materials redesign, and substitution. It concludes that plastic demand should be reduced by least one-third to cut ocean plastic pollution 80% by 2040, and that reducing plastic production is the most attractive solution from environmental, economic, and social perspectives. Countries and other major brands have committed to significant cuts in the use of virgin and single-use plastics.<sup>3</sup>

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 effectively recycled. A recent report by Oceana estimates that Amazon generated 599 million pounds of plastic packaging waste in 2020 and up to 23.5 million pounds of this waste entered the world’s marine ecosystems.<sup>4</sup> Flexible packaging represents 59% of all plastic production but an outsized 80% of plastic leaking into oceans. Amazon has no goal to make all its packaging recyclable.

Amazon is falling behind its peers. Unilever, with the most significant corporate action to date, agreed to cut virgin plastic packaging by half by 2025, eliminating 100,000 tons.<sup>5</sup> At least seventeen other public consumer goods companies including competitors Walmart and Target have virgin plastic reduction goals.<sup>6</sup> IKEA pledged to eliminate all plastic packaging by 2028.<sup>7</sup>

Reducing Amazon’s plastic packaging and making all its packaging recyclable are necessary steps to combat the plastic pollution crisis. Our Company is overdue on taking action on this important issue.

BE IT RESOLVED: Shareholders request the Amazon Board issue a report, at reasonable expense and excluding proprietary information, describing how the Company could reduce its plastics use in alignment with the one-third reduction findings of the Pew Report, or other authoritative sources, to significantly reduce ocean plastic pollution.

SUPPORTING STATEMENT: The report should, at Board discretion:

- Quantify the weight of total plastic packaging used by the Company; Evaluate the benefits of dramatically reducing the amount of plastics used in our Company’s packaging;
- Assess the reputational, financial, and operational risks associated with continuing to use substantial plastic packaging, while plastic pollution grows;
- Describe any planned reduction strategies or goals, materials redesign, transition to reusables, substitution, or reductions in our Company’s use of plastic packaging.

1. [https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave\\_report.pdf](https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf)

2. <https://www.weforum.org/agenda/2020/10/canada-bans-single-use-plastics>

3. Ibid.

4. <https://oceana.org/reports/amazon-report-2021/#:~:text=Report%20%7C%20December%2C%202021&text=Oceana%20analyzed%20e%2Dcommerce%20packaging,estimate%20of%20465%20million%20pounds>

5. <https://www.unilever.com/news/press-and-media/press-releases/2019/unilever-announces-ambitious-new-commitments-for-a-waste-free-world/>

6. <https://www.asyousow.org/report-page/plastic-pollution-scorecard-2021/>

7. <https://www.fastcompany.com/90699161/ikea-says-it-will-eliminate-plastic-packaging-by-2028#:~:text=By%202025%2C%20all%20new%20ikea,a%20fully%20%E2%80%9Ccircular%E2%80%9D%20company>

### Reduce Plastics Use

#### McDonald's Corp.

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

WHEREAS: The growing plastic pollution crisis poses increasing risks to our Company. Corporations could face an annual financial risk of approximately \$100 billion should governments require them to cover the waste management costs of the packaging they produce, a policy increasingly adopted around the globe.<sup>1</sup>

Pew Charitable Trusts released a groundbreaking study, *Breaking the Plastic Wave* ("Pew Report"), concluding that improved recycling is insufficient to stem the plastic tide – it must be coupled with reductions in use, materials redesign, and substitution. It concludes that at least one-third of plastic use can be reduced, and that reduction is the most viable solution from environmental, economic, and social perspectives. Without immediate and sustained new commitments across the plastics value chain, annual flows of plastics into oceans could nearly triple by 2040.<sup>2</sup>

Governments around the world are increasingly taxing corporations for single-use packaging, including new laws in Maine, Oregon, Colorado, and California.<sup>3</sup> The European Union has banned 10 single-use plastic products commonly found in ocean cleanups and imposed a tax on non-recycled plastic packaging waste.

McDonald's is part of a "to go" packaging culture, contributing to plastic pollution of land and water. Our Company does not report the number of packaging items it distributes, but as the world's largest quick service restaurant, millions of packaging units with our brand logo enter the environment or landfills each year.

Competitor Starbucks is actively embracing reusable packaging with new global reusable container goals, including a Borrow-A-Cup program and the facilitation of reusable mugs at all stores and drive-throughs by 2023.<sup>4</sup> McDonald's has set a goal that will effectively eliminate the use of virgin plastic, but the gravity of the situation requires it to go further and reduce overall plastic use while shifting permanently away from single-use packaging and towards reusables.

In a shareholder resolution filed last year, nearly 42% of McDonald's investors, representing more than 206 million shares and \$51 billion in assets, expressed support for action to reduce plastic pollution. McDonald's will reduce its reputational and regulatory risk by reducing its plastic packaging waste through strong investment in single-use alternatives.

BE IT RESOLVED: Shareholders request that the McDonald's Board issue a report, at reasonable expense and excluding proprietary information, describing how the Company will reduce its plastics use by shifting away from single-use packaging in alignment with the findings of the Pew Report, or other authoritative sources, to feasibly reduce ocean pollution.

SUPPORTING STATEMENT: The report should, at Board discretion:

- Assess the reputational, financial, and operational risks associated with continuing to use substantial amounts of single-use plastic packaging while plastic pollution grows;
- Evaluate dramatically reducing the amount of plastic used in our packaging through transitioning to reusables; and
- Describe how McDonald's can further reduce single-use packaging, including any planned reduction strategies or goals, materials redesign, substitution, or reductions in overall plastic use.

1. [https://www.pewtrusts.org/-/media/aspoport.pdf07/breakingtheplasticwave\\_report.pdf](https://www.pewtrusts.org/-/media/aspoport.pdf07/breakingtheplasticwave_report.pdf)

2. Ibid

3. <https://www.packworld.com/news/sustainability/article/22419036/four-states-enact-packaging-epr-laws>

4. <https://stories.starbucks.com/stories/2022/starbucks-global-environmental-and-social-impact-report-2021/>

## Reduce Plastics Use

### Restaurant Brands International

WHEREAS: The growing plastic pollution crisis poses increasing risks to our Company. Corporations could face an annual financial risk of approximately \$100 billion should governments require them to cover the waste management costs of the packaging they produce, an increasingly adopted policy.<sup>1</sup> New laws to this effect were recently passed in Maine, Oregon, Colorado, and California.<sup>2</sup>

Pew Charitable Trusts released a groundbreaking study, *Breaking the Plastic Wave* (“Pew Report”), concluding that improved recycling is insufficient to stem plastic pollution and that companies must reduce overall plastic use by at least one-third. Without immediate and sustained new commitments, annual flows of plastics into oceans could nearly triple by 2040.<sup>3</sup>

Restaurant Brands International (“RBI”) is part of a wasteful “to go” packaging culture and lags behind its competitors in taking actions to reduce the plastic pollution that results from its packaging. Competitor McDonald’s has a goal to completely eliminate the use of virgin plastic packaging by 2025,<sup>4</sup> and competitor YUM! Brands has a goal to eliminate 10% of virgin plastic use across all its brands, including Taco Bell, KFC, Pizza Hut, and Habit Burger, by 2025.<sup>5</sup> Our Company has no goal to reduce use of virgin plastic.

At least sixty additional consumer goods and retail companies have pledged to reduce use of virgin plastic packaging and nearly 100 consumer goods and retail companies have pledged to make all packaging reusable, recyclable, or compostable by 2025.<sup>6</sup> RBI has yet to pledge entirely reusable, recyclable, or compostable packaging across all its brands.

Starbucks, Coca-Cola, and Pepsi are leading the industry away from single-use disposables and towards a zero-waste packaging future, having each recently set goals to expand use of reusables. Despite our brand Tim Hortons’ offering in-store reusables for decades, demonstrating the viability of zero-waste practices in quick service dining, our Company has yet to set a reusable packaging goal.

Our Company could avoid regulatory, environmental, and competitive risks, and keep up with peers, by undertaking additional actions to reduce plastic pollution from its products, including reducing plastic use; making all packaging reusable, recyclable, or compostable; and shifting permanently away from single-use packaging and towards reusable containers.

BE IT RESOLVED: Shareholders request that the RBI Board issue a report, at reasonable expense and excluding proprietary information, describing how the Company could reduce its plastics use in alignment with the one-third reduction findings of the Pew Report, or other authoritative sources, to reduce its contribution to ocean plastics pollution.

SUPPORTING STATEMENT: The report should, at Board discretion:

- Assess the reputational, financial, and operational risks associated with continuing to use substantial amounts of single-use plastic packaging while plastic pollution grows;
- Evaluate dramatically reducing the amount of plastic used in our packaging through transitioning to reusables; and
- Describe how RBI can further reduce single-use packaging, including any planned reduction strategies or goals, materials redesign, substitution, or reductions in use of virgin plastic.

1. [https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave\\_report.pdf](https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf)

2. <https://www.packworld.com/news/sustainability/article/22419036/four-states-enact-packaging-epr-laws>

3. [https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave\\_report.pdf](https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf)

4. <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/our-planet/packaging-toys-and-waste.html#:~:text=As%20of%202021%2C%20approximately%2082.7,by%20the%20end%20of%202025>

5. <https://www.yum.com/wps/portal/yumbrands/Yumbrands/citizenship-and-sustainability/planet/sustainable-packaging-and-waste-reduction>

6. <https://ellenmacarthurfoundation.org/global-commitment-2021/signatory-reports>



### Reduce Plastics Use

#### Kroger Co.

WHEREAS: The growing plastic pollution crisis poses increasing risks to Kroger. Corporations could face an annual financial risk of approximately \$100 billion should governments require them to cover the waste management costs of the packaging they produce.<sup>1</sup> New laws to this effect were recently passed in Maine, Oregon, Colorado, and California,<sup>2</sup> while the European Union has enacted a \$1 per kilogram tax on all non-recycled plastic packaging waste.<sup>3</sup>

Pew Charitable Trusts released a groundbreaking study, *Breaking the Plastic Wave* (“Pew Report”), concluding that improved recycling is insufficient and at least one-third of overall plastic use must be eliminated to stem the global plastic pollution crisis. It finds that plastic use reduction is the most viable solution from environmental, economic, and social perspectives. Without immediate and sustained new commitments, annual flows of plastics into oceans could nearly triple by 2040.<sup>4</sup>

Kroger has fallen behind its peers in plastic packaging reductions. Kroger is notably absent from the Ellen MacArthur Foundation’s Global Commitment to reduce plastic pollution, in which brand signatories have committed to reduce virgin plastic use by an average of 20% by 2025.<sup>5</sup> The majority of signatories have already reduced their use of plastic packaging over a 2018 baseline.<sup>6</sup>

Unilever has taken the most significant action to date, agreeing to cut virgin plastic use by 50% by 2025, including an absolute elimination of 100,000 tons of plastic packaging. At least sixty other consumer goods and retail companies currently have goals to reduce use of virgin plastic packaging, including competitors Walmart and Target.<sup>7</sup> Kroger has no plastic reduction goal.

Starbucks, Coca-Cola, and Pepsi are leading the industry in reducing disposable packaging, each having set new goals to expand use of zero-waste reusable packaging. As a retail partner of the global reuse platform Loop, Kroger is poised to increase use of reusable packaging, yet has made no commitment to make reusable packaging permanent.

Our company could avoid regulatory, environmental, and competitive risks, and keep up with its peers by, for example, setting new commitments to reduce use of disposable virgin plastic and invest in reusable packaging.

**BE IT RESOLVED:** Shareholders request that the Kroger Board issue a report, at reasonable expense and excluding proprietary information, describing how the Company could reduce its plastics use in alignment with the one-third reduction findings of the Pew Report, or other authoritative sources, to reduce its contribution to ocean plastics pollution.

**SUPPORTING STATEMENT:** The report should, at Board discretion:

- Assess the reputational, financial, and operational risks associated with continuing to use substantial amounts of single-use plastic packaging while plastic pollution grows;
- Evaluate dramatically reducing the amount of plastic used in our packaging through transitioning to reusables; and
- Describe how the Company can further reduce single-use packaging, including any planned reduction strategies or goals, materials redesign, substitution, or reductions in use of virgin plastic.

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2. <https://www.packworld.com/news/sustainability/article/22419036/four-states-enact-packaging-epr-laws>

3. [https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/2021-2027/revenue/own-resources/plastics-own-resource\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/2021-2027/revenue/own-resources/plastics-own-resource_en)

4. [https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave\\_report.pdf](https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf)

5. <https://emf.thirdlight.com/link/f6oxost9xeso-nsjoqe/@/#id=2>

6. <https://emf.thirdlight.com/link/f6oxost9xeso-nsjoqe/@/#id=2>, p. 11

7. [https://gc-22.emf.org/ppu/?\\_gl=1\\*1p3bi1c\\*\\_ga\\*NzEwMDEwNTU0LjE2Nj11NjQ4MTY.\\*\\_ga\\_V32N675KJX\\*MTY3MTIyMTM1OS4xMS4xLjE2NzEyMjE0OTMuNjAuMCAw](https://gc-22.emf.org/ppu/?_gl=1*1p3bi1c*_ga*NzEwMDEwNTU0LjE2Nj11NjQ4MTY.*_ga_V32N675KJX*MTY3MTIyMTM1OS4xMS4xLjE2NzEyMjE0OTMuNjAuMCAw)

# Proxy Resolutions: Environmental Health and Food Justice

For the full list of investors who filed this resolution, see the Index on p. 260.

## Impact of Reduced Plastics Demand on Financial Assumptions

### Exxon Mobil Corporation

*Similar resolutions were submitted to Chevron Corp., Dow Inc., and Phillips 66.*

WHEREAS: Plastic, with a lifecycle social cost at least ten times higher than its market price, actively threatens the world's oceans, wildlife, and public health.<sup>1</sup> Concern about the growing scale and impact of global plastic pollution has elevated the issue to crisis levels.<sup>2</sup> Of particular concern are single-use plastics (SUPs)<sup>3</sup> which make up the largest component of the 11 million metric tons of plastic ending up in waterways annually.<sup>4</sup> Without drastic action, this amount could triple by 2040.<sup>5</sup>

In response to the plastic pollution crisis, countries and major packaging brands are beginning to drive reductions in virgin plastic use.<sup>6,7</sup>

Several studies demonstrate that a significant absolute reduction in virgin plastic demand is critical to curbing the flow of plastic into oceans.<sup>8</sup> One of the most robust reduction pathways is presented in the widely-respected report, *Breaking the Plastic Wave*, which found that plastic leakage into the ocean can be feasibly reduced by 80% under its System Change Scenario (SCS), which is based on a significant absolute reduction of virgin SUPs.<sup>9,10</sup>

BP has recognized the potential disruption that global SUP reductions could have on the oil industry in its 2019 Outlook, where it found a global SUP ban by 2040 would reduce oil demand growth by 60%.<sup>11</sup>

The future under the SCS – one built on recycled plastics and circular business models – looks drastically different than today's linear take-make-waste production model. Several implications of the SCS, including a one-third absolute demand reduction (mostly of virgin SUPs) and immediate reduction of new investment in virgin production, are at odds with Exxon's planned investments.<sup>12</sup>

Exxon was recently identified as the largest global producer of SUP-bound polymers (5.9 million metric tons in 2019, an estimated 50% of its total polymer production) and exposed for lobbying against plastic pollution laws.<sup>13,14</sup> While Exxon states it is acting to "address plastic waste," it fails to meaningfully address the potential for regulatory restrictions and/or significant disruption in demand for virgin plastic, both of which could result in stranded assets.<sup>15,16</sup>

BE IT RESOLVED: Shareholders request the Board issue an audited report addressing, at reasonable cost and omitting proprietary information, whether and how a significant reduction in virgin plastic demand, as set forth in *Breaking the Plastic Wave's* System Change Scenario for reducing ocean plastic pollution, would affect the Company's financial position and assumptions underlying its financial statements.

SUPPORTING STATEMENT: Proponents recommend that, at Board discretion, the report include:

- Quantification (in tons and/or as a percentage of the total) of the Company's polymer production for SUP markets;
- A summary or list of the Company's existing and planned investments that may be materially impacted by the SCS;
- Plans or goals to shift Exxon's business model from virgin to recycled plastics and use of recycling technologies that are cost-effective, process and energy efficient, and environmentally sound.

1. [https://wwfint.awsassets.panda.org/downloads/wwf\\_pctsee\\_report\\_english.pdf](https://wwfint.awsassets.panda.org/downloads/wwf_pctsee_report_english.pdf)
2. <https://www.unep.org/resources/pollution-solution-global-assessment-marine-litter-and-plastic-pollution>
3. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L0904&from=EN#page=8>
4. <https://www.minderoo.org/plastic-waste-makers-index/findings/executive-summary/>
5. <https://www.nationalgeographic.com/science/article/plastic-trash-in-seas-will-nearly-triple-by-2040-if-nothing-done>
6. <https://www.pbs.org/newshour/science/bold-single-use-plastic-ban-kicks-europes-plastic-purge-into-high-gear>
7. <https://www.unilever.com/news/press-releases/2019/unilever-announces-ambitious-new-commitments-for-a-waste-free-world.html>
8. <https://www.theguardian.com/environment/2021/jul/01/call-for-global-treaty-to-end-production-of-virgin-plastic-by-2040>
9. [https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave\\_report.pdf](https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf)
10. <https://www.science.org/doi/full/10.1126/science.aba9475>
11. <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/energy-outlook/bp-energy-outlook-2019.pdf#page=18>
12. <https://www.bloomberg.com/news/articles/2019-06-13/exxon-sabic-greenlight-new-texas-plant-to-process-shale-output?sref=TtrRgti9>
13. <https://www.minderoo.org/plastic-waste-makers-index/data/flows/#sankey/global/10>
14. <https://gizmodo.com/we-now-know-how-exxon-secretly-fights-crackdowns-on-pla-1847220288>
15. <https://corporate.exxonmobil.com/Sustainability/Sustainability-Report/Environment/Plastic-waste-management#Addressingplasticwaste>
16. <https://www.forbes.com/sites/scottcarpenter/2020/09/05/why-the-oil-industrys-400-billion-bet-on-plastics-could-backfire/?sh=6e099bd843fe>

### Plan to Reduce Plastic Production

#### Westlake Chemical

WHEREAS: Plastics, with a lifecycle social cost at least ten times higher than their market price, actively threaten the world's oceans, wildlife, and public health.<sup>1</sup> Concern about the growing scale and impact of global plastic pollution has elevated the issue to crisis levels.<sup>2</sup> Of particular concern are single-use plastics (SUPs),<sup>3</sup> which make up the largest component of the 11 million metric tons of plastic ending up in waterways annually.<sup>4</sup> Without drastic action, this amount could triple by 2040.<sup>5</sup>

In response to the plastic pollution crisis, countries and major packaging brands are beginning to drive reductions in virgin plastic use.<sup>6,7</sup>

Several studies demonstrate that a shift away from virgin plastic production is critical to curbing the flow of plastic into oceans.<sup>8</sup> One of the most robust pathways is presented in the widely respected Breaking the Plastic Wave report, which finds that plastic leakage into the ocean can feasibly be reduced 80 percent under its System Change Scenario (SCS), which is based on a global shift to recycled plastics (almost tripling demand for recycled content) coupled with a one-third absolute reduction of virgin demand (mostly of virgin SUPs).<sup>9,10</sup>

The future under the SCS – one built partly on recycled plastics and circular business models – looks drastically different than today's linear take-make-waste production model and would peak virgin plastic demand globally before 2030.

Westlake Chemical is estimated to be among the top 40 largest global producers of SUP-bound polymers yet has not issued a plan or goal for transition of production to recycled polymers.<sup>11</sup> Competitor Dow Inc. has committed to produce 3 million tons of feedstock from recycled and renewable sources annually by 2030. Shareholders thus face a growing risk from the Company's continued investment in virgin plastic production infrastructure with no substantial commitment to recycled polymers.<sup>12</sup>

RESOLVED: With board oversight, shareholders request that Westlake Chemical prepare a report, at reasonable cost omitting proprietary information, describing how the Company could shift its plastics resin business model from virgin to recycled polymer production as a means of reducing plastic pollution of the oceans.

SUPPORTING STATEMENT: Proponents suggest, at Company discretion, the analysis include:

- Quantification (in tons and/or as a percentage of total production) of the Company's polymer production for SUP market.
- Plans to ensure that shifting from virgin to recycled plastics will utilize recycling technologies that are cost-effective, process and energy efficient, and environmentally sound.
- An assessment of the resilience of the Company's portfolio of petrochemical assets under virgin to recycled transition scenarios of five and ten years, and the financial risks and benefits associated with such scenarios
- The benefits of such a shift in terms of plastic pollution avoided.

1. [https://wwfint.awsassets.panda.org/downloads/wwf\\_pctsee\\_report\\_english.pdf](https://wwfint.awsassets.panda.org/downloads/wwf_pctsee_report_english.pdf)

2. <https://www.unep.org/resources/pollution-solution-global-assessment-marine-litter-and-plastic-pollution>

3. As defined by the European Union, a global pioneer in SUP reduction, at <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L0904&from=EN#page=8>

4. <https://www.minderoo.org/plastic-waste-makers-index/findings/executive-summary/>

5. <https://www.nationalgeographic.com/science/article/plastic-trash-in-seas-will-nearly-triple-by-2040-if-nothing-done>

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7. <https://www.edie.net/news/5/Ellen-MacArthur-Foundation--Plastic-use-by-big-businesses-likely-to-peak-in-2021/>

8. <https://www.theguardian.com/environment/2021/jul/01/call-for-global-treaty-to-end-production-of-virgin-plastic-by-2040>

9. [https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave\\_report.pdf](https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf)

10. <https://www.science.org/doi/full/10.1126/science.aba9475>

11. <https://www.minderoo.org/plastic-waste-makers-index/>

12. <https://www.asyousow.org/reports/plastics-the-last-straw-for-big-oil>

# Proxy Resolutions: Environmental Health and Food Justice

For the full list of investors who filed this resolution, see the Index on p. 260.

## Environmental Justice Report

### Honeywell International Inc.

RESOLVED: Shareholders request Honeywell International Inc. issue a report on environmental justice, updated annually, describing its efforts, above and beyond legal and regulatory matters, to identify and reduce heightened environmental and health impacts from its operations on communities of color and low-income communities. The report should be prepared at a reasonable cost and omit confidential or legally privileged information, including litigation strategy, and should be published on Honeywell's website. Such a report should consider, at a minimum:

- Past, present, and future disparate environmental and health impacts from its operations;
- How responsibilities are allocated within the company regarding governance and management of environmental justice issues;
- Quantitative and qualitative metrics on how environmental justice impacts inform business decisions; and
- Whether and how Honeywell intends to improve its policies and practices in the future.

WHEREAS: Environmental racism is a systemic risk that exacerbates the climate crisis and racial inequities.<sup>1</sup> Failure to adequately assess and mitigate impacts on communities often results in litigation, project delays, and significant fines. For instance, Honeywell has reportedly incurred over \$276 million in fines since 2000.<sup>2</sup> The company is also ranked in the top 10 companies responsible for water pollution globally, according to a 2021 report.<sup>3</sup> Recent controversies include:

- A New Jersey lawsuit for allegedly knowingly polluting the environment with PCBs, a probable human carcinogen.<sup>4</sup> The community surrounding the Superfund site is qualified as an "overburdened community" under the New Jersey Environmental Justice Law<sup>5</sup>;
- \$2 million in cleanup costs in 2022 related to lead- and arsenic-contaminated soil in South Bend, Indiana. Residents allege Honeywell has contributed to environmental racism that has "destroyed the quality of life for many, many families generationally";<sup>6</sup>
- Denial of a 2022 air permit renewal for a chemical facility which insufficiently responded to community concerns, whereas 81% of fence-line residents are people of color, and 64% are low-income<sup>7</sup>;
- A \$65 million settlement against Honeywell and peers in 2022 for contaminating New York's water supply with PFOA, a long-lasting chemical associated with developmental and reproductive issues, cancer, and immunological effects<sup>8</sup>; and
- A lawsuit in Georgia alleging insufficient cleanup for PCB contamination<sup>9</sup> affecting a majority-Black community that houses multiple hazardous sites.<sup>10</sup>

Fence-line communities have criticized Honeywell for lack of effective community consultation surrounding pollution incidents, and for insufficient cleanup.<sup>11</sup> A legacy Honeywell pollution coke smoke stack in Tonawanda, NY is linked to decades of health impacts, including elevated cancer risks, cardiopulmonary disease, and birth defects.<sup>12</sup> Community members allege they have not been adequately consulted in cleanup efforts, and Honeywell is lobbying to reclassify the site, which may result in less comprehensive remediations.<sup>13</sup>

Honeywell faces increasing regulatory risk as the Biden administration has made unprecedented commitments around environmental justice,<sup>14</sup> and numerous states where Honeywell operates have recently adopted environmental justice legislation.<sup>15</sup>

1. <https://time.com/6017907/climate-emergency-racial-justice/> ; <https://www.ohchr.org/en/press-releases/2021/10/confronting-climate-crisis-requires-confronting-systemic-racism-say-un>
2. <https://violationtracker.goodjobsfirst.org/parent/honeywell-international>
3. <https://peri.umass.edu/toxic-100-water-polluters-index-current>
4. <https://www.northjersey.com/story/news/environment/2020/11/10/honeywell-superfund-lawsuit-nj-over-edgewater-nj-and-hudson-river-contamination/6224306002/>
5. <https://www.nj.gov/dep/ej/docs/communities/bergen-edgewater-boro-maps-obc.pdf>
6. <https://www.southbendtribune.com/story/news/local/2022/04/04/south-bend-racism-honeywell-remediate-lasalle-park-black-community-environment-landfill/7216689001/>
7. <https://www.al.com/news/2022/05/epa-denies-air-pollution-permit-for-south-alabama-factory-near-africatown.html>
8. <https://topclassactions.com/lawsuit-settlements/medical-problems/cancer-medical-problems/residents-reach-65m-with-saint-gobain-3m-honeywell-over-tainted-water-supply/> ; <https://www.twincities.com/2022/02/05/judge-approves-65m-settlement-in-polluted-water-lawsuit/>
9. <https://www.wsocvtv.com/news/local/honeywell-international-paper-commit-to-162m-cleanup-of-contaminated-site-in-nc/942112586/> ; [https://thebrunswicknews.com/news/local\\_news/dnr-settles-with-honeywell-on-lcp-cleanup/article\\_33e82090-8bb7-5cdc-8f2c-019034491318.html](https://thebrunswicknews.com/news/local_news/dnr-settles-with-honeywell-on-lcp-cleanup/article_33e82090-8bb7-5cdc-8f2c-019034491318.html)
10. <https://prismreports.org/2020/07/03/the-georgia-town-that-was-home-to-ahmaud-arbery-has-an-environmental-racism-problem/>
11. <https://indiancountrytoday.com/archive/onondaga-see-voice-in-lake-cleanup-nation-wants-principled-negotiations>
12. [https://www.justice.gov/sites/default/files/usao-wdny/legacy/2013/09/25/Coke\\_49.pdf](https://www.justice.gov/sites/default/files/usao-wdny/legacy/2013/09/25/Coke_49.pdf)
13. <https://www.cacwny.org/2019/07/honeywell-responsible-for-tonawanda-coke-site-remediation/>
14. <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/>
15. <https://dep.nj.gov/ej/policy/>

## Environmental Justice Report Southern Company

**RESOLVED:** Shareholders request Southern Company (Southern) issue a report on environmental justice, updated annually, describing its efforts, above and beyond legal and regulatory matters, to identify and reduce heightened environmental and health impacts from its operations on communities of color and low-income communities. The report should be prepared at a reasonable cost and omit confidential or legally privileged information, including litigation strategy, and should be published on Southern’s website. Such a report should consider:

- Past, present, and potential future disparate environmental and health impacts from its operations;
- How responsibilities are allocated within the company regarding governance and management of environmental justice issues;
- Types and extent of stakeholder consultation with impacted communities;
- Quantitative and qualitative metrics on how environmental justice impacts inform business decisions; and
- Whether and how Southern intends to improve its policies and practices in the future.

**WHEREAS:** Environmental racism is a systemic risk that exacerbates the climate crisis and racial inequities.<sup>1</sup> Failure to adequately assess and mitigate impacts on communities often results in litigation, project delays, and significant fines. A 2021 EPA study found that “nearly all emission sectors cause disproportionate exposures for people of color.”<sup>2</sup> Southern and its subsidiaries’ operations, discharges, and leaks have disproportionately burdened environmental justice communities with pollution and health impacts that expose the Company to material risk.

For example, Southern’s coal facilities have produced millions of tons of coal ash, a toxic waste byproduct that often contains harmful metals such as lead, mercury, and chromium. EPA data shows that residents living near coal ash dumps have a 1 in 50 chance of getting cancer from contaminated drinking water.<sup>3</sup> At least 15 of Southern’s coal ash units may be in contact with groundwater, as determined by the EPA.<sup>4</sup> Many of Southern’s coal ash ponds disparately impact low-income and communities of color. For instance, Plant Barry Electric Generating Plant is located in Mobile, AL, a majority-Black city.<sup>5</sup> Plant Barry stores 21 million tons of coal ash in an unlined pit within 5 feet of groundwater.<sup>6</sup> A 2021 CNN investigation reported that a coal ash spill at Plant Barry could eclipse the volume of oil spilled in the 2010 BP Oil Disaster.<sup>7</sup> Southern plans to cap the pollution in place despite community requests to remove and transfer coal ash to lined landfills or to be recycled, as is done in other states.<sup>8</sup>

Other Southern facilities present similar environmental justice concerns. A 2020 lawsuit alleges that Plant Scherer is contaminating groundwater.<sup>9</sup> Fenceline residents near Plant Vogtle claim that toxins on Southern’s site are “poisoning Black communities.” Studies have cataloged increased cancer rates for Black residents surrounding the facility.<sup>10</sup>

Southern asserts that environmental justice is “central” to its commitments but provides no meaningful reporting on how it implements this commitment beyond philanthropy initiatives.<sup>11</sup> Southern additionally provides no disclosure on how it engages with communities on environmental justice concerns.

1. <https://www.ohchr.org/en/press-releases/2021/10/confronting-climate-crisis-requires-confronting-systemic-racism-say-un>

2. <https://www.epa.gov/sciencematters/study-finds-exposure-air-pollution-higher-people-color-regardless-region-or-income>

3. <https://earthjustice.org/news/press/2009/epa-data-show-higher-cancer-risks-for-those-who-live-near-coal-ash-dumps>

4. <https://environmentalintegrity.org/wp-content/uploads/2022/10/Poisonous-Coverup-11.03.22.pdf>

5. <https://www.sierraclub.org/alabama/blog/2021/01/justice>

6. <https://www.mobilebaykeeper.org/coalash>; <https://environmentalintegrity.org/wp-content/uploads/2022/10/Poisonous-Coverup-11.03.22.pdf>

7. <https://www.cnn.com/interactive/2021/12/us/coal-ash-ponds-plant-barry/>

8. <https://www.mobilebaykeeper.org/coalash>

9. <https://www.gpb.org/news/2020/07/29/lawsuit-says-plant-scherer-poisoning-locals>

10. <https://scalawagmagazine.org/2018/03/the-29-billion-nuclear-boondoggle-thats-poisoning-black-communities/>

11. <https://www.southerncompany.com/sustainability/diversity-equity-inclusion/environmental-justice.html>

### Report on Guyana Oil Spill Economic, Human and Environmental Impacts

#### Exxon Mobil Corporation

WHEREAS: ExxonMobil operates one of the largest oil plays discovered in the past decade, offshore of the South American country Guyana. After discovering oil in 2015, development proceeded rapidly. Production began in 2019,<sup>1</sup> with capacity expected to exceed one million bpd by 2030.<sup>2</sup>

CEO Darren Woods admitted ExxonMobil is exceeding design capacity for production in two offshore projects in Guyana.<sup>3</sup> Production in one project has reached 150,000 bpd, clearly above its listed peak production safety threshold of 120,000 bpd<sup>4</sup>, raising concerns among observers.<sup>5</sup> A former director of Guyana's environmental protection agency called this "unheard of" and stated ExxonMobil is "without a conscience and ruthlessly taking advantage of an abysmal EPA and weak Government" in Guyana.<sup>6</sup> Other safety concerns include gas compressor failures resulting in fines exceeding US\$10 million.<sup>7</sup>

Caribbean countries rely on tourism and fishing industries to support their economies,<sup>8</sup> yet ExxonMobil's Environmental Impact Assessment (EIA) characterizes residual risk to employment as minor and assumes that a large oil spill is unlikely.<sup>9</sup>

The BP Macondo oil spill released millions of barrels of oil into the Gulf of Mexico over 87 days and created a 57,500 square mile oil slick, exemplifying the risks of deep-water drilling.<sup>10</sup> BP stock plummeted 52% over two months.<sup>11</sup> Robert Bea, an expert on the Macondo spill, warns ExxonMobil shows "ignorance of risk management fundamentals" in its Guyana operations and mirrors overconfidence preceding the Macondo disaster.<sup>12</sup> The most severe spill scenario in ExxonMobil's EIA accounts for only a 30-day spill.<sup>13</sup>

President of Esso Exploration and Guyana Limited, Alistair Routledge, has stated "there is no limit" to what ExxonMobil would do in response to an oil spill.<sup>14</sup> ExxonMobil's responsibility and potential liability are of concern to investors.

RESOLVED: Shareholders request that the Company issue a report evaluating the economic, human, and environmental impacts of a worst-case oil spill from its operations offshore of Guyana. The report should be prepared at reasonable expense, omit proprietary or privileged information, and clarify the extent of the Company's cleanup response commitments given the potential for severe impact on Caribbean economies.

SUPPORTING STATEMENT: A "worst-case" should use adverse assumptions such as an extended duration of an uncontrolled release similar to the BP spill, severe weather conditions, increased flow including risks from operating beyond the production thresholds in the EIA, and potential harm to marine ecosystems and public health.

1. [https://corporate.exxonmobil.com/news/newsroom/news-releases/2022/0211\\_exxonmobil-starts-production-at-guyanas-second-offshore-development](https://corporate.exxonmobil.com/news/newsroom/news-releases/2022/0211_exxonmobil-starts-production-at-guyanas-second-offshore-development).
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3. <https://www.fool.com/earnings/call-transcripts/2022/10/28/exxonmobil-xom-q3-2022-earnings-call-transcript/>
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9. Payara EIA, Volume I, p. 1,002.
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13. Payara EIA, Volume I, p. 839
14. Newsroom Interview, <https://www.facebook.com/watch/?v=1758505224495143>

## **PFAS Chemicals in Water**

### **Essential Utilities (formerly Aqua America)**

WHEREAS: A 2017 study<sup>1</sup> 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. PFAS exposure has been linked to hormone disruption, liver and kidney disease, cancer, and other human health harms.

According to the EPA, “Certain technologies have been found to remove PFAS from drinking water, especially Perfluorooctanoic acid (PFOA) and Perfluorooctanesulfonic acid (PFOS), which are the most studied of these chemicals.”<sup>2</sup>

Toxic chemical impacts present systemic portfolio risks to investors. With the EPA poised to announce a PFAS National Drinking Regulation<sup>3</sup>, Essential/Aqua must position itself to achieve levels compliant with EPA regulations, should they be lower than the company currently requires.

In Horsham, PA, the municipal Water and Sewer Authority has aggressively worked to mitigate high concentrations of PFAS and other toxic chemicals emanating from two military bases in the area. Through extensive treatment programs, they have achieved non-detectable levels of PFAS chemicals in most wells.<sup>4</sup>

“Current peer-reviewed scientific studies have shown that exposure to certain levels of PFAS may lead to:

Reproductive effects such as decreased fertility or increased high blood pressure in pregnant women. Developmental effects or delays in children, including low birth weight, accelerated puberty, bone variations, or behavioral changes. Increased risk of some cancers, including prostate, kidney, and testicular cancers. Reduced ability of the body’s immune system to fight infections, including reduced vaccine response. Interference with the body’s natural hormones. Increased cholesterol levels and/or risk of obesity.”<sup>5</sup>

**BE IT RESOLVED:** Shareholders request that Essential Utilities, at reasonable cost and omitting proprietary information, report to shareholders on PFAS levels at all Essential water sources along with the potential public health and/or environmental impacts of toxic materials in the water it provides to the public.

**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.

1. Calculation of the disease burden associated with environmental chemical exposures: application of toxicological information in health economic estimation | Environmental Health | Full Text (biomedcentral.com)

2. Reducing PFAS in Drinking Water with Treatment Technologies | US EPA

3. 2022-18657.pdf (govinfo.gov)

4. HWSA Public Water Supply PFAS Test Results | Horsham Water and Sewer Authority (horshamwater-sewer.com)

5. Our Current Understanding of the Human Health and Environmental Risks of PFAS | US EPA

# Proxy Resolutions: Environmental Health and Food Justice

*For the full list of investors who filed this resolution, see the Index on p. 260.*

## Report on the Outcomes of Chemical Reduction Efforts

### Costco Wholesale Corp.

*A similar resolution was submitted to Disney (Walt) Company / ABC.*

**RESOLVED:** Shareholders of Costco Wholesale Corporation (the “Company”) request that the board of directors report to shareholders, at reasonable expense and excluding proprietary information, on the outcomes of the Company’s chemical reduction efforts by publishing quantitative and qualitative data on progress to eliminate the use of chemicals of concern.

Supporting Statement: Shareholders leave the method of disclosure to management’s discretion, but recommended considerations include:

- Evaluation of vendor compliance with the Company’s chemical policies;
- Measure of chemical footprint in private label and third-party products;
- Set reduction goals, and track and disclose progress against a baseline; and
- Disclosure of a Restricted Substances List.

**WHEREAS:** Chemicals have been important drivers of economic growth, but the cost of poor management and the long-term impacts of chemicals raise significant concerns for investors.

The costs associated with environmental chemical exposures worldwide likely exceeds 10 percent of global GDP or \$11 trillion.<sup>1</sup> Researchers examining large-scale impacts that threaten the integrity of Earth’s system processes found that increases in chemical production and releases are not consistent with keeping humanity within a safe operating space.<sup>2</sup> As a result, the potential destabilizing impacts of synthetic chemicals to Earth and human health raise important concerns for a healthy economy.

In the United States Per- and Polyfluoroalkyl substances (PFAS), or “forever chemicals”, that scientists have linked to chronic disease and cancers have cost cities enormous sums. PFAS are widely used in consumer goods, including outdoor clothing and linens.<sup>3</sup> Investors know the short-term impacts – stockholders of PFAS producers lost \$82 billion in value between January 2018 and September 2020, but the long-term costs to producers and throughout the value chain are still mostly unknown.<sup>4</sup>

Costco’s current policies principally relate to activities around education and testing for chemicals of concern, including encouraging suppliers to assess chemicals through its Smart Screening Program.<sup>5</sup> There is minimal disclosure on the progress and outcomes of these programs.

In contrast, the Company’s peers are seeking to improve product safety and reduce liability by reducing chemicals and disclosing progress:

- Walmart set a 2020 goal to reduce “priority chemicals” in its formulated products by 10 percent from a 2017 baseline. In 2022, Walmart exceeded this goal, reducing harmful chemicals in products 17 percent or by 37 million pounds.<sup>6</sup>
- Dollar Tree, Target, and Walmart, among other retailers and manufacturers participate in the annual Chemical Footprint Project Survey – a tool which benchmarks corporate reduction of the use of chemicals of high concern. Front-runners in the Survey are top performers in all aspects of proactive chemicals management.<sup>7</sup>

The commitment to “reduce potential chemical harm to humans and the environment” is important, but the Company should provide clear data on its chemical reduction efforts. Demonstrating such progress can reduce risk for shareholders and the Company.

1. <https://ehjournal.biomedcentral.com/track/pdf/10.1186/s12940-017-0340-3> site=ehjournal.biomedcentral.com

2. Environ. Sci. Technol. 2022, 56, 3, 1510–1521 Publication Date: January 18, 2022 <https://doi.org/10.1021/acs.est.1c04158>

3. <https://toxicfreefuture.org/pfas-in-stain-water-resistant-products-study/>

4. V. Zainzinger, “What difference does green investing make?”; Chemical & Engineering News, November 16, 2020

5. <https://www.costco.com/sustainability-chemical-management.html>

6. <https://corporate.walmart.com/esgreport/reporting-data/esg-commitments-progress;>

<https://toxicfreefuture.org/success-walmart-announces-a-reduction-of-37-million-pounds-of-toxic-priority-chemicals-in-its-products-surpassing-original-goal>

7. <https://www.chemicalfootprint.org/assets/downloads/ChemicalFootprintProject2020-Report.pdf>



## Measuring Pesticide Use in Agricultural Supply Chains

### Post Holdings Inc

WHEREAS: Pesticides threaten farmer resiliency and productivity due to proliferation of pesticide-resistant weeds and insects, loss of topsoil, and soil degradation. Pesticides also threaten biodiversity, harming soil invertebrates, birds, and mammals. Soil consistently treated with pesticides loses its ability to store water and carbon, threatening resilience to climate change.

One third of every bite of food we eat is dependent on pollinators; and pollinator species are declining at alarming rates in significant part due to the use of toxic pesticides on farms.<sup>1,2</sup> Pesticides also cause a number of serious human health effects, from cancers to neurological damage.<sup>3,4,5</sup>

In a 2021 investor scorecard on management of pesticide risks in agricultural supply chains, Post Holdings ranked last, scoring zero points. Our company has not disclosed if or how it tracks, reports, or reduces the use of synthetic pesticides in its agricultural supply chains, representing an important blind spot in risk management.

Other major food companies are taking action to reduce 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. Lamb Weston discloses average pesticide use data across its potato supply chains (reported in pounds of active ingredient use per ton of potatoes grown). Sysco reports annually on pesticide use avoided by suppliers using Integrated Pest Management (IPM) -- reporting 8.4 million pounds avoided in 2019. PepsiCo announced a 2030 goal to scale regenerative farming practices across 7 million acres, equivalent to its entire agricultural footprint. Kellogg's incorporated pest management and pesticide use into its 2020 ingredient materiality assessment. In a competitive marketplace that is increasingly demanding clean food and reduced stakeholder and environmental harm, understanding and tracking supplier use of pesticides reduces risk for shareholders and our company, while reducing harm to stakeholders.

BE IT RESOLVED: Shareholders request that Post 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 metrics are left to management discretion, shareholders recommend the company measure and disclose the following:

- Type and amount of pesticides avoided annually through strategies such as regenerative agriculture programs, integrated pest management, or other methods;
- Priority pesticides for reduction or elimination;
- Targets and timelines, if any, for pesticide reduction.

1. <https://www.nationalgeographic.com/environment/article/insect-apocalypse-under-way-toxic-pesticides-agriculture>

2. <https://xerces.org/pesticides/risks-pesticides-pollinators>

3. <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1552-6909.2009.01092.x>

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>

### **Phase Out Routine Medically Important Antibiotics Use in Supply Chain**

McDonald's Corp.

**RESOLVED:** Shareholders request that McDonald's adopt an enterprise-wide policy to phase out the use of medically-important antibiotics for disease prevention purposes in its beef and pork supply chains. The policy should include, in the discretion of board and management, global sourcing targets with timelines, metrics for measuring implementation, and third-party verification.

**SUPPORTING STATEMENT:** A policy meaningful to shareholders would include:

- Establishment of a glidepath for the phase out, inclusive of interim reduction targets;
- A commitment to annual disclosure of enterprise-wide antibiotic use including reporting by shared class of antibiotics<sup>1</sup>

**WHEREAS:** The World Health Organization (WHO) and the U.S. Centers for Disease Control and Prevention<sup>2</sup> (CDC) report that antibiotic resistance is a global public health crisis that threatens to reverse many medical advances made over the last century.

According to the CDC, antibiotic use, both in food animals and human medicine, is the "single most important factor" driving this crisis.<sup>3</sup> Nearly two-thirds of medically important antibiotics sold in the U.S. are intended for livestock use<sup>4</sup> with around 80 percent of those sales consisting of cattle and swine.<sup>5</sup> McDonald's is the single largest purchaser of beef in the U.S. and a major buyer of pork.<sup>6</sup>

In 2018, McDonald's published its Global Vision for Antibiotic Stewardship in Food Animals which included a goal to prohibit routine preventive use of antibiotics by meat suppliers and committed to developing "species-specific policies outlining our requirements and implementation timelines for suppliers providing chicken, beef, dairy cows, pork and laying hens for use in McDonald's restaurants." It also announced the goal of setting reduction targets for medically-important antibiotics across 80 percent of its global beef supply by the end of 2020.

McDonald's did not fulfill its promise. In March 2022, it replaced its commitment to set targets for 'reducing use' of medically important antibiotics with targets for the 'responsible use' of the drugs.

However, if responsible use does not incorporate absolute reduction targets, then McDonald's pledge is not aligned with the WHO's imperative to achieve absolute antimicrobial reductions (inclusive of medically important antibiotics) by at least 30-50% by 2030.<sup>7</sup>

By abandoning its 2018 promise, McDonald's again exposes itself to reputational risk. Last year McDonald's failed to fully implement its 2012 pledge to eliminate gestation crates from its pork supply chain, motivating several investors to mount a proxy fight for two board members' seats, an effort that garnered mainstream media attention.

Consumer demand for meat raised with limited or no antibiotics is high – surveys have found that the majority of consumers are more likely to eat at restaurants that serve such surveys meat. U.S. producers, including Tyson, supply beef raised without antibiotics. Failure to offer meat raised with minimal antibiotics endangers McDonald's market share.

1. <https://exploreanimalhealth.org/antibiotics-used-farm-animals/#:~:text=Some%20antibiotics%20are%20approved%20for,drug%20used%20in%20human%20medicine.>
2. [https://www.cdc.gov/drugresistance/biggest\\_threats.html](https://www.cdc.gov/drugresistance/biggest_threats.html)
3. <https://www.cdc.gov/drugresistance/pdf/ar-threats-2013-508.pdf>
4. <https://amr-review.org/sites/default/files/Antimicrobials%20in%20agriculture%20and%20the%20environment%20-%20Reducing%20unnecessary%20use%20and%20waste.pdf>
5. <https://www.fda.gov/AnimalVeterinary/NewsEvents/CVMUpdates/ucm588086.htm>
6. <http://www.chicagotribune.com/business/ct-mcdonalds-antibiotics-0824-biz-20170823-story.html>
7. <https://www.who.int/news/item/25-11-2022-quadripartite-welcomes-new-political-commitments-in-fight-against-antimicrobial-resistance>

# Proxy Resolutions: Environmental Health and Food Justice

*For the full list of investors who filed this resolution, see the Index on p. 260.*

## Public Health Costs of Antimicrobial Resistance

### McDonald's Corporation

RESOLVED, shareholders ask that the board of directors institute a policy that the Company ("McDonald's") comply with World Health Organization ("WHO") Guidelines on Use of Medically Important Antimicrobials in Food-Producing Animals ("WHO Guidelines")<sup>1</sup> throughout McDonald's supply chains.

SUPPORTING STATEMENT: McDonald's is the largest beef purchaser in the United States and one of the largest in the world; its policies thus have tremendous influence on the market as a whole. Investor activists applauded<sup>2</sup> McDonald's when it committed in 2018 to reduce antibiotics use in all beef sold in its restaurants, and to announce reduction targets by the end of 2020.<sup>3</sup> McDonald's has not done so. To the contrary, McDonald's has been weakening its antibiotics use commitments in its more recent statements,<sup>4</sup> and recently dropped its commitment to reduction targets altogether.<sup>5</sup>

Antibiotics overuse is known to exacerbate antimicrobial resistance ("AMR"), which the WHO describes as "one of the top 10 global public health threats facing humanity."<sup>6</sup> AMR poses a systemic threat to public health and the economy. When the efficacy and availability of life-saving drugs are compromised, the entire economy suffers. And when the economy suffers, investors lose. By 2050, AMR could cause \$100 trillion in lost global production,<sup>7</sup> thus lowering the economy's intrinsic value.

McDonald's policies deviate from the WHO Guidelines, which recommend that "farmers and the food industry stop using antibiotics routinely to promote growth and prevent disease in healthy animals" and provide evidence-based recommendations and best practices. Moreover, a recent investigation found Tyson Foods—which McDonald's named "Global Supplier of the Year" in 2022—sold numerous meat products between 2015 and 2020 that were contaminated with campylobacter and salmonella, more than half of which were antibiotic-resistant strains.<sup>8</sup>

As another company with a meat supply chain explained, robust AMR protections raise "[t]he challenge of individual costs and widely distributed societal benefits."<sup>9</sup> But for diversified investors, the portfolio-wide costs associated with AMR are paramount.

McDonald's decision not to prioritize broad AMR risks does not account for its diversified owners' interests in optimizing public health, the economy, and their long-term portfolio returns. By engaging meat suppliers that use medically important drugs beyond WHO Guidelines, McDonald's adds to the economic threat AMR poses to its diversified shareholders: reducing the economy's intrinsic value will directly reduce diversified portfolios' long-term returns.<sup>10</sup> McDonald's profit gain that comes at the expense of public health is a bad trade for McDonald's diversified shareholders, who rely on broad economic growth to achieve their financial objectives.

By changing its policies and adhering to the WHO Guidelines, McDonald's could save lives, contribute to a more resilient economy, and protect its diversified investors' portfolios.

Please vote for: Comply with Expert Guidelines on Antimicrobial Use

1. <https://apps.who.int/iris/bitstream/handle/10665/258970/9789241550130-eng.pdf>
2. <https://www.npr.org/sections/thesalt/2018/12/11/675559302/there-are-lots-of-antibiotics-in-the-beef-supply-mcdonalds-vows-to-change-this>
3. [https://corporate.mcdonalds.com/content/dam/gwscorp/scale-for-good/McDonalds\\_Beef\\_Antibiotics\\_Policy.pdf](https://corporate.mcdonalds.com/content/dam/gwscorp/scale-for-good/McDonalds_Beef_Antibiotics_Policy.pdf)
4. <https://www.nrdc.org/sites/default/files/chain-reaction-vi-restaurants-antibiotic-use-2021-report.pdf>
5. <https://www.keepantibioticsworking.org/blog/reduceantibiotics>
6. <https://www.who.int/news-room/fact-sheets/detail/antimicrobial-resistance>
7. [https://amr-review.org/sites/default/files/160518\\_Final%20paper\\_with%20cover.pdf](https://amr-review.org/sites/default/files/160518_Final%20paper_with%20cover.pdf)
8. <https://www.thebureauinvestigates.com/stories/2022-03-16/superbugs-on-the-shelves-diseased-chicken-being-sold-acrossamerica>
9. <https://www.yum.com/wps/wcm/connect/yumbrands/41a69d9d-5f66-4a68-bdeee60d138bd741/>
10. [https://www.unepfi.org/fileadmin/documents/universal\\_ownership\\_full.pdf](https://www.unepfi.org/fileadmin/documents/universal_ownership_full.pdf)

## Health Equity

For decades ICCR members have encouraged pharmaceutical companies to adopt policies and practices to improve access to affordable medicine and ensure health equity. Pharmaceutical companies have an obligation to ensure that advancements in life-saving medicine and technologies are available, accessible, and affordable to all people. Failure to do so presents significant risks to a company and its stakeholders, and more broadly to society, jeopardizing a company’s social license to operate.

This year our members filed 16 resolutions on health equity. In addition, pharma companies also received a number of proposals calling for lobbying alignment and for racial equity audits, which are discussed elsewhere in the Guide (see pages 235 and 107). More than half of these were new resolutions focused on the impact of patents on pricing and access to branded drugs. Four more resolutions dealt with access to COVID-19 products and vaccine technology transfer — i.e., license sharing. Three other proposals dealt with tobacco.



## Health Equity

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### Proposal Topic

### Quantity

For the full list of investors who filed these resolutions, see p. 250.

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| Patents and Access  | 9 |
| Access to COVID-19 Products                                 | 2 |
| Covid 19 Vaccine Technology Transfer                        | 2 |
| Public Health Costs Created by the Sale of Tobacco Products | 2 |
| Disclose and Reduce Nicotine Levels                         | 1 |

## Patents and Access

To delay generic competition and preserve their profit margins, branded drug manufacturers often deploy a variety of strategies including “patent thickets” consisting of many secondary and tertiary patents designed to artificially extend exclusivity periods.

As high U.S. drug prices persist amid an extended period of high national inflation, ICCR members filed new resolutions with AbbVie, Amgen, Bristol-Myers Squibb, Eli Lilly, Gilead, Johnson & Johnson, Merck, Pfizer, and Regeneron, asking each to issue a report on a process by which the impact of extended patent exclusivities on product access would be considered in deciding whether to apply for secondary and tertiary patents.

## Access to COVID-19 Products

To curb the spread of COVID-19, governments used taxpayer dollars to make early, large investments in global pharma companies to spur the development of breakthrough vaccines and medicine. Since then, recipient pharma companies have been repeatedly accused of profiteering and fueling global inequities in vaccine distribution. Both Pfizer and Moderna recently announced plans for 400 percent price hikes on their COVID-19 vaccines.



**Lydia Kuykendal**  
*Director of Shareholder  
Advocacy, Mercy Investment  
Services*

Access to medicines, especially costly specialty drugs, is the subject of consistent and widespread public debate in the U.S. A 2021 Rand Corporation analysis concluded that U.S. prices for branded drugs were nearly 3.5 times higher than prices in 32 OECD member countries. Nearly 1 in 3 Americans has opted not to fill a prescription — or to split pills, ration doses, or take an over-the-counter drug instead — because of the cost.

Intellectual property protections on branded drugs play an important role in maintaining these high prices and impeding widescale access to medicine. When patent protection on a drug ends, generic manufacturers can enter the market with a lower-priced formulation that generally results in increased access. For this reason, branded drug manufacturers often deploy a variety of strategies to delay generic competition and extend their exclusivity periods. One strategy is to build a “patent thicket”, which consists of additional patents covering the formulations, dosing (methods of using), administering, or manufacturing a drug. In fact, pharmaceutical companies file for an average of more than 140 patents on top-selling drugs.

We have filed proposals at nine pharma companies for the 2023 season, seeking a report on the link between their patent protection strategies and people’s access to medicine. While true innovation should be rewarded, we cannot overlook the damage done to patients and their families by overpatenting.

ICCR members refiled resolutions with Johnson & Johnson and Merck asking each to disclose whether and how receipt of government support for the development and manufacture of vaccines and therapeutics for COVID-19 is being or will be considered when engaging in conduct that affects access to such products, such as setting prices.

### **COVID-19 Vaccine Technology Transfer**

Even as the world recently passed 6.8 million COVID-19 deaths, global vaccine coverage has remained inequitable, impacting billions of people in low- and middle-income countries, and allowing more deadly variants to emerge.

Investors once again asked Moderna and Pfizer to issue reports analyzing the feasibility of promptly transferring intellectual property (IP) and technical knowledge (“know-how”) to facilitate the production of COVID-19 vaccine doses by additional qualified manufacturers located in low- and middle-income countries (LMICs).

### **Public Health Costs Created by the Sale of Tobacco Products**

Negative health and productivity impacts from the consumption of tobacco products impose \$1.2 trillion in social damage, and tobacco’s unpriced social burden amounts to almost three percent of global GDP annually.

Investors asked retailers Kroger and Walgreens to issue reports on the external public health costs created by their sale of tobacco products and the manner in which such costs affect the vast majority of its shareholders who rely on overall market returns.

### Patents and Access

#### Pfizer, Inc.

*Similar resolutions were submitted to AbbVie, Amgen Inc., Bristol-Myers Squibb Company, Eli Lilly and Company, Gilead Sciences, Inc., Johnson & Johnson, Merck & Co., Inc., Regeneron Pharmaceuticals, Inc.*

RESOLVED, that shareholders of Pfizer Inc. (“Pfizer”) ask the Board of Directors to establish and report on a process by which the impact of extended patent exclusivities on product access would be considered in deciding whether to apply for secondary and tertiary patents. Secondary and tertiary patents are patents applied for after the main active ingredient/molecule patent(s) and which relate to the product. The report on the process should be prepared at reasonable cost, omitting confidential and proprietary information, and published on Pfizer’s website.

#### SUPPORTING STATEMENT

Access to medicines, especially costly specialty drugs, is the subject of consistent and widespread public debate in the U.S. A 2021 Rand Corporation analysis concluded that U.S. prices for branded drugs were nearly 3.5 times higher than prices in 32 OECD member countries.<sup>1</sup> The Kaiser Family Foundation has “consistently found prescription drug costs to be an important health policy area of public interest and public concern.”<sup>2</sup>

This high level of concern has driven policy responses. The Inflation Reduction Act empowers the federal government to negotiate some drug prices.<sup>3</sup> State measures, including drug price transparency legislation, copay caps, and Medicaid purchasing programs, have also been adopted.<sup>4</sup> The House Committee on Oversight and Reform (the “Committee”) launched a far-reaching investigation into drug pricing in January 2019.<sup>5</sup>

Intellectual property protections on branded drugs play an important role in maintaining high prices and impeding access. When patent protection on a drug ends, generic manufacturers can enter the market, reducing prices. But branded drug manufacturers may try to delay generic competition by extending their exclusivity periods.

Among the abuses described in the Committee’s December 2021 report is construction of a “patent thicket,” which consists of many “secondary patents covering the formulations, dosing, or methods of using, administering, or manufacturing a drug”; they are granted after the drug’s primary patent, covering its main active ingredient or molecule, has been granted.<sup>6</sup> In June 2022, citing the impact of patent thickets on drug prices, a bipartisan group of Senators urged the U.S. Patent and Trademark Office to “take regulatory steps to . . . eliminate large collections of patents on a single invention.”

Pfizer sells Lyrica, a branded pain management and epilepsy drug. According to the Committee’s report, 69 patents have been granted on Lyrica, which extended Pfizer’s exclusivity period to 32 years. Pfizer raised the price of Lyrica by 155% between 2013 and 2019, when its exclusivity period on the immediate release formulation of Lyrica ended.<sup>7</sup>

In our view, a process that considers the impact of extended exclusivity periods on patient access would ensure that Pfizer considers not only whether it can apply for secondary and tertiary patents but also whether it should do so. A more thoughtful process could, we believe, bolster Pfizer’s reputation and help avoid regulatory blowback resulting from high drug prices and perceptions regarding abusive patenting practices.

1. <https://www.rand.org/news/press/2021/01/28.html>

2. <https://www.kff.org/health-costs/poll-finding/public-opinion-on-prescription-drugs-and-their-prices/>

3. <https://www.kff.org/medicare/issue-brief/explaining-the-prescription-drug-provisions-in-the-inflation-reduction-act/>

4. <https://www.americanprogress.org/article/state-policies-to-address-prescription-drug-affordability-across-the-supply-chain/>

5. <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/DRUG%20PRICING%20REPORT%20WITH%20APPENDIX%20v3.pdf>, at i.

6. <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/DRUG%20PRICING%20REPORT%20WITH%20APPENDIX%20v3.pdf>, at 79.

7. <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/DRUG%20PRICING%20REPORT%20WITH%20APPENDIX%20v3.pdf>, at ix, 14.

### 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.

#### SUPPORTING STATEMENT

COVID-19 continues to cause deaths, long-term health consequences and economic disruption for millions of people. Vaccines and therapeutics are essential tools to reduce mortality, and vaccines can reduce the emergence of more transmissible and vaccine-resistant variants.

Janssen received more than \$2 billion in US government funding for COVID-19-related vaccine research, development and manufacturing.<sup>1</sup> The government also provided \$152 million for Janssen and a partner to develop COVID-19 therapeutics.<sup>2</sup>

JNJ has been distributing its COVID-19 vaccine on a “nonprofit” basis, but that commitment is limited to “emergency pandemic use.”<sup>3</sup> JNJ has not clarified what “nonprofit” means when the government funds a portion of the research and development costs, nor what prices the company will charge and which access measures will be applied post-emergency pandemic if people continue to need vaccines and boosters. This Proposal asks JNJ to explain how the contribution from public entities affects its actions, including pricing determinations, that impact access to COVID-19 products.

JNJ’s approach to access to its vaccine has led to high profile public criticism, generating reputational risks for JNJ and its investors.<sup>4</sup> Shareholders should understand how JNJ is accounting for public funding in its current and future pricing strategies for its COVID-19 products to evaluate the reputational risks and understand company mitigation measures. The company’s reports do not explain how government funding was integrated into its access strategy. JNJ’s disclosures are insufficient to enable investors to gauge the material risks that JNJ could face for securing substantial public funding without commensurate policies and practices to promote broader and sustained vaccine access.

Refusing to voluntarily account for how public funding plays a role in JNJ’s access determinations also risks potential increased regulation and oversight. If the federal government cannot trust JNJ to voluntarily provide sustainable, equitable, and timely access to a vaccine benefiting from substantial public funding, the government may introduce rules and policies, including through future public funding agreements, that mandate how JNJ should commercialize relevant products. This effectively removes control and decision-making authority from the company. Policymakers are scrutinizing the role of public funding in medicine pricing and access strategies, and public funding is already a factor in how the US government will negotiate drug prices.<sup>5</sup> This could also lead to governments asserting greater control over other aspects of the industry’s business, including non-pandemic medical technologies, leading to long-term regulatory risks for company operations.

We urge shareholder to vote FOR this proposal.

1. <https://www.medicalcountermeasures.gov/app/barda/coronavirus/COVID19.aspx>
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.jnj.com/johnson-johnson-covid-19-vaccine-authorized-by-u-s-fda-for-emergency-use-first-single-shot-vaccine-in-fight-against-global-pandemic>
4. <https://www.nytimes.com/2021/08/16/business/johnson-johnson-vaccine-africa-exported-europe.html>;  
<https://www.nytimes.com/2022/02/08/business/johnson-johnson-covid-vaccine.html>
5. <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/DRUG%20PRICING%20REPORT%20WITH%20APPENDIX%20v3.pdf>;  
<https://aspe.hhs.gov/sites/default/files/private/aspe-files/263451/2020-drug-pricing-report-congress-final.pdf>;  
<https://www.congress.gov/bill/117th-congress/house-bill/5376/text>

## 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 indirect receipt of public financial support for development and manufacture of a therapeutic for COVID-19 is being, or will be, taken into account when making decisions that affect access to such products, such as sharing intellectual property through voluntary licenses or setting prices.

#### SUPPORTING STATEMENT

Merck’s antiviral medicine, molnupiravir, is approved to treat COVID-19.<sup>1</sup> Molnupiravir was developed at Emory University using up to \$35 million in US government funding,<sup>2</sup> and the government maintains “march-in” rights under the Bayh-Dole Act to grant patent licenses to other producers.<sup>3</sup> Emory licensed molnupiravir to Ridgeback in March 2020, and Ridgeback entered into a collaboration with Merck for clinical development and manufacturing.<sup>4</sup>

Merck promised to make the medicine widely available and states that “global access has been a priority.”<sup>5</sup> However, Merck has not disclosed how public support factors into decisions that affect access. Setting inaccessible prices could jeopardize the company’s reputation, invite increased regulation and oversight, and ultimately harm investor returns.

This Proposal addresses this risk by asking Merck to explain whether and how public contributions to its products affect how Merck sets prices or the scope of voluntary licenses.

While Merck has signed bilateral licensing agreements and an agreement with the Medicines Patent Pool, those only cover an estimated half of the world’s population and exclude most upper-middle-income developing countries.<sup>6</sup> Merck applies a tiered pricing strategy for countries excluded from the voluntary license, but has not disclosed those prices or how the company determines prices that reflect a country’s “ability to finance health care.”<sup>7</sup> Tiered pricing typically results in unaffordable prices, especially for middle-income countries.<sup>8</sup>

Merck’s domestic pricing strategy fails to reflect public support, and the gap between cost and price exposes it to reputational risk: molnupiravir production costs an estimated \$20 per course,<sup>9</sup> while the company charges approximately \$710 in the US, over 35 times the cost of production. For the 3.1 million doses the US government purchased,<sup>10</sup> that represents an estimated markup of over \$2.1 billion on a treatment developed with public funding. Meanwhile the government is struggling to fund America’s COVID-19 response,<sup>11</sup> disparities in access are expected to worsen as a result.<sup>12</sup> Merck does not explain how it addresses the relationship between public investment in a product and its pricing and licensing strategy, even in the context of a pandemic.<sup>13</sup> If governments cannot trust Merck to ensure access to this publicly funded treatment, governments may set access policies. Policymakers are already scrutinizing how public funding relates to pricing and access strategies, and public funding is already a factor in how the US government will negotiate drug prices.<sup>14</sup>

1. <https://www.who.int/publications/i/item/WHO-2019-nCoV-therapeutics-2022.4>

2. <https://www.wabe.org/emory-researchers-think-they-have-a-drug-to-fight-the-new-coronavirus/>; <https://www.washingtonpost.com/business/2020/06/11/coronavirus-drug-ridgeback-biotherapeutics/>; <https://www.keionline.org/36648>

3. <https://www.keionline.org/36648>

4. <https://www.businesswire.com/news/home/20200526005229/en/>

5. <https://www.merck.com/news/merck-and-ridgeback-statement-on-positive-fda-advisory-committee-vote-for-investigational-oral-antiviral-molnupiravir-for-treatment-of-mild-to-moderate-covid-19-in-high-risk-adults/>

6. <https://msfaccess.org/license-between-merck-and-medicines-patent-pool-global-production-promising-new-covid-19-drug>

7. <https://www.merck.com/wp-content/uploads/sites/5/2022/08/MRK-ESG-report-21-22.pdf>

8. [https://www.researchgate.net/publication/51712884\\_A\\_win-win\\_solution\\_A\\_critical\\_analysis\\_of\\_tiered\\_pricing\\_to\\_improve\\_access\\_to\\_medicines\\_in\\_developing\\_countries](https://www.researchgate.net/publication/51712884_A_win-win_solution_A_critical_analysis_of_tiered_pricing_to_improve_access_to_medicines_in_developing_countries)

9. <https://scholar.harvard.edu/melissabarber/publications/estimated-cost-based-generic-prices-molnupiravir-treatment-covid-19>

10. <https://www.merck.com/news/merck-and-ridgeback-announce-u-s-government-to-purchase-1-4-million-additional-courses-of-molnupiravir-an-investigational-oral-antiviral-medicine-for-the-treatment-of-mild-to-moderate-covid-19-in-a/>

11. <https://www.npr.org/2022/09/02/1120746237/white-house-ukraine-covid-19-monkeypox-supplemental-funding>

12. See, e.g., <https://www.healthcarediver.com/news/Medicaid-lose-coverage-hhs-aspe-public-health-emergency/630266/>; <https://www.nytimes.com/2022/08/28/health/covid-vaccines-money.html>; <https://fortune.com/2022/08/30/covid-vaccine-treatment-paxlovid-pay-for-cost-free-insurance/>;

13. <https://www.nytimes.com/2021/10/27/health/covid-pill-access-molnupiravir.html>

14. <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/DRUG%20PRICING%20REPORT%20WIT%20APPENDIX%20v3.pdf>; <https://aspe.hhs.gov/sites/default/files/private/aspe-files/263451/2020-drug-pricing-report-congress-final.pdf>; <https://www.congress.gov/bill/117th-congress/house-bill/5376/text>



### Covid 19 Vaccine Technology Transfer

Pfizer, Inc.

RESOLVED that shareholders of Pfizer ask the Board of Directors to commission a third-party report to shareholders, at reasonable expense and omitting confidential and proprietary information, analyzing the feasibility of promptly transferring intellectual property (IP) and technical knowledge (“know-how”) to facilitate the production of COVID-19 vaccine doses by additional qualified manufacturers located in low- and middle-income countries (LMICs), as defined by the World Bank.

#### SUPPORTING STATEMENT

Pfizer’s refusal to transfer its technology has cost the company lost sales and potentially lost licensing revenue, damaged the company’s reputation, spurred competitors to produce their own mRNA vaccines, and contributed to vaccine inequities that threaten investors’ portfolios.

Access to lifesaving COVID-19 vaccines remains highly inequitable. As of October 2022, 75% of people in high-income countries are fully vaccinated, compared to 20% of people in low-income countries.<sup>1</sup>

LMICs are calling for sustainable local production to ensure local access,<sup>2</sup> which can address the delays and unpredictable deliveries that hamper national vaccination plans.<sup>3</sup> Pfizer’s transfer of IP and know-how could accelerate these efforts, enabling the company to mitigate reputational risks, generate licensing revenue, and create long-term value for investors.

Successful technology transfer is feasible. 120 LMIC-based manufacturers have the ability to produce mRNA vaccines,<sup>4</sup> and at least 6 mRNA vaccines by manufacturers in LMICs are in clinical trials or approved.<sup>5</sup> With Pfizer’s support, they could deliver doses in a matter of months.<sup>6</sup>

Yet Pfizer has refused to share IP and technical know-how for its COVID-19 vaccines. Pfizer touts piecemeal initiatives<sup>7</sup> that will not resolve current access gaps or meet future needs. By refusing to consider the financial rewards of technology transfer, the company may have left revenue on the table. Vaccine coverage gaps have cost Pfizer sales — Pfizer agreed to reduce a US contract for vaccine donations to LMICs by 400 million doses,<sup>8</sup> foregone revenue of up to \$2.8 billion per reported prices.<sup>9</sup> Technology transfer is a more durable strategy to assure supply and secure revenues, enabling LMICs to manage their own manufacturing capacity while Pfizer can collect licensing revenues without bearing costs of lost sales.

In addition, refusal to consider technology transfer generates reputational risk: Pfizer continues to face negative public pressure for not doing more to address sustainable equitable access to its COVID-19 products, exposing the company to repeated critiques from high profile media outlets.<sup>10</sup>

Meanwhile, vaccine inequities prolong the pandemic, dragging down the global economy and threatening investors’ portfolios.<sup>11</sup>

Finally, refusal to disseminate IP and technology risks increased regulation and government oversight. If governments cannot trust Pfizer to do its part to ensure sustainable, equitable, timely access, they may impose rules impacting the control of pandemic technologies, as some experts propose.<sup>12</sup>

1. <https://ourworldindata.org/covid-vaccinations>
2. <https://africacdc.org/news-item/african-union-and-africa-cdc-launches-partnerships-for-african-vaccine-manufacturing-pavm-framework-to-achieve-it-and-signs-2-mous/>
3. <https://itpcglobal.org/blog/resource/mapping-covid-19-access-gaps-results-from-14-countries-and-territories/>
4. <https://www.who.int/initiatives/the-mrna-vaccine-technology-transfer-hub/faq>
5. <https://www.science.org/content/article/new-crop-covid-19-mrna-vaccines-could-be-easier-store-cheaper-use>;  
<https://www.reuters.com/business/healthcare-pharmaceuticals/indonesia-drug-agency-approves-chinas-walvax-mrna-vaccine-emergency-use-2022-09-29/>;  
<https://www.livemint.com/science/health/genovnas-mrna-shot-for-covid-19-approved-11656521513457.html>
6. <https://www.keionline.org/35364>
7. [https://s28.q4cdn.com/781576035/files/doc\\_financials/interactive\\_proxy\\_v2/2022/images/Pfizer-Proxy2022.pdf](https://s28.q4cdn.com/781576035/files/doc_financials/interactive_proxy_v2/2022/images/Pfizer-Proxy2022.pdf)
8. <https://www.usnews.com/news/world/articles/2022-09-22/u-s-cutting-global-donations-of-pfizer-covid-shots-as-demand-slows>
9. <https://www.reuters.com/world/us/biden-pledges-new-vaccine-donations-bid-rally-global-pandemic-fight-2021-09-22/>
10. <https://www.bloomberg.com/news/articles/2022-09-19/moderna-gives-who-s-mrna-hub-some-help-pfizer-snubs-request>;  
<https://www.nature.com/articles/d41586-022-02939-7>; <https://news.un.org/en/story/2022/07/1122072>;
11. <https://www.commondreams.org/news/2022/05/25/too-little-too-late-campaigners-say-pfizer-pledges-lower-vaccine-costs-poor-nations>;
12. <https://www.reuters.com/business/imf-sees-cost-covid-pandemic-rising-beyond-125-trillion-estimate-2022-01-20/>; <https://www.wsj.com/articles/the-economy-could-have-a-long-case-of-long-covid-11657272619>; <https://www.wxyz.com/news/people-dealing-with-long-covid-19-symptoms-could-be-impacting-u-s-economy>
12. <https://gh.bmj.com/content/7/7/e009709>

## Covid 19 Vaccine Technology Transfer Moderna

RESOLVED that shareholders of Moderna Inc. (“Moderna”) ask the Board of Directors to commission a third-party report to shareholders, at reasonable expense and omitting confidential and proprietary information, analyzing the feasibility of promptly transferring intellectual property (“IP”) and technical knowledge (“know-how”) to facilitate the production of COVID-19 vaccine doses by additional qualified manufacturers located in low- and middle-income countries (LMICs), as defined by the World Bank.

### SUPPORTING STATEMENT

Vaccine access remains inequitable.<sup>1</sup> The limited, unpredictable vaccine supply LMICs received for months after vaccines were first authorized and distributed in high-income countries contributes to continuing disparities nearly two years later.<sup>2</sup> The failure to prioritize vaccine equity creates reputational risk, threatens to hamstring the global economy, and costs Moderna millions of dollars in expenses, “write-downs” and missed opportunities to capture demand when all countries urgently sought doses.<sup>3</sup>

LMICs call for sustainable local manufacturing to ensure timely, reliable access to lifesaving vaccines, addressing delivery issues that impeded national vaccination plans.<sup>4</sup> 120 LMIC manufacturers could produce mRNA vaccines, and at least 6 mRNA vaccines by manufacturers in LMICs are in clinical trials or approved.<sup>5</sup> Moderna’s refusal to share IP and know-how requested by the World Health Organization (WHO) also delays WHO and LMICs’ efforts to develop similar vaccines by at least one year.<sup>6</sup> With Moderna’s support, these manufacturers could produce doses in months, curbing the health and economic consequences of COVID-19 while generating licensing revenues for Moderna.<sup>7</sup>

The company’s “global public health strategy” commitments not to enforce patents for COVID-19 vaccines used in some countries and to build its own manufacturing plant in Kenya are insufficient to resolve vaccine equity issues, and do not enable countries to secure supply independently. Moderna said that it would take up to four years to construct its Kenya plant,<sup>8</sup> a process not yet started a year later.

Moderna faces criticism for abusive patenting practices and profiteering,<sup>9</sup> with all of its profits generated from a vaccine co-developed by the US government using \$10 billion in US government funding (including vaccine preorders).<sup>10</sup> This creates a reputational tarnish and could threaten Moderna’s relationship with the US government, which funds several Moderna projects. Indeed, Moderna’s limited patent waiver, lawsuits against competitors, and inventorship dispute with the US government stand in contrast to Moderna’s own reliance on US government-granted permission to use others’ IP.<sup>11</sup>

Moderna’s refusal to share vaccine IP and technical knowledge may also risk increased regulation and oversight. If governments cannot trust Moderna to ensure sustainable, equitable, timely access, they may impose rules impacting the control of pandemic technologies, as some experts propose.<sup>12</sup>

A report analyzing the feasibility of technology transfer could help investors evaluate whether Moderna’s actions are in shareholders’ long-term interest.

1. <https://ourworldindata.org/covid-vaccinations>
2. <https://www.politico.com/news/2022/09/14/global-covid-pandemic-response-bill-gates-partners-00053969>
3. <https://investors.modernatx.com/news/news-details/2022/Moderna-Reports-Second-Quarter-2022-Financial-Results-and-Provides-Business-Updates/default.aspx>; <https://www.reuters.com/business/imf-sees-cost-covid-pandemic-rising-beyond-125-trillion-estimate-2022-01-20/>; <https://www.wsj.com/articles/the-economy-could-have-a-long-case-of-long-covid-11657272619>; <https://www.wxyz.com/news/people-dealing-with-long-covid-19-symptoms-could-be-impacting-u-s-economy>
4. <https://itpcglobal.org/blog/resource/mapping-covid-19-access-gaps-results-from-14-countries-and-territories/>
5. <https://www.science.org/content/article/new-crop-covid-19-mrna-vaccines-could-be-easier-store-cheaper-use>; <https://www.reuters.com/business/healthcare-pharmaceuticals/indonesia-drug-agency-approves-chinas-walvax-mrna-vaccine-emergency-use-2022-09-29/>; <https://www.livemint.com/science/health/genovas-mrna-shot-for-covid-19-approved-11656521513457.html>
6. <https://www.oxfamamerica.org/press/press-releases/dr-tedros-barkan-seyoum-present-oxfam-shareholder-resolutions-to-urge-moderna-pfizer-and-johnson-johnson-to-address-covid-19-vaccine-inequity/>
7. <https://www.keionline.org/35364>
8. <https://www.washingtonpost.com/health/2021/10/07/moderna-vaccine-plant-africa/>
9. <https://www.nature.com/immersive/d41586-022-01898-3/index.html>
10. <https://www.nih.gov/news-events/news-releases/promising-interim-results-clinical-trial-nih-moderna-covid-19-vaccine>; <https://www.medicalcountermeasures.gov/app/barda/coronavirus/COVID19.aspx>
11. <https://www.keionline.org/37751>; <https://www.npr.org/sections/health-shots/2022/08/26/1119608060/moderna-sues-pfizer-over-covid-19-vaccine-patents>; <https://www.nature.com/articles/d41586-021-03535-x>
12. <https://gh.bmj.com/content/7/7/e009709>

### Public Health Costs Created by the Sale of Tobacco Products

#### Walgreens Boots Alliance

*A similar resolution was submitted to Kroger Co.*

RESOLVED, shareholders ask that the board commission and disclose a report on the external public health costs created by the sale of tobacco products by our company (the “Company”) and the manner in which such costs affect the vast majority of its shareholders who rely on overall market returns.

The negative health and productivity impacts from consumption of tobacco products impose \$1.2 trillion in social damage; tobacco’s unpriced social burden amounts to almost 3 percent of global GDP annually.<sup>1</sup>

Yet, in spite of the Company’s positioning as a “true health care company”<sup>2</sup> and public pronouncements regarding its commitment to health and wellness<sup>3</sup> as well as the overwhelming evidence that tobacco — a known carcinogen that impairs respiratory function — significantly prejudices the health outcomes of smokers, and particularly smokers infected with COVID-19, the Company continues to sell tobacco products in its stores.

These public health costs, year after year, are devastating to economic growth and further compound the financial devastation wrought by the COVID-19 pandemic. Yet the Company does not disclose any methodology to address the public health costs of its tobacco sales. Thus, shareholders have no guidance as to costs the Company is externalizing and consequent economic harm. This information is essential to shareholders, the majority of whom are beneficial owners with broadly diversified interests.

Our company has signed the Business Roundtable Statement on the Purpose of a Corporation, which reads, “we share a fundamental commitment to all of our stakeholders... We commit to deliver value to all of them, for the future success of our companies, our communities and our country.”

But the Company undermines that commitment and ultimately the interests of its diversified shareholders by not disclosing the social and environmental costs and risks imposed on stakeholders, even when these costs and risks threaten society, the economy and the performance of other companies. All stakeholders are unalterably harmed when companies impose costs on the economy that lower GDP, which reduces equity value.<sup>4</sup> While the Company may profit by ignoring costs it externalizes, diversified shareholders will ultimately pay these costs, and they have a right to ask what they are.

The Company’s prior disclosures do not address this issue, because they do not address the public health costs that the company’s tobacco sales impose on shareholders as diversified investors who must fund retirement, education, public goods and other critical social needs. This is a separate social issue of great importance. A report would help shareholders determine whether these externalized costs and the economic harm they may create ultimately serve their interests.

1. [https://www.cdc.gov/tobacco/data\\_statistics/fact\\_sheets/economics/econ\\_facts/index.htm](https://www.cdc.gov/tobacco/data_statistics/fact_sheets/economics/econ_facts/index.htm)

2. Walgreens CEO Stefano Pessina on comparing strategy with CVS (cnbc.com)

3. <https://www.walgreensbootsalliance.com/about-us/living-our-values-vision-and-purpose>

4. [https://www.unepfi.org/fileadmin/documents/universal\\_ownership\\_full.pdf](https://www.unepfi.org/fileadmin/documents/universal_ownership_full.pdf)

## Disclose and Reduce Nicotine Levels

### Philip Morris International

**RESOLVED:** Shareholders request the Board take steps to preserve the health of its customers by making available to them information on the nicotine levels for each of our brands, including heated tobacco products, how those levels are determined, and begin reducing nicotine levels in our brands to a less addictive level.

**WHEREAS:** According to the World Health Organization, an estimated 1.3 billion people worldwide use tobacco products, 80% of whom are in low- and middle-income countries;

Philip Morris International (“PMI”) states on its website: “Nicotine is a naturally occurring chemical in the tobacco plant, and is one of the reasons why people smoke cigarettes. Nicotine is addictive and is not risk free;”<sup>1</sup>

According to the United States Food and Drug Administration (“FDA”): “All tobacco products contain nicotine including cigarettes, non-combusted cigarettes, cigars, smokeless tobacco, hookah tobacco and most e-cigarettes. Using any tobacco product can lead to nicotine addiction. This is because nicotine can change the way the brain works, causing cravings for more of it. Some tobacco products are designed to deliver nicotine to the brain within seconds, making it easier to become dependent on nicotine and more difficult to quit. Nicotine is what keeps people using tobacco products. However, it’s the thousands of chemicals contained in tobacco and tobacco smoke that make tobacco use so deadly. Some of these chemicals, known to cause lung damage, are also found in some e-cigarette aerosols;”<sup>2</sup>

PMI’s “Marlboro’s volume outside the United States and China was 233 billion cigarettes, reinforcing its leadership position as the number-one cigarette brand worldwide.”<sup>3</sup> The company announced that its non-combusted, heated tobacco product IQOS volume growth increased 22% year over year in Q3 2022 and that it is paying the Altria Group \$2.7 billion (pre-tax) in exchange for the ability to market IQOS in the U.S., effective April 30, 2024;<sup>4</sup>

The European Commission wants to ban sales of all flavored heated tobacco products<sup>5</sup> and the FDA has proposed a rule “that would establish a maximum nicotine level in cigarettes and certain finished tobacco products;”<sup>6</sup>

A report by the Bureau of Investigative Journalism<sup>7</sup> found that PMI “is drastically misleading consumers about the amount of nicotine in its range of IQOS heated tobacco products ... in some promotional material, and to Bureau staff posing as consumers, PMI has claimed there is 0.5mg of nicotine in each tobacco stick, but new research conducted by the Bureau has revealed the actual figure is more than eight times higher;”

PMI disputed the Bureau’s claim, saying that the Bureau conflated the measure of nicotine emission (what a person breathes in) and nicotine content. The Bureau recognized that without any clear universal regulation as to which figure should be used and how it should be described, consumers will continue to be misled;

In its Q3 2022 presentation to investors, PMI said “there was no notable difference in the nicotine absorption between cigarettes and IQOS.”<sup>8</sup>

1. <https://www.pmi.com/glossary-section/glossary/nicotine>

2. <https://www.pmi.com/glossary-section/glossary/nicotine>

3. <https://www.pmi.com/investor-relations/overview/building-leading-brands>

4. <https://philipmorrisinternational.gcs-web.com/static-files/88d67ac2-85a8-4509-bbec-e061490b43ac>

5. <https://www.politico.eu/article/european-commission-want-ban-heated-tobacco-product/>

6. <https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202204&RIN=0910-AI76>

7. <https://www.thebureauinvestigates.com/stories/2022-08-28/philip-morris-misleading-public-about-nicotine-in-heated-tobacco>

8. <https://philipmorrisinternational.gcs-web.com/static-files/88d67ac2-85a8-4509-bbec-e061490b43ac>

## Human Rights and Worker Rights (HR&WR)

Since its inception in 1971, ICCR's members have worked to mitigate the human rights impacts of corporate operations, products, and services and to support workers' rights across the globe. Some of the topics covered by ICCR members' 2023 human rights and worker rights resolutions include the human rights impacts inherent in the tech sector, freedom of association

and paid sick leave for workers, the human rights implications of doing business in conflict-affected areas, forced labor including child labor in global supply chains, and risks associated with the sale and marketing of guns to civilians.

This year our members filed a diverse group of 71 resolutions covering numerous human rights and worker rights risks, roughly even with filings in this issue area last year. The largest group of these (nine proposals) called for companies to implement paid sick leave policies as a standard

| Human Rights and Worker Rights  |          | 71   |          |  |
|---|----------|--|----------|--|
| Proposal Topic  | Quantity | Proposal Topic   | Quantity |  |
| For the full list of investors who filed these resolutions, see p. 250.         |          | Content Moderation and Legislative Risk                                    | 1        |  |
| Paid Sick Leave Policy  | 9        | Data Operations in Human Rights Hotspots                                   | 1        |  |
| Respect for Freedom of Association and Collective Bargaining                    | 7        | Ensuring People in Conflict Zones do not Suffer Discriminatory Exclusion   | 1        |  |
| Eliminating Discrimination through Inclusive Hiring                             | 4        | Hourly Associate on Board of Directors                                     | 1        |  |
| Human Rights Impact Assessment  | 4        | HRIA - Meta Targeted Ads   | 1        |  |
| Indigenous Relations / FPIC   | 3        | Human Rights and Material Risks Related to the Russian Invasion of Ukraine | 1        |  |
| Workplace Health and Safety Audit   | 3        | Human Rights Due Diligence   | 1        |  |
| Company Policy Compared to External Indigenous-led Standards of Practice        | 2        | Human Rights Risks in Conflict-Affected and High-Risk Areas Policies       | 1        |  |
| Customer Due Diligence  | 2        | Improving Algorithmic Systems Disclosures                                  | 1        |  |
| End Child Labor in Cocoa Production   | 2        | Independent Review of the Role of the Audit and Risk Oversight Committee   | 1        |  |
| Freedom of Expression Transparency Report                                       | 2        | Material Marketing Risks   | 1        |  |
| Human Rights Risk Report  | 2        | No Business with Governments Complicit in Genocide - Myanmar               | 1        |  |
| Human Rights Risks of Financialization of Housing                               | 2        | Performance Review of Audit and Compliance Committee                       | 1        |  |
| Respect for Rights of Indigenous Peoples  | 2        | Pilot Fair Food Program  | 1        |  |
| Risks of Financing Controversial Weapons  | 2        | Rekognition: Facial Recognition Technology                                 | 1        |  |
| Adopt a Human Rights Policy Respecting Freedom of Association                   | 1        | Report on Driver Health and Safety   | 1        |  |
| Assessing Allegations of Biased Operations in India                             | 1        | Transition Plan to Address Abuse of Uyghurs                                | 1        |  |
| Assessing Effectiveness in Preventing Forced/Child/Prison Labor in Supply Chain | 1        | Transparency Reporting   | 1        |  |
| Board Oversight of Harmful User-Generated Content                               | 1        | Workplace Safety Policy Assessment - Gun Violence                          | 1        |  |
| Child Safety Online   | 1        |  |          |  |
| Competitive Employment Standards, Including Wages and Benefits                  | 1        |  |          |  |



**Marvin Owens**  
*Chief Engagement Officer,*  
*Impact Shares*

Impact Shares considers paid sick leave (PSL) to represent an important human capital investment critical to investors, as well as a racial and gender equity concern. Filing a PSL shareholder proposal at Norfolk was the first step in leveraging our position as an ETF issuer representing leading social and environmental advocacy organizations with the expectation that, in so doing, we create changes in company policy toward workers. Much like our general investment strategies, the Impact Shares approach to the PSL issue with Norfolk Southern has been informed by our advocacy partners, specifically the YWCA and the NAACP.

Our unique positioning as working closely with not just investors and corporations, but also leading advocacy groups helps to contextualize the current engagement in the context of a longer history of advocacy on issues of racial and gender equity. Specifically, the NAACP and the YWCA have long track records in working on issues like paid sick leave. Both organizations have close relationships with unions.

So, as the corporate response to our shareholder proposal attempted to use collective bargaining and the Railway Labor Act as an excuse for “no action”, we were able to gain greater insights through the labor relationships within the NAACP. Highlighting this concern as a racial and gender equity concern ultimately strengthens the case for changes in corporate policy, while adding even more value to ICCR’s current relationships with organized labor.

employee benefit, and the second largest (at eight) called on companies to respect freedom of association and collective bargaining. Six resolutions addressed one or more aspects of Indigenous rights.

### Worker Rights

#### Paid Sick Leave

More than 26 million U.S. private sector workers have no access to paid sick leave (PSL), and still millions more cannot earn and use paid sick time to care for a sick child or family member. Access to PSL in the U.S. is also marked by clear racial disparities: 48 percent of Latinx workers and 36 percent of Black workers have no paid time away from work of any kind. ICCR members are making the case that paid sick leave should be provided by companies as a standard benefit and viewed as a prudent investment — an insurance policy that will promote a strong workforce and, by extension, a healthy economy.

Our members filed resolutions asking nine companies to either adopt or disclose policies that all full- and part-time employees accrue some amount of PSL that can be used after working for a reasonable probationary period. The resolutions further asked that the policies not expire after a set time or depend on the existence of a global pandemic. Sectors targeted by investors include railroad, restaurant, retail, and hospitality.





**Hyewon Han**  
*Director of Shareholder  
Advocacy,  
Trillium Asset Management*

Unions are experiencing a revival in the U.S., as workers at major companies like Amazon, Starbucks, and Apple win union elections. However, an entire generation of management teams may lack experience with unions due to decades of declining membership, potentially leading to knee-jerk opposition, missteps, or missed opportunities for productive working relationships.

Workers have reported retaliation, intimidation, firings, and captive audience meetings by corporations in response to organizing, raising concerns about companies' adherence to human rights commitments and norms. In response, ICCR members have filed shareholder proposals on workers' rights to freedom of association and collective bargaining at various companies. Some companies argue that they are in legal compliance with U.S. labor laws. However, the international conventions that companies have committed to may involve obligations beyond what U.S. labor laws require.

To address this, a suggestion is to conduct an independent assessment of a company's approach to its stated human rights commitments. In having a qualified assessor provide an objective review of a company's actions, one goal is to address any potential knowledge gaps management teams may have regarding fundamental workers' rights principles and reinforce their intended application, which may help companies avoid future labor rights controversies.

### Respect for Freedom of Association and Collective Bargaining

Freedom of association and collective bargaining are fundamental human rights protected by multiple national and international human rights standards. Yet corporations routinely use intimidation tactics to deter union organizing, including retaliatory firings and threats of reduction or elimination of benefits, workplace closures, and captive audience meetings. Apple alone was the subject of 14 charges of unfair labor practices at the National Labor Relations Board last year.

Investors asked Amazon, Apple, Delta Air Lines, Starbucks, Tesla, and Wells Fargo to issue independent reports assessing their companies' adherence to their stated commitments to worker freedom of association and collective bargaining rights, including management non-interference when employees decide to form a union.

Electric vehicle manufacturer Rivian Automotive was asked to develop a human rights policy respecting freedom of association; investors argued that the transition to a low-carbon future cannot come at the expense of workers' rights.

The Apple resolution was successfully withdrawn for agreement.



### Workplace Health and Safety Audit

Amazon employees are being injured more frequently and more severely than elsewhere in the warehouse industry; the company's serious injury rate is nearly 80 percent higher than its peers. Worse still, its injury rate continues to climb, up 20 percent from 2020 to 2021.

Meanwhile, U.S. discount stores Dollar Tree and Dollar General sell affordable products in low-wealth areas across the country but are increasingly doing so at the expense of their own workers. Since 2017 The Occupational Safety and Health Administration has found more than 300 Dollar Tree violations, and it has also levied \$12.3 million in penalties against Dollar General for numerous repeated and serious workplace safety violations. Staffing levels at both chains appear to be vastly insufficient to manage workload. Dollar Tree staff and customers are also exposed to risks of robberies and gun violence. Ninety-two percent of Dollar General employees make less than \$15 an hour.

Members asked Dollar Tree and Dollar General to issue independent audits of the companies' policies and practices on the safety and well-being of their workers.

ICCR members asked Amazon to commission independent audits on the working conditions and treatment faced by its warehouse workers, including the impact of their policies, management, performance metrics, and targets.

### Report on Driver Health and Safety

Ride-hailing company Uber uses regulatory loopholes to avoid providing adequate workplace protections which has left its drivers facing pervasive health and safety issues, disproportionately harming its primarily Black, Brown, and immigrant workforce. Despite Uber drivers being only a small percentage of the country's workforce, they comprise almost one percent of U.S. job-related deaths.

Investors asked Uber to commission an independent third-party audit on driver health and safety, evaluating the effects of Uber's performance metrics and ratings and its policies and procedures on driver health and safety.

### Human Rights Risks in the Tech Sector

Members of ICCR and the Investor Alliance for Human Rights have been engaging leading tech companies on their human and digital rights risks for several years, and this year filed a group of proposals for the 2023 proxy season with Alphabet (9), Amazon (16), Apple (7) and Meta (9).

The proposals raise a variety of human rights concerns ranging from inadequate content moderation and the proliferation of hate speech to a lack of transparency and accountability through the use of opaque algorithms and artificial intelligence, violations of privacy rights, risks of the targeted advertising business model of Big Tech, as well as a number of corporate governance, climate and diversity concerns. Taken together, the issues raised in the proposals speak to the power and influence these tech giants wield over society and highlight how a lack of adequate oversight structures to mitigate potential harms raises risks for all stakeholders.





**Sarah Couturier-Tanoh**  
*Associate Director,  
Corporate Engagement &  
Advocacy, SHARE*

With the development and large-scale adoption of computer-based technologies such as artificial intelligence, machine learning systems, planet-wide networking, and mass-marketed devices, our society has been drawn into an unprecedented era of progress. Although these technological advancements offer wide-ranging benefits, they also have profound implications for human rights.

In the past decade, we have witnessed how certain technologies could threaten human rights including freedom of expression, rights to privacy, and political participation. A robust body of academic research indicates that **the impacts of technology on human rights** are not just unintended consequences, but rather are reflective of systemic problems. The use of technology exacerbates existing historical injustices and persistent inequities. The erosion of human rights and the transformative nature of technology should heighten scrutiny from investors, regulators, and other stakeholders.

In this context, investors have a key role to play by promoting robust human rights due diligence practices and transparency. The growing complexity of technology should also prompt investors to collaborate with key civil-society organizations to better understand how technology can impact the future of human rights and inform their active ownership practices.

## Customer Due Diligence

Keysight has provided products and services to customers in conflict-affected and high-risk areas that are contributing to human rights harms, including: providing software that can be used to model electronic warfare scenarios, to China and Russia; and providing internet trafficking analytical tools to Russia, which are being used as part of its state surveillance system, and is also used to reroute Ukrainian internet traffic and surveil citizens.

Amazon's Ring cameras continue to infringe on citizens' privacy, despite an audit and the company's subsequent changes. In addition, Amazon's government-affiliated customers and suppliers have a history of rights-violating behavior. Amazon also sells relabeled surveillance products from Chinese companies which have been implicated in mass surveillance, internment, torture, and forced labor of the ethnic Uyghur minority.

ICCR members asked Amazon to report on its customer due diligence process to determine whether customers' use of its products and services with surveillance, computer vision, or cloud storage capabilities contributes to human rights violations.

ICCR members asked Keysight Technologies to report on its customer due diligence process to determine whether customers' use of its products or services with surveillance technology and warfare simulation capability contributes to human rights harms.



### Transparency Reporting

Shareholders are concerned that by failing to disclose censorship requests it receives from governments, Amazon may be obscuring its participation in an array of human rights violations that reflect an irresponsible and dangerous status quo.

ICCR's members asked Amazon to revise its transparency reporting to provide more detailed quantitative disclosures on its removal or restriction of content and products on its platform due to government requests, as well as Amazon's voluntary removals and restrictions made in anticipation of such requests.

### Conflict-Affected Areas

Doing business in conflict-affected and high-risk areas carries with it a multiplicity of severe operational and human rights risks for all corporate stakeholders, including investors. To prevent and mitigate human rights risks in high-risk contexts, companies should conduct heightened human rights due diligence, going beyond what is required by the UN Guiding Principles on Business and Human Rights. The tech sector in particular is increasingly at risk, and there is increasing evidence of the industry's role in exacerbating conflict. A number of resolutions this year focused on the risks of doing business in conflict zones.



### Human Rights and Materials Risks Related to the Russian Invasion of Ukraine

Texas Instruments is one of the original manufacturers of approximately 25 percent of dual-use items found in 27 Russian weapons systems used in the invasion of Ukraine, including cruise and ballistic missiles, precision munitions, and electronic warfare. The use of TI's products during the Russian invasion of Ukraine may result in potential violations of American and EU sanctions and export controls.

Investors asked Texas Instruments to report on its due diligence process for determining whether its customers' use of its products or services contributes to or is linked to violations of international law.

### Transition Plan to Address Abuse of Uyghurs

Since 2017, the Chinese government has placed an estimated 1.8 million predominantly Turkic and Muslim-majority peoples, including Uyghurs, Kazakhs, Kyrgyz, and Hui, in detention camps, prisons, and factories across the Xinjiang Autonomous Uyghur Region in China. Given the severity and extent of regional abuses, businesses that do not exit Xinjiang supply chains, ventures, and/or investments run a high risk of violating U.S. law. Recent investigations implicate Apple suppliers and energy partnerships in Uyghur forced labor.

ICCR members asked Apple to publish a phaseout transition plan to cease supply chain activities involving labor from the Uyghur region, including labor transfers of workers from the Uyghur region to other areas of China.

The Apple resolution was withdrawn for agreement.

### Respect for the Rights of Indigenous Peoples

From fracking to pipeline projects, banks and other companies are continuing to fund Indigenous land grabs, the violation of Indigenous rights, and eco-colonialism. This year investors filed a group of nine Indigenous rights proposals, including two calling for human rights risk reports.

Underscoring the principles of Free, Prior, and Informed Consent (FPIC), and the right of Indigenous Peoples to self-determination, investors asked Hartford Financial and Chubb to issue reports on how they evaluate and incorporate human rights risks in their underwriting processes.

Investor submitted resolutions to Bank of Montreal, Royal Bank of Canada, and TD Bank citing the banks' funding of the controversial Dakota Access Pipeline and calling on them to embed the principles of FPIC within their operations.

ICCR members asked Citigroup to report on the effectiveness of its policies and practices in respecting Indigenous Peoples' rights in its existing and proposed general and project financing.

Resolutions were submitted to financial services holding company Power Corporation and Ag company Nutrien asking them to report on the extent to which their policies, plans, and practices regarding Indigenous reconciliation compare to, or are certified by external Indigenous-led standards of practice.



### Worker Rights

#### Paid Sick Leave Policy

##### Norfolk Southern Corporation

*A similar resolution was submitted to Union Pacific Corporation.*

WHEREAS: One out of five people working in the United States have no access to earned sick time, or “paid sick leave”, for short-term illness, health needs and preventive care.<sup>1</sup> They face an impossible choice when they are sick: stay home and risk their economic security or go to work and risk their coworkers’ health and the public’s health.

As the COVID-19 pandemic has shown, paid sick leave is a crucial contributor to public health by allowing sick workers who are contagious to isolate themselves from their coworkers and the public. One study found a 56% reduction in COVID-19 cases is the result of temporary federally mandated COVID-19 paid sick leave in states that did not previously have paid sick leave laws.<sup>2</sup> State and local paid sick leave laws have also been shown to reduce influenza-like illness infections without causing negative effects on employment or wages.<sup>3</sup>

Under the Railroad Unemployment Insurance Act, railroad employees are only entitled to sickness benefits after seven days of illness.<sup>4</sup> Railroad employees and their unions have expressed concern that these benefits are inadequate, and that employees risk discipline if they need to take unscheduled time off due to sickness.<sup>5</sup> Workers’ concerns about the need for paid sick leave have been exacerbated by the railroad industry’s adoption of “precision scheduled railroading” that has reduced railroad carrier staffing levels by 30 percent over the past six years.<sup>6</sup> In 2022, members of various railway unions rejected tentative agreements that did not contain employer provided paid sick leave benefits.<sup>7</sup> According to the Association of American Railroads, a nationwide rail shutdown due to a labor dispute could cost the U.S. economy more than \$2 billion a day.<sup>8</sup>

We believe adopting a comprehensive, permanent, and public paid sick leave policy would help make the future operating environment more equitable and mitigate reputational, financial, and regulatory risk to the Norfolk Southern Railroad.

RESOLVED: Shareholders of the Norfolk Southern Railroad ask the Board of Directors to adopt and publicly disclose a policy that all employees, part-time and full-time, accrue a reasonable amount of employer-provided paid sick leave as determined by the Board of Directors. This policy should not expire after a set time or depend upon the existence of a global pandemic.

1. <https://www.bls.gov/ncs/ebs/benefits/2021/employee-benefits-in-the-united-states-march-2021.pdf>

2. <https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.00863>

3. <https://voxeu.org/article/pros-and-cons-sick-pay>.

4. <https://rrb.gov/Benefits/UB9>

5. <https://www.nytimes.com/2022/10/28/business/railroad-workers-strike-threat.html>

6. <https://www.nytimes.com/2022/09/15/business/economy/railroad-workers-strike.html>

7. <https://www.npr.org/2022/11/17/1136459343/railroads-rail-workers-strike-negotiations-labor-union>

8. <https://www.aar.org/wp-content/uploads/2022/09/AAR-Rail-Shutdown-Report-September-2022.pdf>

## Worker Rights

### Paid Sick Leave Policy

Yum! Brands, Inc.

*A similar resolution was submitted to Denny's Corporation.*

WHEREAS: Nearly 28 million people working in the private sector in the U.S. have no access to earned sick time, or “paid sick leave” (PSL), for short-term health needs and preventive care.<sup>1</sup> Working people in the United States face an impossible choice when they are sick: to stay home and risk their economic stability, or to go to work and risk their health and the public’s health.

The vast majority (62%) of the lowest earning 10% of American employees do not have access to PSL.<sup>2</sup> 48% of Latinx workers and 36% of Black workers report having no paid time away from work of any kind.<sup>3</sup>

As the COVID-19 pandemic has shown, PSL is a crucial contributor to improved public health outcomes, allowing workers exposed to illness to quarantine. One study found a 56% reduction in COVID-19 cases per state as a result of temporary federally mandated PSL,<sup>4</sup> and others an 11-30% reduction in influenza-like illnesses from state and local mandates.<sup>5</sup> State and local PSL mandates have been shown to reduce the rate at which employees report to work ill in low-wage industries where employers don’t tend to provide PSL, lowering disease and absence rates.<sup>6</sup>

PSL increases productivity<sup>7</sup> and reduces turnover, which reduces hiring costs.<sup>8</sup> This is important for lower-wage industries with high turnover. Companies across sectors, such as Darden,<sup>9</sup> Facebook,<sup>10</sup> Home Depot, Levi’s,<sup>11</sup> and Patagonia<sup>12</sup> are expanding and disclosing their policies to benefit their employees and bolster their brands.<sup>13</sup>

Yum! Brands discloses that it provides 4 Weeks Vacation + Holidays.<sup>14</sup> However, it does not publicly describe its paid sick leave policy, aside from noting the company is “expanding paid sick time” in the 2021 sustainability report.<sup>15</sup>

It is not clear if there are any PSL provisions at YUM! Brands to protect franchise employees. YUM has 53,000 restaurants (KFC, Taco Bell, Pizza Hut, Habit Burger) in 157 countries and reports that 98% of these stores are franchised.<sup>16</sup>

More transparency on the company’s policies, such as worker eligibility requirements, hours of PSL provided by worker classification, requirements for using PSL, applicability to workers of company- owned versus franchise locations, and whether PSL can be used to care for a family member who is ill, will help investors understand how the company manages this human capital management, brand maintenance, and public health issue.

Increasing transparency of Yum! Brands’ paid sick leave policy would help the company demonstrate how it is implementing its commitment to “providing safe and healthy work environments for all employees.”<sup>17</sup>

**RESOLVED:** Shareholders of Yum! Brands ask the company to issue a report analyzing the provision of paid sick leave among franchise employees and assessing the feasibility of inducing or incentivizing franchisees to provide some amount of paid sick leave to all employees.

**SUPPORTING STATEMENT:** The report may include an assessment of potential avenues for the company to influence franchisees to take the requested action(s) on paid sick leave, such as financial incentives, franchise agreements, or other means.

1. <https://www.bls.gov/news.release/pdf/ebs2.pdf>

2. <https://www.bls.gov/news.release/pdf/ebs2.pdf>

3. <https://www.bls.gov/news.release/leave.t01.htm>

4. <https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.00863>

5. [https://www.nber.org/system/files/working\\_papers/w26832/w26832.pdf](https://www.nber.org/system/files/working_papers/w26832/w26832.pdf)

6. <https://voxeu.org/article/pros-and-cons-sick-pay>

7. <https://voxeu.org/article/pros-and-cons-sick-pay>

8. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5649342/>

9. <https://www.darden.com/careers/restaurant-careers>

10. <https://techcrunch.com/2017/02/07/facebook-parental-leave-bereavement-benefits/>

11. <https://hrexecutive.com/levis-to-offer-paid-sick-leave-to-part-time-workers/>

12. <https://www.patagonia.com/stories/family-business-weighing-the-business-case/story-32958.html>

13. <https://techcrunch.com/2017/02/07/facebook-parental-leave-bereavement-benefits/>

14. <https://www.yum.com/wps/portal/yumbrands/Yumbrands/careers>

15. <https://www.yum.com/wps/wcm/connect/yumbrands/5c5d560b-8d77-4ea2-bdc0-bc9f595bdc2c/R4G-Report-2021.pdf?MOD=AJPERES&CVID=o9E05zQ>

16. [https://s2.q4cdn.com/890585342/files/doc\\_financials/2021/ar/2021-annual-report.pdf](https://s2.q4cdn.com/890585342/files/doc_financials/2021/ar/2021-annual-report.pdf)

17. [https://s2.q4cdn.com/890585342/files/doc\\_governance/2022/06/Code-of-Conduct-English.pdf](https://s2.q4cdn.com/890585342/files/doc_governance/2022/06/Code-of-Conduct-English.pdf)

### Worker Rights

#### Paid Sick Leave Policy

##### CVS Health Corp

*Similar resolutions were submitted to Hilton Worldwide Holdings, Inc. and TJX Companies, Inc.*

WHEREAS: More than 26 million people working in the private sector have no access to earned sick time, or “paid sick leave” (PSL), for short-term health needs and preventive care.<sup>1</sup> Working people in the United States face an impossible choice when they are sick: stay home and risk their economic stability or go to work and risk their health and the public’s health.

The vast majority (77%) of the lowest earning 10% of American employees do not have access to PSL.<sup>2</sup> 48% of Latinx workers and 36% of Black workers report having no paid time away from work of any kind.<sup>3</sup>

As the COVID-19 pandemic has shown, PSL is a crucial contributor to public health, allowing workers who have been exposed to any illness to quarantine. One study found a 56% reduction in COVID-19 cases per state as a result of temporary federally mandated PSL,<sup>4</sup> and others an 11-30% reduction in influenza-like illnesses from state and local mandates.<sup>5</sup> State and local PSL mandates have also been shown to reduce the rate at which employees report to work ill in low-wage industries where employers don’t tend to provide PSL, lowering disease and overall absence rates.<sup>6</sup>

A lack of PSL could pose reputational risk, especially for a healthcare company like CVS Health (CVS), which describes its mission as “take on many of the country’s most prevalent and pressing health care needs.”<sup>7</sup> Although CVS provides PSL for full-time employees, almost one third of employees are part-time and therefore ineligible.<sup>8</sup>

CVS could benefit from all of its employees having permanent access to PSL. Research finds PSL both increases productivity<sup>9</sup> and reduces turnover, which in turn reduces costs associated with hiring.<sup>10</sup> This is particularly important for lower-wage industries like retail where turnover is highest. Additionally, a significant portion of CVS’s part-time workers are likely covered by state or local mandates or collective bargaining agreements. Proactively establishing PSL for all employees would help prepare CVS for potential regulation. Thirty-eight jurisdictions, including fourteen states, have adopted PSL laws since 2006.<sup>11</sup>

We believe adopting a comprehensive, permanent, and public PSL policy would help make the future operating environment more equitable and mitigate reputational, financial, and regulatory risk to CVS.

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

1. <https://www.bls.gov/ncs/ebs/benefits/2021/employee-benefits-in-the-united-states-march-2021.pdf>

2. <https://www.wsj.com/articles/companies-expand-paid-sick-time-leave-11632413861>

3. <https://www.bls.gov/news.release/leave.t01.htm>

4. <https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.00863>

5. [https://www.nber.org/system/files/working\\_papers/w26832/w26832.pdf](https://www.nber.org/system/files/working_papers/w26832/w26832.pdf),

6. <https://voxeu.org/article/pros-and-cons-sick-pay>

7. <https://cvshealth.com/about-cvs-health/our-purpose>

8. CVS 2021 10K, p 15 [https://s2.q4cdn.com/447711729/files/doc\\_financials/2021/ar/2021\\_CVS2021\\_Annual-Report.pdf](https://s2.q4cdn.com/447711729/files/doc_financials/2021/ar/2021_CVS2021_Annual-Report.pdf)

9. <https://voxeu.org/article/pros-and-cons-sick-pay>

10. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5649342/>

11. <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-sick-days/current-paid-sick-days-laws.pdf>

## Worker Rights

### Paid Sick Leave Policy

Macy's, Inc.

**RESOLVED:** Shareholders of Macy's, Inc. ("Macy's") ask the company to adopt and publicly disclose a policy that all employees, part- and full-time, accrue some amount of paid sick leave that can be used after working at Macy's for a reasonable probationary period. This policy should not expire after a set time or depend upon the existence of a global pandemic.

**WHEREAS:** Nearly 28 million people working in the United States have no access to paid sick leave for short-term health needs and preventive care.<sup>1</sup> The vast majority of these workers are low wage earners.<sup>2</sup> A disproportionate percentage of Latinx and Black workers report having no paid time away from work of any kind.<sup>3</sup> The working poor face an impossible choice when they are sick: stay home and risk their economic stability or go to work and risk their health and the public's health.

Paid sick leave both increases productivity<sup>4</sup> and reduces turnover, which in turn reduces costs associated with hiring.<sup>5</sup> According to experts, effective policies are available for preventative care, when sick, or to care for a family member who is ill.<sup>6</sup> Separate paid sick leave and paid vacation days has been found to be a better practice over one paid time off policy, providing greater flexibility when employees are ill and removes conflict with vacation days.

Macy's has a strategic objective to be the employer of choice with competitive pay and benefits rooted in equity and consistency.<sup>7</sup> Although Macy's offers paid time off for eligible employees,<sup>8</sup> they do not disclose how much time is provided or which classifications of employees are eligible, nor do they have a publicly available policy on paid sick leave. During the height of the COVID pandemic, Macy's acknowledged the critical importance of providing paid sick leave and adopted a COVID-19 Emergency Leave and Pay Policy.<sup>9</sup> With 38 jurisdictions already adopting paid sick leave laws,<sup>10</sup> proactively establishing paid sick leave for all employees would reduce the burden of the growing patchwork of regulations.

The need for a separate paid sick leave benefit is of growing societal concern. Earlier this year, a group of 150 institutional investors, including State Treasurers, representing more than \$3.6 trillion in assets sent a letter to Macy's highlighting this issue but received no response.<sup>11</sup> Finally, recent Congressional passage of a bill requiring railroad companies to provide paid sick leave provides further evidence of the national interest in this issue.<sup>12</sup>

We believe adopting a comprehensive, permanent, and public paid sick leave policy would mitigate reputational, financial, and regulatory risk to the company.

1. <https://www.bls.gov/news.release/pdf/ebs2.pdf>

2. <https://www.bls.gov/news.release/pdf/ebs2.pdf>

3. <https://www.bls.gov/news.release/leave.t01.htm>

4. <https://voxeu.org/article/pros-and-cons-sick-pay>

5. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5649342/>

6. <https://justcapital.com/news/a-corporate-guide-to-paid-sick-leave/>

7. [https://www.macysinc.com/\\_assets/macysinc/files/files/Macy%27s\\_Inc.\\_Sustainability\\_Report\\_2020\\_vF.pdf](https://www.macysinc.com/_assets/macysinc/files/files/Macy%27s_Inc._Sustainability_Report_2020_vF.pdf)

8. <http://view.ceros.com/msl/macys-report-2021/p/9>

9. <https://www.macysinc.com/news-media/press-releases/detail/1614/a-message-to-our-customers-regarding-coronavirus>

10. <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-sick-days/current-paid-sick-days-laws.pdf>

11. <https://www.iccr.org/investors-escalate-pressure-companies-adopt-paid-sick-leave-policies>

12. <https://thehill.com/homenews/house/3756478-house-passes-bill-to-avert-rail-strike/>

## Worker Rights

### Paid Sick Leave Policy

#### FedEx Corporation

WHEREAS: Nearly 28 million people working in the private sector in the U.S. have no access to earned sick time, or “paid sick leave” (PSL), for short-term health needs and preventive care.<sup>1</sup> Working people in the United States face an impossible choice when they are sick: to stay home and risk their economic stability, or to go to work and risk their health and the public’s health.

The vast majority (62%) of the lowest earning 10% of American employees do not have access to PSL.<sup>2</sup> 48% of Latinx workers and 36% of Black workers report having no paid time away from work of any kind.<sup>3</sup>

As the COVID-19 pandemic has shown, PSL is a crucial contributor to improved public health outcomes, allowing workers who have been exposed to any illness to quarantine. One study found a 56% reduction in COVID-19 cases per state as a result of temporary federally mandated PSL,<sup>4</sup> and others an 11-30% reduction in influenza-like illnesses from state and local mandates.<sup>5</sup> State and local PSL mandates have also been shown to reduce the rate at which employees report to work ill in low-wage industries where employers don’t tend to provide PSL, lowering disease and overall absence rates.<sup>6</sup>

PSL both increases productivity<sup>7</sup> and reduces turnover, which in turn reduces costs associated with hiring.<sup>8</sup> This is particularly important for lower-wage industries like retail where turnover is highest. Companies across sectors, such as Darden,<sup>9</sup> Facebook,<sup>10</sup> Home Depot, Levi’s,<sup>11</sup> and Patagonia<sup>12</sup> are expanding and publicly sharing their policies to benefit their employees and bolster their brands.<sup>13</sup>

However, FedEx does not adequately describe its paid sick leave policy. The corporate structure of FedEx includes numerous operating companies, with various sick leave policies. With a large number of job categories and a significant percentage of part time workers, particularly in some operating companies, plain disclosure of all PSL policies would alleviate confusion among employees and shareholders alike.

More transparency on the company’s policies such as worker eligibility requirements, number of hours of PSL provided by worker classification, requirements for using PSL, and whether PSL can be used to care for a family member who is ill help, will investors understand how the company is managing this human capital management, brand maintenance, and public health issue.

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

1. <https://www.bls.gov/news.release/pdf/ebs2.pdf>

2. <https://www.bls.gov/news.release/pdf/ebs2.pdf>

3. <https://www.bls.gov/news.release/leave.t01.htm>

4. <https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.00863>

5. [https://www.nber.org/system/files/working\\_papers/w26832/w26832.pdf](https://www.nber.org/system/files/working_papers/w26832/w26832.pdf)

6. <https://voxeu.org/article/pros-and-cons-sick-pay>

7. <https://voxeu.org/article/pros-and-cons-sick-pay>

8. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5649342/>

9. <https://www.darden.com/careers/restaurant-careers>

10. <https://techcrunch.com/2017/02/07/facebook-parental-leave-bereavement-benefits/>

11. <https://hrxecutive.com/levis-to-offer-paid-sick-leave-to-part-time-workers/>

12. <https://www.patagonia.com/stories/family-business-weighting-the-business-case/story-32958.html>

13. <https://techcrunch.com/2017/02/07/facebook-parental-leave-bereavement-benefits/>



### Worker Rights

#### Respect for Freedom of Association and Collective Bargaining

##### Starbucks

**RESOLVED:** Shareholders urge the Board of Directors to commission and oversee an independent, third-party assessment of Starbucks' adherence to its stated commitment to workers' freedom of association and collective bargaining rights as contained in the International Labour Organization's Core Labor Standards and as explicitly referenced in the company's Global Human Rights Statement. The assessment should apply to Starbucks' direct and licensed operations and address management non-interference when employees exercise their right to form or join a trade union, as well as any steps to remedy practices inconsistent with Starbucks' stated commitments. The assessment, prepared at reasonable cost and omitting legally privileged, confidential, or proprietary information, should be publicly disclosed on its website.

**SUPPORTING STATEMENT:** Starbucks made a global commitment to freedom of association, including non-interference, and collective bargaining rights in its Global Human Rights Statement. According to the International Labour Organization, "Freedom of association refers to the right of workers ... to create and join organizations of their choice freely and without fear of reprisal or interference" and collective bargaining "allows workers to negotiate their working conditions freely with their employers."

In the U.S., many workers allege that Starbucks has interfered with these rights, including retaliation, intimidation, firings, captive audience meetings, store closings, undue surveillance, and illegally excluding unionized employees from wage and benefit increases—generating negative media coverage.<sup>1</sup> Workers at hundreds of stores have voted to unionize, and regional offices of the National Labor Relations Board, after finding merit to hundreds of allegations of labor rights violations, have issued at least 20 complaints against Starbucks.<sup>2</sup>

In August 2022, a U.S. judge ordered Starbucks to reinstate seven Memphis, Tennessee employees who were allegedly fired for supporting an organizing campaign.<sup>3</sup> Also in August, the labor board requested that Howard Schultz read a notice to all employees informing them that some had been unlawfully denied benefits and pay increases.<sup>4</sup>

We believe the apparent may impact its long-term value. As Starbucks' 2021 10-K states "our responses to any organizing efforts could negatively impact how our brand is perceived and have adverse effects on our business, including on our financial results." Failing to respect workers' rights could harm Starbucks' reputation with consumers and hurt its ability to attract and retain a high-performing workforce, a crucial element of its ability to provide quality products and service. Research shows that union membership may have a positive effect on retention, in some cases, reducing resignations by as much as 65%.<sup>5</sup> Studies show companies spend approximately 20% of an employee's salary to replace them.<sup>6</sup>

Greater transparency on these issues could help address concerns about associated risks, and enable investors to perform human rights due diligence and assess Starbucks' adherence to its human rights commitments.

1. <https://www.theguardian.com/business/2022/jul/04/new-york-starbucks-closed-union-drive>; <https://www.nytimes.com/2022/08/25/business/economy/starbucks-union-howard-schultz-nlr.html>

2. <https://www.reuters.com/business/retail-consumer/starbucks-alleges-labor-board-misconduct-union-elections-us-cafes-2022-08-15>; <https://www.law360.com/employment-authority/starbucks-tracker>; <https://www.cnbc.com/2022/05/06/starbucks-accused-of-more-than-200-labor-violations-in-nlr-complaint.html>; <https://www.pbs.org/newshour/economy/labor-board-files-complaint-against-starbucks-for-withholding-raises-from-unionized-stores>; <https://www.nlr.gov/about-nlr/what-we-do/investigate-charges>

3. <https://www.reuters.com/business/retail-consumer/starbucks-ordered-reinstate-workers-fired-amid-union-campaign-2022-08-18/>

4. <https://www.nytimes.com/2022/08/25/business/economy/starbucks-union-howard-schultz-nlr.html>

5. [https://www.researchgate.net/publication/226530917\\_The\\_Impact\\_of\\_Union\\_Membership\\_on\\_Intent\\_to\\_Leave\\_Additional\\_Evidence\\_on\\_the\\_Voice\\_Face\\_of\\_Unions](https://www.researchgate.net/publication/226530917_The_Impact_of_Union_Membership_on_Intent_to_Leave_Additional_Evidence_on_the_Voice_Face_of_Unions)

6. <https://www.americanprogress.org/article/there-are-significant-business-costs-to-replacing-employees/>

## Worker Rights

### Respect for Freedom of Association and Collective Bargaining

Delta Air Lines, Inc.

**BE IT RESOLVED:** The Board of Directors of Delta Airlines shall adopt and disclose a Non-interference Policy (“Policy”) upholding the rights to freedom of association and collective bargaining in its operations, as reflected in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work (“Fundamental Principles”). The Policy should contain a commitment to:

- Non-interference when employees seek to form or join a trade union, and a prohibition against acting to undermine this right or pressure employees not to form or join a trade union;
- Good faith and timely collective bargaining if employees form or join a trade union;
- Uphold the highest standard where national or local law differs from international human rights standards;
- Define processes to identify, prevent, account for, and remedy practices that violate or are inconsistent with the Policy.

**SUPPORTING STATEMENT:** Freedom of association and collective bargaining are fundamental human rights under internationally recognized human rights frameworks including the Fundamental Principles and the United Nations’ Universal Declaration of Human Rights. “Freedom of association refers to the right of workers . . . to create and join organizations of their choice freely *and without fear of reprisal or interference.*”<sup>1</sup> (emphasis added)

Freedom of association and collective bargaining can enhance shareholder value through improved health and safety;<sup>2</sup> increased productivity;<sup>3</sup> encouraging workforce training and skills development;<sup>4</sup> promoting diversity, equity, and inclusion;<sup>5</sup> and strengthening human rights due diligence.<sup>6</sup> The Principles for Responsible Investment (PRI) notes that addressing labor relations and labor rights is an avenue by which investors can mitigate the systemic risk of inequality.<sup>7</sup>

Delta appears to have interfered with union organizing efforts in the past. Allegations include that employees have been fired or threatened with termination for unionizing activities and have been warned that unionizing activities would derail their careers. Delta distributed anti-union materials and encouraged new hires to attend anti-union briefings.<sup>8</sup> Delta hosts an anti-union website.<sup>9</sup> Delta also spent \$38 million to oppose a union campaign by flight attendants in 2010 and aggressively opposed other unionization efforts.<sup>10</sup>

In contrast, Microsoft recently adopted company-wide non-interference principles<sup>11</sup> and announced a “labor neutrality agreement” with the Communications Workers of America at Activision Blizzard, a pending acquisition. The agreement “reflects a fundamental belief . . . that enabling workers to freely and fairly make a choice about union representation will benefit Microsoft and its employees . . . .”<sup>12</sup>

Without a Non-Interference Policy explicitly guiding Delta’s practices, it is at risk of running afoul of the National Labor Relations Board, as there are nuanced ways in which a company without a well-implemented Non-Interference Policy might infringe on employee rights.<sup>13</sup> Delta’s failure to ensure and respect workers’ rights creates meaningful reputational and operational risks that can negatively impact long-term shareholder value.

1. [https://www.ilo.org/actrav/events/WCMS\\_315488/lang--en/index.htm](https://www.ilo.org/actrav/events/WCMS_315488/lang--en/index.htm)

2. <http://oem.bmj.com/content/early/2018/06/13/oemed-2017-104747>

3. <https://doi.org/10.1093/ej/ueaa048>; <https://www.ipa-involve.com/involvement-and-productivity-the-missing-piece-of-the-puzzle>

4. [https://www.oecd-ilibrary.org/employment/negotiating-our-way-up\\_1fd2da34-en](https://www.oecd-ilibrary.org/employment/negotiating-our-way-up_1fd2da34-en)

5. <https://doi.org/10.1093/ej/ueaa048>; <https://www.ipa-involve.com/involvement-and-productivity-the-missing-piece-of-the-puzzle>

5. <https://hummedia.manchester.ac.uk/institutes/code/research/projects/racism-at-work/tuc-report-executive-summary.pdf>;  
<https://www.epi.org/publication/unions-help-reduce-disparities-and-strengthen-our-democracy/>

6. [https://www.theglobaldeal.com/resources/The%20Business%20Case%20for%20Social%20Dialogue\\_FINAL.pdf](https://www.theglobaldeal.com/resources/The%20Business%20Case%20for%20Social%20Dialogue_FINAL.pdf)

7. <https://www.unpri.org/download?ac=5599>

8. <https://www.theguardian.com/us-news/2019/jun/12/delta-workers-pro-union-report-threats-management>

9. <https://www.onefutureonedelta.com/content/ifs/en/about-afa.html>

10. <https://www.theguardian.com/business/2022/aug/03/delta-flights-attendants-union-push>

11. <https://blogs.microsoft.com/on-the-issues/2022/06/02/employee-organizing-engagement-labor-economy/>

12. <https://news.microsoft.com/2022/06/13/cwa-microsoft-announce-labor-neutrality-agreement>

13. <https://www.nlr.gov/about-nlr/rights-we-protect/the-law/interfering-with-employee-rights-section-7-8a1>

## Worker Rights

### Respect for Freedom of Association and Collective Bargaining

Amazon.com, Inc.

*A similar resolution was submitted to Apple.*

**RESOLVED:** Shareholders urge the Board of Directors to commission an independent, third-party assessment of Amazon's adherence to its stated commitment to workers' freedom of association and collective bargaining rights as outlined in Amazon's Global Human Rights Principles, which explicitly reference the Core Conventions of the International Labour Organization and the ILO Declaration on Fundamental Principles and Rights at Work. The assessment should address management non-interference when employees exercise their right to form or join a trade union as well as steps to remedy any practices inconsistent with Amazon's stated commitments. The assessment, prepared at reasonable expense and omitting confidential, proprietary or legally privileged information, should be publicly disclosed on Amazon's website by November 30, 2023.

**SUPPORTING STATEMENT:** Amazon states, "we respect and support the Core Conventions of the International Labour Organization and the ILO Declaration on Fundamental Principles and Rights at Work" and says it respects workers' right to join or form a union "without fear of reprisal, intimidation, or harassment,"<sup>1</sup> an important recognition that the fulfilment of these rights is conditioned by how employers choose to respond to union organizing efforts.

According to the ILO, "freedom of association refers to the right of workers [...] to create and join organizations of their choice freely and without fear of reprisal or interference" and collective bargaining "allows workers to negotiate their working conditions freely with their employers."

For years, Amazon has faced overwhelming negative media coverage<sup>2</sup> in the US and internationally<sup>3</sup> accusing the company of interfering with workers' exercise of their rights through anti-unionization tactics<sup>4</sup> including allegations of intimidation<sup>5</sup>, retaliation<sup>6</sup> and surveillance.<sup>7</sup> On multiple occasions, US regulators and courts have ruled that Amazon violated labor laws and ordered remedies, including rerun union elections<sup>8</sup>, the reinstatement of terminated workers<sup>9</sup>, and an order to cease and desist discharging workers in retaliation for union organizing.<sup>10</sup>

In response to investor concerns, Amazon published a report on its human rights commitment in 2022<sup>11</sup> which details Amazon's approach to these fundamental rights. While this report references both ILO conventions, it fails to explain whether and how Amazon's human rights policies and practices align with these international standards or its own commitments.

The apparent misalignment between Amazon's commitment and its reported conduct represents reputational and operational risks and may negatively impact Amazon's long-term performance. A respect to human rights can create a motivated workforce that provides management with critical and timely information that helps to reduce workplace accidents, improve training, and boost employee morale and corporate culture, thus boosting productivity and ultimately shareholder value.<sup>12</sup>

An independent assessment would help investors assess Amazon's adherence to its human rights commitments.

1. <https://sustainability.aboutamazon.com/governance/amazon-global-human-rights-principles>
2. <https://www.nytimes.com/2021/03/16/technology/amazon-unions-virginia.html>
3. <https://novaramedia.com/2022/10/18/inside-the-fight-for-the-uks-first-formal-amazon-warehouse-strike/>;  
<https://www.theguardian.com/technology/2020/sep/30/trade-unions-urge-eu-to-investigate-amazon-effort-to-spy-on-workers>
4. <https://pressprogress.ca/amazons-anti-union-tactics-around-the-world-show-what-canadian-warehouse-workers-are-up-against/>
5. <https://nypost.com/2021/04/19/amazon-used-illegal-intimidation-tactics-in-ala-vote-union/>
6. <https://www.nbcnews.com/business/business-news/fired-interrogated-disciplined-amazon-warehouse-organizers-allege-year-retaliation-n1262367>
7. <https://www.cnn.com/2020/10/24/how-amazon-prevents-unions-by-surveilling-employee-activism.html>
8. <https://www.nytimes.com/2021/11/29/business/amazon-bessemer-alabama-election.html>
9. <https://www.nytimes.com/2022/04/18/business/amazon-protest-firing-ruling.html>
10. <https://www.nlr.gov/news-outreach/news-story/nlr-region-29-wins-federal-court-order-requiring-amazon-to-cease-and>
11. <https://www.aboutamazon.com/news/policy-news-views/amazons-human-rights-commitment-policy-and-practice>
12. <https://www.ipa-involve.com/involvement-and-productivity-the-missing-piece-of-the-puzzle>; <https://doi.org/10.1111/bjir.12662>

### Worker Rights

#### Respect for Freedom of Association and Collective Bargaining

##### Wells Fargo & Company

*Similar resolutions were submitted to Activision and Tesla*

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

- Be applicable to Wells Fargo’s direct operations and subsidiaries globally;
- Include a commitment to non-interference when employees exercise their right to form or join trade unions;
- Prohibit any member of management or agent of Wells Fargo from undermining the right to form or join trade unions or pressuring any employee from exercising this right;
- Describe the ongoing due diligence process Wells Fargo will use to identify, prevent, mitigate and account for any violations of these rights, including how it will remedy any misaligned practices.

#### SUPPORTING STATEMENT

Freedom of association and the effective right to collective bargaining are internationally recognized human rights according to the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and the United Nations’ Universal Declaration of Human Rights. However, Wells Fargo’s Human Rights Statement, Code of Ethics and Business Conduct, and Supplier Code of Conduct are silent on Wells Fargo’s obligations to respect the international human rights of freedom of association and collective bargaining.

In February 2022, Wells Fargo published “Priority Recommendations of the Wells Fargo Human Rights Impact Assessment and Actions in Response” that summarized a human rights impact assessment performed by a third party law firm. The recommendations stated that “Wells Fargo should consider prioritizing the issuance of a comprehensive human rights policy and providing training to the bank’s leadership and senior management regarding the [United Nations Guiding Principles on Business and Human Rights].”

In response to lawmakers’ questions at a U.S. Senate Committee on Banking, Housing, and Urban Affairs hearing on September 22, 2022 and a U.S. House Committee on Financial Services hearing on September 21, 2022, Wells Fargo CEO Charles Scharf declined to commit to remain neutral if Wells Fargo’s employees seek to unionize. And on June 15, 2022, an unfair labor practice charge was filed with the National Labor Relations Board alleging that Wells Fargo discharged an employee in retaliation for exercising her freedom of association rights.<sup>1</sup>

We believe this resolution will also help address human rights risks at Wells Fargo’s operations in other countries. Wells Fargo’s largest international operations are in India and the Philippines. The 2022 ITUC Global Rights Index rated India and the Philippines as countries with no guarantee of rights, explaining that such countries are “the worst countries in the world to work in. While the legislation may spell out certain rights, workers have effectively no access to these rights and are therefore exposed to autocratic regimes and unfair labour practices.”<sup>2</sup>

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

1. Wells Fargo Bank, N.A., Charge Against Employer, US. National Labor Relations Board, 18-CA-297701, June 15, 2022, <https://www.nlr.gov/case/18-CA-297701>.

2. International Trade Union Confederation, 2022 ITUC Global Rights Index, 2022, <https://www.globalrightsindex.org/en/2022/media>.

### Worker Rights

#### Adopt a Human Rights Policy Respecting Freedom of Association

Rivian Automotive Inc.

**BE IT RESOLVED:** Shareholders request the Board of Directors adopt a comprehensive Human Rights Policy which states the Company's commitment to respect human rights as outlined in the United Nations Guiding Principles ("Guiding Principles") and the International Labour Organization ("ILO") Declaration on Fundamental Principles ("Fundamental Principles") throughout its operations and value chain, and describes steps to identify, assess, prevent, mitigate, and, where appropriate, remedy adverse human rights impacts connected to the business.

**SUPPORTING STATEMENT:** Rivian Automotive Inc. ("Rivian") lacks an overarching policy that uniformly commits to upholding international human rights standards and frameworks throughout its activities. While its Supplier Code of Conduct states expectations for suppliers to uphold international human rights standards,<sup>1</sup> Rivian does not publicly make such a commitment in its own operations. Rivian's Code of Business Conduct states: "We respect the human rights and dignity of people throughout our operations and our global supply chain," and pledges to comply with local laws.<sup>2</sup> However, the Company does not state it will adhere to the often-higher standards set by the United Nations and ILO. It also does not include comprehensive due diligence, mitigation, and remediation processes as outlined in the Guiding Principles.<sup>3</sup>

The Fundamental Principles include: freedom of association and collective bargaining rights; the abolition of forced and child labor; the elimination of workplace discrimination; and a safe and healthy working environment.<sup>4</sup> Freedom of association and collective bargaining can enhance shareholder value by improving health and safety,<sup>5</sup> encouraging workforce training and skills development;<sup>6</sup> increasing productivity;<sup>7</sup> promoting diversity, equity, and inclusion;<sup>8</sup> and strengthening human rights due diligence.<sup>9</sup> Addressing labor relations and labor rights is also proposed by the UN Principles for Responsible Investment for investors to mitigate the systemic risk of inequality.<sup>10</sup>

However, there are indications that Rivian's practices do not fully align with the Fundamental Principles. The National Labor Relations Board is currently investigating charges that Rivian threatened and retaliated against workers attempting to exercise freedom of association rights and trying to unionize.<sup>11</sup> Over a dozen Rivian workers have also filed complaints with federal regulators about safety violations.<sup>12</sup> The complaints detail serious injuries that have occurred and allege Rivian ignores known hazards and deprioritizes safety resources.<sup>13</sup>

Allegations of human rights violations in Rivian's operations jeopardize its brand and risk legal and regulatory ramifications. A strong human rights policy signals that Rivian takes these violations seriously. Furthermore, such a policy is critical given Rivian's global expansion plans and the known forced and child labor risks in the electric vehicle supply chain.

The transition to a low-carbon future cannot come at the expense of workers' rights. Greater transparency on these issues would support the Company's reputation, clarify its commitment to human rights, enable investors to perform their own due diligence, and help protect long-term shareholder value.

1. [https://assets.rivian.com/2md5qhoeajym/5PEdyH1PnC3iEIIseM49oY/060ec197886709bad62557bda70a618e/Rivian\\_-\\_Supplier\\_Code\\_of\\_Conduct.pdf](https://assets.rivian.com/2md5qhoeajym/5PEdyH1PnC3iEIIseM49oY/060ec197886709bad62557bda70a618e/Rivian_-_Supplier_Code_of_Conduct.pdf)
2. [https://assets.rivian.com/2md5qhoeajym/4B3osmVGC8h4XEKQmaGour/2f93710a01fb2b85433844705e2b1066/Rivian\\_-\\_Code\\_of\\_Business\\_Conduct\\_and\\_Ethics.pdf](https://assets.rivian.com/2md5qhoeajym/4B3osmVGC8h4XEKQmaGour/2f93710a01fb2b85433844705e2b1066/Rivian_-_Code_of_Business_Conduct_and_Ethics.pdf), p.35
3. [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr_en.pdf)
4. [https://www.ilo.org/dyn/normlex/en/f?p=1000:62:0:NO:62:P62\\_LIST\\_ENTRIE\\_ID:2453911:NO](https://www.ilo.org/dyn/normlex/en/f?p=1000:62:0:NO:62:P62_LIST_ENTRIE_ID:2453911:NO)
5. <http://oem.bmj.com/content/early/2018/06/13/oemed-2017-104747>
6. [https://www.oecd-ilibrary.org/employment/negotiating-our-way-up\\_1fd2da34-en](https://www.oecd-ilibrary.org/employment/negotiating-our-way-up_1fd2da34-en)
7. <https://doi.org/10.1093/ej/ueaa048> ; <https://www.ipa-involve.com/involvement-and-productivity-the-missing-piece-of-the-puzzle>
8. <https://hummedia.manchester.ac.uk/institutes/code/research/projects/racism-at-work/tuc-report-executive-summary.pdf> ; <https://www.epi.org/publication/unions-help-reduce-disparities-and-strengthen-our-democracy/>
9. [https://www.theglobaldeal.com/resources/The%20Business%20Case%20for%20Social%20Dialogue\\_FINAL.pdf](https://www.theglobaldeal.com/resources/The%20Business%20Case%20for%20Social%20Dialogue_FINAL.pdf)
10. <https://www.unpri.org/download?ac=5599>
11. <https://www.nlr.gov/case/25-CA-305293>
12. <https://www.yahoo.com/video/rivian-under-scrutiny-employees-allege-184027923.html>
13. [https://www.osha.gov/ords/imis/establishment.search?p\\_logger=1&establishment=Rivian&State=all&officetype=all&Office=all&sitezip=&p\\_case=all&p\\_violations\\_exist=all&startmonth=12&startday=14&startyear=2017&endmonth=12&endday=14&endyear=2022](https://www.osha.gov/ords/imis/establishment.search?p_logger=1&establishment=Rivian&State=all&officetype=all&Office=all&sitezip=&p_case=all&p_violations_exist=all&startmonth=12&startday=14&startyear=2017&endmonth=12&endday=14&endyear=2022)

## Worker Rights

### Workplace Health and Safety Audit

#### Dollar General Corporation

WHEREAS: Dollar General operates more than 18,000 stores in 47 states and employs over 140,000 people,<sup>1</sup> providing access to affordable products in rural and remote areas across the United States.

Since 2017, Dollar General has received \$12.3 million in Occupational Safety and Health Administration (OSHA) penalties for numerous willful, repeated, and serious workplace safety violations.<sup>2</sup> OSHA designated Dollar General as a “severe violator” in 2022, issuing citations for blocked safety exits and unsafe storage areas, inaccessible fire extinguishers, storage of boxes in front of electrical panels, exposure of workers to electrocution risks, and failure to provide exit signs and required stair handrails.<sup>3</sup> Regulators and employment experts state that the company “choos[es] to place profits over their employees’ safety and well-being”<sup>4</sup> and that its business model leads to disregarding the law and “cutting corners when it comes to basic worker safety.”<sup>5</sup>

As supply chain disruptions, increasing freight costs, and shipping delays impact dollar stores nationwide, it is not evident that there are adequate systems in place to address these dynamics and mitigate potential impacts on workers. Staffing levels appear to be insufficient to manage the workload, especially as it relates to unpredictable shipments and influxes of inventory, which may lead to blocked exits or increased fire hazards.<sup>6</sup> Staffing shortages and high turnover contribute to fatigue, high workload, and further exacerbate safety issues. This may also contribute to loss of new store development opportunities or poor worker retention.<sup>7</sup> In the midst of high economic inequality, Dollar General employees are among the most vulnerable workers, with 92 percent of Dollar General’s hourly workers making less than \$15 per hour. While the company states it engages employees through town hall meetings, DG voice, and “pulse” surveys to understand employee sentiment,<sup>8</sup> there is no disclosure on how this feedback informs actions to address workers’ concerns and priorities.

Understaffing and poor security measures at Dollar General stores may also contribute to increased risk of gun violence to staff and communities. Dollar stores have become vulnerable targets for robberies, causing employees to lose their lives, according to past reports.<sup>9</sup>

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

SUPPORTING STATEMENT: At company discretion, the proponents recommend that an audit include:

- Evaluation of management and business practices that contribute to an unsafe or violent environment, including staffing capacity;
- Meaningful consultation with workers and customers to inform appropriate solutions; and
- Recommendations for actions and regular reporting with progress on identified actions.

1. <https://www.dollargeneral.com/about-us/locations.html>

2. <https://www.osha.gov/news/newsreleases/region4/11012022#:~:text=The%20violations%20found%20in%20these,to%20propose%20%241%2C682%2C302%20in%20penalties.>

3. <https://www.osha.gov/news/newsreleases/region4/11012022#:~:text=The%20violations%20found%20in%20these,to%20propose%20%241%2C682%2C302%20in%20penalties.> <https://www.dol.gov/newsroom/releases/osha/osha20221017> ; <https://www.osha.gov/enforcement/svep#v-nav-5> ; <https://news.bloomberglaw.com/safety/dollar-general-makes-federal-severe-violator-worker-safety-list>

4. <https://www.osha.gov/news/newsreleases/region4/11012022#:~:text=The%20violations%20found%20in%20these,to%20propose%20%241%2C682%2C302%20in%20penalties>

5. <https://www.nbcnews.com/business/business-news/dollar-general-thriving-workers-say-they-pay-price-n1137096>

6. <https://www.reuters.com/business/retail-consumer/dollar-general-beats-quarterly-estimates-same-store-sales-2021-08-26/>

7. <https://investor.dollargeneral.com/websites/dollargeneral/English/310010/us-sec-filing.html?shortDesc=Annual%20Report&format=html&secFilingId=b365ead3-a988-4299-9d85-8bfa86ca3ca4>

8. <https://www.dollargeneral.com/content/dam/webvisualassets/sitedownloads/Serving%20Others%20FY2021.pdf>

9. <https://www.businessinsider.com/dollar-store-staff-danger-crime-hotspots-discount-chains-retail-2021-10>; <https://www.propublica.org/article/how-dollar-stores-became-magnets-for-crime-and-killing>; <https://www.cnn.com/2020/06/26/business/dollar-general-robberies/index.html>

## Worker Rights

### Workplace Health and Safety Audit

Amazon.com, Inc.

**RESOLVED:** Shareholders request that the Board of Directors commission an independent audit and report of the working conditions and treatment that Amazon warehouse workers face, including the impact of its policies, management, performance metrics, and targets. This audit and report should be prepared at reasonable cost and omit proprietary information.

Whereas: Investigative reports suggest a “mounting injury crisis at Amazon warehouses,” with Amazon employees getting injured more frequently and severely than elsewhere in the industry.<sup>1</sup> In 2020, Amazon’s self-reported injury rate was more than double the rate of Walmart warehouse workers and Amazon’s serious injury rate was nearly 80 percent higher than the wider warehouse industry.<sup>2</sup> CEO Jassy’s claim that Amazon’s injury rates are “about average” relative to industry peers is misleading since Amazon is included in the warehouse industry average, driving that figure up.<sup>3</sup> Amazon’s injury rate rose 20 percent from 2020 to 2021, and while Amazon employed 33 percent of all U.S. warehouse workers, Amazon was responsible for 49 percent of all injuries.<sup>4</sup> Thus Amazon’s own reporting downplays the Company’s significant problems, which underscores the need for an independent report.

In May 2021, the Division of Occupational Safety and Health of the State of Washington Department of Labor and Industries (the “Division”) found that Amazon “did not provide employees with a workplace free from recognized hazards that are causing or likely to cause serious injury.”<sup>5</sup> The Division reported employees were required to perform manual tasks which caused, and are likely to continue to cause, musculoskeletal disorders. The Division found that Amazon pressures its workers to maintain a very high pace of work without adequate recovery time to reduce injury risks. Further, the Division found “a direct connection between Amazon’s employee monitoring and discipline systems and workplace [musculoskeletal disorders].”

In 2021 and 2022, the Division issued four safety citations regarding Amazon’s dangerous workplaces, including a citation for 10 separate violations classified as “Willful,” the most serious finding that the Division can issue; only 0.4 percent of citations in the Division’s 50-year history have been classified as willful.<sup>6</sup> New laws in California<sup>7</sup> and New York target Amazon’s use of productivity quotas that can prevent workers from complying with safety guidelines or to recover from strenuous activity leaving them at high risk of injury and illness.<sup>8</sup> Indeed, warehouse workers acknowledge Amazon instructs workers on safety, but they had to break safety rules to keep up with their mandated quotas and pace of work out of fear of losing their jobs.<sup>9</sup>

In response to warehouse workers’ organization efforts and unionization votes, Jeff Bezos admitted Amazon needs “to do a better job” for its employees.<sup>10</sup> Shareholders agree, which is why we are calling for an independent audit and report of the working conditions and treatment that Amazon warehouse workers face.

1. <https://www.seattletimes.com/business/amazons-dupont-washington-warehouse-has-highest-injury-rates-of-any-fulfillment-center-in-the-u-s-report-shows/>

2. <https://www.forbes.com/sites/niallmccarthy/2021/06/08/amazon-warehouse-injuries-significantly-higher-than-competitors-infographic/?sh=45fc34436854>

3. <https://www.businessinsider.com/amazon-jassy-injury-claims-shareholder-letter-2022-4>

4. [https://thesoc.org/wp-content/uploads/2022/04/The-Injury-Machine\\_How-Amazons-Production-System-Hurts-Workers.pdf](https://thesoc.org/wp-content/uploads/2022/04/The-Injury-Machine_How-Amazons-Production-System-Hurts-Workers.pdf)

5. <https://s3.documentcloud.org/documents/20787752/amazon-dupont-citation-and-notice-may-2021.pdf>

6. [https://thesoc.org/wp-content/uploads/2022/04/The-Injury-Machine\\_How-Amazons-Production-System-Hurts-Workers.pdf](https://thesoc.org/wp-content/uploads/2022/04/The-Injury-Machine_How-Amazons-Production-System-Hurts-Workers.pdf)

7. [https://www.huffpost.com/entry/california-law-ab-701-targets-amazon-warehouse-production-quotas\\_n\\_614c5a0fe4b06beda46bc490](https://www.huffpost.com/entry/california-law-ab-701-targets-amazon-warehouse-production-quotas_n_614c5a0fe4b06beda46bc490)

8. <https://www.cnn.com/2022/06/03/new-york-passes-bill-targeting-amazon-warehouse-productivity-quotas.html>

9. <https://www.theatlantic.com/technology/archive/2019/11/amazon-warehouse-reports-show-worker-injuries/602530/>

10. [https://www.aboutamazon.com/news/company-news/2020-letter-to-shareholders?utm\\_source=social&utm\\_medium=tw&utm\\_term=amznnews&utm\\_content=2020shareholderletter&li nkId=116261313](https://www.aboutamazon.com/news/company-news/2020-letter-to-shareholders?utm_source=social&utm_medium=tw&utm_term=amznnews&utm_content=2020shareholderletter&li nkId=116261313)

## Worker Rights

### Workplace Health and Safety Audit

#### Dollar Tree Stores

WHEREAS: Dollar Tree Inc. operates more than 16,000 Dollar Tree and Family Dollar stores across 48 states and five Canadian provinces and employs more than 210,500 associates,<sup>1</sup> providing access to affordable products in underserved areas across the United States.

Dollar Tree's history of repeat workplace safety violations poses significant risks to workers, the company, and investors. Since 2017, the Occupational Safety and Health Administration (OSHA) has conducted more than 500 inspections at Dollar Tree Inc. stores and found more than 300 violations, most commonly for blocked exit routes, fire extinguishers and electrical panels; unsafe walking-working surfaces; and unstable stacks of merchandise.<sup>2</sup> In August 2022, OSHA proposed \$1,233,364 in fines for similar workplace hazards at two Family Dollar stores in Ohio.<sup>3</sup> Continued investment in store safety is critical.

As supply chain disruptions, increasing freight costs, and shipping delays impact Dollar Tree stores nationwide,<sup>4</sup> it is not evident that there are adequate systems to mitigate potential impacts on workers. Staffing levels appear to be insufficient to manage the workload<sup>5</sup> when there are unpredictable shipments and influxes of inventory, which may lead to blocked exits or increased fire hazards. Staffing shortages and high turnover contribute to fatigue, high workload, and further exacerbate safety issues.

Shipments piling up in store rooms resulted in rodent infestation at a Dollar Tree distribution center in Arkansas, putting consumers and workers at risk.<sup>6</sup> In February 2022, the Food and Drug Administration (FDA) alerted the public to potentially contaminated products from Family Dollar stores in six states after investigations revealed the unsanitary conditions.<sup>7</sup>

Despite increased investment in surveillance cameras and other anti-theft technologies, understaffing and high volumes of cash transactions expose staff, customers, and communities to risks of gun violence and robberies.<sup>8</sup> Workers report being ill-equipped to handle such emergencies and a lack of support for workers who've recently been impacted by shootings.<sup>9</sup>

Repeat OSHA violations, the FDA investigation, and reports of violence in stores suggest a lack of effective implementation of Dollar Tree's Health and Safety Policy<sup>10</sup> across stores. While the company states its managers conduct store safety audits and that employees are engaged through a culture assessment,<sup>11</sup> there is no disclosure demonstrating how these processes inform actions to address workers' safety concerns and priorities.

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

SUPPORTING STATEMENT: At company discretion, the proponents recommend that an audit include:

- Evaluation of management and business practices that contribute to an unsafe or violent environment, including staffing capacity;
- Meaningful consultation with workers and customers to inform appropriate solutions; and
- Recommendations for actions and regular reporting with progress on identified actions.

1. <https://corporate.dollartree.com/investors#:~:text=Operating%20under%20the%20brands%20Dollar,and%20more%20than%20200%2C000%20associates.>

2. <https://www.osha.gov/news/newsreleases/region5/08012022>

3. Ibid.

4. <https://www.retaildive.com/news/a-tale-of-two-dollar-stores-dollar-tree-hit-by-freight-while-dollar-genera/605693/>

5. <https://www.businessinsider.com/family-dollar-dollar-tree-stores-unhygienic-and-chaotic-workers-say-2022-2-3> ;

<https://www.businessinsider.com/how-family-dollar-kept-worker-lawsuits-hidden-arbitration-2021-12>

6. Ibid.

7. <https://www.fda.gov/news-events/press-announcements/fda-alerts-public-potentially-contaminated-products-family-dollar-stores-six-states>

8. <https://www.propublica.org/article/how-dollar-stores-became-magnets-for-crime-and-killing>;

<https://www.ksla.com/2022/12/08/nopd-4-shot-including-2-innocent-bystanders-dollar-tree-new-orleans/>

9. [https://www.nola.com/news/business/dollar-store-staff-demand-safety-after-new-orleans-shooting/article\\_d0a9098c-78bf-11ed-8c8b-b704fb232146.html](https://www.nola.com/news/business/dollar-store-staff-demand-safety-after-new-orleans-shooting/article_d0a9098c-78bf-11ed-8c8b-b704fb232146.html)

10. [https://www.dollartree.com/file/general/Health\\_and\\_Safety\\_Policy.pdf](https://www.dollartree.com/file/general/Health_and_Safety_Policy.pdf)

11. [https://corporate.dollartree.com/\\_assets/\\_de488faca1902dceb01e82521389aca7/dollartreeinfo/db/893/9106/annual\\_report/DT\\_2021\\_Form+10-K\\_FINAL\\_5.11.22.pdf](https://corporate.dollartree.com/_assets/_de488faca1902dceb01e82521389aca7/dollartreeinfo/db/893/9106/annual_report/DT_2021_Form+10-K_FINAL_5.11.22.pdf)



### Worker Rights

#### Workplace Safety Policy Assessment - Gun Violence

Walmart Stores, Inc.

RESOLVED: Shareholders urge Walmart Inc. (“Walmart” or the “Company”) to conduct a third-party, independent review of the impact of Company policies and practices on workplace safety and violence, including gun violence. A report on the review, prepared at reasonable cost and omitting proprietary information, should be published on Walmart’s website. At company discretion, the proponents recommend the audit and report include:

- (1) Evaluation of management and business practices that contribute to an unsafe or violent work environment, including staffing capacity and the introduction of new technologies; and
- (2) Recommendations that will help Walmart create safer work environments and prevent workplace violence.

Supporting Statement: Incidents of workplace violence, particularly gun violence, have become too common at Walmart. Between July 1, 2020 and November 22, 2022 there were at least 363 gun incidents and 112 gun deaths at Walmart.<sup>1</sup> The recent mass shooting in Chesapeake, Va., perpetrated by a Walmart Associate, garnered significant press coverage.<sup>2</sup> The 2019 El Paso shooting killed 22 people and injured another 24 making it the deadliest in United States history.<sup>3</sup> An Associate who survived the Chesapeake shooting is suing Walmart for failing to “enact any preventative measures to keep Walmart customers and Associates safe.”<sup>4</sup>

Gun violence is an unprecedented public health crisis with substantial human and financial costs. Harvard researchers estimate that gun violence costs the United States \$557 billion annually and that “employers and their health insurers sustain a substantial financial burden from firearm injuries and have a financial incentive to prevent them.”<sup>5</sup>

The COVID-19 pandemic made worker safety a focus of policy makers, labor advocates, and the public. Walmart Associates criticized the Company’s pandemic response and its disregard for employee well-being. Newly released OSHA data indicates that COVID-19 infection rates at Walmart stores increased in 2021 while the average private sector rate decreased and that Associates working in supercenters are 75% more likely to experience work related injuries and illnesses than other retail workers.<sup>6</sup> Workplace injuries cost U.S. businesses billions of dollars every year.<sup>7</sup>

Failure to effectively address workplace safety and violence exposes stakeholders, including employees, to unacceptable harms and exposes Walmart to financial, reputational, and legal risks.

As a 22-year Walmart Associate, I am personally invested in keeping myself and my fellow Associates safe at work. I am asking Walmart to evaluate how its practices may be contributing to an unsafe or violent work environment and to review existing workplace safety and violence prevention plans to ensure they adequately protect the health, safety, and lives of Walmart Associates.

I ask my fellow shareholders to vote yes for this proposal.

1. <https://www.gunsdownamerica.org/new-research-shows-gun-violence-is-serious-threat-at-grocery-stores/>

2. <https://www.cnn.com/2022/11/22/us/chesapeake-virginia-walmart-shooting/index.html>

3. <https://www.cbsnews.com/news/mass-shootings-2019-more-than-days-365/>

4. <https://www.cnn.com/2022/11/29/us/virginia-walmart-shooting-lawsuit/index.html>

5. <https://time.com/6217348/gun-violence-economic-costs-us/>

6. NELP analysis of OSHA Injury Tracking Application and <https://www.bls.gov/news.release/pdf/osh.pdf>

7. <https://www.helmsmantpa.com/2022/06/17/2022-workplace-safety-index-top-10-causes-of-disabling-injuries/> and <https://www.statista.com/statistics/711311/direct-costs-of-top-disabling-workplace-injuries-in-the-us/>

### Worker Rights

#### **Competitive Employment Standards, Including Wages and Benefits**

##### **Restaurant Brands International**

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

**SUPPORTING STATEMENT:** Canada and America’s labour-force participation rates have been particularly low in the past couple of years. In 2022, national statistics agencies recorded a high number of job vacancies – in November, that number reached 10.5 million in the U.S. and reached almost 1 million in November in Canada. Research shows that “quits” are at a record high as workers have more confidence in their job prospects and transition from unemployment to employment has been particularly low.

A study from the bank RBC anticipates “labour shortages to become even more extensive” in the future. However, experts say that employment conditions, including low wages and benefits, are key factors driving the increase of job vacancies. A report from Mercer reveals that “frontline workers, low wage, minority and lower-level employees are more likely to be looking to leave – at rates significantly higher than historical norms”.

Accommodation and food services are the sectors recording the largest increase of job openings. This trend is particularly concerning as the average turnover rate in the fast food industry has reached 150% in the U.S. The retention challenges the sector faces may adversely impact customer satisfaction, operational efficiency and restaurant profitability. Research indicates a high employee turnover rate may increase labour expenses as “it can cost an employer approximately one-third the amount of an employee’s yearly earnings just to replace a lost worker”.

RBI has a recruitment and retention problem. Company emails leaked to the press in November 2021 revealed that several Tim Hortons restaurants are facing a “hiring crisis.” Jose Cil, CEO of the Company acknowledged that attracting and retaining great talent for its restaurants represent a “big priority for [...] franchisees all around North America.” However, in contrast with many employers that decided to improve wages and benefits to attract and retain a skilled workforce, RBI has not explained how its business strategy enables franchisors to compete effectively in a constricted labour market.

Franchisors’ inability to establish competitive working conditions and successfully attract and retain an operational workforce may threaten their ability to achieve their productivity goals and financial objectives, and negatively impact shareholders’ long-term value. Therefore, it is critical for shareholders to understand how RBI intends to support franchisors – which operate 95% of the Company’s branded operations – in navigating the uncertainties of the shifting labour market through the adoption of competitive employment standards, including wages and benefits.

## Worker Rights

### Report on Driver Health and Safety Uber Technologies

**RESOLVED:** Shareholders of Uber Technologies, Inc. (“Uber”) request that the Board of Directors commission an independent third-party audit on driver health and safety, evaluating the effects of Uber’s performance metrics and ratings and its policies and procedures on driver health and safety.

The audit should be conducted with input from drivers, workplace safety experts, and other relevant stakeholders and consider legislative and regulatory developments and adverse media coverage. A report on the audit, prepared at a reasonable cost and omitting confidential and proprietary information, should be publicly disclosed on Uber’s website.

**SUPPORTING STATEMENT:** Uber is the largest ride-hail company in the world, a significant player in the delivery market, and strives to be “the safest way to go anywhere and get anything.” Yet Uber’s model of using regulatory loopholes to avoid providing adequate workplace protections and controlling how work is performed has left drivers facing pervasive health and safety issues, disproportionately harming this primarily Black, Brown, and immigrant workforce.

Unsurprisingly, 41 percent of app workers of color reported feeling unsafe while working.<sup>1</sup>

The crisis significantly impacts Uber’s nearly one million drivers, their households, and society.<sup>2</sup> Despite Uber drivers being a small percentage of the country’s workforce, they comprise almost 1 percent of US job-related deaths.<sup>3</sup> A report by Gig Workers Rising also found that since 2017, in the United States, 52 app workers have been murdered on the job.<sup>4</sup> Since the report’s release, the figure has increased to 72, 67 percent of whom were people of color. Drivers also face carjackings, sexual harassment/assault, and physical assault. In a federal wrongful (driver) death lawsuit against Uber, the company confirmed that from 2017 to 2020, drivers reported at least 24,000 assaults or threats of assault by passengers.<sup>5</sup>

Uber’s policies discourage drivers from reporting incidents. If drivers decline rides, Uber can issue penalties. If they cancel too many rides, drivers can be deactivated, limiting their capacity to end a trip if they feel unsafe. Drivers also report that if they document an incident, Uber deactivates them while investigating, freezing a worker’s earning capacity for an undetermined amount of time.

Uber has released two safety reports, which do not include instances of nonfatal attempted assault or reported long-term physical injuries or trauma. Uber’s safety issues and incomplete reporting have drawn scrutiny from legislators, regulators, the press, and the public. In 2022, Senators Markey and Warren led six of their colleagues in sending a letter to Uber’s CEO, pressing Uber to answer for their lack of health and safety transparency and asking Uber to address the dangers of rideshare driving.<sup>6</sup> Despite lawmakers’ calls, Uber did not disclose additional data on workplace deaths or injuries.<sup>7</sup>

The lack of transparency and failure to adequately investigate and address driver health and safety issues pose significant risks to Uber, including financial, regulatory, and reputational risks.

We urge shareholders to vote FOR this proposal.

1. <https://www.pewresearch.org/internet/2021/12/08/the-state-of-gig-work-in-2021/>

2. <https://www.uber.com/newsroom/working-together-priorities/>

3. <https://themarkup.org/working-for-an-algorithm/2022/07/28/more-than-350-gig-workers-carjacked-28killed-over-the-last-five-years>

4. [https://www.gigsafetynow.com/\\_files/ugd/af5398\\_74d1c1fd564b42d58e95dd8a2d99ee03.pdf](https://www.gigsafetynow.com/_files/ugd/af5398_74d1c1fd564b42d58e95dd8a2d99ee03.pdf) <https://themarkup.org/working-for-an-algorithm/2022/07/28/more-than-350-gig-workers-carjacked-28killed-over-the-last-five-years>

5. [https://www.gigsafetynow.com/\\_files/ugd/7ac46e\\_377382bc48dc41998899578a0fbd8f8c.pdf](https://www.gigsafetynow.com/_files/ugd/7ac46e_377382bc48dc41998899578a0fbd8f8c.pdf)

6. <https://www.markey.senate.gov/download/app-based-delivery-companies-responses-to-lawmakers>

7. <https://www.markey.senate.gov/download/app-based-delivery-companies-responses-to-lawmakers>

## Worker Rights

### 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 employees. The policy should provide that any third-party consultant asked to furnish an Initial List will be requested to include such candidates.

**WHEREAS:** Amazon has been publicly excoriated for mistreating workers, including criticism over dehumanizing and dangerous working conditions, and anti-union activities. Employees have described workplace conditions as “hellish.”<sup>1</sup> The NY Times observed that during the pandemic, “Amazon’s system burned through workers, resulted in inadvertent firings and stalled benefits... casting a shadow over a business success story.”<sup>2</sup> A leaked internal memo warned that Amazon churns through workers so quickly that it will exhaust the U.S. labor pool by 2024.<sup>3</sup> As public opinion shifts in favor of unionization,<sup>4</sup> Amazon’s anti-union activities — including persistent litigation against a successful union vote<sup>5</sup> — poses growing reputational risk and hurts the company’s ability to recruit and retain employees, threatening shareholder value.

Amazon’s grueling working conditions also generate risks: As of July 2022, the Department of Labor and federal prosecutors were inspecting Amazon warehouses in NYC, Orlando, and Chicago as part of an investigation into high injury rates.<sup>6</sup> The company also evinced lack of concern with worker safety and voice when it suspended 50 employees for pausing work following a fire in the Staten Island facility.<sup>7</sup>

Amazon’s board lacks representation from hourly employees – and suffers from low representation of women and racial minorities,<sup>8</sup> which constitute a large percentage of Amazon’s hourly associates – who understand the company’s operations and can flag critical labor issues.

Amazon must urgently address these issues. Worker representation on the Board will help it do that, empowering Amazon to address employee concerns before they become headlines. In addition to mitigating legal, operational and reputational risks, employee representation promotes value creation. In Germany, the “co-determination” model of shared governance reduces short-termist capital allocation practices,<sup>9</sup> and employee representation on boards generated a 25% spike in productivity.<sup>10</sup>

There is growing recognition that employees on boards contribute to a company’s long-term sustainability. The UK recently mandated that boards engage with employees to enhance worker voice in the boardroom, which may include appointing non-executive employees as directors.<sup>11</sup> Investors have also increasingly expressed support for workers on boards, filing proposals on this topic at companies including Walmart, Disney, Citigroup, and Starbucks. Even the business community has drawn similar conclusions: the Business Roundtable, to which Amazon’s CEO belongs, observes that investing in employees and communities offers “the most promising way to build long-term value.”<sup>12</sup>

1. <https://nypost.com/2019/07/13/inside-the-hellish-workday-of-an-amazon-warehouse-employee/>

2. <https://www.nytimes.com/interactive/2021/06/15/us/amazon-workers.html>

3. <https://www.theverge.com/2022/10/17/23409920/amazon-third-hires-attrition-cost-workforce;>  
[https://www.vox.com/recode/23170900/leaked-amazon-memo-warehouses-hiring-shortage.](https://www.vox.com/recode/23170900/leaked-amazon-memo-warehouses-hiring-shortage)

4. <http://news.gallup.com/poll/335545/approval-labor-unions-highest-point-1965.aspx>

5. <http://www.cnn.com/2022/09/01/amazon-loses-union-effort-to-overturn-win-at-staten-island-facility.html>

6. <https://www.cnn.com/2022/07/18/amazon-faces-probe-by-federal-prosecutors-osha-into-warehouse-safety.html>

7. [https://www.washingtonpost.com/business/2022/10/04/amazon-work-stoppage-new-york-suspension-union/.](https://www.washingtonpost.com/business/2022/10/04/amazon-work-stoppage-new-york-suspension-union/)

8. <http://www.usatoday.com/story/money/2022/06/22/amazon-black-executives-diversity-struggles/7702689001/?gnt-cfr=1>

9. <https://prospect.org/labor/codetermination-difference/>

10. <https://www.govenda.com/blog/employee-representation-on-boards/>

11. <https://www.pinsentmasons.com/out-law/analysis/corporate-governance-employee-voice-workplace-reporting>

12. <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>

### **Eliminating Discrimination through Inclusive Hiring**

#### **Adobe Systems Incorporated**

*Similar resolutions were submitted to Badger Meter Inc., IDEX, and Xylem Inc.*

WHEREAS: In recent decades, U.S. incarceration rates have skyrocketed, and Black and Brown people are incarcerated more often and for harsher sentences than White people.<sup>1</sup> People with arrest or incarceration records face enduring stigma that negatively impacts employment opportunities;

However, fair chance employment (actively recruiting people with criminal records) can benefit companies, communities, and the economy. The tight labor market means that employers must “not only rewrite the hiring and retention playbook” but also cast a wider net by diversifying the talent pool;

At the same time, companies strive to fulfill racial equity commitments. Given the disproportionately high incarceration rates of Black and Brown people in the U.S. and case study evidence that formerly incarcerated employees can have lower turnover and better attendance and disciplinary records compared to their peers without criminal records, recruiting fair chance employees can help ease labor market constraints while also advancing racial equity goals;

Fair chance employment best practices include:

- Resolving technical barriers like algorithmic elimination of applicants with employment gaps;
- Creating internship and training programs with direct hire potential;
- Hosting job fairs targeting fair chance jobseekers;
- Removing blanket exclusions on specific crimes beyond legal requirements;
- Ensuring that reviewers are trained in properly reading criminal records and using best practice standards for individualized reviews;
- Partnering with advocacy organizations that specialize in job preparation, entrepreneurship, in-prison education, and/or career pathways for incarcerated people;
- Routinely examining anonymized data on fair chance hires to ensure racial and gender equity;
- Destigmatizing the issue of criminal records throughout the entire workforce;
- Creating employee support structures specifically for justice-involved individuals;

Fair chance employers are not blind to criminal records – hiring managers still perform background checks and consider suitability – but these employers commit to fairer hiring practices that consider the effects of stigma and bias against people with criminal records;

Excluding qualified individuals because of criminal records could harm the company’s competitive advantage and reputation. Because people with criminal records are statistically more likely to be Black or Brown, there is an inherent risk that people’s status as formerly incarcerated may serve as a proxy for race and therefore pose a risk impermissible discrimination as if recruiting practices otherwise present as blind to race and ethnicity;

Shareholders believe that company value would be well-served by examining whether revisions to company practices related to recruiting formerly incarcerated individuals could decrease future risks related to discriminatory hiring.

RESOLVED: Shareholders request that the Board of Directors prepare a report, at reasonable cost, omitting proprietary information, and published publicly within one year from the annual meeting date, analyzing whether Adobe’s hiring practices related to people with arrest or incarceration records are aligned with publicly stated DEI (diversity, equity, and inclusion) statements and goals, and whether those practices may pose reputational or legal risk due to potential discrimination (including racial discrimination) claims.

1. <https://www.sentencingproject.org/publications/un-report-on-racial-disparities/>

### **Assessing Effectiveness in Preventing Forced/Child/Prison Labor in Supply Chain**

TJX Companies, Inc.

WHEREAS: TJX Companies (“the Company”) sources from approximately 21,000 vendors in over 100 countries, including locations where forced, child, and prison labor are known to exist in the manufacturing chain of product categories sold in TJX stores;

While TJX’s Vendor Code of Conduct prohibits forced, child, and prison labor, TJX does not conduct or require routine audits of factories to confirm compliance beyond the producers of private label merchandise (reportedly a very small portion of inventory);

Failure to disclose adequate due diligence mechanisms has garnered TJX low scores on several human rights benchmarks including KnowTheChain, Remake Fashion Accountability Report, and Corporate Human Rights Benchmark (CHRB). CHRB compares companies against the preeminent UN Guiding Principles on Business and Human Rights (UNGP) and scored TJX only 4 of 26 possible points in 2020. UNGPs specify due diligence principles for human rights commitments, including assessing actual and potential human rights impacts, integrating and acting upon findings, tracking responses, and communicating remedies;

Novel scientific testing increases the risk of previously unknown violations becoming associated with the Company if laboratory isotope testing finds evidence of products made from forced labor in Company stores;

Lastly, buyer responsibility expectations are increasing. John Sherman of Harvard Kennedy School’s Corporate Responsibility Initiative recently described that “[w]hen huge multinational enterprises require their contractual counterparties to comply with the UNGPs, procurement lawyers are incentivized to address the deficiencies of current supply chain contracts from an HRDD perspective.” Sherman explains that draft model supply chain contracts are under development that would shift contracts from a “representations and warranties approach to a human rights due diligence regime, in which buyers and suppliers would share the responsibility of addressing supply chain human rights abuse”<sup>1</sup>;

Shareholders believe that material risk to shareholder value may exist due to the Company’s limited supplier compliance program.

RESOLVED: Shareholders of TJX Companies urge the Board of Directors to oversee a third-party assessment and report to shareholders, at reasonable cost and omitting proprietary information, assessing the effectiveness of current company due diligence in preventing forced, child, and prison labor in TJX’s supply chain.

SUPPORTING STATEMENT: Shareholders recommend that the report, at Board and management’s discretion:

Assess risks that TJX’s existing approach, lacking systematic verification of compliance with the Vendor Code of Conduct, could lead to occurrences of forced, child, or prison labor in the supply chain; Evaluate related risks to company finances, operations, and reputation; Consider expected effectiveness of proactive solutions like requiring social audits of underlying suppliers when purchasing off-price retail products; Analyze the risk to TJX’s business of growing supply chain monitoring methods such as isotope and DNA traceability testing that may identify the origin of particular goods and provide evidence of forced labor-made products; Draw upon guidance of international standards such as the UNGP and the ILO Indicators of Forced Labor.<sup>2</sup>

1. [https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/CRI\\_WP\\_79\\_Final.pdf](https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/CRI_WP_79_Final.pdf)

2. [https://www.fairlabor.org/sites/default/files/documents/reports/forced\\_labor\\_guidance\\_update\\_july-2019.pdf](https://www.fairlabor.org/sites/default/files/documents/reports/forced_labor_guidance_update_july-2019.pdf)

### Pilot Fair Food Program

#### Kroger Co.

**RESOLVED:** Shareholders request the Board take the necessary steps to pilot participation in the Fair Food Program for the Company's tomato purchases in the Southeast United States, in order to mitigate severe risks of forced labor and other human rights violations in Kroger's produce supply chain.

**WHEREAS:** Human rights abuses, including modern-day slavery, are widespread in agricultural supply chains, with severe risks in Mexico and the Southeast United States. Recent law enforcement actions include an import ban on millions of pounds of Mexican tomatoes to distributors that supply Kroger and Albertsons,<sup>1</sup> 24 indictments in one forced labor conspiracy in the Southeast involving over 70,000 farmworkers,<sup>2</sup> and indictments and convictions in two others there.<sup>3</sup>

Kroger has faced scrutiny from investors and customers regarding its supply chain and has been encouraged to join the Fair Food Program (FFP), a worker-driven social responsibility program recognized as the gold standard for preventing human rights abuses, especially forced labor.<sup>4</sup> It includes worker to worker education, rigorous monitoring, and ensures access to remedy through a 24/7 complaint mechanism. Founded in 2011 in Florida by the Coalition of Immokalee Workers (CIW), it now operates on farms in nine states, including major tomato growers in five Southeast states. Its reach is expanding due to demand from supermarkets<sup>5</sup> and the U.S. government.<sup>6</sup>

Proponents are concerned that Kroger participates in programs and processes that may lack adequate oversight or be ineffective at addressing forced labor and other human rights abuses, exposing Kroger to legal and reputational risk. Kroger itself acknowledged the "success of the" FFP represents "best practices for respecting human rights."<sup>7</sup> But instead of participating in the FFP, Kroger uses social audits or self-assessments of suppliers, and purchases its Our Brands tomatoes from Mexican and Arizona farms certified by Fair Trade USA (FTUSA).<sup>8</sup> Kroger indicates FTUSA purchases "improve livelihoods," but abuse on Mexican farms certified by FTUSA have recently been documented, including retaliation against workers complaining of unsafe conditions.<sup>9</sup> Moreover, social audits have been declared "ineffective in identifying and reducing forced labor" in supply chains by the U.S. government<sup>10</sup> and experts,<sup>11</sup> who recommend the FFP instead.

Kroger remains an outlier—compared to peers like Walmart, Whole Foods, Giant, Stop & Shop, Fresh Market, and Trader Joe's—in not joining the FFP. In explaining its decision, Kroger misrepresented the Program as only operating in Florida, though the FFP has market density in tomatoes on farms throughout the Southeast. Kroger also implied the FFP negotiates produce prices, but the Program is not involved in negotiations with suppliers and simply includes a price premium, similar to other certifications Kroger uses. If Kroger is going to invest resources attempting to manage human rights risks through commitments to certification programs or audits, it should fully evaluate investment in a solution recognized to work, starting in the high-risk Southeast region with the most widely available FFP crop, tomatoes.

1. <https://www.latimes.com/california/story/2021-12-31/u-s-blocks-tomato-shipments-from-mexican-farms-accused-of-abusing-workers>

2. <https://www.justice.gov/usao-sdga/pr/human-smuggling-forced-labor-among-allegations-south-georgia-federal-indictment>

3. <https://www.justice.gov/usao-sc/pr/multi-count-federal-indictment-returned-labor-trafficking-violations>; <https://www.justice.gov/opa/pr/three-defendants-sentenced-multi-state-racketeering-conspiracy-involving-forced-labor-mexican>

4. <https://fairfoodprogram.org/recognition/>

5. <https://ciw-online.org/blog/2020/08/largest-cut-flower-farm-on-us-east-coast-joins-the-fair-food-program/>

6. <https://www.grants.gov/web/grants/view-opportunity.html?oppld=344432>

7. [https://www.sec.gov/Archives/edgar/data/56873/000110465922054782/tm2212949-2\\_defc14a.htm](https://www.sec.gov/Archives/edgar/data/56873/000110465922054782/tm2212949-2_defc14a.htm)

8. [https://www.thekrogerco.com/wp-content/uploads/2018/07/The-Kroger-Co.\\_Social-Compliance-Program\\_2018-July.pdf](https://www.thekrogerco.com/wp-content/uploads/2018/07/The-Kroger-Co._Social-Compliance-Program_2018-July.pdf); <https://www.thekrogerco.com/wp-content/uploads/2022/08/Kroger-Co-2022-ESG-Report.pdf>

9. <https://online.ucpress.edu/msem/article-abstract/38/3/379/194642/Fairwashing-and-Union-Busting-The-Privatization-of?redirectedFrom=fulltext>

10. <https://www.cbp.gov/sites/default/files/assets/documents/2021-Aug/CBP%202021%20VTW%20FAQs%20%28Forced%20Labor%29.pdf>

11. <https://www.theguardian.com/global-development/2020/jul/16/ethical-labels-not-fit-for-purpose-report-warns-consumers>; <https://www.business-humanrights.org/en/big-issues/labour-rights/beyond-social-auditing/>

### End Child Labor in Cocoa Production

Mondeléz International, Inc.

**RESOLVED:** Shareholders request that, within one year, the Board of Directors adopt targets and publicly report quantitative metrics appropriate to assessing whether Mondeléz is on course to eradicate child labor in all forms from the Company's cocoa supply chain by 2025. In the Board and management's discretion, such metrics may include: current estimates of the total numbers of children in its supply chain on a regional basis, working in hazardous jobs, working during school hours, and employed after school hours.

**WHEREAS:** Hazardous child labor on cocoa farms, which includes using machetes and harmful pesticides, meets the International Labor Organization's definition of the "worst forms of child labor."<sup>1</sup> International agreements have repeatedly failed to eradicate hazardous child labor from the cocoa supply chain.<sup>2</sup>

Over twenty years ago, Mondeléz signed the Harkin-Engel Protocol, voluntarily committing to end the worst forms of child labor, including forced labor, in West African cocoa production by 2005.<sup>2</sup> Yet, cocoa farming remains plagued by child labor in seven countries according to the Bureau of International Labor Affairs' 2022 report.<sup>3</sup> The Department of Labor estimates that 1.56 million children engage in hazardous work on cocoa farms in Ghana and Côte d'Ivoire, where 60 percent of cocoa is produced.<sup>4</sup> Despite Mondeléz's Cocoa Life program, established a decade ago to stamp out child labor, and its monetary commitments,<sup>4</sup> children exposed to child labor on cocoa farms in Ghana rose by 10 percent since 2009, amounting to 55 percent.<sup>5</sup> Furthermore, 95 percent of cocoa farming children in West Africa are "involved in hazardous child labor."<sup>6</sup>

Mondeléz acknowledges that "cocoa farmers and their communities are still facing big challenges."<sup>7</sup> While Mondeléz states it's "on track" to achieve its goal of Child Labor Monitoring & Remediation Systems covering 100 percent of Cocoa Life communities in West Africa by 2025, it currently reports only 61 percent coverage.<sup>8</sup> Even if Mondeléz reaches this goal by 2025, that does not guarantee that its cocoa will be child labor-free. Failure to adhere to United Nations Sustainable Development Goal 8.7, calling for the elimination of all child labor by 2025,<sup>9</sup> exposes Mondeléz and its investors to significant financial, legal, and reputational risks.

Mondeléz is noticeably absent from Slave Free Chocolate's list of companies that only use ethically grown cocoa,<sup>10</sup> and "would not guarantee that any of their products were free of child labor" per The Washington Post.<sup>11</sup>

Mondeléz states, "No amount of child labor in the cocoa supply chain should be acceptable."<sup>12</sup> Shareholders agree, and considering that the number of exploited children in cocoa production has increased over the past twenty years, shareholders require the requested report to assure that management fulfills its fiduciary duty to protect Mondeléz and its investors from adverse risks associated with continued use of child labor within its cocoa supply chain.

1. <https://www.norc.org/Research/Projects/Pages/assessing-progress-in-reducing-child-labor-in-cocoa-growing-areas-of-cote-divoire-and-ghana.aspx>;  
<https://www.ilo.org/ipec/Campaignandadvocacy/Youthinaction/C182-Youth-orientated/worstforms/lang-en/index.htm>

2. <https://www.businessinsider.com/cocoa-companies-child-labor-implicity-lawsuit-2021-2#:text=In%202001%2C%20the%20companies%20signed,2005%2C%20according%20to%20the%20IRAAdvocates>

3. [https://www.dol.gov/sites/dolgov/files/ILAB/child\\_labor\\_reports/tda2021/2022-TVPR-List-of-Goods-v3.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2021/2022-TVPR-List-of-Goods-v3.pdf)

4. <https://www.reuters.com/business/sustainable-business/cadbury-maker-mondelez-invest-600-mln-sustainable-cocoa-sourcing-2022-10-25/>

5. <https://nypost.com/2022/04/04/investigation-uncovers-horrible-truth-behind-cadburys-creme-egg/>

6. Id.

7. <https://www.cocoalife.org/progress/next-phase-of-cocoa-life>

8. <https://www.mondelezinternational.com/Snacking-Made-Right/Reporting-and-Disclosure/Goals-and-Progress>

9. <https://www.unodc.org/roseap/en/sustainable-development-goals.html>

10. <https://www.slavefreechocolate.org/ethical-chocolate-companies>

11. [https://www.washingtonpost.com/graphics/2019/business/hershey-nestle-mars-chocolate-child-labor-west-africa/?utm\\_term=.6cb753bcb6f8](https://www.washingtonpost.com/graphics/2019/business/hershey-nestle-mars-chocolate-child-labor-west-africa/?utm_term=.6cb753bcb6f8)

12. <https://www.cocoalife.org/the-program/child-labor>



## End Child Labor in Cocoa Production Hershey Company

**RESOLVED:** Shareholders request the Board of Directors issue a public report, at reasonable cost and omitting proprietary information, describing if, and how, Hershey's Living Wage & Income Position Statement and planned implementation steps will put the company on course to eradicate child labor in all forms from the company's West African cocoa supply chain by 2025. The report should include:

- How Hershey plans to achieve 100% sourcing visibility at the farm level of its cocoa by 2025, including through increased transparency, given that 32% of its cocoa volume cannot be traced to the farm level;
- Whether and/or how Hershey plans to raise farm gate prices;
- How Hershey plans to partner with the Ghanaian and Ivorian governments and cocoa industry peers to promote living income for cocoa farmers.

**WHEREAS:** Hazardous child labor on cocoa farms, which includes using machetes and harmful pesticides, meets the International Labor Organization's definition of the "worst forms of child labor."<sup>1</sup> Sustainable Development Goal 8.7 calls for the elimination of all child labor by 2025, yet international agreements have repeatedly failed to eradicate hazardous child labor from the cocoa supply chain.<sup>2</sup> An estimated 1.56 million children engage in hazardous work on cocoa farms in Ghana and Côte d'Ivoire, where 60% of cocoa is produced.<sup>3</sup>

Hershey continues to profit from child slavery, despite signing the Harkin-Engel Protocol in 2001.<sup>4</sup> Ghana and Côte d'Ivoire recently implemented a Living Income Differential (LID), deemed largely unsuccessful, in part due to allegations of Hershey and its peers undermining the LID through purchasing practices aimed at circumventing it.<sup>5</sup>

While Hershey has a Human Rights Policy and Cocoa for Good strategy, these initiatives have failed to meaningfully address systemic poverty, a root cause of child labor. Hershey's 2021 Living Wage & Income Position Statement has been criticized for lacking a "concrete, timebound commitment and accompanying action plan to realize it."<sup>6</sup> Investors lack sufficient information to assess how the position statement will help eradicate child labor in Hershey's cocoa supply chain.

Failure to eradicate child labor exposes Hershey and its investors to financial, legal, systemic, and reputational risks. In 2021, a lawsuit filed on behalf of former child slaves alleged Hershey knowingly profited from the illegal and systematic use of child labor.<sup>7</sup> An appeal is currently pending.<sup>8</sup> In October 2021, Hershey and the Rainforest Alliance were sued for false and deceptive marketing of chocolate products labeled as "sustainably" or "responsibly produced."<sup>9</sup>

Studies show that increased transparency and traceability can increase farmers' income and help companies substantiate their sustainability claims.<sup>10</sup> Hershey's claim of sourcing 100% "certified and sustainable" cocoa in 2021 does not guarantee its cocoa is slavery-free nor that it is fully traceable to the farm level.<sup>11</sup> Hershey's 2021 ESG report states the company only has "68% sourcing visibility" of its cocoa volume.<sup>12</sup>

1. <https://www.norc.org/Research/Projects/Pages/assessing-progress-in-reducing-child-labor-in-cocoa-growing-areas-of-c-c3%B4te-d%E2%80%99ivoire-and-ghana.aspx>; <https://www.washingtonpost.com/graphics/2019/business/hershey-nestle-mars-chocolate-child-labor-westafrica/>; <https://www.ilo.org/ipcc/Campaignandadvocacy/Youthinaction/C182-Youthinaction/worstforms/lang--en/index.htm>

2. <https://unstats.un.org/sdgs/metadata/?Text=&Goal=8&Target=8.7>

3. <https://www.dol.gov/agencies/ilab/our-work/child-forced-labor-trafficking/child-labor-cocoa>

4. [https://www.cocoainitiative.org/sites/default/files/resources/Harkin\\_Engel\\_Protocol.pdf](https://www.cocoainitiative.org/sites/default/files/resources/Harkin_Engel_Protocol.pdf)

5. <https://www.latimes.com/business/story/2020-12-01/chocolate-war-cocoa-growers-hershey-mars-ghanaivory-coast>; <https://voicenetwerk.cc/wp-content/uploads/2022/09/220920-Cocoa-Barometer-Living-IncomeCompendium.pdf>

6. [https://www.thehersheycompany.com/content/dam/corporateus/documents/sustainability/HSY\\_Living\\_Wage\\_Position\\_Statement.pdf](https://www.thehersheycompany.com/content/dam/corporateus/documents/sustainability/HSY_Living_Wage_Position_Statement.pdf); [https://webassets.oxfamamerica.org/media/documents/Business-briefing-Issue-1-V3.pdf?\\_gl=1\\*teioquo\\*\\_ga\\*MT15NT14MjAzNi4xNjM4Mzgz50TK3\\*\\_ga\\_R58YETD6XK\\*MTYzODM4OTk5Ny4xLjEuMTYzODM5MDAwNC41Mw](https://webassets.oxfamamerica.org/media/documents/Business-briefing-Issue-1-V3.pdf?_gl=1*teioquo*_ga*MT15NT14MjAzNi4xNjM4Mzgz50TK3*_ga_R58YETD6XK*MTYzODM4OTk5Ny4xLjEuMTYzODM5MDAwNC41Mw)

7. <https://www.internationalrightsadvocates.org/cases/cocoa>

8. <https://ecf.cadc.uscourts.gov/n/beam/servlet/TransportRoom?servlet=CaseSummary.jsp?caseNum=22-7104&dkType=dkPublic&incOrigDkt=Y&incDktEntries=Y>

9. [https://static1.squarespace.com/static/5810dda3e3df28ce37b58357/t/6181623e5f967e246dd8c416/163586\\_9247075/RFA+and+Hershey+Press+Release+FINAL+no+logo.docx.pdf](https://static1.squarespace.com/static/5810dda3e3df28ce37b58357/t/6181623e5f967e246dd8c416/163586_9247075/RFA+and+Hershey+Press+Release+FINAL+no+logo.docx.pdf)

10. <https://voicenetwerk.cc/wp-content/uploads/2022/10/221017-Transparency-Accountability.pdf>

11. [https://www.thehersheycompany.com/en\\_us/home/sustainability/sustainability-focus-areas/cocoa.html](https://www.thehersheycompany.com/en_us/home/sustainability/sustainability-focus-areas/cocoa.html)

12. [https://www.thehersheycompany.com/content/dam/hersheycorporate/documents/pdf/hershey\\_2021\\_esg\\_report.pdf](https://www.thehersheycompany.com/content/dam/hersheycorporate/documents/pdf/hershey_2021_esg_report.pdf)

## Customer Due Diligence

### Keysight Technologies

**RESOLVED:** Shareholders request that the Board of Directors commission an independent third-party report, at reasonable expense and excluding proprietary information, on Keysight Technologies' (Keysight) customer due diligence process to determine whether customers' use of its products or services with surveillance technology and warfare simulation capability contributes to human rights harms.

**WHEREAS:** Keysight's Human Rights and Labor Policy states that the company is required to, "promote human rights within the company's sphere of influence";<sup>1</sup>

Human rights risks are acute in conflict-affected and high-risk areas (CAHRA), characterized by widespread human rights abuses and violations of national or international law.<sup>2</sup> Certain CAHRA (e.g., China, Myanmar, Russia) are subject to arms controls and sanctions, demonstrating the United States government's concern over risks to national security, international peace, and human rights.

Keysight has provided/is providing products and services to customers in CAHRA that are contributing to human rights harms, including:

- Provided software, which can be used to model electronic warfare scenarios, to China and Russia, in violation of the United States International Traffic in Arms Regulations.<sup>3</sup> Russia unlawfully invaded Ukraine in February 2022 and currently occupies Ukrainian, Moldovan, and Georgian territory, while China is engaged in potentially unlawful military behavior in the South China Sea.
- Partnering with China Mobile, which has been used to surveil private users and led the Federal Communications Commission to block the company's services in the United States based on surveillance risks to U.S. citizens.<sup>4</sup>
- Provided internet trafficking analytical tools to Russia, which are being used as part of its state surveillance system (SORM). SORM is also used to reroute Ukrainian internet traffic and surveil citizens.<sup>5,6</sup>
- Accused by Burmese civil society of providing the Myanmar Army's Directorate of Signals (DoS) with technology to be used in electronic warfare.<sup>7</sup> The Department of Commerce imposed additional restrictions on goods or services provided to DoS following the military's February 2021 coup.<sup>8</sup>

Keysight's activities in CAHRA may result in heightened human rights and material risks through violations of the UN Guiding Principles on Business and Human Rights, Keysight's Human Rights and Labor Policy, United States' laws and sanctions, and by contributing to China's, Russia's, and Myanmar's violations of human rights and humanitarian law. Policymakers have responded to these violations with sanctions and export controls against Russia<sup>9</sup>, China<sup>10</sup>, and Myanmar<sup>11</sup>;

To mitigate risks associated with customer conduct, leading companies conduct "Know Your Customer" (KYC) due diligence. The process helps determine if a company's products and services may be used to facilitate human rights harms. In November 2021, the Atlantic Council recommended the United States and NATO develop KYC policies for companies in the surveillance industry.<sup>12</sup>

**SUPPORTING STATEMENT:** Shareholders seek information, at board and management discretion, through a report that:

- Discusses how human rights risks in CAHRA are identified, assessed, prevented, and mitigated; and
- Assesses if a KYC due diligence process is needed to address these risks.

1. <https://www.keysight.com/us/en/assets/3120-1572/exhibits/Keysight-Technologies-Inc-Human-Rights-and-Labor-Policy.pdf>

2. <http://dx.doi.org/10.1787/9789264185050-en>

3. <https://www.wsj.com/articles/state-department-fines-radar-company-for-unauthorized-exports-to-china-russia-11628531273>

4. <https://www.fcc.gov/document/fcc-denies-china-mobile-telecom-services-application> [https://www.hrw.org/report/2021/04/19/break-their-lineage-break-their-roots/chinas-crimes-against-humanity-targeting#\\_ftn37](https://www.hrw.org/report/2021/04/19/break-their-lineage-break-their-roots/chinas-crimes-against-humanity-targeting#_ftn37)

5. <https://www.washingtonpost.com/opinions/2021/12/21/how-western-tech-companies-are-helping-russia-censor-internet/>

6. <https://www.wired.com/story/ukraine-russia-internet-takeover/>

7. <https://www.justiceformyanmar.org/stories/singaporean-radar-engineer-to-speak-at-myanmar-military-science-and-tech-conference-as-military-set-to-launch-catastrophic-anawrahta-operation>

8. <https://www.federalregister.gov/documents/2021/04/09/2021-07357/expansion-of-certain-end-use-and-end-user-controls-and-controls-on-specific-activities-of-us-persons>

9. <https://www.wsj.com/livecoverage/russia-ukraine-latest-news-2022-04-25/card/putin-says-russia-faces-unprecedented-pressure-from-western-sanctions-8oRDOUBfjTE1IVJuaplC>

10. <https://www.pbs.org/newshour/politics/u-s-imposes-new-sanctions-on-beijing-over-south-china-sea-violations>

11. <https://www.state.gov/united-states-and-allies-impose-additional-sanctions-on-the-burmese-military-regime/#:~:text=As%20we%20approach%20one%20year,against%20the%20people%20of%20Burma>

12. <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/surveillance-technology-at-the-fair/>

# Proxy Resolutions: Human Rights and Worker Rights

For the full list of investors who filed this resolution, see the Index on p. 260.

## 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 customer due diligence process to determine whether customers’ use of its products and services with surveillance, computer vision, or cloud storage capabilities contributes to human rights violations.

**WHEREAS:** Amazon Web Services (AWS) serves multiple governmental customers with a history of human rights abuses, and Amazon’s technologies may enable mass surveillance globally.

“Know Your Customer” due diligence mitigates clients’ risks and human rights impacts and informs business decision-making.<sup>1</sup> It reveals whether technologies will be used to facilitate governmental human or civil rights violations.<sup>2</sup> The Atlantic Council recommended the United States (U.S.) “create know-your-customer policies” with surveillance companies.<sup>3</sup> The United Nations found states and businesses have “often rushed to incorporate AI applications, failing to carry out due diligence.”<sup>4</sup>

Inadequate due diligence presents material privacy and data security risks, as well as legal, regulatory, and reputational risks. These risks are present even if surveillance products are used according to Amazon’s guidelines. Despite Amazon’s indefinite moratorium of its Rekognition face comparison feature, it has not clarified how Rekognition is still used by police outside of “criminal investigations.”<sup>5</sup> Amazon’s Ring continues to infringe on citizens’ privacy, despite an audit and Ring’s resulting changes. Its vague standards regarding information sharing with law enforcement, absent consent, led to sharing of videos with law enforcement 11 times in 2022. Ring continues to expand its thousands of police partnerships.<sup>6</sup> Civil rights groups have sharply criticized Amazon’s MGM show, Ring Nation, calling it a “transparent attempt to normalize surveillance.”<sup>7</sup>

Amazon’s government-affiliated customers and suppliers with a history of rights-violating behavior pose risks to the company, including:

- AWS will host the Department of Homeland Security’s biometric database, which will reportedly be used to “assemble target lists for ICE raids, expand the tech border wall, and to facilitate surveillance, arrests, immigrant detention and deportation”;<sup>8</sup>
- Amazon sells relabeled surveillance products in the U.S. from Chinese companies Dahua and Hikvision, which have been blacklisted by the U.S. Government and implicated in mass surveillance, internment, torture, and forced labor of the ethnic Uyghur minority;<sup>9</sup>
- The Israeli government’s “Project Nimbus,” protested by Amazon employees,<sup>10</sup> uses AWS to support the apartheid system under which Palestinians are surveilled, unlawfully detained and tortured.<sup>11</sup>
- Israel plans to use AWS as it expands illegal settlements and enforces segregation;
- AWS opened a data center in United Arab Emirates, a country that deploys a state surveillance apparatus targeting human rights defenders, journalists, and political dissidents<sup>12</sup>. AWS’ first data center in the region opened in Bahrain, which has a poor human rights record.

Amazon’s existing policies<sup>13</sup> appear insufficient in preventing customer misuse and establishing effective oversight, yet Amazon continues releasing surveillance products.

1. [https://www.humanrights.dk/sites/humanrights.dk/files/media/document/Phase%204\\_%20Impact%20prevent](https://www.humanrights.dk/sites/humanrights.dk/files/media/document/Phase%204_%20Impact%20prevent)
2. <https://www.eff.org/deeplinks/2018/07/should-your-company-help-ice-know-your-customer-standardsevaluating-domestic>
3. <https://www.atlanticcouncil.org/wp-content/uploads/2021/11/Surveillance-Technology-at-the-Fair.pdf>
4. <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=27469&LangID=E>
5. [https://s2.q4cdn.com/299287126/files/doc\\_financials/2022/ar/Amazon-2022-Proxy-Statement.pdf](https://s2.q4cdn.com/299287126/files/doc_financials/2022/ar/Amazon-2022-Proxy-Statement.pdf)
6. [https://www.markey.senate.gov/imo/media/doc/amazon\\_response\\_to\\_senator\\_markey-july\\_13\\_2022.pdf](https://www.markey.senate.gov/imo/media/doc/amazon_response_to_senator_markey-july_13_2022.pdf)
7. <https://www.cancelringnation.com/>
8. <https://justfutureslaw.org/wp-content/uploads/2022/05/HART-Attack.pdf>
9. <https://ipvm.com/reports/amazon-powers-hikua>
10. <https://www.forbes.com/sites/richardnieva/2022/09/09/google-and-amazon-protest-project-nimbus-aicontract-israel/?sh=68609827d162>
11. <https://www.hrw.org/news/2021/11/24/mass-surveillance-fuels-oppression-uyghurs-and-palestinians>; <https://www.amnesty.org/en/documents/mde15/5141/2022/en/>
12. <https://smex.org/amazon-launches-data-region-in-the-uae/>
13. <https://sustainability.aboutamazon.com/people/human-rights/principles>;  
<https://ir.aboutamazon.com/corporate-governance/documents-and-charters/code-of-business-conduct-andethics/default.aspx>; <https://aws.amazon.com/agreement/>

## Content Moderation Legislative Risk

### Alphabet

WHEREAS, YouTube and parent company Alphabet have faced numerous problems associated with its content moderation and platform design, including the site being a central repository for and viral propagator of conspiracy theories, propaganda, fake news, extremist, and hateful content and facilitating the sexual exploitation of women and children and other crimes impacting the most vulnerable, including trafficking, sextortion and harassment;

Despite tremendous effort and leadership at YouTube, the platform remains an important part of the Child Sexual Abuse Exploitation Ecosystem, by being a place of contact for grooming and coercion, livestreaming and housing CSA material. For example, in Tanzania, total online child sexual exploitation and abuse-related offences on YouTube increased by 50% in two years between 2017 and 2019<sup>1</sup> and in Thailand, of the 43 children who were most recently offered money or gifts in return for sexual images or videos, ages 12-17, 60% reported YouTube as the platform it occurred on,<sup>2</sup> (in Kenya it was 24%<sup>3</sup> and Uganda was 12%<sup>4</sup>);

Traffickers in certain industries used YouTube to recruit and interact with those eventually trafficked;<sup>5</sup>

While YouTube has dramatically reduced online extremist content and disinformation and the largely unmoderated platforms BitChute and Odysee have rapidly become amplification chambers for disinformation, hateful content and incendiary and violent material; popular channels including those of Mike Cernovich and Andrew Tate continue to monetize their content on their YouTube Channels<sup>6</sup>, even while continually flagged for hateful content, disinformation and incitement of violence;

An American Defamation League survey, “Online Hate and Harassment: The American Experience 2021,” found 21% of those who experienced online harassment or hate reported that at least some of that harassment occurred on YouTube;

The White House has recently convened a Listening Session on Tech Platform Accountability, announcing core principles forthcoming;<sup>7</sup>

The US State Department recently announced the Roadmap for the Global Partnership for Action on Gender-based Online Harassment and Abuse;<sup>8</sup>

Standing international law governing digital platforms, which balances harm reduction and rights protection exists in the European Union’s Digital Services Act and Australia’s Online Safety Act of 2021;

Online safety legislation is emerging domestically and internationally including the California Age-Appropriate Design Code Act, the United Kingdom Parliament’s introduction the Online Safety Bill, and the US bicameral Congressional introduction of the Digital Platform Commission Act of 2022;

Failure to adequately prepare for the implementation of legislation will have a material financial impact on the Company through regulatory fines and penalties;

**BE IT RESOLVED:** Shareholders request that Alphabet issue a report at reasonable cost and omitting proprietary information, disclosing whether and how the Company intends to minimize legislative risk by aligning YouTube policies and procedures worldwide with the most comprehensive and rigorous online safety regulations, such as the European Union’s Digital Service Act<sup>9</sup> and the UK Online Safety Bill.<sup>10</sup>

1. [https://www.end-violence.org/sites/default/files/2022-03/DH\\_Tanzania\\_ONLINE\\_final\\_revise%202020322.pdf](https://www.end-violence.org/sites/default/files/2022-03/DH_Tanzania_ONLINE_final_revise%202020322.pdf)

2. [https://www.end-violence.org/sites/default/files/2022-02/DH\\_Thailand\\_ONLINE\\_final.pdf](https://www.end-violence.org/sites/default/files/2022-02/DH_Thailand_ONLINE_final.pdf)

3. <https://www.end-violence.org/sites/default/files/2021-10/DH%20Kenya%20Report.pdf>

4. [https://www.end-violence.org/sites/default/files/2021-11/DH\\_Uganda\\_ONLINE\\_final%20Report.pdf](https://www.end-violence.org/sites/default/files/2021-11/DH_Uganda_ONLINE_final%20Report.pdf)

5. <https://polarisproject.org/wp-content/uploads/2018/08/A-Roadmap-for-Systems-and-Industries-to-Prevent-and-Disrupt-Human-Trafficking-Social-Media.pdf>

6. <https://bhr.stern.nyu.edu/youtube-report>

7. [https://www.whitehouse.gov/briefing-room/statements-releases/2022/09/08/readout-of-white-house-listening-session-on-tech-platform-accountability/?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axioslogin&stream=top](https://www.whitehouse.gov/briefing-room/statements-releases/2022/09/08/readout-of-white-house-listening-session-on-tech-platform-accountability/?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axioslogin&stream=top)

8. <https://www.state.gov/2022-roadmap-for-the-global-partnership-for-action-on-gender-based-online-harassment-and-abuse/>

9. <https://digital-strategy.ec.europa.eu/en/policies/digital-services-act-package>

10. <https://bills.parliament.uk/bills/3137>

### **Rekognition – Facial Recognition Technology**

#### **Amazon.com, Inc**

- Amazon markets and sells facial recognition (“Rekognition”) to government that may pose significant financial risks due to privacy and human rights implications;
- Human and civil rights organizations are concerned 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”;
- The ACLU found Rekognition incorrectly identified 28 Congressional members as having been arrested for a crime, and falsely matched 1 in 5 California lawmakers. Research shows Rekognition is worse at identifying black women than white men and misgenders nonbinary people;

Reports indicate restricting facial recognition is a rising trend:

- Multiple cities and states have banned government facial technology. In 2022, the Facial Recognition Ban on Body Cameras Act was reintroduced in Congress.<sup>1</sup>
- UN High Commissioner for Human Rights urged a moratorium on Artificial Intelligence (AI) until adequate safeguards exist, calling for a ban on AI inconsistent with international human rights law.<sup>2</sup>
- 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 all stakeholders;

For 4 years, similar Amazon proposals have received increasing shareholder support – in 2022, it received 40.69 per cent support.

Responding to the growing movement against police brutality and criminal justice bias, Amazon issued an indefinite moratorium on Rekognition used by police departments.

While this acknowledges risks, it is unclear whether it includes other government agencies. In 2021, the Government Accountability Office found 19 of 24 US government agencies surveyed were using facial recognition.<sup>3</sup>

Microsoft banned face recognition sales to police awaiting federal regulation, then announced the removal of features from its AI service to ensure facial recognition technology meets ethical guidelines<sup>4</sup>, while IBM stopped offering the software. Following a \$550 million settlement from a lawsuit alleging nonconsensual use of facial recognition, Facebook ceased using facial recognition.<sup>5</sup>

**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 US;
- The extent to which such technologies may be marketed and sold to authoritarian or repressive governments, including those identified by the US Department of State Country Reports on Human Rights Practices;
- The potential loss of goodwill and other financial risks associated with these human rights issues;
- The report should be produced at reasonable expense, exclude proprietary or legally privileged information, published no later than September 1st, 2023.

1. [https://beyer.house.gov/news/documentsingle.aspx?DocumentID=5619#:~:text=U.S.%20Representatives%20on%20Beyer%20\(D,on%20footage%20from%20body%20cameras.](https://beyer.house.gov/news/documentsingle.aspx?DocumentID=5619#:~:text=U.S.%20Representatives%20on%20Beyer%20(D,on%20footage%20from%20body%20cameras.)

2. OHCHR | Artificial intelligence risks to privacy demand urgent action – Bachelet

3. Facial Recognition Technology: Current and Planned Uses by Federal Agencies | U.S. GAO

4. <https://azure.microsoft.com/en-us/blog/responsible-ai-investments-and-safeguards-for-facialrecognition/>

5. <https://www.theguardian.com/technology/2021/nov/03/why-is-facebook-shutting-down-its-facialrecognition-system-and-deleting-faceprints>

## Human Rights Impact Assessment

Alphabet, Inc.

**RESOLVED:** Shareholders direct the board of directors of Alphabet Inc. to publish an independent third-party Human Rights Impact Assessment (the “Assessment”), examining the actual and potential human rights impacts of Google’s targeted advertising policies and practices throughout its business operations. This Assessment should be conducted at a reasonable cost; omit proprietary and confidential information, as well as information relevant to litigation or enforcement actions; and be published on the company’s website by June 1, 2024.

**WHEREAS:** Google advertising accounted for approximately 80% of Alphabet’s revenue in 2021. Alphabet’s ad business, including Google Search, YouTube Ads and Google Network, has grown significantly in recent years, reaching \$209 billion in 2021.<sup>1</sup>

Algorithmic systems are deployed to enable the delivery of targeted advertisements, determining what users see. This often results in and exacerbates systemic discrimination and other human rights violations. Google’s current ad infrastructure is driven by third-party cookies, which enable other companies to track users across the internet by accumulating vast troves of personal and behavioral data on Google users. This further exposes Google to violating user privacy.

While Google has launched a series of projects that aim to address some privacy shortcomings of its current advertising system, it has not shown evidence of any human rights due diligence associated with these plans. In 2022, Google scrapped FLoC, its planned replacement for third-party cookies, due to widespread concern about privacy impacts. The Company has repeatedly delayed the deprecation of cookies, most recently to late 2025.<sup>2</sup> This means its adverse impacts will endure. Furthermore, Google does not disclose whether it plans to conduct a structured human rights review of FLoC’s successor projects, such as Topics API.

Google asserts that human rights are “integrated into processes and procedures across the company” and has established executive oversight of human rights issues.<sup>3</sup> However, it provides no details on how this applies to its dominant source of revenue.<sup>4</sup> Google has previously published a summary of a third-party HRIA of a celebrity facial recognition algorithm.<sup>5</sup> Its targeted ad systems, which affect billions, merit at least the same due diligence and public disclosure, particularly as Google and its peers develop new approaches to targeting advertising.

Legislation in Europe<sup>6</sup> and the United States<sup>7</sup> is poised to severely restrict or even ban targeted ads largely due to concerns about the underlying algorithms. Given the predominance of advertising in Alphabet’s business model, the failure to implement effective human rights policies and processes may expose shareholders to material legal, regulatory and reputational risks.

A robust and transparent Assessment is essential to enable the company to better identify, address, mitigate and prevent adverse human rights impacts. It will also contribute to establishing an effective system of accountability for human rights for the industry as a whole. Lastly, such an Assessment will assure shareholders that its business model is well positioned in the face of increasing regulation.

1. [https://abc.xyz/investor/static/pdf/2021\\_alphabet\\_annual\\_report.pdf?cache=3a96f54](https://abc.xyz/investor/static/pdf/2021_alphabet_annual_report.pdf?cache=3a96f54)

2. <https://martech.org/google-delayed-third-party-cookie-deprecation-why-and-whats-next/>

3. <https://about.google/human-rights/>

4. <https://rankingdigitalrights.org/bts22/companies/Google>

5. <https://services.google.com/fh/files/blogs/bsr-google-cr-api-hria-executive-summary.pdf>

6. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_6423](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_6423);  
<https://www.europarl.europa.eu/news/en/press-room/20220412IPR27111/digital-services-act-agreement-for-a-transparent-and-safe-online-environment>

7. [shorturl.at/opsl4](https://shorturl.at/opsl4)

### **HRIA - Meta Targeted Ads**

#### **Meta (Facebook Inc.)**

**RESOLVED:** Shareholders direct the board of directors of Meta Platforms, Inc. to publish an independent third-party Human Rights Impact Assessment (HRIA), examining the actual and potential human rights impacts of Facebook's targeted advertising policies and practices throughout its business operations. This HRIA should be conducted at reasonable cost; omit proprietary and confidential information, as well as information relevant to litigation or enforcement actions; and be published on the company's website by June 1, 2024.

**WHEREAS:** Facebook's business model relies almost entirely on ads, with nearly 97% of Facebook's global revenue in 2021 generated from advertising. Facebook ad revenue stood at over \$114 billion in 2021, a new record for the company and a significant increase from previous years<sup>1</sup>.

Algorithmic systems are deployed to enable the delivery of targeted advertisements, determining what users see, resulting in and exacerbating systemic discrimination<sup>2</sup> and other human rights violations. Data used to enable the targeting of such ads include personal and behavioral data of Facebook users, which further exposes Facebook to user privacy violations. Facebook was fined \$5 billion for such privacy violations by the U.S. Federal Trade Commission in 2019.

Over the last year digital advertising has continued to be closely examined. Headlines like "Digital Ads Collapse"<sup>3</sup> highlight concerns surrounding the practice, such as an increasingly crowded marketplace. By investing in true human rights due diligence processes through a HRIA, Meta could use its current position of dominance to lead the way in centering human rights within its business, which would also serve to separate it from its competitors.

While we applaud the release of the company's first human rights report in 2022, we note that the issue of targeted advertising was virtually ignored as the company did not recognize the material human rights risks that it poses. Recently, the Foundation for Alcohol Research and Education (FARE), audited the advertising transparency of seven major digital platforms, including Meta. They found that Meta was not transparent enough for the public to understand what advertising they publish, and how it is targeted<sup>4</sup>. In fact, Facebook does not publish data on alleged violations of the policies they do have, making it impossible to know if they are effective<sup>5</sup>.

There is growing global consensus among civil society experts, academics, and policymakers that targeted advertising can lead to the erosion of human rights. Legislation in Europe<sup>6</sup> and the United States<sup>7</sup> is poised to severely restrict or even ban targeted ads.

Facebook's business model relies on a single source of revenue – advertising. Targeted advertising, given concerns around the fairness, accountability, and transparency of the underlying algorithmic system, has been heavily scrutinized for its adverse impacts on human rights, and could face significant regulation. This is a material risk to investors. A robust HRIA will enable the company to better identify, address, mitigate and prevent such adverse human rights impacts that expose the company to reputational, legal, business and financial risks.

1. <https://www.statista.com/statistics/271258/facebooks-advertising-revenue-worldwide/>

2. <https://www.nytimes.com/2019/03/28/us/politics/facebook-housing-discrimination.html>

3. <https://www.cnbc.com/2022/10/24/facebook-google-face-skeptical-wall-street-this-week-amid-ad-collapse.html>

4. <https://theconversation.com/how-dark-is-dark-advertising-we-audited-facebook-google-and-other-platforms-to-find-out-189310>

5. <https://rankingdigitalrights.org/index2022/companies/Meta>

6. <https://www.brookings.edu/techstream/what-the-european-dsa-and-dma-proposals-mean-for-online-platforms/>

7. <https://mashable.com/article/filter-bubble-transparency-act-threatens-facebook-news-feed>

# Proxy Resolutions: Human Rights and Worker Rights

*For the full list of investors who filed this resolution, see the Index on p. 260.*

## Improving Algorithmic Systems Disclosures

Alphabet, Inc.

WHEREAS legislators, regulators, academics, and civil society increasingly require information to help understand how algorithmic systems can lead to discriminatory and other harmful outcomes in education, labor, medicine, criminal justice, and online platforms.<sup>1</sup>

In 2022 the White House published a Blueprint for an AI Bill of Rights including a call for “algorithmic impact assessments” from independent evaluators to look for discrimination.<sup>2</sup>

In 2021:

- bipartisan lawmakers introduced the Filter Bubble Transparency Act, which would require companies to provide a version of their products which uses an “input-transparent” algorithm;
- the Social Media Disclosure and Transparency of Advertisements Act was introduced in Congress and would force disclosure regarding online targeted advertisements; and
- Washington, D.C. Attorney General Karl Racine introduced the Stop Discrimination by Algorithms Act, which would require companies to audit algorithms for discriminatory impact.<sup>3</sup>

General artificial intelligence bills or resolutions were introduced in at least 17 U.S. states in 2022 and enacted in four.<sup>4</sup>

In the EU, the European Commission is working on an artificial intelligence regulation to address risks associated with uses of AI and to build trustworthy artificial intelligence.<sup>5</sup>

In 2021, an investigation by The Markup found that Google Ads “blocks advertisers from using 83.9 percent of social and racial justice terms”. White supremacist and anti-Muslim ideologies have appeared on YouTube and can lead to offline violence; for example, the New Zealand Royal Commission found that content on YouTube radicalized the man who massacred 51 people at Christchurch mosques in 2019.<sup>6</sup>

In 2020, Google fired Timnit Gebru, co-lead of Google’s AI ethics team, after she conducted research that found Google’s technology could perpetuate racism and sexism.<sup>7</sup>

Promoting fairness, accountability, and transparency in artificial intelligence is central to its utility and safety to society. The Open Technology Institute has recommended a set of algorithmic disclosures for tech companies. Deloitte has said algorithmic risk management “requires continuous monitoring of algorithms”. The Mozilla Foundation and researchers at New York University have put forward recommendations and technical standards for algorithm and ad transparency.<sup>8</sup> Shareholders believe that improved disclosure will help in building and maintaining users and investors’ trust, that will ultimately drive long-term, sustainable value creation.

RESOLVED, shareholders request Alphabet go above and beyond its existing disclosures and provide more quantitative and qualitative information on its algorithmic systems. Exact disclosures are within management’s discretion, but suggestions include, how Alphabet uses algorithmic systems to target and deliver ads, error rates, and the impact these systems had on user speech and experiences. Management also has the discretion to consider using the recommendations and technical standards for algorithm and ad transparency put forward by the Mozilla Foundation and researchers at New York University.

1. [https://d1y8sb8igg2f8e.cloudfront.net/documents/Cracking\\_Open\\_the\\_Black\\_Box.pdf](https://d1y8sb8igg2f8e.cloudfront.net/documents/Cracking_Open_the_Black_Box.pdf)

2. <https://www.whitehouse.gov/ostp/ai-bill-of-rights/>

3. <https://finance.yahoo.com/news/bipartisan-bill-seeks-curb-recommendation-225203490.html>;  
<https://trahan.house.gov/news/documentsingle.aspx?DocumentID=2112>; <https://oag.dc.gov/release/ag-racine-introduces-legislation-stop>

4. <https://www.ncsl.org/research/telecommunications-and-information-technology/2020-legislation-related-to-artificial-intelligence.aspx#2022>

5. <https://digital-strategy.ec.europa.eu/en/policies/european-approach-artificial-intelligence>

6. <https://themarkup.org/google-the-giant/2021/04/09/how-we-discovered-googles-social-justice-blocklist-for-youtube-ad-placements>;

<https://www.cnbc.com/2020/12/08/youtube-radicalized-christchurch-shooter-new-zealand-report-finds.html>

7. <https://www.wired.com/story/google-timnit-gebru-ai-what-really-happened/>

8. <https://www.newamerica.org/oti/reports/why-am-i-seeing-this/promoting-fairness-accountability-and-transparency-around-algorithmic-recommendation-practices/>;  
<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/risk/us-risk-algorithmic-machine-learning-risk-management.pdf>; <https://blog.mozilla.org/en/mozilla/facebook-and-google-this-is-what-an-effective-ad-archive-api-looks-like/>; <https://foundation.mozilla.org/en/campaigns/mandating-tools-to-scrutinize-social-media-companies/>; and [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3898214](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3898214)



### **Performance Review of Audit and Compliance Committee**

Alphabet, Inc.

WHEREAS: Alphabet Board's Audit and Compliance Committee ("Committee") is charged with overseeing "Alphabet's major risk exposures, including financial, operational, data privacy and security, competition, legal, regulatory, compliance, civil and human rights, sustainability, and reputational risks."

Nevertheless, increasing concern regarding the impact on public well-being of Alphabet's data privacy, content management, corporate transparency, and artificial intelligence ("AI") operations raise doubts about the Committee's ability to oversee those issues.

Numerous lawsuits allege Google deceived consumers and invaded their privacy by tracking their location data. Google settled one such case with 40 state attorneys general for \$391.5 million, another with Arizona for \$85 million, and an Illinois-based class action over violations of a state privacy law regarding misuse of Google Photos for \$100 million. Rhode Island is leading a lawsuit claiming Alphabet fraudulently concealed security vulnerabilities, such as with Google+; an appellate court found a "strong inference" top executives were aware of, but intentionally concealed, such information from investors.

The Department of Justice is investigating Alphabet for antitrust violations, Alphabet has been sued for monopolizing the online digital advertising market, and the European Union imposed a \$4.13 billion fine finding Google's Android operating system violated competition law.

Alphabet's YouTube platform has been plagued by content management issues, including failing to remove channels disseminating antisemitic and white supremacist content, and spreading dis and misinformation globally, especially in languages other than English. Researchers have found Google's ad platforms a critical source of funding for covid, climate, election, and other disinformation websites, yet opaque to those seeking to monitor advertisers potentially violating the platform's terms of use.

Alphabet's forays into AI pose other risks. The White House "Blueprint for an AI Bill of Rights" recommends the use of AI consider safety, avoid discrimination, protect data privacy, inform users when its being applied, and allow people to opt out of AI interaction. Yet Google forced out researchers who identified racial bias in AI and raised ethical concerns regarding testing of an AI chatbot.

RESOLVED: Shareholders request the Board commission an independent assessment of the role of its Audit and Compliance Committee in ensuring effective Board oversight, above and beyond legal compliance, of material risks to public well-being from company operations.

Supporting Statement: The review should be conducted at reasonable expense and publish a public report, omitting confidential or privileged information, by September 1, 2024.

Proponents recommend the review assess the extent to which the Committee has implemented or may implement best practices for corporate risk. The report should recommend any appropriate mitigation measures such as additional access to internal and external experts, director training, increasing the frequency of Committee engagement or delegating risk issues to a separate board committee, and providing an avenue for employees to anonymously report issues to the board or Committee.

Vote YES on this proposal to protect investor value through authentic risk oversight at Alphabet.

### **Independent Review of the Role of the Audit and Risk Oversight Committee**

Meta (Facebook Inc.)

RESOLVED: Shareholders request the Board of Directors (the “Board”) of Meta Platforms, Inc. (“Meta”) commission an independent review of the role of the Audit and Risk Oversight Committee (the “Committee”) in ensuring effective Board oversight of material risks to public well-being from Meta’s operations. The review should be conducted at reasonable expense with a public summary, omitting confidential or privileged information. A full report of the review should be publicly disclosed on Meta’s website.

Supporting Statement: In 2018, following the Cambridge Analytica scandal in which the company allowed Facebook user data to be improperly acquired and used for political purposes, the Board broadened the charter of the Audit Committee, renamed the Audit and Risk Oversight Committee, making it responsible for reviewing “at least annually” risk exposures, including ESG risks, such as data privacy, community safety, and cybersecurity, as well as management’s efforts to monitor and mitigate such exposures.

Nevertheless, Meta’s social media platforms have continued to contain troubling content including:

advertisements on Facebook by white supremacist groups that have violated Facebook’s terms of service; far-right militia groups that have organized and recruited on Facebook; the spread of COVID-19 misinformation on Facebook; the spread of election misinformation on Facebook leading up to the January 6, 2021 attack on the U.S. Capitol; and content on Instagram that Meta’s internal research has shown is damaging to adolescent girls’ mental health; and inappropriate behavior by users on Meta’s VR platforms. Further, the D.C. attorney general has filed litigation against Mark Zuckerberg for Meta’s alleged data abuses, and Meta is facing a class action lawsuit led by Ohio Public Employees Retirement System for over \$100 billion in lost shareholder value, alleging Meta intentionally misled the public and investors about the negative impact of its products on minors.

Proponents recommend a review assessing the Committee’s role in promoting effective fiduciary oversight by the Board, including the extent to which the Committee ensures Board access to necessary data on issues related to risks to public well-being, the frequency with which management brings “red flag” issues to the attention of the Board, and the depth of Board consideration of these issues. We note directors are liable under Delaware law if they “consciously failed to monitor or oversee [the company’s] operations thus disabling themselves from being informed of risks or problems requiring their attention,” particularly if they lack an effective system to flag and monitor material issues.

In our view, an independent assessment of the Committee’s oversight of public safety and public interest risks will help identify any needed mitigation measures such as additional access to internal and external experts, director training, increasing the frequency of Committee engagement with management, or providing an avenue for employees to anonymously report issues to the Committee.

For these reasons, we urge shareholders to vote for this proposal to protect investor value through authentic, well-resourced risk oversight at Meta.

### **Freedom of Expression Transparency Report**

Apple Computer, Inc.

In December 2020, 154 human rights organizations wrote to CEO Tim Cook regarding Apple's complicity with the Chinese government's human rights atrocities, noting that "[e]ven though...app removals gravely affect freedom of expression and access to information, Apple's Transparency Report currently does not disclose such actions beyond a number."

The New York Times reported in May 2021: "... Apple has constructed a bureaucracy that has become a powerful tool in China's vast censorship operation. It proactively censors its Chinese App Store, relying on software and employees to flag and block apps that Apple managers worry could run afoul of Chinese officials." Since 2017, the Times said, roughly 55,000 active apps have disappeared from Apple's Chinese App Store, including "tools for organizing pro-democracy protests and skirting internet restrictions." Most of those apps have remained available in other countries, the Times said.

Apple's transparency report for the first half of 2020 disclosed that it complied with all 46 requests from the Chinese government to remove 152 apps from the App Store. The report did not explain which apps were removed or for what reason.

Apple's transparency reporting takes a "quantitative approach" that offers "little context for the app removal requests from the Chinese government or explanation of the risks that may be involved," according to Institutional Shareholder Services. The 2020 Ranking Digital Rights Corporate Accountability Index found "Apple lacked transparency about its process for removing apps from the App Store for violations to iOS rules." Shareholders are deeply concerned about a material failure in Apple's transparency reporting that seemingly highlights a contradiction between Apple's human rights policy and its actions regarding China and its occupied territories, which represent almost a third of Apple's customer base. This poses significant legal, reputational and financial risk to Apple and its shareholders.

RESOLVED, shareholders request the Board of Directors revise the Company's Transparency Reports to provide clear explanations of the number and categories of app removals from the app store, in response to or in anticipation of government requests, that may reasonably be expected to limit freedom of expression or access to information. Such revision may exclude proprietary or legally privileged information.

SUPPORTING STATEMENT: Proponents suggest the company include in its Transparency Reports, or explain why it cannot disclose:

- The substantive content of government requests, by country, including which government agencies made requests; number of apps removed by category such as "encrypted communications," VPN, etc.; and external legal or policy basis as well as internal company criteria on which the apps were removed;
- Any indicia of the extent of impact on residents of those countries, such as the number of prior downloads of the app and whether existing usage of the app was eliminated;
- Any efforts by the company to mitigate the harmful effect on freedom of expression and access to information posed by the categories of removals.

## Freedom of Expression Transparency Report

### PayPal

In June 2021, the American Civil Liberties Union launched a campaign<sup>1</sup> calling on PayPal to provide nondiscriminatory financial services to all users. ACLU argued that accountability on human rights, civil liberties, and sound technology policy necessitates that PayPal provide transparency to users. If PayPal decides to close an individual or business account, PayPal must provide meaningful notice about the particular Terms of Services provision that was violated, and users should have the opportunity to appeal in a timely and efficient manner.

In addition to blocking the accounts of sex workers,<sup>2</sup> PayPal routinely targets users for speech protected by the First Amendment<sup>3</sup> including:

- Freezing the account<sup>4</sup> of News Media Canada for a payment to submit an article about Syrian refugees for an award;
- Terminating service<sup>5</sup> to a user for using open-source software enabling anonymous communication;
- Stalling<sup>6</sup> efforts to provide bail support to protestors;
- Banning legal sex workers access to services, which disproportionately harms Black, Brown and trans communities.<sup>7</sup>

As Electronic Frontier Foundation notes,<sup>8</sup> because a few companies dominate online payment processing, PayPal wields tremendous power to control the speech environment by turning off the financial faucet for users who express disfavored views or discuss controversial subject matter. Merchants and individuals on PayPal's blacklist may find themselves in a financially precarious situation since payment platforms are extremely centralized, creating what in practice is a duopoly. Any argument that those dissatisfied with PayPal's terms and conditions should simply seek other payment methods is not particularly realistic.

PayPal's 2021 Global Impact Report touts its commitment to "[b]uilding a digital economy that powers a more inclusive and resilient world," and yet that report fails to include any information relevant to account suspensions or actions that may chill free speech.<sup>9</sup>

PayPal's poor transparency reporting veils the contradiction between PayPal's human rights policy and account suspensions and other potential violations of freedom of speech. This poses significant legal, reputational, and financial risk to PayPal and its shareholders.

**RESOLVED:** Shareholders request the Board revise PayPal's Transparency Reports to provide clear explanations of the number and categories of account suspensions and closures that may reasonably be expected to limit freedom of expression or access to information or financial services. Such revision may exclude proprietary or legally privileged information.

**SUPPORTING STATEMENT:** Proponents suggest the company include in its Transparency Reports, or explain why it cannot disclose:

- The substantive content of account suspension decisions, by country, including which individuals or businesses made requests; number of accounts removed by category such as "encrypted communications," VPN, etc.; and external legal or policy basis and internal company criteria for removals;
- Any indicia of impact, such as the number of prior account suspension warnings and whether existing usage of the account was eliminated;
- Any efforts by the company to mitigate the harmful effects.

1. <https://www.aclu.org/news/lgbtq-rights/paypal-and-venmo-are-shutting-out-sex-workers-putting-lives-and-livelihoods-at-risk>
2. <https://www.bloomberg.com/news/articles/2019-11-14/porn-site-says-paypal-ban-will-hurt-more-than-100-000-performers>
3. <https://www.thefire.org/research-learn/fire-statement-free-speech-and-online-payment-processors>
4. <https://www.cbc.ca/news/canada/manitoba/paypal-freezes-flin-flon-newspaper-syrian-refugees-1.3977292>
5. <https://www.eff.org/deeplinks/2021/06/paypal-shuts-down-long-time-tor-supporter-no-recourse>
6. <https://www.vice.com/en/article/k7qbnz/venmo-paypal-freeze-transfer-limits-bail-funds>
7. <https://www.aclu.org/news/lgbtq-rights/sex-work-is-real-work-and-its-time-to-treat-it-that-way/>
8. <https://www.eff.org/deeplinks/2016/02/kafkaesque-battle-soulseek-and-paypal-and-why-free-speech-defenders-should-be>
9. [https://s201.q4cdn.com/346340278/files/doc\\_downloads/PayPal-2021-Global-Impact-Report.pdf](https://s201.q4cdn.com/346340278/files/doc_downloads/PayPal-2021-Global-Impact-Report.pdf)

### **Child Safety Online** Meta (Facebook Inc.)

The internet was not developed with children in mind. Social media impacts children's brains differently than adult brains.<sup>1</sup> It also poses physical and psychological risks that many children and teens are unprepared for, including sextortion and grooming, hate group recruitment, human trafficking (for any means), cyberbullying and harassment, exposure to sexual or violent content, invasion of privacy, self-harm content, and financial scams, among others.

Meta is the world's largest social media company with billions of children and teen users. Meta's platforms, including Facebook, Instagram, Messenger and WhatsApp, have been linked to numerous child safety impacts and social policy challenges, including:

- **Mental Health:** Meta's own company research showed Instagram's negative impacts on teens' self-image, increased rates of depression and anxiety, and a link to suicidal thoughts. The Wall St. Journal concluded that these Instagram documents revealed "Facebook has made minimal efforts to address these issues and plays them down in public."<sup>2</sup>
- **Sexual Exploitation:** In 2021, nearly 29 million cases of online child sexual abuse material were reported; nearly 27 million of those (92 percent) stemmed from Meta platforms—including Facebook, WhatsApp, Messenger and Instagram.<sup>3</sup> A Forbes report on Instagram pedophiles described Instagram as "a marketplace for sexualized images of children."<sup>4</sup>
- **Cyberbullying:** Time Magazine reported that "By one estimate, nearly 80% of teens are on Instagram and more than half of those users have been bullied on the platform."<sup>5</sup> A UK study found that Instagram accounted for 42 percent of online bullying, followed by Facebook with 39 percent.<sup>6</sup>
- **Data Privacy:** In September 2022, Meta was fined over \$400 million for failing to safeguard children's information on Instagram<sup>7</sup>
- **Legislative Response:** There is bipartisan Congressional support for the Kids Online Safety Act which will require companies to "act in kids' best interests and prevent or mitigate the risk of certain harms including suicide, eating disorders and substance abuse."<sup>8</sup> The UK Online Safety bill aims to keep internet users safe from fraudulent and harmful content and prevent children, in particular, from accessing damaging material.

The European Union's Digital Services Act will make identifying, reporting and removing child sexual abuse material mandatory.<sup>9</sup>

Meta is facing increasing regulatory, reputational, and legal risks due to these unabated issues.

Meta states that it has no tolerance for child exploitation or bullying and is developing new child safety features for selected products and age groups. Yet, Meta has no publicly available, company-wide child safety or harm reduction performance targets for investors and stakeholders to judge the effectiveness of Meta's announced tools, policies and actions.

**RESOLVED:** Shareholders request that, within one year, the Board of Directors adopts targets and publishes annually a report (prepared at reasonable expense, excluding proprietary information) includes quantitative metrics appropriate to assessing whether Meta has improved its performance globally regarding child safety impacts and actual harm reduction to children on its platforms.

1. <https://www.apa.org/news/apa/2022/social-media-children-teens>
2. <https://www.wsj.com/articles/facebook-knows-instagram-is-toxic-for-teen-girls-company-documents-show-11631620739>
3. <https://www.missingkids.org/content/dam/missingkids/pdfs/2021-reports-by-esp.pdf>
4. <https://www.forbes.com/sites/thomasbrewster/2022/06/25/meta-is-having-a-tough-time-keeping-pedophiles-off-instagram/?sh=7c02cbf45765>
5. <https://time.com/5619999/instagram-mosseri-bullying-artificial-intelligence/>
6. <https://techjury.net/blog/cyberbullying-statistics/>
7. <https://www.cnet.com/news/privacy/meta-fined-400m-for-failing-to-protect-childrens-privacy-on-instagram/>
8. <https://www.cbc.com/2022/02/16/new-bill-would-require-facebook-google-and-others-to-protect-children.html>
9. <https://www.nytimes.com/2022/04/28/opinion/social-media-facebook-transparency.html?smid=em-share>

## Board Oversight of Harmful User-Generated Content

### Meta (Facebook Inc.)

WHEREAS: The Meta (formerly Facebook) brand has continued to be wracked by management missteps and lack of Board oversight, resulting in continued harm from its platforms including:

- Millions of high-profile users exempted from its rules,<sup>1</sup> permitting continued widespread incitement of violence and harassment;
- Internal Company research demonstrating that Instagram harms teenage girls;<sup>2</sup>
- Mental health crises among outsourced moderators<sup>3</sup> due to viewing child pornography and animal cruelty;
- Lack of cooperation with authorities to prevent and detect child exploitation and abuse;<sup>4</sup>
- The spread of election misinformation despite clear warnings;<sup>5</sup>
- The amplification of political advertisements containing deliberate lies and mistruths;<sup>6,7</sup>
- Hate speech that continues to thrive;<sup>8</sup>
- Anti-immigrant violence<sup>9</sup> around the world; and Lax enforcement of age requirements in the Company's metaverse platforms, despite evidence that the metaverse is deeply harmful to children's cognitive development.<sup>10</sup>

Meta has the technological solutions to stop these types of abuses but chooses not to deploy them. A 2021 whistleblower complaint filed with the Securities and Exchange Commission<sup>11</sup> argues the Company has failed to adequately warn investors about the material risks of dangerous and criminal behavior, terrorist content, hate speech, and misinformation on its sites. Company failure to control these activities reflects a grave lack of oversight by management and the board. Despite establishing an internal Oversight Board, the Company's platforms continue to harm society and users, and creates investor risk. An internal review of company practices highlighting harassment and incitement to violence states, "We are not actually doing what we say we do publicly," and deems company's actions "a breach of trust."<sup>12</sup>

Management has attempted to address the material risk of dangerous user content through the creation of its "Transparency Center"<sup>13</sup> which displays qualitative and quantitative reports on the elimination of posts violating one of the 25 "Community Standards." Shareholders applaud this action, yet it appears to be ineffective given ongoing harms.

BE IT RESOLVED: Shareholders request the Board, at reasonable expense and excluding proprietary or legally privileged information, prepare and publish a report analyzing why the enforcement of "Community Standards" as described in the "Transparency Center" has proven ineffective at controlling the dissemination of user content that contains or promotes hate speech, disinformation, or content that incites violence and/or causes harm to public health or personal safety.

SUPPORTING STATEMENT: Proponent suggests the report include for each of Meta's products, including Facebook, Messenger, Instagram, WhatsApp, and others with over 100 million users:

- A quantitative and qualitative assessment by external, independent, and qualified experts of the effectiveness of Meta's algorithms, staff, and contractors to locate and eliminate content violating Community Standards;
- Examination of benefits to users and impact to revenue if Company voluntarily follows existing legal frameworks established for broadcast networks (e.g. laws governing child pornography and political advertisements); and
- Analysis of the benefits of the Company continuing to conduct technology.

1. <https://www.wsj.com/articles/facebook-files-xcheck-zuckerberg-elite-rules-11631541353>

2. <https://www.wsj.com/articles/facebook-knows-instagram-is-toxic-for-teen-girls-company-documents-show-11631620739>

3. <https://www.nytimes.com/2021/08/31/technology/facebook-accenture-content-moderation.html>

4. <https://www.theguardian.com/technology/2021/jan/21/facebook-admits-encryption-will-harm-efforts-to-prevent-child-exploitation>

5. <https://www.nytimes.com/2021/10/22/technology/facebook-election-misinformation.html?referringSource=articleShare>

6. <https://www.washingtonpost.com/technology/2019/10/10/facebook-policy-political-speech-lets-politicians-lie-ads/>

7. <https://www.globalwitness.org/en/press-releases/facebook-and-tiktok-fail-block-deceptive-ads-blatant-us-midterms-disinformation/>

8. <https://www.dailydot.com/debug/hate-speech-facebook/>

9. <https://www.dw.com/en/new-study-shows-afd-facebook-posts-spur-anti-refugee-attacks/a-41972992>

10. <https://www.nytimes.com/2022/10/07/technology/metaverse-facebook-horizon-worlds.html?smid=nytcare-ios-share&referringSource=articleShare>

11. <https://www.washingtonpost.com/technology/2021/10/22/facebook-new-whistleblower-complaint/>

12. <https://www.wsj.com/articles/facebook-files-xcheck-zuckerberg-elite-rules-11631541353>

13. <https://transparency.fb.com/>

## Transparency Reporting

Amazon.com, Inc.

WHEREAS: With nearly five billion monthly visits, Amazon.com is the world's largest ecommerce platform. Its primacy allows it to facilitate — or impede — free expression and access to information for billions of people through products and services sold on the platform.

However, Amazon's transparency reporting regarding restricted products and user-generated content on its platform falls far short of industry<sup>1</sup> and international human rights standards.<sup>2</sup>

Amazon has reportedly removed products and content from the ecommerce platform following pressure from authoritarian regimes, without disclosing the removal. The New York Times said Amazon restricted search results for LGBTQ+-related products in the United Arab Emirates after being threatened with penalties by that government.<sup>3</sup> Reuters reported Amazon stopped allowing customer ratings and reviews in China as "part of a deeper, decade-long effort ... to win favor in Beijing to protect and grow its business."<sup>4</sup>

Amazon.com reports on certain content and product restrictions in its annual Brand Protection Report, which is limited to fraud and product quality concerns and does not offer detail on types, methods, or reasons for these restrictions.<sup>5</sup> While the company discloses government requests for user information in its biannual Information Request Report, it does not publish quantitative disclosures related to government content removal requests.

In 2022, Ranking Digital Rights called Amazon "by far the least transparent U.S.-based platform," with disclosures on par with China's notoriously opaque tech giants. Amazon discloses less than Chinese retailer Alibaba on user appeals regarding account and content bans.<sup>6</sup>

Amazon trails far behind peer companies Google and Meta, which while imperfect, provide disclosures on content restricted to comply with government orders or laws. Two large ecommerce companies — eBay and Mercado Libre — publish annual reports revealing significantly more insight on listings removed than Amazon provides.<sup>7</sup>

Amazon's failure to provide comprehensive reporting on content and product restrictions presents material risk to investors. The company must demonstrate a serious commitment to transparency and human rights.

RESOLVED: Shareholders request the Board revise its transparency reporting to provide more detailed quantitative disclosures on removal or restriction of content and products on the Amazon.com platform due to government requests or the company's voluntary removal or restrictions in anticipation or interpretation of domestic or foreign government requirements. Such revision should be made within one year of the annual meeting and may exclude proprietary or legally privileged information.

SUPPORTING STATEMENT: Proponents suggest the company include in its annual transparency reporting, or explain why it cannot disclose, information regarding:

- Categories of government requests, by country, including which government agencies made requests; number and type of content and products removed by category; accounts affected; rate of compliance; and legal or policy basis as well as internal company criteria on which the content or product was removed;
- Voluntary removal or restrictions taken by the company in anticipation or interpretation of potential government requirements, including number and type of content restricted by country and internal basis supporting the content removal or restriction.

1. <https://santaclaraprinciples.org/>

2. [https://www.bsr.org/reports/A\\_Human\\_Rights-Based\\_Approach\\_to\\_Content\\_Governance.pdf](https://www.bsr.org/reports/A_Human_Rights-Based_Approach_to_Content_Governance.pdf)

3. <https://www.nytimes.com/2022/06/29/business/amazon-lgbtq-uae-emirates.html>

4. <https://www.reuters.com/world/china/amazon-partnered-with-china-propaganda-arm-win-beijings-favor-document-shows-2021-12-17/>

5. <https://brandservices.amazon.com/progressreport>

6. <https://rankingdigitalrights.org/index2022/companies/Amazon>

7. [https://www.ebaymainstreet.com/sites/default/files/2022-04/ebay\\_Transparency-Report-2022\\_Letter\\_Social\\_v5.pdf](https://www.ebaymainstreet.com/sites/default/files/2022-04/ebay_Transparency-Report-2022_Letter_Social_v5.pdf)

### **Data Operations in Human Rights Hotspots**

Alphabet, Inc.

**RESOLVED:** Shareholders request the Board of Directors commission a report assessing the siting of Google Cloud Data Centers in countries of significant human rights concern, and the Company's strategies for mitigating the related impacts.

The report, prepared at reasonable cost and omitting confidential and proprietary information, should be published on the Company's website within six months of the 2023 shareholders meeting.

#### **SUPPORTING STATEMENT:**

Shareholders are concerned by Alphabet's announced plans to expand data center operations in locations reported by the US State Department's Country Reports on Human Rights Practices to present significant human rights violations.

These include Jakarta, Indonesia where government opponents face prison for insulting the president or government officials online; Doha, Qatar where security forces interrogate social media users for tweets critical of government officials; and Delhi, India where the government frequently orders internet shutdowns and where Google's Transparency report showed a 69% increase in government requests for user data in 2019 and an additional 50% by 2021.

Of particular concern is the plan to locate a Google Cloud Data Center in Saudi Arabia. The US State Department Country Report details the highly restrictive Saudi control of all internet activities and pervasive government surveillance, arrest, and prosecution of online activity. Human rights activists have reliably reported that "Saudi authorities went so far as to recruit internal Twitter employees in the US to extract personal information and spy on private communications of exiled Saudi activists." Given this history and use of spyware to violate privacy rights of dissidents, the choice to locate here is particularly troubling.

In response to human rights activists, our company stated that "an independent human rights assessment was conducted for the Google Cloud Region in Saudi Arabia, and Google took steps to address matters identified as part of that review." Despite our company's declaration that "Transparency is core to our commitment to respect human rights," neither the Company's human rights assessment for Saudi Arabia nor the resulting actions have been made public.

Alphabet's Human Rights Policy notes that:

In everything we do, including launching new products and expanding our operations around the globe, we are guided by internationally recognized human rights standards.

Yet, the company's decisions of siting cloud data centers in human rights hot spots occur behind closed doors, without the promised transparency. A report sufficient to fulfill the proposal's essential objectives would examine the scope, implementation, and robustness of the company's human rights due diligence processes on siting of cloud computing operations. It would assess, with an eye toward the rights enshrined in the Universal Declaration of Human Rights, the standards established in the United Nations Guiding Principles on Business and Human Rights (UNGPs) and in the Global Network Initiative Principles (GNI Principles), the priorities and potential impacts on people, any mitigating actions, any tracking of outcomes, and whether the company identifies and engages rights-holders to ensure its human rights efforts are well informed.



### **Human Rights and Material Risks Related to the Russian Invasion of Ukraine**

#### **Texas Instruments Inc.**

**RESOLVED:** Shareholders request that the Board of Directors commission an independent third-party report, at reasonable expense and excluding proprietary information, on Texas Instruments' (TI) due diligence process to determine whether its customers' use of its products or services contribute or are linked to violations of international law.

**WHEREAS:** The United States and EU have imposed extensive sanctions and export controls against the Russian state and its owned and affiliated businesses in response to the invasion of Ukraine.<sup>1,2</sup> On September 21, Vladimir Putin announced a "partial mobilization," requiring all public and private organizations to assist in the conscription of eligible employees and provide material means to support the war effort<sup>3</sup>;

The Royal United Services Institute (RUSI) reported that TI and Analog Devices were the original manufacturers of approximately 25% of the dual-use items found in 27 Russian weapons systems used in the invasion, including cruise and ballistic missiles, precision munitions, and electronic warfare. RUSI notes that "US exporters of these products [had] a due-diligence obligation to make sure they were not destined for a prohibited end user, or to be used in prohibited end use."<sup>4</sup>

Iranian "kamikaze" drones, governed by export restrictions and used by Russia against Ukraine, contain circuit boards with TI processors.<sup>5</sup> Reports indicate these drones are being used against civilians and energy infrastructure, exacerbating the humanitarian crisis.<sup>6</sup>

The use of TI's products during the Russian invasion of Ukraine may result in heightened human rights and financially material risks through potential violations of American and EU sanctions and export controls, the United Nations Guiding Principles (UNGPs) on Business and Human Rights, and TI's human rights policies, as well as complicity in Russia's war crimes.<sup>7</sup>

Because human rights risks can be particularly acute in conflict-affected and high-risk areas (CAHRA), characterized by widespread human rights abuses and violations of national or international law, the UNGPs call for heightened due diligence. The International Finance Corporation states that companies in CAHRA "face business risks . . . much greater than those in other emerging markets," including destruction of assets, deaths and injuries, weak state control, lack of security, and supply-chain disruptions.

To mitigate risks associated with customer conduct, companies undertake "Know Your Customer" (KYC) due diligence coupled with sanctions compliance programs.

**SUPPORTING STATEMENT:** Shareholders seek information, at board and management discretion, through a report describing TI's:

- Sanctions and export control compliance program to ensure dual-use items are not used by proscribed users or for proscribed uses;
- Plans to address increased risks associated with Putin's partial mobilization order;
- Board of Directors' role in overseeing the identification and management of risks associated with Russia's invasion;
- Determination if a KYC due diligence process is needed to address risks across CAHRA, or if a KYC exists, whether it is sufficient; and
- Assessment of legal, regulatory, and reputational risks to shareholder value posed by the use of TI products across CAHRA.

1. <https://home.treasury.gov/news/press-releases/jy0608>

2. <https://www.theguardian.com/world/2022/sep/23/russia-has-committed-war-crimes-in-ukraine-say-uninvestigators>

3. <https://base.garant.ru/136945/>

4. [https://static.rusi.org/RUSI-Silicon-Lifeline-final-updated-web\\_1.pdf](https://static.rusi.org/RUSI-Silicon-Lifeline-final-updated-web_1.pdf)

5. <https://euromaidanpress.com/2022/09/27/iranian-shahed-131-drones-have-us-made-components/>

6. <https://www.nytimes.com/2022/10/18/world/europe/ukraine-russia-blackout-water.html>

7. <https://www.ft.com/content/8537a252-2f2c-4058-9313-f5e7e28eb56d>

### **Transition Plan to Address Abuse of Uyghurs**

Apple Computer, Inc.

WHEREAS: The proponent believes that the reputation and supply chain disruption risks to the company and its shareholders associated with reliance upon supply chains in the Uyghur region of China are severe;

WHEREAS: Recent press and reports regarding the Uyghur region provide evidence of widespread human rights abuses against the Uyghur population and other Turkic Muslim populations;<sup>1</sup>

WHEREAS: The US State Department, European, UK, and Canadian Parliaments identify the abuses against the Uyghurs as a genocide, making any association with such abuses a critical violation of Apple's human rights policy and a significant reputational and valuation risk;<sup>2</sup>

WHEREAS: The U.S. State Department's "Updated Xinjiang Supply Chain Business Advisory"<sup>3</sup> warns:

Given the severity and extent of [regional] abuses, businesses and individuals that do not exit supply chains, ventures, and/or investments connected to Xinjiang could run a high risk of violating U.S. law;

WHEREAS: Investigations show transfers of forced labor from the region associated with operations on the most recently disclosed list of Apple suppliers<sup>4</sup> and investment by Apple in energy partnerships closely allied to Uyghur forced labor;<sup>5</sup>

WHEREAS: Numerous reputable third party supplier auditors have withdrawn from the Uyghur region due to the interference of the Chinese government with effective auditing, thereby limiting Apple's ability to use such consultants to adequately evaluate labor conditions;<sup>6</sup>

WHEREAS: Geopolitical instability in supply chains may merit greater reliance on US domestic and less volatile labor markets;

RESOLVED: Shareholders request that, in light of human rights abuses in the region and the reputational and operational impacts posed to Apple, the Company publish within one year a phaseout transition plan, at reasonable expense and excluding proprietary information, to cease supply chain activities involving labor from the Uyghur region, including labor transfers of workers from the Uyghur region to other areas of China.

SUPPORTING STATEMENT: The transition plan should, in the discretion of the board and management, include:

- A reasonable timeframe for completing phaseout of sourcing from Uyghur related labor, such as three years;
- A plan to cease all supply chain sources from the Uyghur region;
- A plan to cease all supply chain sources which receive labor transfers from the Uyghur region, including a sound strategy for assessing which suppliers are receiving such transfers;
- Any development of new supply chain sources in other regions, including US domestic sources, and discussion of any related challenges or opportunities;
- Discussion of necessary resource commitments including capital expenditures, technology transfers, and other supply chain development investments.

1. <https://www.nytimes.com/2022/09/01/world/asia/china-xinjiang-uyghurs.html>

2. <https://www.cnn.com/2021/04/22/world/uk-china-uyghur-genocidnoe-motion-gbr-intl/index.html>; <https://www.business-humanrights.org/en/latest-news/european-parliament-adopts-resolution-calling-for-eu-import-ban-on-products-made-with-forced-labour/>; <https://www.rfi.fr/en/france/20220120-french-parliament-adopts-resolution-denouncing-china-s-uyghur-genocide>; <https://www.newsweek.com/united-nations-special-report-contemporary-slavery-china-xinjiang-uyghur-tibet-1734334>

3. <https://www.state.gov/xinjiang-supply-chain-business-advisory/>

4. <https://www.businessinsider.com/apple-china-suppliers-uyghur-muslims-forced-labor-report-2021-5>; <https://www.techtransparencyproject.org/articles/cfa-files-complaint-over-forced-labor-apples-supply-chain>

5. <https://www.techtransparencyproject.org/articles/apples-uyghur-dilemma-grows>; <https://www.bloomberg.com/news/articles/2022-03-28/solar-energy-boom-could-worsen-forced-labor-in-china-group-says>

6. <https://www.wsj.com/articles/auditors-say-they-no-longer-will-inspect-labor-conditions-at-xinjiang-factories-11600697706>

### **Assessing Allegations of Biased Operations in India**

#### **Meta (Facebook Inc.)**

WHEREAS: Meta's largest user base is in India, with "over half a billion Indians using Meta services." Facebook is apparently a critical catalyst of religious violence in India from<sup>1</sup> disseminating anti-Muslim hate speech, and failing to flag posts and speakers who pose risks in this regard.

For instance, in February 2020, Muslim-majority neighborhoods of north-east Delhi were stormed by a mob, destroying mosques, shops, homes and cars, and killing 53 people. In months preceding the massacre, the head of a powerful North Indian temple videoed a speech onto Facebook, declaring "I want to eliminate Muslims and Islam from the face of the Earth." It has been viewed well over 40 million times.

According to the Wall Street Journal, Facebook's top policy official in India, Ankhi Das, pushed back against employees wanting to label BJP politician T. Raja Singh "dangerous" and to ban him from the platform after he used Facebook to call Muslims traitors, threaten to raze mosques, and call for Muslim immigrants to be shot. Das argued that punishing Singh would hurt Facebook's business in India.<sup>2</sup>

Facebook India's top remaining employee has ties to the BJP. Shivnath Thukral, who now heads public policy across all India platforms after resignations of other top personnel, assisted in BJP's 2014 election campaign. Al Jazeera reported that Facebook provided preferential rates for political advertisements of the BJP, and permitted surrogate advertising supporting BJP, suggesting partisan bias.

Further, content moderation in India is undercut by poor capacity of Meta's "misinformation classifiers" (algorithms) and its human moderators to recognize many of India's 22 officially recognized languages.<sup>3</sup>

In 2019, Meta commissioned law firm Foley Hoag for a Human Rights Impact Assessment (HRIA) of its India operations. The four page summary released by Meta provides scant transparency and explicitly acknowledged the assessment "did not assess or reach conclusions" about whether India operations had bias in content moderation.<sup>4</sup>

The proponent believes Meta's lack of transparency concerning India presents a clear and present danger to the Company's reputation, operations and investors.

RESOLVED: Shareholders request that the Company commission a nonpartisan assessment of allegations of political entanglement and content management biases in its operations in India, focusing on how the platform has been utilized to foment ethnic and religious conflict and hatred, and disclose results in a report to investors, at reasonable expense and excluding proprietary and privileged information. Among other things, the assessment can evaluate:

- Evidence of political biases in Company activities, and any steps to ensure it is non partisan;
- Whether content management algorithms and personnel in India are at scale and multilingual capacity necessary to curtail mass dissemination of hate speech and disinformation;
- The relevance of any evidence germane to biases, exposures, and impact disclosed in the previously commissioned India HRIA, as investors have been unable to read the full recommendations.

1. <https://techcrunch.com/2022/11/16/meta-appoints-new-india-head-amid-key-departures/>

2. <https://www.wsj.com/articles/facebook-hate-speech-india-politics-muslim-hindu-modi-zuckerberg-11597423346>

3. <https://slate.com/technology/2021/10/facebook-papers-india-modi-misinformation-rss-bjp.html>

4. Meta Human Rights Report, July 2022, p. 59

### **Ensuring People in Conflict Zones do not Suffer Discriminatory Exclusion**

#### **PayPal**

WHEREAS: Our Company's mission statement affirms "We believe that full participation in the global economy is a right, not a privilege. We have an obligation to empower people to exercise this right and improve financial health."<sup>1</sup> Elsewhere it reinforces the notion that "affordable and convenient financial services should be a right for all rather than a privilege for the few."

Our Company describes "Who We Are" by stating "Our mission is to democratize financial services to ensure that everyone, regardless of background or economic standing, has access to affordable, convenient, and secure products and services to take control of their financial lives."

Our Company states "We are available in more than 200 countries/regions supporting 25 currencies. Send and receive payments easily over borders and language barriers. We're here for you, wherever you are."<sup>2</sup> This includes service to over 425 million customers, including operations in high-conflict countries such as Yemen and Somalia and heavily-sanctioned countries such as Russia.

In this context, we are troubled by years of reliable reports<sup>3</sup> that individuals with Palestinian bank accounts cannot use PayPal to send or receive money while individuals living in a similar location but with accounts at other banks have full access to Paypal services.

The US Treasury states that transactions with private Palestinian companies and individuals are authorized, stating "prohibitions are not territorial in nature."<sup>4</sup>

Visa, Mastercard, and Western Union services have been available for years to these customers<sup>5</sup> and Palestinian banks are part of SWIFT,<sup>6</sup> the global system for secure cross-border payments. In 2021, PayPal's largest competitor, Apple Pay, started operating in Palestine.

Applying a restriction indiscriminately to all residents with Palestinian bank accounts limits our company's ability to expand its business to more than two million potential customers,<sup>7</sup> and impairs the development of business opportunities for the local 150,000 small and medium enterprises.<sup>8</sup> This limits opportunities for Palestinians to access livelihood and work opportunities.

It also hinders economic development in conflict with the company's own Code of Business Conduct & Ethics, which states that the company respects "the rights enshrined in the Universal Declaration of Human Rights and work[s] to align [its] efforts with the U.N. Guiding Principles on Business and Human Rights and other international standards."<sup>9</sup>

**RESOLVED:** Shareholders request that the Board establish a policy that ensures that people in conflict zones, such as in Palestine, do not suffer discriminatory exclusion from the company's financial services, or alternatively, if the company chooses not to establish this policy, provide an evaluation of the economic impact the policy of exclusion has on the affected populations as well as the company's finances, operations and reputation.

1. [https://s201.q4cdn.com/346340278/files/doc\\_downloads/2022/Code-of-Business-Conduct-Ethics-2022\\_External.pdf](https://s201.q4cdn.com/346340278/files/doc_downloads/2022/Code-of-Business-Conduct-Ethics-2022_External.pdf)

2. [https://www.paypal.com/webapps/mpp/country-worldwide?roistat\\_visit=285623](https://www.paypal.com/webapps/mpp/country-worldwide?roistat_visit=285623)

3. <https://techcrunch.com/2016/09/09/paypal-brushes-off-request-from-palestinian-tech-firms-to-access-the-platform/>  
<https://www.reuters.com/world/middle-east/palestinians-urge-paypal-offer-services-west-bank-gaza-2021-10-21/>

4. <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/counter-terrorism-sanctions/palestinian-authority>

5. <https://www.reuters.com/world/middle-east/palestinians-urge-paypal-offer-services-west-bank-gaza-2021-10-21/>

6. <https://www.bankofpalestine.com/en/personal/transfers/swift>

7. <https://thisweekinpalestine.com/the-banking-sector-in-palestine/>

8. <https://www.mdpi.com/2227-7099/10/10/247>

9. PayPal, Code of Business Conduct & Ethics (2022) p.47.

## Human Rights Risks in Conflict-Affected and High-Risk Areas Policies

### Caterpillar Inc.

**RESOLVED:** Shareholders request that Caterpillar commission an independent third-party report, at reasonable expense and excluding proprietary information, assessing the effectiveness of the company's due diligence process in determining if its operations or customers' use of its products contribute to violations of its Code of Conduct (CoC) and Human Rights Policy (HRP).

**WHEREAS:** Caterpillar's CoC commits the company to respecting human rights across global operations and its HRP is informed by the UN Guiding Principles on Business and Human Rights (UNGPs).<sup>1</sup> Caterpillar's Slavery and Human Trafficking Statement indicates that slavery is "inconsistent with our Values and will not be tolerated at Caterpillar, or anywhere in our supply chain."<sup>2</sup> However, investors lack transparency regarding Caterpillar's compliance with its policies pursuant to the following:

- **Russian aggression risks:** In September, President Putin ordered a 'partial mobilization,' requiring organizations in Russia to assist in the conscription of eligible employees and provide material support to the war effort. Caterpillar risks involvement in mobilization efforts through its subsidiaries and distributors, including Caterpillar Eurasia, Caterpillar Tosno, and Caterpillar Distribution, which employed over 2,350 staff and generated \$800 million in revenue in 2021 and continue operations in Russia. Caterpillar continues to use Russia as a supply chain route;<sup>3</sup>
- **Value chain risks:** In 2020, Caterpillar's exclusive wholesaler for branded retail clothing received multiple shipments from Chinese companies involved in that government's forced labor program in Xinjiang.<sup>4</sup> Equipment purchased from Caterpillar and its authorized dealers has long been reported to be used in violations of international law in Myanmar,<sup>5</sup> Occupied Palestinian Territory,<sup>6,7</sup> and Western Sahara;<sup>8</sup>
- **Legal/reputational risks:** The U.S. Government is imposing sanctions and trade controls against Russia,<sup>9</sup> Myanmar,<sup>10</sup> and China.<sup>11</sup> The EU and its members are passing mandatory human rights due diligence (HRDD) laws,<sup>12</sup> and companies are being held liable for contributions to violations of international law.<sup>13</sup> Investors, representing \$18 trillion in assets under management, view human rights and conflict as material risks, evidenced by public statements on Ukraine,<sup>14</sup> Myanmar,<sup>15</sup> and Xinjiang<sup>16</sup>;

Caterpillar and its customers' activities in conflict-affected and high-risk areas (CAHRA) may result in heightened material risks through potential violations of Caterpillar's CoC, HRP, and UNGPs. Should Caterpillar subsidiaries participate in the Russian mobilization, it may make the company complicit in war crimes.<sup>17</sup> The International Finance Corporation notes that companies in CAHRA "face business risks that are much greater than those in other emerging markets," including destruction of physical capital, deaths, and supply-chain disruptions.<sup>18</sup>

Caterpillar trails industry peers that have adopted measures to mitigate these risks, including John Deere's human rights risk-based assessments,<sup>19</sup> Komatsu's HRDD process,<sup>20</sup> and Volvo's responsible sales policy.<sup>21</sup>

To mitigate risks associated with operations and customers in CAHRA, companies undertake heightened HRDD.

**SUPPORTING STATEMENT:** Shareholders seek information, at board and management discretion, through a report that:

- Discusses how human rights risks in CAHRA are assessed and addressed; and
- Assesses whether additional policies are needed to avoid contributing to violations in CAHRA.

1. <https://www.caterpillar.com/en/company/governance/political-engagement/human-rights.html>

2. <https://s7d2.scene7.com/is/content/Caterpillar/CM20210622-bd91e6d42a#:text=Slavery%20and%20Human%20Trafficking%20are,training%20on%20an%20annual%20basis>

3. <https://www.bnnbloomberg.ca/caterpillar-still-ships-through-russia-after-halting-production-1.1737953>

4. <https://www.axios.com/caterpillar-xinjiang-uyghur-labor-a6ec73df-b75e-4aea-ae76-cc8182ad6a3c.html>

5. [https://swedwatch.org/wp-content/uploads/2020/06/97\\_Myanmar\\_200610\\_uppslag\\_NY.pdf](https://swedwatch.org/wp-content/uploads/2020/06/97_Myanmar_200610_uppslag_NY.pdf)

6. <https://www.hrw.org/news/2004/10/28/human-rights-watch-letter-caterpillar-inc>

7. <https://www.amnesty.org/en/location/middle-east-and-north-africa/israel-and-occupied-palestinian-territories/report-israel-and-occupied-palestinian-territories/>

8. <https://wsrw.org/en/archive/4380>

9. <https://www.state.gov/holding-russia-and-belarus-to-account/>

10. <https://www.state.gov/burma-sanctions/>

11. <https://www.state.gov/implementation-of-the-uyghur-forced-labor-prevention-act/>

12. <https://www.business-humanrights.org/en/big-issues/mandatory-due-diligence/>

13. <https://www.justsecurity.org/78097/corporate-criminal-liability-for-human-rights-violations-france-and-sweden-are-poised-to-take-historic-steps-forward/>

14. [https://media.business-humanrights.org/media/documents/Investor\\_Statement\\_on\\_the\\_Crisis\\_in\\_Ukraine\\_16\\_May\\_2022.pdf](https://media.business-humanrights.org/media/documents/Investor_Statement_on_the_Crisis_in_Ukraine_16_May_2022.pdf)

15. <https://investorsforhumanrights.org/investor-statement-myanmar-human-rights-and-business-activities-supporting-military-junta>

16. <https://investorsforhumanrights.org/sites/default/files/attachments/2021-03/XUAR%20Investor%20Expectations%20Statement.pdf>

17. <https://fortune.com/2022/10/13/russia-putin-foreign-owned-companies-contraction-campaign-sanctions-ukraine-war-international-europe-popovych-freeman/>

18. <https://www.ifc.org/wps/wcm/connect/07cb32dd-d775-4577-9d5f-d254cc52b61a/201902-IFC-FCS-Study.pdf?MOD=AJPERES&CVID=mzeJewf>

19. [https://s22.q4cdn.com/253594569/files/doc\\_downloads/support/Support-of-Human-Rights-in-Our-Business-Practices\\_2021.pdf](https://s22.q4cdn.com/253594569/files/doc_downloads/support/Support-of-Human-Rights-in-Our-Business-Practices_2021.pdf)

20. [https://www.komatsu.jp/en/ir/library/annual/pdf/annual\\_06b.pdf](https://www.komatsu.jp/en/ir/library/annual/pdf/annual_06b.pdf)

21. <https://www.volvogroup.com/en/sustainability/social-responsibility/business-ethics/responsible-sales.html>

### **No Business with Governments Complicit in Genocide - Myanmar**

**Chevron Corp.**

WHEREAS: Chevron, in partnership with Total, PTT, and Myanmar Oil and Gas Enterprise (MOGE), holds equity in one of the largest investment projects in Myanmar (Burma): the Yadana gas field and pipeline that has generated billions of dollars for the Myanmar military junta. Together, Total and Chevron have a majority controlling interest in Yadana project.

In Myanmar, foreign participation in the energy sector takes place through joint ventures with the MOGE, which is a department of the Myanmar government. Since it seized power in the February 1st, 2021, coup d'état, the Myanmar military now holds total control over MOGE.

The European Union has imposed sanctions on MOGE and a bipartisan group of senators has urged the US administration to adopt similar sanctions.

The Myanmar military has a long history of egregious human rights abuses, particularly against ethnic minorities. In August 2017, a military crackdown caused an estimated more than 700,000 Rohingya to flee to neighboring Bangladesh where they remain to this day. The U.S. Holocaust Memorial Museum has reported that the Rohingya remain "at grave risk of additional mass atrocities and even genocide."

Nicholas Koumjian, head of the United Nations Independent Investigative Mechanism for Myanmar, stated in November 2021, that preliminary evidence collected since the military coup shows a widespread and systematic attack on civilians "amounting to crimes against humanity."

The National Unity Government of Myanmar, made up of elected officials and civil society leaders, has called on the oil companies operating in Myanmar to withhold from the military junta and place in escrow any payments due to the Myanmar government.

Since the February 2021 coup, the "Blood Money Campaign" has organized protests and boycotts against companies that provide financial support to the ruling junta. Oil workers in Myanmar have petitioned oil companies to suspend payments to the junta.

According to the Wall Street Journal, Chevron has supplied aviation fuel to Myanmar. The Myanmar military uses aviation fuel in air strikes that have been characterized as "war crimes."

Chevron and its partner TotalEnergies announced in January 2022 that they would withdraw from Myanmar. Chevron has yet to implement its withdrawal.

The International Coalition for the Responsibility to Protect (ICRtoP) monitors countries worldwide for instances of serious crimes under international law including genocide, war crimes, ethnic cleansing, and crimes against humanity. ICRtoP lists several countries, cited by the United Nations and civil society organizations, in which Chevron is currently producing oil and gas: Burma (Myanmar), Democratic Republic of Congo, and Nigeria.

BE IT RESOLVED: The shareholders request the Board to publish a report six months following the 2023 annual general meeting, omitting proprietary information and prepared at reasonable cost, evaluating the feasibility of adopting a policy of not doing business with governments that are complicit in genocide and/or crimes against humanity as defined in international law.

SUPPORTING STATEMENT: As shareholders, we believe that our company has the duty to avoid the moral, legal, financial, reputational, and operational risks posed by doing business with governments complicit in genocide and/or crimes against humanity. It is incumbent that our board adopt policies that protect shareholder value from these risks.

### Human Rights Due Diligence

#### Walmart Stores, Inc.

RESOLVED, that the shareholders of Walmart Inc. (“Walmart”) hereby request that the Walmart Board of Directors (the “Board”) prepare a report, at reasonable cost and omitting proprietary information, on Walmart’s human rights due diligence (“HRDD”) process to identify, assess, prevent and mitigate actual and potential adverse human rights impacts in its domestic and foreign operations and supply chains.

SUPPORTING STATEMENT: As outlined by the UN Guiding Principles on Business and Human Rights, we recommend the report identify:

- The human rights principles used to frame its risk assessments;
- The human rights impacts of Walmart’s business activities, including domestic and foreign operations and supply chains;
- The types and extent of stakeholder consultation; and
- Walmart’s plans to track effectiveness of measures to assess, prevent, mitigate, and remedy adverse human rights impacts.

We strongly believe that HRDD reduces long-term risks for Walmart and its stakeholders. Companies that proactively identify and mitigate human rights abuses may avoid costly backlash from communities, customers, and government regulators. For leading retailers like Walmart, this creates an imperative not to cause or contribute to abuses within their operations or supply chains. As one of the largest employers in the United States, Walmart’s business practices and relationships with suppliers operating in high-risk sectors could expose Walmart and its investors to legal, reputational and financial risk.

Increased public scrutiny on employers whose employees rely heavily on public assistance, and on industries heavily affected by the coronavirus pandemic or reliant upon high-risk suppliers magnifies these risks. The New York Times reported on alarming working conditions for Walmart’s domestic workers during the pandemic<sup>1</sup> and accusations that Walmart punished workers for using sick time.<sup>2</sup> Walmart was sued for alleged failure to accommodate pregnant employees; while the lawsuit was dismissed, it seemingly pressured Congress to intervene.<sup>3</sup> Recent scholarship found that in 2022, at least half of Walmart’s hourly workers earn under \$29,000 annually,<sup>4</sup> insufficient wages for a basic standard of living. Responsible companies must strive to identify, remedy and prevent poor labor practices to mitigate these reputational and legal risks.

Improving treatment of employees and foreign and domestic supply chain sourcing not only garners positive attention and customer loyalty, it can inoculate companies from anticipated regulatory changes, like the impending European Corporate Sustainability Due Diligence Directive and the Uyghur Forced Labor Prevention Act (which requires importers to implement certain due diligence processes). Competitors, including Kroger, Jumbo, Tesco and others, have conducted or committed to HRDD, including by conducting human rights impact assessments on high-risk commodities.

Given the low cost of conducting and reporting on HRDD relative to the significant potential costs tied to human rights violations, we urge the Board to adopt this proposal as a cost-effective means of reducing exposure to risk and protecting basic human rights.

1. <https://www.nytimes.com/2021/09/27/business/walmart-coronavirus-workers-safety.html>

2. <https://www.nytimes.com/2017/06/01/business/walmart-workers-sick-days.html>

3. <https://news.bloomberglaw.com/daily-labor-report/walmart-pregnancy-accommodation-ruling-puts-pressure-on-congress>

4. <https://time.com/charter/6238245/still-broke-rick-wartzman/#:~:text=Wartzman%20estimates%20that%20at%20least%20half%20of%20Walmart%E2%80%99s,a%20fair%20chance%20that%20you%E2%80%99ll%20still%20be%20poor>

## Human Rights Impact Assessment

Lockheed Martin

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. Potential human rights impacts of Lockheed's business include the rights to life, liberty and personal security, privacy, a clean, healthy and sustainable environment, non-discrimination, and peaceful assembly and association. The UN Guiding Principles on Business and Human Rights (UNGPs) outline the roles and responsibilities of states and companies with respect to human rights. While international arms trade falls under national legal jurisdiction, 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 is not meeting its human rights responsibilities despite severe, often irremediable impacts.<sup>1</sup>

Prominent human rights organizations have recorded indiscriminate use of Lockheed Martin products 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. 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> Lockheed also played a critical role in the May 2021 attacks on Gaza, where apparent war crimes were committed, including the deaths of at least 129 civilians, of whom 66 were children.<sup>4</sup>

Failure to respect human rights in high-risk business areas exposes the company and its investors to financial, legal, regulatory, reputational, and human capital management risks. In 2021, Lockheed moved forward with a nearly \$2.43 billion sale of F-16s to the Philippines, despite congressional opposition due to widespread human rights violations carried out by the Armed Forces of the Philippines, including extrajudicial killing of political activists, organizers, and Indigenous leaders.<sup>5</sup>

The company also has \$40 billion in nuclear weapons contracts, including \$2.1 billion awarded in 2020.<sup>6</sup> The Treaty on the Prohibition of Nuclear Weapons, which entered into force in 2021, may require Lockheed Martin to demonstrate that the company is not conducting prohibited activities in jurisdictions that ratified the Treaty.<sup>7</sup> Furthermore, the company faced multiple lawsuits in 2020 for toxic pollutant contamination from a Florida facility, where workers were later diagnosed with brain lesions, multiple sclerosis, cancer, and birth defects.<sup>8</sup>

RESOLVED: Shareholders request that Lockheed Martin 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 or violating international law.

1. <https://www.amnesty.org/en/documents/act30/0893/2019/en/>

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.hrw.org/news/2021/07/27/gaza-apparent-war-crimes-during-may-fighting>

5. <https://www.hrw.org/news/2021/07/21/its-time-us-stop-selling-weapons-human-rights-abusers>

6. [https://www.icanw.org/2020\\_global\\_nuclear\\_weapons\\_spending\\_complicit](https://www.icanw.org/2020_global_nuclear_weapons_spending_complicit)

7. [https://treaties.un.org/doc/Treaties/2017/07/20170707%2003-42%20PM/Ch\\_XXVI\\_9.pdf](https://treaties.un.org/doc/Treaties/2017/07/20170707%2003-42%20PM/Ch_XXVI_9.pdf)

8. <https://www.orlandosentinel.com/news/environment/os-ne-lockheed-martin-orlando-lawsuit-20200928-7x242mvdzfidig47zx276ivvm-story.html>



## Human Rights Impact Assessment General Dynamics Corporation

**RESOLVED:** Shareholders request the Board of Directors publish a report, at reasonable cost and omitting proprietary information, with the results of a Human Rights Impact Assessment, examining General Dynamics' actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas and/or those violating international law.

**WHEREAS:** General Dynamics (GD) is exposed to significant actual and potential human rights risks. The use of its defense products and services may violate the rights to life, liberty, personal security, and privacy.

The UN Guiding Principles on Business and Human Rights (UNGPs) constitute the global authoritative framework outlining human rights responsibilities of states and businesses, and expectations are heightened for companies with business activities in conflict-affected and high-risk areas.<sup>1</sup> Companies' human rights responsibilities are independent of the state's export licensing determinations, as reiterated in a recent United Nations note.<sup>2</sup> GD's Human Rights policy is not aligned with the UNGPs, and investors lack evidence it is effectively implemented across business functions. Disclosure on human rights impact assessments and remedy is absent. An Amnesty International report found that GD is not meeting its human rights responsibilities.<sup>3</sup>

Insufficient human rights monitoring exposes GD and its investors to legal, financial, and reputational risks. A GD component was linked to a 2018 school bus bombing in Yemen, carried out by Saudi Arabia, which killed dozens of children and has been recognized as a war crime.<sup>4</sup> The company supplied weapons and munitions to Israel, which were reportedly used in attacks on Palestinian civilians that constitute human rights violations and war crimes.<sup>5</sup> Furthermore, GD has \$20.5 billion in nuclear weapons contracts,<sup>6</sup> which are illegal under international law.<sup>7</sup>

GD sells its products to authoritarian regimes through exports from countries such as Canada. In 2014, Canada awarded GD a \$13 billion fourteen-year contract to provide Saudi Arabia with military vehicles,<sup>8</sup> which has been heavily criticized for Canada's "flawed analysis of arm exports" and violation of the Arms Trade Treaty.<sup>9</sup> When Trudeau hinted at canceling the deal in 2018, GD warned "billions of dollars of liability" associated with cancellation of its contract.<sup>10</sup>

Failure to meet its human rights responsibilities exposes GD to divestment risk, as investments increase in Environmental, Social, and Governance funds, which may control one-third of global assets by 2025.<sup>11</sup> The Company additionally faces increasing regulatory and continuity risk as limits and bans to countries with poor human rights records are increasing, and expanded governmental oversight on customer end-use may limit or cancel existing or future contracts.<sup>12</sup> Additionally, exporting countries' human rights impacts determinations vary and may change over time. New guidance from the American Bar Association explains how a company's human rights risk assessment can reduce risks, including divestment, export bans, and civil liability.<sup>13</sup>

1. [https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf)

2. <https://www.ohchr.org/sites/default/files/2022-08/BHR-Arms-sector-info-note.pdf>

3. <https://www.amnesty.org/en/documents/act30/0893/2019/en/>

4. <https://www.hrw.org/news/2018/09/02/yemen-coalition-bus-bombing-apparent-war-crime#>

5. <https://investigate.afsc.org/company/general-dynamics>

6. <https://www.dontbankonthebomb.com/general-dynamics/#easy-footnote-bottom-4-738>

7. [https://treaties.un.org/doc/Treaties/2017/07/20170707%2003-42%20PM/Ch\\_XXVI\\_9.pdf](https://treaties.un.org/doc/Treaties/2017/07/20170707%2003-42%20PM/Ch_XXVI_9.pdf)

8. <https://www.reuters.com/article/us-general-dynamics-canada-saudi/general-dynamics-canada-wins-saudi-deal-worth-up-to-13-billion-idUSBREA1D1EF20140214>; <https://www.cbc.ca/news/politics/general-dynamics-canada-wins-10b-deal-with-saudi-arabia-1.2537934>

9. [https://ploughshares.ca/wp-content/uploads/2021/08/NoCredibleEvidence\\_EN.pdf](https://ploughshares.ca/wp-content/uploads/2021/08/NoCredibleEvidence_EN.pdf)

10. <https://www.reuters.com/article/us-saudi-khashoggi-canada/general-dynamics-warns-canada-cancel-saudi-deal-would-cost-billions-idUSKBN10G28B>

11. <https://www.bloomberg.com/company/press/esg-may-surpass-41-trillion-assets-in-2022-but-not-without-challenges-finds-bloomberg-intelligence/>; <https://www.bloomberg.com/opinion/articles/2022-03-25/industrial-strength-defense-stocks-search-for-their-place-in-the-esg-universe-1f6s9bcq>; <https://weaponfreefunds.org/>

12. <https://www.congress.gov/117/bills/hr7900/BILLS-117hr7900pcs.pdf>; <https://www.aa.com.tr/en/europe/eu-parliament-calls-for-ban-on-arms-sale-to-saudi-uae/2142020>; <https://www.nytimes.com/2022/09/07/us/politics/biden-aid-yemen-saudi-arabia.html>

13. [https://www.americanbar.org/content/dam/aba/administrative/human\\_rights/justice-defenders/chr-due-diligence-guidance-2022.pdf](https://www.americanbar.org/content/dam/aba/administrative/human_rights/justice-defenders/chr-due-diligence-guidance-2022.pdf)

### Human Rights Impact Assessment

#### Maple Leaf Foods Inc.

**RESOLVED:** Shareholders request the Board of Directors of Maple Leaf Foods Inc. (“Maple Leaf” or the “Company”) to publish a report, at reasonable cost and omitting proprietary information, with the results of an independent Human Rights Impact Assessment (“Assessment”) identifying and assessing the actual and potential human rights impacts on migrant workers from the Company’s business activities in its domestic operations and supply chain in Canada.

#### SUPPORTING STATEMENT

Migrant workers are the backbone of the Canadian food system. In 2021, more than 61,000 migrant workers made up the agricultural and food sectors. Meat product manufacturing was the largest employer of migrant workers among all agri-food subsectors from 2005 to 2016 and was the second largest in 2017.

In Canada, migrant workers continue to face increasingly hazardous and precarious working conditions in the agricultural and food sectors. The COVID-19 pandemic has only worsened such conditions. Research has found that “migrant workers employed in high-income countries during the pandemic were often deemed ‘essential workers,’ yet they generally endured high-risk work environments without the health, safety, and economic measures that would protect them should they be exposed to COVID-19.”

Workers have also seen a dramatic and dangerous intensification in work. According to the Migrant Workers Alliance for Change, migrant workers in Canada reported “working for weeks without a day off, being forced to work long hours, and suffering increased strains, injuries and sickness due to increased pace of work.” Additionally, migrant workers have reported numerous abuses including: wage theft, racial profiling, inadequate housing, exploitation and discrimination.

Considering the severity and saliency of these risks, Maple Leaf’s current policies and commitments appear to be insufficient in mitigating impacts to migrant workers. In its ESG Report, Maple Leaf recognizes that it has not conducted a human rights review or impact assessment to assess how its employees, including migrant workers’ rights, are upheld in its operations<sup>1</sup>. While its Supplier Code of Conduct requires suppliers to treat all workers with dignity and respect in accordance with recognized international labour standards<sup>2</sup>, there is no evidence that Maple Leaf is holding itself accountable against the same standards.

Companies that rely on migrant labour but do not have adequate strategies in place to mitigate impacts to migrant workers operating in their supply chain may face serious material, reputational, sourcing, legal, and regulatory risks.

Shareholders expect Maple Leaf to demonstrate a higher level of commitment and due diligence regarding migrant workers’ rights in order for them to perform their due diligence in accordance with their fiduciary duty. Conducting an independent Assessment would reinforce Maple Leaf’s human rights commitments to its workforce. It will also help the Company to

- 1) identify any adverse impacts that its activities may have on migrant workers;
- 2) ensure that the fundamental rights of migrant workers in its supply chain are respected and protected;
- 3) ensure alignment of its existing policies and practices with the UN Guiding Principles on Business and Human Rights.

1. [https://www.mapleleaffoods.com/sustainability-report/wp-content/uploads/sites/8/2022/06/MLF\\_2021\\_ESG\\_Index.pdf](https://www.mapleleaffoods.com/sustainability-report/wp-content/uploads/sites/8/2022/06/MLF_2021_ESG_Index.pdf)

2. <https://www.mapleleaffoods.com/sustainability-report/wp-content/uploads/sites/8/2022/04/Maple-Leaf-Foods-Supplier-Code-of-Conduct.pdf>

### **Company Policy Compared to External Indigenous-led Standards of Practice**

#### **Nutrien Ltd**

*A similar resolution was submitted to Power Corporation.*

**RESOLVED THAT:** The board of directors report to shareholders on the extent to which our company's policies, plans, and practices regarding Indigenous reconciliation (including Indigenous community relations, the recruitment and advancement of Indigenous employees, internal Indigenous cultural awareness education, 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 reconciliation, many companies have developed internal policies, plans, and programs on Indigenous relations, the recruitment and advancement of Indigenous employees, Indigenous cultural awareness training for employees, and procurement from Indigenous-owned businesses.

For investors, however, the breadth, depth, and content of these policies, plans, and programs is impossible to determine. Facing inconsistent disclosure, the extent to which a company has effectively incorporated and implemented steps to address Indigenous reconciliation and inclusion 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, and others have committed to achieving certification.

## Respect for Rights of Indigenous Peoples

### Citigroup

*A similar resolution was submitted to Wells Fargo.*

**RESOLVED:** Shareholders request the Board of Directors provide a report to shareholders, at reasonable cost and omitting proprietary and confidential information, outlining the effectiveness of Citigroup’s policies, practices, and performance indicators in respecting internationally-recognized human rights standards for Indigenous Peoples’ rights in its existing and proposed general corporate and project financing.

The UN Declaration on the Rights of Indigenous Peoples and International Labour Organization Convention 169 concerning Indigenous and Tribal Peoples in Independent Countries are internationally-recognized standards for Indigenous Peoples’ rights.<sup>1</sup> Violation of these rights presents risks for Citigroup that can adversely affect shareholder value, including reputational damage, project disruptions, and civil and criminal liability.<sup>2</sup> Citigroup has a history of financing projects and companies that violate Indigenous rights, most notably as a lead financier of the Dakota Access pipeline in 2016.<sup>3</sup> Recently, Citigroup provided over \$5 billion to Enbridge, enabling the widely opposed Enbridge Line 3 and Line 5 tar sands pipeline reroutes.<sup>4</sup>

Indigenous leaders from the Great Lakes tribes have called Enbridge’s Line 5 pipeline reroute “an act of cultural genocide.”<sup>5</sup> A 2022 ruling found that Line 5 was operating illegally on Bad River Band territory since 2013.<sup>6</sup> Michigan Governor Whitmer canceled Enbridge’s certification in 2020, citing “Enbridge’s historic failures and current non-compliance” as jeopardizing the safety of Michigan residents and the environment.<sup>7</sup> Michigan’s twelve federally recognized Tribal Nations requested President Biden to decommission Line 5 in 2021,<sup>8</sup> and the pipeline faces ongoing litigation from numerous plaintiffs.<sup>9</sup> The severity of Indigenous opposition is reflected by the Bay Mills Indian Community formally banishing the pipeline from its reservation, noting Enbridge’s deceptive tactics, poor environmental track record, and risk of “catastrophic damage” to Indigenous rights.<sup>10</sup> Companies like Enbridge, financed by Citigroup, consistently fail to meet the international standard of free, prior, and informed consent (FPIC) with affected tribes.<sup>11</sup>

Citigroup simultaneously faces calls from Indigenous leaders to stop financing oil and gas operations in the Amazon that pose “an existential threat” to Indigenous Peoples.<sup>12</sup> A 2022 Investor Risk Alert reported that Citigroup has the largest financial involvement of all foreign banks, an estimated \$43.8 billion, in oil and gas operations in the Amazon basin.<sup>13</sup>

Citigroup faces reputational risk if its “climate forward” commitments are discredited by its own financing activities.<sup>14</sup> Citigroup’s human rights and risk management policies do not clearly define FPIC, nor include guidance on how Citigroup addresses companies with track records of violating Indigenous rights. Though Citigroup adheres to the Equator Principles to manage environmental and social risk, Indigenous experts have described them as “critically weak” and not aligned with international human rights standards.<sup>15</sup> Effective policies that protect Indigenous rights are critical to managing material risk.

1. <https://www.un.org/development/desa/indigenouspeoples/declaration-on-the-rights-of-indigenous-peoples.html> ; [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEX\\_PUB:12100:0::NO::P12100\\_INSTRUMENT\\_ID:312314](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEX_PUB:12100:0::NO::P12100_INSTRUMENT_ID:312314)

2. [https://www.colorado.edu/program/fpw/sites/default/files/attached-files/social\\_cost\\_and\\_material\\_loss\\_0.pdf](https://www.colorado.edu/program/fpw/sites/default/files/attached-files/social_cost_and_material_loss_0.pdf) ; <https://amazonwatch.org/news/2022/0622-the-business-case-for-indigenous-rights>

3. <https://www.business-humanrights.org/en/latest-news/usa-citi-ceo-says-bank-approved-dakota-access-pipeline-loan-without-sufficient-regard-for-indigenous-peoples-concerns/>

4. [https://www.ran.org/wp-content/uploads/2020/12/RAN-Briefing\\_Line3\\_KXL.pdf](https://www.ran.org/wp-content/uploads/2020/12/RAN-Briefing_Line3_KXL.pdf) ; <https://sightline-wpengine.netdna-ssl.com/wp-content/uploads/2018/09/Enbridge-Line-3-Financing-Sightline-09-2018.pdf>

5. <https://www.stonline3.org/news/women-leaders-line5>

6. <https://michiganadvance.com/wp-content/uploads/2022/09/20515906551-1.pdf>

7. <https://www.michigan.gov/whitmer/news/press-releases/2020/11/13/governor-whitmer-takes-action-to-shut-down-the-line-5-dual-pipelines-through-the-straits-of-mackina>

8. [https://www.baymills.org/\\_files/ugd/869f65\\_f8e5288d82084540a9f0e7d5d6c0921f.pdf](https://www.baymills.org/_files/ugd/869f65_f8e5288d82084540a9f0e7d5d6c0921f.pdf)

9. <https://indiancountrytoday.com/news/enbridge-takes-the-gloves-off-in-line-5-battle>

10. [https://narf.org/nil/documents/20210510BayMills\\_banish\\_Enbridge.pdf?\\_ga=2.239143744.2105983367.1624287541-1503385769.1619537483](https://narf.org/nil/documents/20210510BayMills_banish_Enbridge.pdf?_ga=2.239143744.2105983367.1624287541-1503385769.1619537483)

11. [https://tbineternet.ohchr.org/Treaties/CERD/Shared%20Documents/USA/INT\\_CERD\\_ALE\\_USA\\_9448\\_E.pdf](https://tbineternet.ohchr.org/Treaties/CERD/Shared%20Documents/USA/INT_CERD_ALE_USA_9448_E.pdf)

12. <https://www.stand.earth/latest/forest-conservation/amazon-forest-protection/citigroup-%E2%80%9Cclimate-forward%E2%80%9D-reputation-remains>

13. <https://www.stand.earth/sites/stand/files/citiriskalert.pdf>

14. <https://www.stand.earth/latest/forest-conservation/amazon-forest-protection/citigroup-%E2%80%9Cclimate-forward%E2%80%9D-reputation-remains>

15. <https://www.colorado.edu/program/fpw/2019/11/19/first-peoples-response-ep4-critically-weak-equator-principles-puts-global-development>

### Indigenous Relations / FPIC

#### Royal Bank of Canada

*Similar resolutions were submitted to Bank of Montreal and Toronto-Dominion Bank.*

The United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) stipulates that States shall consult in good faith with Indigenous peoples in order to obtain their free, prior and informed consent (FPIC) before implementing measures that may affect them.<sup>1</sup>

The federal UNDRIP Act affirmed that UNDRIP has legal effect in Canada as an international human rights instrument.<sup>2</sup> The Truth and Reconciliation Commission's Call to Action #92 calls upon the corporate sector to adopt and implement UNDRIP "as a reconciliation framework and to apply its principles, norms, and standards to corporate policy and core operational activities involving Indigenous peoples and their lands and resources."<sup>3</sup>

Foley Hoag LLP's report to banks which funded the controversial Dakota Access Pipeline Project recommended that international industry good practices on FPIC mean going beyond the minimum standards set by domestic law.<sup>4</sup>

Failing to consider FPIC also overlooks a material risk. Companies which only seek domestic legal minimums and fail to obtain FPIC routinely see project delays, conflict, and other significant legal, political, reputational and operational risks.

The Government of Canada has stated that FPIC is contextual and there is no "one size fits all" approach, and operationalizing FPIC may require different processes or new creative ways of working together.<sup>5</sup>

A 2019 paper prepared for the Union of BC Indian Chiefs (UBCIC) entitled Consent 6(Consent Paper) attempts to clear up misconceptions about FPIC, namely that:

- "consent" and "veto" are not the same; they have different meaning and uses; and
- FPIC is not an extension of consultation and accommodation, which are procedural in nature.

The Consent Paper outlines certain ways in which Canadian businesses can operationalize FPIC, including:

- seeking and confirming Indigenous consent prior to major Crown processes;
- outlining the conditions necessary for obtaining and maintaining a Nation's consent, as opposed to legal devices such as releases that are intended to limit Indigenous rights;
- using collaborative dispute resolution mechanisms and not limiting a Nation's ability to take legal action; and
- building a process for future decision-making and obtaining consent before any approvals are sought from the Crown.

RBC's Human Rights Position Statement invokes the United Nations Guiding Principles on Business and Human Rights (UNGPs) and states that RBC will take action to mitigate adverse human rights impacts, including by leveraging its business relationships. RBC has also disclosed ways in which it honours Call to Action #92.

Shareholders believe further action is required to operationalize FPIC and Call to Action #92 into RBC's corporate policies and activities. An explicit reference to operationalizing FPIC will help mitigate human rights risk while giving RBC additional leverage to effect meaningful and necessary change on the path towards reconciliation.

**RESOLVED THAT** RBC revise its Human Rights Position Statement to reflect that in taking action to mitigate adverse human rights impacts directly linked to its business relationships with clients (as outlined in the UNGPs), RBC will inform itself as to whether and how clients have operationalized FPIC of Indigenous peoples affected by such business relationships.

1. <https://daccess-ods.un.org/access.nsf/Get?OpenAgent&DS=A/RES/61/295&Lang=E> (Articles 18-19)

2. <https://www.canlii.org/en/ca/laws/stat/sc-2021-c-14/latest/sc-2021-c-14.html>

3. <https://www.rcaanc-cirnac.gc.ca/eng/1524506030545/1557513309443>

4. [https://www.foleyhoag.com/news-and-insights/publications/ebooks-and-white-papers/2017/may/good\\_practices\\_social\\_impacts\\_oil\\_pipelines\\_united\\_states/](https://www.foleyhoag.com/news-and-insights/publications/ebooks-and-white-papers/2017/may/good_practices_social_impacts_oil_pipelines_united_states/)

5. <https://www.justice.gc.ca/eng/declaration/bgnrcan-bgrncan.html>

6. [https://www.ubcic.bc.ca/consent\\_paper](https://www.ubcic.bc.ca/consent_paper)

## Human Rights Risk Report

### The Hartford Financial Services Group

*A similar resolution was submitted to Chubb Limited.*

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. The UN Declaration on the Rights of Indigenous Peoples recognizes the rights of Indigenous Peoples to self-determination, territories, and cultural practices, and establishes that entities must seek Free Prior and Informed Consent (FPIC) of Indigenous Peoples related to any projects that may impact their rights.

The Hartford Financial Services (The Hartford) may be exposed to environmental and social risk through its underwriting and financing activities. The Principles for Sustainable Insurance, signed by 135 insurers representing \$15 trillion in assets,<sup>1</sup> serves as a framework to address environmental, social and governance (ESG) risks and opportunities. The Hartford is not a signatory. Several companies incorporate ESG in their underwriting practice, including AIG,<sup>2</sup> Munich Re,<sup>3</sup> and Zurich.<sup>4</sup> Allianz,<sup>5</sup> AXIS Capital,<sup>6</sup> and Swiss Re<sup>7</sup> assess FPIC in underwriting. Seventeen insurers have committed not to insure oil and gas projects in the Arctic National Wildlife Refuge (Arctic Refuge) in Alaska, noting potential impacts on Indigenous Peoples, biodiversity, and caribou.<sup>8</sup>

Projects that may negatively impact the rights, culture, or territories of Indigenous Peoples may face opposition and increase reputational risk. The Hartford is facing public scrutiny over the potential risk associated with the Arctic Refuge. The Gwich'in Steering Committee has written to The Hartford asking it to commit not to insure projects in the Arctic Refuge, to protect its communities, culture, and way of life.<sup>9</sup> Investor expectations on Indigenous Rights are increasing, including that companies respect FPIC in business decisions that impact Indigenous Peoples.<sup>10</sup>

Identification and evaluation of all relevant data or risk factors of an activity or project, including exposure to potential human rights or biodiversity impacts or losses, are necessary to accurately assess risk exposure and appropriately set pricing, coverage, and exclusions. While The Hartford has some environmental commitments and a human rights policy,<sup>11</sup> it lacks disclosure on how it evaluates human rights risks, in particular the rights of Indigenous Peoples, in underwriting. This may expose the company to mispricing of risk or failing to identify potential social and human rights risks associated with its business activities, which may lead to increased costs, project cancellations, or negative human rights outcomes.

**RESOLVED:** Shareholders request that the Board of Directors publish a report, describing how human rights risks and impacts are evaluated and incorporated in the underwriting process. The report should be prepared at reasonable cost and omit proprietary information.

**SUPPORTING STATEMENT:** At company discretion, the proponents recommend the report include:

- The extent to which Free, Prior and Informed Consent, as articulated in the United Nations Declaration on the Rights of Indigenous Peoples, is considered or evaluated in the underwriting process; and
- The company's stakeholder engagement process, such as participating stakeholders, key recommendations made, and actions taken to address such recommendations.

1. <https://www.unepfi.org/insurance/insurance/signatory-companies/>

2. <https://www.aig.com/esgreports/home/executive-summary>

3. <https://www.munichre.com/en/company/sustainability/human-rights.html>

4. <https://www.zurich.com/en/sustainability/responsible-investment/-/media/project/zurich/dotcom/sustainability/docs/mitigating-esg-risks-in-underwriting-and-investment-management.pdf>

5. [https://www.allianz.com/content/dam/onemarketing/azcom/Allianz\\_com/sustainability/documents/Allianz\\_ESG\\_Integration\\_Framework.pdf](https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/sustainability/documents/Allianz_ESG_Integration_Framework.pdf)

6. [https://www.axiscapital.com/docs/default-source/about-axis/axis-capital-human-rights-policy.pdf?sfvrsn=f7dfcab8\\_2#:-:text=We%20expect%20insureds%20to%20respect,on%20indigenous%20territories%20without%20FPIC](https://www.axiscapital.com/docs/default-source/about-axis/axis-capital-human-rights-policy.pdf?sfvrsn=f7dfcab8_2#:-:text=We%20expect%20insureds%20to%20respect,on%20indigenous%20territories%20without%20FPIC)

7. <https://www.swissre.com/dam/jcr:5863fbc4-b708-4e61-acc7-6ef685461abb/esg-risk-framework.pdf>

8. <https://ourarcticrefuge.org/corporate-commitment-to-protect-the-arctic-refuge/>

9. <https://ourarcticrefuge.org/gsc-and-240-allied-organizations-urge-u-s-insurance-companies-to-meet-the-moment-with-policy-to-protect-the-arctic-refuge/>

10. <https://www.blackrock.com/corporate/literature/publication/blk-commentary-engagement-on-human-rights.pdf>;

<https://amazonwatch.org/news/2022/0622-the-business-case-for-indigenous-rights>

11. [https://s0.hfdstatic.com/sites/the\\_hartford/files/sustainability-highlight-report.pdf](https://s0.hfdstatic.com/sites/the_hartford/files/sustainability-highlight-report.pdf)

### Human Rights Risks of Financialization of Housing

#### Royal Bank of Canada

*A similar resolution was submitted to Toronto-Dominion Bank.*

As part of the Canadian federal government's National Housing Strategy and its recognition of housing as a fundamental human right, in February 2022 the federal government appointed a Federal Housing Advocate (FHA), whose role is to promote and protect housing rights in Canada by independently conducting research on systemic housing issues.<sup>1</sup>

The FHA commissioned a series of reports on the financialization of housing, which is described as the growing dominance of financial actors in the housing sector, transforming the primary function of housing into a for-profit financial asset.

According to the summary report to the FHA, 20-30% of Canada's purpose-built rental housing stock is owned by real estate investment trusts (REITs). The report outlines certain controversies<sup>2</sup>:

Financial firms strategically pursue unit "turnovers" to capitalize on allowable rent increases between tenancies. Researchers in the US have found that financial operators use eviction as a revenue-generating tool, and that they evict tenants at higher rates than other types of owners.

This concentration is higher in Canada's north. A series of CBC News reports from 2021 highlighted tenant complaints against a publicly traded REIT that owns approximately 80% of the multi-unit private residential housing stock in Yellowknife and Iqaluit.<sup>3</sup>

A recent CTV News article highlighted the results of a survey indicating that "large, publicly-traded corporations, were more likely to face poor living conditions compared to those in housing owned by families or private companies."<sup>4</sup>

The report for the FHA on the financialization of multi-family rental housing in Canada describes the negative effects of cost-cutting and under-maintenance strategies of financialized landlords, which result in worsened living conditions, as well as the displacement of lower income and racialized renters.<sup>5</sup>

#### Human Rights Due Diligence in Commercial Real Estate

In October 2022, BOMA Canada released its 2022 Human Rights Guide for Commercial Real Estate, which draws upon the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD Guidelines). The guide outlines how commercial property owners can incorporate business and human rights due diligence concepts into their operations.<sup>6</sup>

#### Human Rights Due Diligence in Multi-Family Rental Real Estate

Without an equivalent set of human rights due diligence practices for REITs operating in the multi-family residential space, banks must ensure that they are complying with their own obligations under the UNGPs and OECD Guidelines. Specifically, banks must ensure they are seeking to prevent and mitigate adverse human rights impacts linked to their business relationships with these REITs, even if the banks themselves have not contributed to those impacts.

#### RBC Involvement with Canadian Multi-Family Rental REITs

RBC has provided Canadian REITs with capital markets services through RBC Dominion Securities Inc., and each of the leading Canadian REITs discloses having a significant credit facility with a syndicate of Canadian banks.

RESOLVED THAT RBC disclose how it assesses and mitigates human rights risk in connection with its business relationships with clients which own multi-family residential rental properties in Canada.

1. <https://www.canada.ca/en/canadian-heritage/news/2022/02/statement-by-the-minister-of-housing-and-diversity-and-inclusion-on-the-appointment-of-canadas-federal-housing-advocate.html>

2. <https://www.homelesshub.ca/resource/financialization-housing-canada-project-summary-report>

3. <https://newsinteractives.cbc.ca/longform/the-landlords-game>

4. <https://www.ctvnews.ca/business/tenants-with-large-corporate-landlords-more-likely-to-face-poor-living-conditions-survey-suggests-1.5992030>

5. <https://www.homelesshub.ca/resource/financialization-multi-family-rental-housing-canada>

6. [https://bomacanada.ca/wp-content/uploads/2022/09/BOMACANADA\\_HumanRightsGuide\\_2022\\_EN.pdf](https://bomacanada.ca/wp-content/uploads/2022/09/BOMACANADA_HumanRightsGuide_2022_EN.pdf)

### Material Marketing Risks

#### Sturm Ruger and Company, Inc.

RESOLVED: Shareholders of Sturm Ruger & Co., Inc. (“Ruger”) request that the Board of Directors issue a report, at reasonable expense and excluding proprietary information, assessing whether Ruger’s advertising and marketing practices may pose financial and/or reputational risks sufficient to have material impacts on the company’s finances and operations due to levels of gun violence.<sup>1</sup>

WHEREAS: Legislative, media, and public scrutiny around the connection between the marketing of firearms, particularly to young men, and episodes of gun violence are increasing in frequency. The Atlantic recently reported on an “emerging tactical (firearm) market” and a trend in advertising that “reduced the social stigma...for edgy marketing of military-style rifles,” saying that “bad firearms marketing has given us a national nightmare.”<sup>2</sup>

According to Tufts School of Medicine’s Michael Siegel, who studies the intersection of firearms, marketing, and public health, firearms manufacturers “can heavily influence gun culture through their advertising and marketing practices.” The industry’s marketing “influences a range of aspects of gun culture, including the perceived purpose or uses of guns; the images, symbols, values and identity that is associated with gun ownership; and of course the demographic makeup of the gun-owning population.”<sup>3</sup>

While firearms manufacturers have found immunity from liability under the Protection of Lawful Commerce in Arms Act, they lose protection if “[a]n action in which a manufacturer or seller of a qualified product knowingly violated a State or Federal statute applicable to the sale or marketing of the product, if the violation was a proximate cause of the harm for which relief is sought.”<sup>4</sup> Recent examples of firearms company actual and potential liability include:

- Remington settled for \$73 million with families of the victims of the Sandy Hook shooting, who argued that the company’s marketing violated Connecticut consumer law;<sup>5</sup>
- Victims of the Highland Park (IL) parade massacre sued Smith & Wesson for “illegally targeting its ads at young men at risk of committing mass violence;”<sup>6</sup> and
- Families of the Uvalde school massacre victims sued Daniel Defense for “aggressive marketing tactics that recklessly endanger children.”<sup>7</sup>

In July 2022, the House Oversight Committee held a hearing with gun manufacturers including our Chief Executive Officer (CEO) Christopher Killoy, on the Practices and Profits of Gun Manufacturers, “seeking information on their sale and marketing of AR-15-style semi-automatic rifles and similar firearms.”<sup>8</sup>

Ahead of the hearing, the Committee released evidence that gun manufacturers “used disturbing sales tactics—including marketing deadly weapons as a way for young men to prove their manliness.”<sup>8</sup>

Upon Committee questioning about Ruger’s monitoring of violent events associated with its products, Killoy admitted that Ruger learns of them “through its ‘customer service department,’ the media or from occasional lawsuits.”<sup>9</sup>

Shareholders believe an assessment of Ruger’s marketing and advertising practices can help ensure that they are not contributing to a culture of gun violence and thereby increasing risks to our company.

1. <https://apnews.com/article/gun-violence-science-health-covid-mental-20f5e2cb5fb50ff747fe316fdc4db5c4>

2. <https://www.theatlantic.com/ideas/archive/2022/07/firearms-industry-marketing-mass-shooter/670621/>

3. <https://www.msn.com/en-us/news/us/supernumbergunporn-how-gunmakers-market-firearms-to-young-americans/ar-AAYdwwA>

4. <https://giffords.org/lawcenter/gun-laws/policy-areas/other-laws-policies/gun-industry-immunity/>

5. <https://www.nytimes.com/2022/02/15/nyregion/sandy-hook-families-settlement.html>

6. <https://apnews.com/article/highland-park-july-4-shooting-gun-violence-chicago-873c61100a4d0a44842e82cd75fd8427>

7. <https://www.cnn.com/2022/09/29/us/ualde-victims-lawsuit-gun-manufacturers-school-district>

8. <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2022.07.27%20Supplemental%20MEMO%20for%20the%207-27-2022%20FC%20Gun%20Manufacturer%20Hearing.pdf>

9. <https://www.cnn.com/2022/07/27/gun-companies-made-1-billion-off-assault-weapons-over-10-years-house-panel-says.html>



### Risks of Financing Controversial Weapons

#### PNC Financial Services Group, Inc.

**RESOLVED:** Shareholders request the Board of Directors report on the company's due diligence process to identify and address environmental and social risks related to financing companies producing controversial weapons and/or with business activities in conflict-affected and high-risk areas.

**WHEREAS:** Under the UN Guiding Principles on Business and Human Rights, PNC has a responsibility to address adverse human rights impacts that it may cause, contribute to, or be directly linked to its business.<sup>1</sup> This applies regardless of the size or scope of those activities.

PNC lends over \$2.82 billion to companies producing controversial weapons, including nuclear weapons, white phosphorus, depleted uranium weapons, and incendiary weapons.<sup>2</sup> These are illegal or have prohibited use under international law due to their potentially indiscriminate and disproportionate impacts on civilians.<sup>3</sup> For example, nuclear weapons are designed to cause massive death and destruction, impacting long-term human health, the environment, and socioeconomic development.<sup>4</sup> Major investment institutions are divesting from producers of controversial weapons,<sup>5</sup> including over 100 institutions with policies against investments in nuclear weapons.<sup>6</sup>

An Amnesty International report found that Boeing, General Dynamics, and several other companies PNC finances are failing to meet their human rights responsibilities and have been connected to gross human rights violations, including those that could amount to war crimes.<sup>7</sup> For example, Boeing is an integral arms supplier to Saudi Arabia for use in Yemen.<sup>8</sup> Gross human rights violations have been committed throughout the conflict, prompting Congress to urge Biden to "halt all arms sales" until civilian harm ceases.<sup>9</sup>

PNC's Environmental and Social Risk Management (ESRM) framework, due diligence processes, and screens lag behind peers. The Company does not explicitly address weapons nor identify the defense sector as presenting elevated risk. Other peers like Citigroup have policies against directly financing military equipment like nuclear weapons.<sup>10</sup>

PNC faces reputational risk if its "sustainable" reputation is undermined by financing activities that fuel the climate crisis and undermine global security. The U.S. Department of Defense (DoD) is the world's largest greenhouse gas emitter.<sup>11</sup> DoD emissions have surpassed the steel industry, of which PNC's ESRM flags as an elevated risk for environmental due diligence.<sup>11</sup> It is unclear why the Company has omitted controversial weapons from this framework. Nuclear weapons development, production, and testing, deemed by UN experts as one of the "cruellest" forms of environmental injustice, continues to have catastrophic impacts on human health and the environment.<sup>12</sup> Weapons like white phosphorus have destructive environmental impacts that can perpetuate for years.<sup>13</sup>

Increasing scrutiny of lending practices escalates reputational risk to PNC as a retail banker. The Stop Banking the Bomb Campaign has held over 100 demonstrations outside of PNC offices, calling for divestment from nuclear weapons manufacturers. Shareholders lack sufficient evidence on how PNC is managing these increasing risks.

1. [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr_en.pdf)

2. <https://www.washingtonpost.com/news/checkpoint/wp/2016/09/19/saudi-arabia-appears-to-be-using-u-s-supplied-whitephosphorus-in-its-war-in-yemen/>; <https://www.nytimes.com/2020/02/07/us/trump-land-mines-cluster-munitions.html> ; <https://www.dontbankonthebomb.com> (Forthcoming Report)

3. <https://www.un.org/disarmament/wmd/nuclear/tpnw/> ; <https://www.icrc.org/en/doc/assets/files/other/customaryinternational-humanitarian-law-i-icrc-eng.pdf>

4. <https://www.icrc.org/en/document/humanitarian-impacts-and-risks-use-nuclear-weapons>

5. <https://www.ai-cio.com/news/norways-klp-divests-from-producers-of-controversial-weapons/>

6. <https://www.dontbankonthebomb.com/policy-analysis-report-rejecting-risk/>

7. <https://www.amnesty.org/download/Documents/ACT3008932019ENGLISH.PDF>

8. [https://complaints.oecdwatch.org/cases/Case\\_474](https://complaints.oecdwatch.org/cases/Case_474)

9. <https://www.nytimes.com/2022/09/07/us/politics/biden-aid-yemen-saudi-arabia.html>

10. <https://www.citigroup.com/citi/sustainability/data/Environmental-and-Social-Policy-Framework.pdf>

11. <https://watson.brown.edu/costsofwar/files/cow/imce/papers/Pentagon%20Fuel%20Use%2C%20Climate%20Change%20and%20the%20Costs%20of%20War%20Revised%20November%202019%20Crawford.pdf>

12. [https://www.icanw.org/nuclear\\_tests#:~:text=Even%20those%20that%20have%20been,soil%2C%20air%2C%20and%20water.](https://www.icanw.org/nuclear_tests#:~:text=Even%20those%20that%20have%20been,soil%2C%20air%2C%20and%20water.)

13. <https://ieeexplore.ieee.org/document/5596102>

### **Risks of Financing Controversial Weapons**

#### **Bank of Nova Scotia**

Scotia Global Asset Management (through 1832 Asset Management) (Scotia GAM) reports holding 2,231,000 common shares of Elbit Systems Ltd., representing 5% of Elbit's outstanding shares, with a value of approximately US\$465 million, making it the largest foreign shareholder in Elbit. Scotia GAM has owned shares in Elbit since 2013.

Elbit develops and supplies airborne, land, and naval systems for defense and homeland security. Bloomberg News reported in October 2022 that Norwegian pension fund KLP believes Elbit produces "smart cluster munitions systems", a position documented in a November 2021 report based on information from MSCI Inc., company reports, and NGOs.

HSBC divested its Elbit holdings in 2018 after Elbit acquired IMI Systems, a company with a history of producing cluster bombs. Elbit denied producing cluster munitions and in 2019 stated that IMI would not be continuing its prior activities related to cluster munitions. The proposal proponent understands that MSCI's profile on Elbit included a cautionary mark regarding cluster munitions, and that this mark was purportedly only removed in April 2022. Scotia GAM held over 1,000,000 Elbit shares by the end of 2018, and this holding has since more than doubled.

Elbit has faced additional controversy. The New York Times reported in 2021 that Myanmar's military junta used military-grade surveillance drones made by Elbit, and Norges Bank Investment Management excluded Elbit from its investment portfolio due to human rights concerns.

Scotia GAM, which represents 17% of Scotiabank's total earnings, says it uses its access to management to engage and influence issuers, and that it prefers to "support behavioural improvement, rather than exclude entire sectors."

Neither Scotiabank nor Scotia GAM discloses any formal policy related to controversial weapons such as cluster munitions, including a policy which would guide Scotia's due diligence on businesses in this sector. Scotiabank's position stands in contrast to its peers.

RBC Global Asset Management adopted a policy to exclude investments in companies associated with controversial weapons. RBC disclosed in 2016 that it has a policy prohibiting direct financing for cluster munitions.

BMO Global Asset Management adopted a Global Exclusion Policy on Cluster Munitions and Anti-personnel Mines. BMO restricts lending to companies involved in the sale of certain weapons, with high-risk matters escalated to BMO's Reputation Risk Management Committee.

HSBC's Defence Equipment Sector Policy prohibits the provision of financial services to manufacturers or vendors of anti-personnel mines or cluster bombs. HSBC Global Asset Management has adopted a policy that excludes investments in companies involved with banned weapons.

RESOLVED THAT in keeping with the board's mandate to approve and oversee the Bank's overall risk and ESG strategy, shareholders request that in 2023 the board adopt, or cause to be adopted, one or more policies that impose restrictions upon financing transactions directly pertaining to the trade or manufacturing of anti-personnel land mines, cluster munitions, biological weapons, chemical weapons or nuclear weapons (controversial weapons), and investments in companies that generate revenue from controversial weapons.

## Lobbying and Political Contributions

Corporations spend millions of dollars each year in undisclosed “dark money” to influence U.S. and global legislative and political systems. Companies first exert their influence — i.e. *lobby* — through membership in and donations to trade associations and organizations like the U.S. Chamber of Commerce, Super PACs, 527 committees, “social welfare” organizations, and notorious model legislation group the American Legislative Exchange Council (ALEC). Bills based on ALEC ready-made models have been introduced approximately 3,000 times since 2010, with more than 600 becoming law.

Each year, corporations also channel millions of dollars to political candidates, parties, and committees to influence elections at state and national levels; together with corporate lobbying activities, this political spending has a deleterious impact on the strength and integrity of our democracy.



### Lobbying and Political Contributions 39

| Proposal Topic  | Quantity |
|---|----------|
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ICCR members are sharply focused on the risks posed by these activities, and press for greater accountability and transparency, and secured 23 agreements with companies for improved disclosure in 2022. Those resolutions related to political spending and lobbying that went to a vote last year received average shareholder support in the mid-30% range. This year, ICCR members filed 39 resolutions dealing with lobbying and political spending the bulk of which dealt with lobbying expenditures disclosure.

Restaurant companies including Chipotle, McDonald’s, Restaurant Brands, Wendy’s and Yum! Brands received resolutions requesting greater disclosure of corporate lobbying expenditures. Each spent significant amounts opposing AB 257 in 2022, a California law that creates a council to set minimum standards on working conditions (McDonald’s spent \$5,748,941, Chipotle \$209,000, RBI \$100,000, Yum! Brands \$100,000, and Wendy’s \$50,000).

Pharma companies including Abbott, AbbVie, and Eli Lilly once again received resolutions highlighting their recent drug price hikes and calling out their lobbying against lower drug prices. Tech companies Amazon, Apple, and Meta received proposals seeking greater lobbying disclosure. A REIT was also called out for its impacts on affordable housing.



**Daniel Carroll**  
*Vice President for Programs and Counsel,  
Center for Political Accountability*



**Bruce Freed**  
*President, Center for Political  
Accountability*

Companies today face a moment of reckoning for their political spending. The crisis that confronts U.S. democracy and the inability to address a broad range of issues demanding public action

from **climate change** to **voting, guns**, and even **democracy** itself has put front and center the role of company political spending in contributing to the breakdown.

Companies must take a hard look at the consequences of their spending, the immediate and broad risks that it poses, and whether or how they should engage in political spending.

To that end, CPA's new "**Model Code**" proposal requests that the company report on its website any election-related spending by third-party groups, such as trade associations, 501(c)(4)s, super PACs, or 527 groups, to which it makes payments out of corporate treasury funds.

The proposal is based on two key planks from the **Model Code of Conduct for Corporate Political Spending**, which provides a framework for companies to evaluate the goals and risks of their election-related spending, and in doing so, to align it with both core company values and a needed commitment to democratic institutions.

If companies give money to third-party groups including politically active nonprofits and trade associations, the companies need to be prepared to connect the dots to the finish line – because if they don't, someone else will. In the language of business, we're talking about companies doing due diligence with regard to political spending. It's a necessary implementation step to build on the disclosure we long have advocated and to mitigate escalating risk.

Disclosure is important and invaluable. But without due diligence, true accountability and oversight of political spending will be hollow.

## Lobbying Expenditures Disclosure

Companies often lobby indirectly through their membership in trade associations and by funding groups that present themselves as impartial issue advocates but are in truth corporate mouthpieces. These organizations conceal the sources of their funding, infiltrate the policy-making process, and seek to sway public opinion, frequently via misinformation.

Investors asked 22 companies including Abbott, Amazon, Chipotle, Meta and Visa to disclose their policies and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications; and payments used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, including the amount of the payment and the recipient; and membership in/payments to model legislation organizations.

## Political Contributions Misalignment

In the wake of the second anniversary of the attack on the U.S. Capitol, companies face new pressures to disclose their political spending, as shareholders, lawmakers and consumer groups seek better oversight and more disclosure. While some companies said after Jan. 6 that they would cease political donations to politicians linked to the attack, the fact that companies aren't required to disclose all their political spending means that there is no practical way for investors or the public to verify that those promises are being kept.

Cigna pledged to discontinue support to the 147 members of Congress who voted against certifying the 2020 election results. Yet according to Accountable.US, during the 2022 election cycle Cigna contributed over \$70,000 to these members of Congress and has continued to support political committees that fundraise for them. Cigna also contributed to Georgia lawmakers

who enacted legislation making it more difficult to access absentee voting ballots.

Comcast contributed at least \$107,000 dollars during the 2022 election cycle to members of Congress who rejected certification of the 2020 presidential election and further contributed at least \$447,500 dollars to members of Congress who oppose federal voting rights legislation.

Disney has supported state legislators in Florida and Georgia who have been the lead sponsors of bills that would disproportionately disenfranchise Black and brown citizens.

JPMorgan Chase sponsors the State Financial Officers Foundation (“SFOF”), an organization that works to prevent investor consideration of climate risk and other ESG factors. SFOF has in turn promoted anti-ESG investigations directly targeting Chase and its ability to conduct business with certain states. And while Chase claims to support voting rights, it is among the top corporate contributors to sponsors of anti-voting legislation.

Mastercard is working to eliminate its GHG emissions, yet it too sponsors the SFOF, and SFOF-promoted legislation would prohibit states from contracting with companies whose GHG reduction policies may affect fossil fuel companies’ revenue.

Coca-Cola CEO James Quincey has stated that his company views voting as a “foundational right,” yet Coke donated to state officials who voted for laws restricting access to voting in the 2022 election cycle.

ICCR members asked eight companies this year, including Coca-Cola, Disney, and JPMorgan Chase to analyze and report on the congruence of their political, lobbying, and electioneering expenditures during the preceding year against their publicly stated company values and policies, listing and explaining any instances of incongruent expenditures.

### Require Trade Associations to Disclose Political Contributions

Corporate memberships in, and payments to, tax-exempt groups including trade associations like the Chamber and ALEC are generally hidden or obscured. These investments can constitute a significant reputational risk, particularly if these investments are not in alignment with a company’s stated values.

Amazon has contributed at least \$2.5 million to third-party groups since the 2018 election cycle. Beneficiaries of this spending have been tied to attacks on voting rights and efforts to deny climate change. In a new resolution this year investors asked Amazon to adopt a policy requiring that, prior to making a donation or expenditure that supports the political activities of any trade association, social welfare organization, or organization primarily engaged in political activities, Amazon will require that the organization report, at least annually, the organization’s expenditures for political activities — specifying the amount and recipient — and that each such report be posted on Amazon’s website.

Elevance and Merck received similar resolutions.

### Cease Political Contributions

So far 20 companies have adopted policies prohibiting contributions of political funds to influence elections.

Noting that it donated \$123,000 to 54 different 2020 election deniers and that these and additional political contributions are in opposition to its stated values, investors asked Verizon’s board of directors to adopt a policy prohibiting political and electioneering expenditures.

### **Require Trade Associations to Disclose Political Contributions**

Amazon.com, Inc

RESOLVED: The shareholders of Amazon.com Inc. (“Amazon” or “Company”) ask the Company to adopt a policy requiring that, prior to making a donation or expenditure that supports the political activities of any trade association, social welfare organization, or organization organized and operated primarily to engage in political activities, Amazon will require that the organization report, at least annually, the organization’s expenditures for political activities – including the amount spent and the recipient – and that each such report be posted on Amazon’s website.

For purposes of this proposal, “political activities” are:

- (a) influencing or attempting to influence the selection, nomination, election, or appointment of any individual to a public office; or
- (b) supporting a party, committee, association, fund, or other organization organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures to engage in the activities described in (a).

This proposal does not encompass lobbying spending.

#### **SUPPORTING STATEMENT**

As long-term Amazon shareholders, we support transparency and accountability in corporate electoral spending, including indirect political spending that is the subject of this proposal. Misaligned or non-transparent funding creates reputational risk that can harm shareholder value and place a company in legal jeopardy. Without knowing which candidates and political causes its funds ultimately support, our Company cannot assure shareholders, employees, or other stakeholders that its spending aligns with core values, business objectives, and policy positions. Without this information, none of the board, senior management, or shareowners can assess the risks associated with political spending.

The risks are especially serious when giving to trade associations, Super PACs, 527 committees, and “social welfare” organizations – groups that routinely pass money to, or spend on behalf of, candidates and political causes that a company might not otherwise wish to support. The Conference Board’s 2021 “Under a Microscope” report<sup>1</sup> details these risks, discusses how to effectively manage them, and recommends the process suggested in this proposal.

Media coverage amplifies the risk a company’s spending can pose, and contributions to third-party groups can also embroil companies in scandal. Public records show Amazon has contributed at least \$2.5 million in corporate funds to third-party groups dating to the 2018 election cycle. Beneficiaries of this spending have been tied to attacks on voting rights, efforts to deny climate change, and efforts to impose extreme restrictions on abortion – associations many companies wish to avoid.

It is unclear whether Amazon and its board received sufficient information from these groups to assess (a) the potential risks for the Company and stockholders, and (b) whether the groups’ expenditures align with our Company’s core values, business objectives, and policy positions.

Mandating reports from third-party groups that receive Amazon political money would demonstrate our Company’s commitment to robust risk management and responsible civic engagement.

THEREFORE: We urge a vote FOR the commonsense risk management measures contained in this proposal.

1. <https://www.conference-board.org/publications/Under-a-Microscope-ES>

### **Require Trade Associations to Disclose Political Contributions**

#### **Elevance Health**

*A similar resolution was submitted to Merck.*

**RESOLVED:** The shareholders of Elevance Health, Inc. (“Elevance” or “Company”) ask the Company to adopt a policy requiring that any trade association, social welfare organization, or organization organized and operated primarily to engage in political activities that seeks financial support from Elevance agree to report to Elevance, at least annually, the organization’s expenditures for political activities, including the amount spent and the recipient, and that each such report be posted on Elevance’s website.

For purposes of this proposal, “political activities” are

- (i) influencing or attempting to influence the selection, nomination, election, or appointment of any individual to a public office; or
- (ii) supporting a party, committee, association, fund, or other organization organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures to engage in the activities described in (i).

#### **SUPPORTING STATEMENT**

As long-term Elevance shareholders we support transparency and accountability in corporate electoral spending, including the indirect political spending that is the subject of this proposal. Misaligned or non-transparent funding creates reputational risk that can harm shareholder value. It can also place a company in legal jeopardy. Unless a company knows which candidates and political causes its funds ultimately support, it cannot assure shareholders, employees, or other stakeholders that its spending aligns with core values, business objectives, and policy positions. Without the information requested by this resolution, none of the board, senior management, or shareowners can assess the risks associated with political spending.

The risks are especially serious when giving to trade associations, Super PACs, 527 committees, and “social welfare” organizations – groups that routinely pass money to or spend on behalf of candidates and political causes that a company might not otherwise wish to support. The Conference Board’s 2021 “Under a Microscope” report<sup>1</sup> details these risks, discusses how to effectively manage them, and recommends the process suggested in this proposal.

Media coverage has amplified the risk a company’s blind spending can pose. Corporate spending has been tied to attacks on voting rights and efforts to deny climate change – associations many companies wish to avoid. Contributions to third-party groups can also embroil companies in scandal. For instance, FirstEnergy Corp was tainted when it contributed to a political advocacy organization that later pled guilty to the state’s largest bribery scheme. FirstEnergy’s stock price dropped, and the scandal led to the resignation of several top officers.

Public records show that the corporation currently known as Elevance has contributed at least \$12.7 million in corporate funds to third-party groups since 2010. It is unclear whether Elevance and its board received sufficient information from these groups to assess (a) the potential risks for the Company and stockholders, and (b) whether the groups’ expenditures aligned with Elevance’s core values, business objectives, and policy positions.

Mandating reports from third-party groups receiving Elevance’s political money would demonstrate the Company’s commitment to robust risk management and responsible civic engagement.

We urge a vote FOR the commonsense risk management measures contained in this proposal.

1. <https://www.conference-board.org/topics/corporate-political-activity/Under-a-Microscope-A-New-Era-of-Scrutiny-for-Corporate-Political-Activity>

## Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 260.*

### Cease Political Contributions

#### Verizon Communications Inc.

Former chief justice of the Delaware Supreme Court Leo Strine argued in the Harvard Business Review: “Because political donations are controlled by managers, and because no corporate stakeholders, including shareholders, base their relationship with a company on the expectation that it will use its entrusted capital for political purposes, corporate political spending cannot reflect the diverse preferences and views of those stakeholders. Even the classic justification that corporate donations maximize shareholder wealth is on shaky ground: Emerging evidence suggests that they can destroy value by suppressing innovation and distracting managers from more-pressing tasks.” <https://hbr.org/2022/01/corporate-political-spending-is-bad-business>

A study of corporate political activity in the form of lobbying and PAC spending by S&P 500 companies from 1998 to 2004 found that it was strongly and negatively related to company value. This suggests that ceasing political spending does not necessarily put a company at a competitive disadvantage.

[https://dash.harvard.edu/bitstream/handle/1/30064396/Coates\\_684.pdf](https://dash.harvard.edu/bitstream/handle/1/30064396/Coates_684.pdf)

Political contributions by one company can take the form of rent-seeking which may lead to externalities that weigh on other companies, taxpayers, and consumers – possibly slowing real overall economic growth. This may raise concerns for widely diversified investors who are more exposed to the broader economy and suggests that they should support a cessation of political contributions.

Companies such as IBM, Nvidia, ADP, Boeing, Verisign, and fifteen others have adopted policies prohibiting contributions of political funds to influence elections.

<https://www.politicalaccountability.net/wp-content/uploads/2022/10/2022-CPA-Zicklin-Index.pdf>

We believe Verizon has reputational risk as it has repeatedly been called out for political contributions which appear to be inconsistent with its corporate values. In 2022, Verizon recognized Women’s History Month by highlighting how “Verizon ‘focus[es] on breaking down bias and stereotypes while continuing progress on women’s equality and gender equality.’” But between 2016 and May 2022, Verizon reportedly contributed \$901,150 to anti-abortion political committees. <https://popular.info/p/these-13-corporations-have-spent>

Verizon claims it is “proud to foster an inclusive environment” and that it is “committed to LGBTQ+ equality across the board.” From January 2021 to May 2022 Verizon reportedly contributed at least \$504,812 to the campaigns and leadership PACs of members of Congress that have received a zero rating from the Human Rights Committee. <https://popular.info/p/lgbtq2022>

We believe that business needs a healthy democracy, yet it appears that “Verizon has donated \$123,000 to 54 different 2020 election deniers.” [gizmodo.com/amazon-election-deniers-2020-midterms-pacs-1849706425](https://gizmodo.com/amazon-election-deniers-2020-midterms-pacs-1849706425)

Given potential risks and potential negative impact on shareholder or portfolio value, we believe Verizon should adopt a policy to refrain from using corporate treasury funds in the political process. Adopting such a policy would not prohibit Verizon from lobbying spending or other activities where it can participate in the policy making process.

**RESOLVED:** shareholders request that the board of directors adopt a policy prohibiting political and electioneering expenditures.

**SUPPORTING STATEMENT:** “political and electioneering expenditures ” means spending, from the corporate treasury and from the PAC, 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.



### **Political Contributions Misalignment**

#### **Disney (Walt) Company / ABC**

WHEREAS: The political expenditures of The Walt Disney Company (“Disney”) appear to be misaligned with the company’s publicly stated values and vision across important issue areas.

Disney has stated, “We embrace a world of belonging through our continuing efforts to promote Diversity, Equity & Inclusion in our workforce and beyond. We believe that greater representation and diversity of thought and experience make us a stronger, more capable, and creative company.”

- Disney has been a vocal supporter of the LGBTQ community. Yet in 2020-2022, Disney donated approximately \$200,000 to supporters of the Florida law dubbed “Don’t Say Gay,” which critics say will chill any K-12 classroom acknowledgement or discussion of sexual orientation or gender identity. These contributions, and Disney’s failure to speak out against the bill prior to its passage, provoked widespread media coverage, public anger, an employee petition and walkout.
- Disney sponsors numerous efforts to promote women’s advancement inside the company, yet in the 2020 and 2022 election cycles, Disney and its employee PAC have made political donations totaling at least \$1.6 million to politicians and political organizations working to weaken women’s access to reproductive health care in the U.S. In Florida between 2017 and March 2022, 86% of Disney’s political contributions went to anti-choice politicians prior to the passage of a 10-week abortion ban.
- CEO Bob Chapek has stated that “it is critical that we stand together, speak out and do everything in our power to ensure that acts of racism and violence are never tolerated.” Yet Disney has supported state legislators in Florida and Georgia who have been the lead sponsors of bills that would disproportionately disenfranchise Black and brown citizens.
- Disney is working toward a science-based climate emissions reduction goal, yet has donated to a state attorney general suing to keep the federal government from creating a metric necessary to estimate the total cost of greenhouse gases, who is also tied to a group that made robocalls urging thousands to “stop the steal” in advance of the Capitol insurrection. To minimize political spending that misaligns with its organizational values and creates reputation and brand risk, Disney should establish clear policies and reporting on such misalignment.

RESOLVED: Shareholders request that Disney annually analyze and report, at reasonable expense, the congruence of its political and electioneering expenditures during the preceding year against its publicly stated company values and policies, listing and explaining instances of incongruent expenditures, and stating whether the identified incongruencies have or will lead to a change in future expenditures or contributions.

SUPPORTING STATEMENT: Proponents recommend, at management discretion, that the report also contain an 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 its PACs, during the year, directly or through third parties, in printed, internet, or broadcast communications, which are reasonably susceptible to interpretation as being in support of or in 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. 260.

## Political Contributions Misalignment

### MasterCard Incorporated

*A similar resolution was submitted to Comcast Corp.*

WHEREAS: Mastercard states that it is “committed to doing well by doing good,”<sup>1</sup> a vision that inspires “everything” the company does.<sup>2</sup> This includes striving to engage in the political process and policy arena “in the most responsible and ethical way.”<sup>3</sup>

However, Mastercard’s political expenditures appear to be out of alignment with its public statements on company values, views, and operational practices.

For example, Mastercard trumpets its commitment to “mobilizing against climate change,” including adopting a net-zero by 2040 goal.<sup>4</sup> Mastercard has particularly proclaimed its efforts to address its Scope 3 greenhouse gas emissions.<sup>5</sup> Yet, the company funds industry associations like the Business Roundtable that opposes meaningful climate action.<sup>6</sup> The Business Roundtable has “spent millions of dollars” to stop climate legislation and, in particular, has opposed efforts to require companies to disclose their Scope 3 emissions.<sup>7</sup>

Likewise, while Mastercard promotes environmental, social, and governance (ESG) practices, both internally and externally,<sup>8</sup> it nonetheless sponsors the State Financial Officers Foundation (“SFOF”), an organization that promotes government policies punishing companies that take ESG factors into consideration in their investment decision making.<sup>9</sup>

Mastercard sponsors SFOF even though policies promoted by SFOF will harm Mastercard’s business. For example, while Mastercard is working to eliminate its greenhouse gas emissions,<sup>10</sup> SFOF-promoted legislation would prohibit states from contracting with companies whose greenhouse gas reduction policies are claimed to affect fossil fuel companies.<sup>11</sup> Government contracts are a significant line of business for Mastercard.<sup>12</sup> Weighing the benefits of maintaining membership in an organization whose policies may negatively impacts its business, are likely to increase climate risk, and are out of alignment with its own climate-related policies, would benefit the Company and investors.

Other companies, such as Federated Hermes, which supported SFOF prior to its anti-ESG work, have withdrawn their membership with the organization.<sup>13</sup>

BE IT RESOLVED: Shareholders request the Board publish a report, at reasonable expense, analyzing the misalignment of Mastercard’s political and electioneering expenditures during the preceding year against Mastercard’s publicly stated company values and policies, listing and explaining any instances of incongruent expenditures and stating whether the Company has made, or plans to make, changes in contributions as result of identified incongruencies.

SUPPORTING STATEMENT: Shareholders recommend, at Board and management discretion, that the report include an analysis of risks to the Company brand, reputation, or shareholder value associated with expenditures in conflict with its publicly stated values.

As used in this resolution, “political and electioneering expenditures” means spending, from corporate treasury and from any associated PACs, directly or through a third party, at any time during the year, which are either direct lobbying expenditures or which are reasonably susceptible to interpretation as being in support of or in opposition to a specific candidate, piece of legislation, regulation, or political or policy agenda, including payments made pursuant to membership in trade associations or politically active nonprofits.

1. <https://www.mastercard.com/news/perspectives/2022/esg-goals-and-employee-compensation/>

2. <https://www.mastercard.com/global/en/vision/corp-responsibility.html>

3. <https://investor.mastercard.com/corporate-governance/policies-and-reports/default.aspx>

4. <https://www.mastercard.com/global/en/vision/corp-responsibility/sustainability.html>

5. <https://normative.io/insight/mastercard/>

6. [https://s25.q4cdn.com/479285134/files/doc\\_downloads/2022/10/MC-Contributions-to-Trade-Assoc-Q1-2-2022.pdf](https://s25.q4cdn.com/479285134/files/doc_downloads/2022/10/MC-Contributions-to-Trade-Assoc-Q1-2-2022.pdf)

7. <https://www.theguardian.com/environment/2022/aug/19/top-us-business-lobby-group-climate-action-business-roundtable>

8. <https://www.mastercard.com/news/perspectives/2022/esg-goals-and-employee-compensation/>; <https://www.mastercardservices.com/en/solutions/environmental-social-and-governance>

9. <https://www.responsible-investor.com/kkr-no-longer-listed-on-sponsorship-page-of-us-anti-esg-foundation/>

10. <https://www.marketwatch.com/story/mastercard-will-let-you-track-the-climate-impact-of-your-spending-habits-11618229211>

11. <https://www.nytimes.com/2022/08/05/climate/rep-publican-treasurers-climate-change.html>

12. <https://www.mastercard.us/en-us/business/governments/find-solutions.html>

13. <https://www.netzerinvestor.net/news-and-views/federated-hermes-to-end-sponsorship-of-us-anti-esg-treasurers-group>

## Political Contributions Misalignment

### J.P. Morgan Chase & Co.

WHEREAS: JPMorgan Chase (“Chase”) states that it “believes that responsible corporate citizenship demands a strong commitment to a healthy and informed democracy through civic and community involvement,” and that it, therefore, engages in lobbying and other public policy advocacy. The issues that Chase identifies as particularly important to its business include:

- Inclusive economic growth;
- Diversity, equity, and inclusion, including racial, gender, and gay and transgender (“LGBTQ+”) rights;
- and Environmental, social, and corporate governance (“ESG”).<sup>1</sup>

However, Chase’s political expenditures appear to be misaligned with its public statements on company values, views, and operational practices.

For example, Chase states that its employee Political Action Committee (PAC) “support(s) candidates, parties and committees whose views on specific issues are consistent with the Firm’s priorities,”<sup>2</sup> but it has contributed hundreds of thousands of dollars to state and federal lawmakers with extreme anti-LGBTQ+ voting records.<sup>3</sup> Likewise, Chase has extensively contributed to sponsors of legislation that restricts access to reproductive healthcare.<sup>4</sup> Chase’s support for these lawmakers come despite its warning that “candidates who advance positions or exhibit behaviors that are in conflict with the Firm’s ethos may be ineligible for PAC donations.”<sup>5</sup>

Chase also trumpets its commitment to “supporting the transition to a low-carbon economy,”<sup>6</sup> yet funds industry associations like the Chamber of Commerce and the Business Roundtable that oppose meaningful climate action.<sup>7</sup> Similarly, while Chase claims that supporting ESG is a core tenet of its political engagement, Chase sponsors the State Financial Officers Foundation (“SFOF”), an organization that works to prevent investor consideration of climate risk and other ESG factors, despite a recent pledge to end its sponsorship of this controversial group.<sup>8</sup> SFOF has, in turn, promoted anti-ESG investigations directly targeting Chase and its ability to conduct business with certain states.<sup>9</sup>

Finally, while Chase claims to support voting rights,<sup>10</sup> it is among the top corporate contributors to sponsors of anti-voting legislation.<sup>11</sup>

**BE IT RESOLVED:** Shareholders request the Board publish a report, at reasonable expense, analyzing the congruence of Chase’s political and electioneering expenditures during the preceding year against Chase’s publicly stated company values and policies; listing and explaining any instances of incongruent expenditures; and stating whether the company has made, or plans to make, changes in contributions or communications to candidates as a result of identified incongruencies.

**SUPPORTING STATEMENT:** Shareholders recommend, at Board and management discretion, that the report include an analysis of risks to the Company brand, reputation, or shareholder value associated with expenditures in conflict with its publicly stated values.

As used in this resolution, “political and electioneering expenditures” means spending, from corporate treasury and from any associated PACs, directly or through a third party, at any time during the year, which are either direct lobbying expenditures or which are reasonably susceptible to interpretation as being in support of or in opposition to a specific candidate, piece of legislation, or regulation, including payments made pursuant to membership in trade associations or politically active nonprofits.

1. <https://www.Chaseorganchase.com/about/governance/political-engagement-and-public-policy>

2. *Ibid*

3. <https://popular.info/p/corporate-pride-political-donations?s=r>

4. <https://www.businessinsider.com/wall-street-finance-anti-abortion-lawmakers-2022-5>

5. <https://www.Chaseorganchase.com/about/governance/political-engagement-and-public-policy>

6. <https://www.Chaseorganchase.com/impact/sustainability>

7. <https://www.Chaseorganchase.com/content/dam/Chaseorganchase-and-co/documents/2021-political-engagement-report-final.pdf>; <https://www.theguardian.com/environment/2022/aug/19/top-us-business-lobby-group-climate-action-business-roundtable>

8. <https://casten.house.gov/media/press-releases/casten-statement-responses-wells-fargo-Chaseorganchase-regarding-sfof-sponsorship>

9. <https://www.responsible-investor.com/west-virginia-targets-blackrock-goldman-sachs-and-jp-morgan-chase-under-anti-esg-investing-law/>

10. <https://www.cnn.com/2021/03/30/business/jamie-dimon-voting-rights-Chaseorganchase>

11. <https://www.greenpeace.org/usa/wp-content/uploads/2021/05/Democracy-Report-2.pdf>

### **Political Contributions Misalignment**

#### **The Coca-Cola Company**

WHEREAS: Coca-Cola Company has stated “[t]here is overwhelming evidence that achieving equality and empowerment for women has broad ripple effects that are good for society.”

Criteria for political contributions to candidates from the Coca-Cola PAC include the recipient’s “support for workforce equality and inclusion” and demonstration of “a strong record for environmental sustainability.”

However, several of Coca-Cola’s politically focused expenditures in the U.S. appear to be misaligned with these stated criteria and other organizational values otherwise conveyed through its activities and statements:

In 2021, Coca-Cola faced boycotts and social media censure when it was perceived as being supportive of legislation in Georgia restricting voting rights. This perception was linked to Coca-Cola’s donations to 29 co-sponsors of the legislation (<https://bit.ly/3G1prgc>). CEO James Quincey later stated that Coca-Cola viewed voting as a “foundational right,” yet the Company donated to state officials who voted for laws restricting access to voting in the 2022 election cycle (<https://bit.ly/3Tog6lQ>).

Coca-Cola committed to recover for recycling all the bottles it sells and to use 50% recycled content by 2030. Yet, the company has spent millions of dollars to oppose passage of container deposit laws, which have proven to significantly increase recycling rates.

In the 2020-22 election cycles, the Proponent estimates that Coca-Cola has given more than \$1.8 million to politicians and political organizations seeking to limit access to reproductive health care.

Following the storming of the U.S. Capitol, Coca-Cola stated, “We are all stunned by the unlawful and violent events that unfolded in Washington, D.C.,” and declared a pause in political giving of unknown duration. Yet Coke subsequently donated to federal lawmakers who opposed creating a Congressional January 6th investigation. The Company and its investors would benefit by strengthening its policies and reporting systems to avoid future missteps in corporate electioneering and political spending that contrast with its stated diversity and environmental policies. Such an approach is likely to reduce risk to Coca-Cola’s brand and reputation.

RESOLVED: Shareholders request that Coca-Cola publish a report, at reasonable expense, analyzing the congruency of its political and electioneering expenditures in the U.S. during the preceding year against its publicly stated company values and policies, listing and explaining any instances of incongruent expenditures, and stating whether the Company plans to make changes in contributions or communications to candidates as a result of the identified incongruencies.

#### **SUPPORTING STATEMENT:**

The proponents recommend, at Board discretion, that such report also include management’s analysis of risks to our Company’s brand, reputation, or shareholder value of expenditures in conflict with the Company’s publicly stated values. “Expenditures for electioneering communications” means spending directly, or through a third party, at any time during the year, on printed, internet, or broadcast communications, which are reasonably susceptible to interpretation as being in support of or in opposition to a specific candidate.

### Political Contributions Misalignment

#### CIGNA Corporation

WHEREAS Cigna has stated “All of Cigna’s government relations engagements, including political contributions, are intended to be constructive and nonpartisan with an aim to advancing public policies that we believe support the greater societal good of a more affordable, predictable and simple health care system for all patients and communities. Cigna also stands for diversity, inclusion, equity and equality; our public policy activities are an extension of that commitment,” and “Some considerations are so foundational that they transcend all matters of public policy ... CignaPAC will not support any elected official who encourages or supports violence or discrimination in any form.

However, Cigna’s political expenditures appear to be misaligned with the company’s values and vision.

Cigna pledged to discontinue support to the 147 members of Congress who voted against certifying the 2020 election results. Yet according to Accountable.US, during the 2022 election cycle Cigna contributed over \$70,000 to these members of Congress and has continued to support political committees that fundraise for them. Cigna also contributed to Georgia lawmakers who enacted legislation making it more difficult to access absentee voting ballots. Cigna promotes gender equity in the workplace, and more than three-quarters of its workforce is female. Yet in the 2020-2022 election cycles, Cigna and its employee PACs donated at least \$2.6 million to politicians and political organizations working to weaken women’s access to reproductive health care, including 16 direct donations during the 2022 election cycle to Texas legislators who voted in favor of Texas SB 8 (2021), which made it illegal to insure abortion in the state. These inconsistencies have been noted by Forbes, Washington Post, Popular.Info, MSNBC and other media.

Proponents believe that Cigna 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 contrast with its stated objectives.

#### RESOLVED

Shareholders request that Cigna publish an annual report, at reasonable expense, analyzing the congruence of political, lobbying, and electioneering expenditures during the preceding year against publicly stated company values and policies, listing and explaining any instances of incongruent expenditures, and stating whether the identified incongruencies have led to a change in future expenditures or contributions.

#### 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. “Electioneering expenditures” 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.

### Political Contributions Misalignment

Altria Group, Inc.

**RESOLVED:** Shareholders request that Altria annually analyze and report on the congruence of its political and lobbying expenditures during the preceding year against its publicly stated company values and policies, listing and explaining instances of incongruent expenditures, and stating whether the identified incongruencies have or will lead to a change in future expenditures or contributions.

**WHEREAS:** A New York Times article, “Big Tobacco Heralds a Healthier World While Fighting Its Arrival”,<sup>1</sup> reported: “Major cigarette companies, like Altria and R.J. Reynolds, acknowledge that cigarettes are dangerous and addictive, and they are heralding their investments in electronic cigarettes and other less-harmful alternatives to cigarettes. But, with much less fanfare, they are taking steps to slow the very smokeless future they claim to want: The companies have submitted letters protesting the proposed menthol ban in traditional cigarettes, and they have signaled they will similarly resist any efforts to lower nicotine levels.”

Altria has set science-based greenhouse gas reduction targets, yet is a member of the U.S. Chamber of Commerce and the American Legislative Exchange Council (ALEC), both of which have lobbied to roll back specific US climate regulations and promote regulatory frameworks that would slow the transition towards a lower-carbon economy. This raises questions about whether Altria is also supporting efforts that conflict with its environmental commitments.

In addition, while Altria has articulated its support for the right to vote, the Company was one of the recipients of a letter sent by the League of Women Voters and over 300 organizations to corporations to stop funding ALEC because of its voter restriction efforts.<sup>2</sup>

Altria does not disclose its payments to trade associations (TAs) and social welfare groups (SWGs). Companies can give unlimited amounts to TAs and SWGs that spend millions on lobbying and undisclosed grassroots activity. The federal Lobbying Disclosure Act does not require reporting of grassroots lobbying, and disclosure is uneven or absent in states. Investors have repeatedly sought greater transparency because a company’s political activity can contradict its stated goals, posing reputation risk.

The Center for Political Accountability’s (CPA) report, “Practical Stake: Corporations, Political Spending and Democracy” provides “a framework for companies to evaluate their political spending and align it with core company values and core democracy values, mitigating risks to their self-interests and democracy.”<sup>3</sup> One of the report’s findings is that “political spending by companies totaling millions of dollars too often conflicts with their public commitments. Companies contributed heavily to a partisan political group tied to robocalls one day before Jan. 6, 2021. That same group helped elect state attorneys general who went to court to get the 2020 election results from key states thrown out. At the state level, companies gave millions of dollars to groups supporting the election of officeholders who worked for new laws to restrict or suppress voting.”<sup>4</sup> Altria’s expenditures are cited numerous times in the report.

1. <https://www.nytimes.com/2022/11/06/health/tobacco-fda-menthol-ban-nicotine.html?smid=em-share>

2. <https://www.commoncause.org/press-release/common-cause-fair-fight-action-and-over-300-organizations-call-on-corporations-to-cut-ties-with-alec/>

3. <https://www.politicalaccountability.net/wp-content/uploads/2022/04/Practical-Stake.pdf>

4. <https://electionlawblog.org/?p=129088>

## Political Contributions Misalignment

### Northrop Grumman Corporation

**RESOLVED:** Shareholders request the Board of Directors annually conduct an evaluation and issue a public report, at reasonable cost and omitting proprietary information, describing the alignment of its political activities (including direct and indirect lobbying and political and electioneering expenditures) with its Human Rights Policy. The report should:

- list and explain instances of misalignment, and state whether and how the identified incongruencies have or will be addressed.

**WHEREAS:** Northrop Grumman (Northrop), in its Human Rights Policy, states its “deep respect for individuals and human rights” and recognizes the UN Guiding Principles on Business and Human Rights as important guidance for companies to meet their human rights responsibilities. However, Northrop’s political activities suggest it actively lobbies, makes political contributions, and otherwise pushes for government sales of its defense products and services to customers linked to irremediable human rights impacts, especially in conflict-affected and high-risk areas. Shareholders lack sufficient disclosure to analyze whether there is alignment with the Company’s stated policies.

Northrop has high-risk business activities in the areas of controversial arms trade, military training, nuclear weapons, and border militarization.<sup>1</sup> Investors lack assurance Northrop’s lobbying activities are not encouraging weak regulation of its sales and products that present significant human rights risks. For example, the Air Force awarded Northrop a \$13.3 billion nuclear missile contract in 2020.<sup>2</sup> Nuclear weapons are illegal under international law due to their indiscriminate and disproportionate impacts on civilians.<sup>3</sup> Before the contract was approved, Northrop lobbied against an amendment which would have required the Pentagon explore alternatives to these missiles.<sup>4</sup>

Research organizations have recorded defense manufacturers exerting “deep influence through money in politics.”<sup>5</sup> In 2022, Northrop has spent \$8,690,000 on federal lobbying, much of which focused on defense appropriations, export control reform, and foreign military sales.<sup>6</sup> Investors lack disclosure on these lobbying activities, particularly how they align with the Company’s Human Rights Policy.<sup>7</sup> Additionally, Northrop’s significant contributions to think tanks, such as the Center for a New American Security, lack transparency.<sup>8</sup>

Although Northrop commits to declining business opportunities with clients, “regardless whether it is legally permissible,” if human rights risks are “unacceptable,”<sup>9</sup> its political activities appear misaligned with its human rights commitments. For example, in 2020, a notable lobbyist allegedly lobbied for Northrop while simultaneously contacting congressional and State Department officials on behalf of the United Arab Emirates (UAE) regarding arms sales for use in Yemen.<sup>10</sup> Northrop has long-standing arms and services dealings with the UAE and Saudi Arabia, who have repeatedly targeted civilians as part of their military operations in Yemen, and are complicit in a wide range of gross human rights violations.<sup>11</sup>

Shareholders have an interest in ensuring Northrop’s political activities are aligned with its stated human rights commitments. Establishing clear policies and reporting on misalignment can help mitigate material risks that harm shareholder value.

1. <https://investigate.afsc.org/company/northrop-grumman>
2. [https://news.northropgrumman.com/news/releases/northrop-grumman-awarded-contract-to-replace-aging-icbmsystem#:~:text=8%2C%202020%20%20E2%80%93%20Northrop%20Grumman%20Corporation,Ground%20Based%20Strategic%20Deterrent%20\(GBSD\)](https://news.northropgrumman.com/news/releases/northrop-grumman-awarded-contract-to-replace-aging-icbmsystem#:~:text=8%2C%202020%20%20E2%80%93%20Northrop%20Grumman%20Corporation,Ground%20Based%20Strategic%20Deterrent%20(GBSD))
3. [https://treaties.un.org/doc/Treaties/2017/07/20170707%2003-42%20PM/Ch\\_XXVI\\_9.pdf](https://treaties.un.org/doc/Treaties/2017/07/20170707%2003-42%20PM/Ch_XXVI_9.pdf)
4. <https://www.armscontrol.org/act/2021-05/features/inside-icbm-lobby-special-interests-national-interest>
5. <https://www.opensecrets.org/news/reports/capitalizing-on-conflict/yemen-case-study>
6. <https://www.opensecrets.org/federal-lobbying/clients/summary?id=D000000170>; <https://lda.senate.gov/filings/public/filing/3003b3cf-512f-4685-99f0-6c54491a91ec/print/>; <https://lda.senate.gov/filings/public/filing/5063e089-a33a-4222-ac79-6910bd78179a/print/>; <https://lda.senate.gov/filings/public/filing/f2e51516-09e0-42b5-bd04-5c64dca3746f/print/>
7. <https://www.opensecrets.org/orgs/northrop-grumman/congressional-committees?id=D000000170>
8. [https://3ba8a190-62da-4c98-86d2-893079d87083.usfiles.com/ugd/3ba8a1\\_c7e3bfc7723d4021b54cbc145ae3f5eb.pdf](https://3ba8a190-62da-4c98-86d2-893079d87083.usfiles.com/ugd/3ba8a1_c7e3bfc7723d4021b54cbc145ae3f5eb.pdf)
9. <https://www.northropgrumman.com/corporate-responsibility/northrop-grumman-human-rights-policy/>
10. <https://www.opensecrets.org/news/reports/capitalizing-on-conflict/yemen-case-study>
11. <https://www.aljazeera.com/news/2022/2/7/yemen-intensifying-war-worsens-worlds-worst-civilian-crisis>; <https://www.amnesty.org/en/documents/pol10/4870/2022/en/>

### Political Contributions

#### Charles River Laboratories International

*Similar resolutions were submitted to Colgate-Palmolive, ServiceNow, Inc. and Stryker Corporation.*

RESOLVED: Myra K. Young, of CorpGov.net, requests Charles River Laboratories International Inc. (“Charles River” or “Company”) provide a report, updated semiannually, disclosing Charles River’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:

- a. The identity of the recipient as well as the amount paid to each; and
- b. The title(s) of the person(s) in the Company responsible for decision-making.

The report shall be presented to the board of directors or relevant board committee and posted on Charles River’s website within 12 months after the annual meeting. This proposal does not encompass lobbying spending.

SUPPORTING STATEMENT: As long-term shareholders of Charles River, 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.

Political spending can adversely impact a company’s reputation, value, and bottom line. The risk is especially serious when involving trade associations, Super PACs, 527 committees, and “social welfare” organizations – groups that routinely pass money to or spend on behalf of candidates and political causes companies might not otherwise support.

The Conference Board’s “Under a Microscope”<sup>1</sup> details these risks, recommends the process suggested in this proposal, and warns:

a new era of stakeholder scrutiny, social media, and political polarization has propelled corporate political activity—and the risks that come with it—into the spotlight. Political activity can pose increasingly significant risks for companies, including the perception that political contributions—and other forms of activity—are at odds with core company values.

We ask Charles River to disclose all its electoral spending, including payments to trade associations and other tax-exempt organizations, which may be used for electoral purposes—and are otherwise undisclosed. This would bring our Company in line with leading companies, including Becton, Dickinson and Company, Bristol-Myers Squibb Company, and Boston Scientific Corp.

Without knowing the recipients of Charles River’s political dollars, we cannot assess alignment with its policies on climate change and sustainability or other areas of concern. Charles River’s directors have longer than average tenure. It is, therefore, even more critical that the Board hear from independent shareholders on this issue to avoid groupthink and risk. Charles River ranks in the bottom tier for 2022 CPA-Zicklin Index disclosure.<sup>2</sup>

Enhance Shareholder Value, Vote FOR Political Disclosure – Proposal [4\*]

1. <https://www.conference-board.org/publications/>

2. <https://www.politicalaccountability.net/wp-content/uploads/2022/10/2022-CPA-Zicklin-Index.pdf>



### Lobbying Alignment Eli Lilly and Company

RESOLVED: Shareholders request that the Board of Directors commission and publish a third party review within the next year (at reasonable cost, omitting proprietary information) of how Eli Lilly and Company (“Lilly”) reconciles the strong commitments to both innovation and patient access, reflected in Lilly’s statement that it “strike[s] a balance between access and patient affordability, while sustaining investments to research innovative life-changing treatments for some of today’s most serious diseases”<sup>1</sup>—when lobbying and engaging in other policy advocacy activities (both direct and through trade associations).

Supporting Statement: Lilly states that it “is committed to ensuring you can afford your Lilly insulin,”<sup>2</sup> and says it wants to “help those with diabetes get the medication and care they need.”<sup>3</sup> Though Lilly has a patient access program, there is not solid evidence that these programs reach the most vulnerable patients, with one study finding “[l]imited evidence ... that co-pay assistance was associated with improved treatment persistence/adherence across various diseases...”<sup>4</sup> In March 2021, Lilly also made headlines for “deceptive trade practice claims” associated with “insulin price-gouging.”<sup>5</sup>

Lilly states, “Now more than ever, it’s vitally important that we demonstrate accountability and trustworthiness so we can continue to earn the confidence of patients, healthcare providers and other customers, as well as society as a whole.”<sup>6</sup> However, Lilly has directly lobbied against drug pricing reform that advances affordability,<sup>7</sup> hiring three lobbyists in March 2021 to defeat Democratic drug pricing proposals even while Lilly was under intense scrutiny for insulin price hikes.<sup>8</sup>

Lilly’s CEO Dave Ricks is a recent Board Chair for Pharmaceutical Research and Manufacturers of America (“PhRMA”), which raised nearly \$527 million in 2020 and spent roughly \$506 million, including donating millions to numerous other organizations for use in opposing congressional drug pricing reform efforts.<sup>9</sup> PhRMA also sits on the Private Enterprise Advisory Council of the American Legislative Exchange Council, which has actively opposed bills to lower the costs of pharmaceuticals (H.R. 3 and its moderate counterpart S. 2534 (both 116th Congress)).<sup>10</sup>

Lilly spent \$7.5M lobbying in 2021 and \$5.3M in 2022 (through October 24).<sup>11</sup>

Given Lilly’s extensive direct and indirect lobbying against measures that would make drugs more affordable, investors need to better understand the balance Lilly is striking between its commitments to innovation, on the one hand, and access and affordability, on the other.

For these reasons, we urge shareholders to support the proposal.

1. <https://www.lilly.com/policies-reports/public-policy>

2. <https://www.insulinaffordability.com/>

3. <https://www.insulinaffordability.com/lilly-diabetes-solution-center>

4. <https://www.ajmc.com/view/impact-of-co-pay-assistance-on-patient-clinical-and-economic-outcomes>

5. <https://news.bloomberglaw.com/antitrust/sanofi-lilly-novo-must-face-more-insulin-price-gouging-claims>

6. <https://www.lilly.com/impact/operating-ethically-and-responsibly>

7. <https://www.fiercepharma.com/pharma/novo-faces-new-shareholder-suit-for-alleged-collusive-price-fixing>

8. <https://www.opensecrets.org/news/2021/04/vaccine-access-pharma-lobbying-fight/>

9. <https://www.opensecrets.org/news/2020/12/pharma-lobby-poured-millions-into-darkmoney-groups/>

10. <https://www.alecaction.org/update/20-alec-lawmakers-say-no-to-importing-price-controls-and-socialized-medicine-to-america/>

11. <https://www.opensecrets.org/orgs/eli-lilly-co/summary?id=d000000166>

## Lobbying Expenditures Disclosure

### Meta (Facebook Inc.)

WHEREAS, we believe in full disclosure of Meta Platforms, Inc.'s lobbying activities and expenditures to assess whether its lobbying is consistent with Meta's expressed goals and in stockholder interests.

RESOLVED, stockholders 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 Meta 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 Meta 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 and posted on Meta's website.

SUPPORTING STATEMENT: Meta's lobbying has attracted heightened scrutiny and criticism in the wake of leaked internal documents indicating that the company has misled Congress, the public and securities regulators about risks to users, particularly youth.<sup>1</sup> In 2020, Meta spent \$19.6 million on U.S. federal lobbying, the most of any tech company.<sup>2</sup> In the same year, Meta spent 5,500,000 lobbying in Europe, the second largest lobbying spender across the continent.<sup>3</sup> Yet, Meta fails to itemize how these amounts are spent and does not provide sufficient detail on their lobbying activities and oversight by management and the board.

We believe investors have a right to know how much of Meta's payments to the 197 trade associations, social welfare groups (SWGs) and nonprofits that it disclosed in 2020 were used for lobbying and public policy advocacy. This includes payments to the Chamber of Commerce, "dark money" social welfare groups that lobby like the National Taxpayers Union and Taxpayers Protection Alliance,<sup>4</sup> and partisan nonprofits.

Meta's lack of disclosure presents reputational risks when its lobbying contradicts the company's public positions. For example, Meta has taken some strong leadership positions on climate change with pledges to use renewable energy to power its operations and reduce its carbon footprint yet is a member of and contributes to the Competitive Enterprise Institute (CEI), a strong critic of climate science and opponent of legislation addressing climate change.<sup>5</sup>

Meta's lobbying should be transparent and in alignment with the mission and highest principles of the company. Yet, Meta staff are on record complaining about lobbyists' power to shape decisions and strategy within the company.<sup>6</sup>

We urge Meta to expand its disclosure of its lobbying and public policy advocacy.

1. <https://www.bloomberg.com/news/articles/2021-10-21/facebook-spends-5-1-million-on-lobbying-as-leaks-shine-light>.

2. <https://www.opensecrets.org/news/2021/10/facebook-maintained-big-lobbying-expenses-senate-hearing-teen-social-media-use/>.

3. <https://www.reuters.com/technology/google-facebook-microsoft-top-eu-lobbying-spending-study-2021-08-30/>.

4. <https://www.opensecrets.org/news/2021/06/dark-money-groups-battle-efforts-to-limit-big-tech/>.

5. <https://cei.org/studies/a-citizens-guide-to-climate-change/>

6. <https://www.politico.com/news/2021/10/25/facebook-fatal-flaw-technologists-lobbyists-516927>

# Proxy Resolutions: Lobbying and Political Contributions

For the full list of investors who filed this resolution, see the Index on p. 260.

## Lobbying Expenditures Disclosure

Amazon.com, Inc.

*Similar resolutions were submitted to Visa and Walt Disney Company.*

WHEREAS, full disclosure of Amazon’s lobbying activities and expenditures to assess whether its lobbying is consistent with Amazon’s expressed goals and shareholders’ best interests.

RESOLVED, shareholders 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 Amazon 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 and the Board’s decision-making process and oversight for making payments described in sections 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 Amazon 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 and posted on Amazon’s website.

### SUPPORTING STATEMENT

Amazon spent \$103,584,000 on federal lobbying from 2015 – 2021. Amazon also lobbies extensively at the state level.<sup>1</sup> Amazon also lobbies abroad, being accused of shadow lobbying<sup>2</sup> and spending between 3,000,000 – 3,499,999 on lobbying in Europe for 2021.

We believe investors have a right to know the amounts of Amazon’s payments, including amounts used for lobbying, to 461 trade associations, social welfare groups (SWGs) and nonprofits for 2021. This includes the Chamber of Commerce and Business Roundtable (BRT), SWGs that lobby like the National Taxpayers Union<sup>3</sup> and Taxpayers Protection Alliance,<sup>4</sup> and controversial nonprofits like the Independent Women’s Forum, which received \$400,000 from Amazon.<sup>5</sup>

Amazon’s lack of disclosure presents reputational risks when its lobbying contradicts company public positions or hides payments to SWGs. Amazon has drawn attention for funding “dark money groups” to oppose antitrust regulation.<sup>6</sup> Highlighting dark money risks, utility FirstEnergy was fined \$230 million for funneling \$60 million through SWG Generation Now in a bribery scandal.<sup>7</sup> On company positions, Amazon strives to be the “Earth’s Best Employer,” yet has attracted scrutiny for lobbying against workers’ right to organize.<sup>8</sup> Amazon cofounded the Climate Pledge, yet the BRT lobbied against the Inflation Reduction Act<sup>9</sup> and the Chamber opposed the Paris climate accord. Amazon has drawn scrutiny for avoiding federal income taxes,<sup>10</sup> the BRT lobbied against raising corporate taxes to fund health care, education and safety net programs.<sup>11</sup> And Amazon does not belong to the American Legislative Exchange Council, which is attacking “woke capitalism,”<sup>12</sup> but is represented by the Chamber, National Taxpayers Union and NetChoice, which each sit on its Private Enterprise Advisory Council. Last year, this proposal received majority support from outside shareholders.

1. <https://www.reuters.com/investigates/special-report/amazon-privacy-lobbying/>.
2. <https://www.politico.eu/article/big-tech-companies-face-potential-eu-lobbying-ban/>.
3. <https://www.opensecrets.org/news/2021/06/dark-money-groups-battle-efforts-to-limit-big-tech/>;  
<https://time.com/6182329/the-strange-coalition-in-congress-poised-to-score-a-major-win-against-big-tech/>.
4. [https://www.bloomberg.com/news/articles/2022-08-03/big-tech-political-ad-spend-passes-pharmaceutical-industry/](https://www.bloomberg.com/news/articles/2022-08-03/big-tech-political-ad-spend-passes-pharmaceutical-industry;);  
[https://popular.info/p/donut-break-journalism?utm\\_source=substack&utm\\_medium=email](https://popular.info/p/donut-break-journalism?utm_source=substack&utm_medium=email).
5. <https://www.cncb.com/2022/10/27/amazon-donated-to-nonprofit-that-opposed-new-antitrust-bills.html>.
6. <https://www.opensecrets.org/news/2021/06/dark-money-groups-battle-efforts-to-limit-big-tech/>.
7. <https://www.npr.org/2021/07/23/1019567905/an-energy-company-behind-a-major-bribery-scandal-in-ohio-will-pay-a-230-million->
8. <https://perfectunion.us/amazons-lobbyist-spending-breaks-record-amid-anti-union-drive/>;  
<https://news.bloomberglaw.com/daily-labor-report/amazon-poaches-top-business-labor-lobbyists-amid-worker-activism>.
9. <https://www.theguardian.com/environment/2022/aug/19/top-us-business-lobby-group-climate-action-business-roundtable>.
10. <https://itep.org/amazon-has-record-breaking-profits-in-2020-avoids-2-3-billion-in-federal-income-taxes/>.
11. <https://www.washingtonpost.com/us-policy/2021/08/31/business-lobbying-democrats-reconciliation/>.
12. <https://www.exposedbycmd.org/2022/07/27/abandoning-free-market-and-liberty-principles-alec-takes-on-woke-capitalism-bodily-autonomy-and-more-at-its-annual-meeting/>

### Lobbying Expenditures Disclosure

#### Chipotle Mexican Grill, Inc.

*Similar resolutions were submitted to McDonald's, Restaurant Brands International, Wendy's, and Yum! Brands, Inc.*

WHEREAS, we believe in full disclosure of lobbying activities and expenditures of Chipotle Mexican Grill, Inc. ("Chipotle") to assess whether Chipotle's lobbying is consistent with its expressed goals and stockholder interests.

Resolved, Chipotle stockholders request the preparation of a report, updated annually, disclosing:

- Chipotle's policy and procedures governing its own lobbying, both direct and indirect, and grassroots lobbying communications.
- Payments by Chipotle 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 of this process.

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 Chipotle 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 Corporate Governance Committee and posted on the Chipotle website.

#### SUPPORTING STATEMENT

Chipotle does not currently report on the full extent of its lobbying efforts. We do know that Chipotle spent \$530,000 from January 1–September 30, 2022 on federal lobbying. The company also spent \$209,000 to oppose AB 257 in 2022, a California law that creates a council to set minimum standards on working conditions, a law that industry groups now seek to overturn. Beyond that, there is not a complete picture of the company's lobbying activities:

- State level lobbying disclosures are uneven, incomplete or absent.
- Chipotle does not disclose donations to third party groups that spend millions on lobbying and often undisclosed grassroots activity; these groups may be spending "at least double what's publicly reported."
- Further, while Chipotle discloses a list of trade association memberships, it does not disclose indirect lobbying expenditures made through groups like the National Restaurant Association and Business Roundtable. In 2022, the National Restaurant Association spent \$2,110,000 on federal lobbying, and Business Roundtable spent \$15,110,000.

We are concerned that lack of disclosure could present reputational risk that could harm shareholder value from lobbying that is not aligned with the Company's public positions. Chipotle claims to be "a people-first company" whose purpose is "Cultivating a Better World." Complete reporting would shed light on how that commitment operates in practice.

### Lobbying Expenditures Disclosure

#### Abbott Laboratories

*Similar resolutions were submitted to AbbVie and Eli Lilly.*

WHEREAS, we believe in full disclosure of Abbott's lobbying activities and expenditures to assess whether Abbott's lobbying is consistent with its expressed goals and stockholder interests.

RESOLVED, the stockholders of Abbott 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 Abbott used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
- Abbott's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
- Description of management's decision-making process and the Board's oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which Abbott 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 Abbott's website.

#### SUPPORTING STATEMENT

Abbott spent \$46,140,000 from 2010 – 2021 on federal lobbying. This figure does not include state lobbying, where Abbott lobbied in at least 19 states in 2020 and spent \$1,116,882 on lobbying in California from 2010 – 2021.

Abbott fails to disclose its payments to trade associations and social welfare organizations, or the amounts used for lobbying, to stockholders. Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity. These groups may be spending "at least double what's publicly reported."<sup>1</sup> Abbott belongs to the Business Roundtable, National Association of Manufacturers (NAM) and Chamber Commerce, which together spent \$110,830,000 on lobbying for 2021. Abbott also supports social welfare groups like the Alliance for Aging Research, which lobbies and ran Facebook ads opposing drug pricing legislation,<sup>2</sup> and Caregivers Voice United, which backed a secret letter campaign in Oregon.<sup>3</sup>

We are concerned Abbott's lack of disclosure presents reputational risk when its lobbying contradicts company public positions. For example, Abbott and its trade association Infant Nutrition Council of America have attracted scrutiny for lobbying to weaken bacteria safety testing for baby formula.<sup>4</sup> Abbott believes in addressing climate change, yet the Business Roundtable lobbied against the Inflation Reduction Act<sup>5</sup> and the Chamber opposed the Paris climate accord. And while Abbott does not belong to the controversial American Legislative Exchange Council (ALEC), it is represented by its trade associations, as the Chamber and NAM each sit on its Private Enterprise Advisory Council.

**We urge Abbott to expand its lobbying disclosure.**

1. <https://theintercept.com/2019/08/06/business-group-spending-on-lobbying-in-washington-is-at-least-double-whats-publiclyreported/>.

2. <https://www.prwatch.org/news/2020/01/13525/ex-pharma-lobbyist-embedded-white-house-tanked-drug-pricing-bill-while-hisformer>.

3. <https://www.seattletimes.com/nation-world/campaign-aims-to-derail-oregon-drug-pricing-bill/>.

4. <https://theintercept.com/2022/05/13/baby-formula-shortage-abbott-bacteria-safety-testing-lobbying/>.

5. <https://www.theguardian.com/environment/2022/aug/19/top-us-business-lobby-group-climate-action-business-roundtable>.

## Lobbying Expenditures Disclosure

### Charter Communications, Inc.

*Similar resolutions were submitted to Apple, Boeing, Caterpillar, DTE Energy, NextEra Energy, NiSource Inc., and Ventas, Inc.*

WHEREAS, we believe in full disclosure of Charter's lobbying activities and expenditures to assess whether Charter's lobbying is consistent with its expressed goals and stockholder interests.

RESOLVED, stockholders 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 Charter used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
- Charter's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
- Description of management's decision-making process and the Board's oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which Charter 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 Charter's website.

SUPPORTING STATEMENT: Charter spent \$80,765,000 from 2010 – 2021 on federal lobbying. This does not include state lobbying expenditures, where Charter lobbied in at least 31 states in 2021 and spent \$2.9 million million on lobbying in California from 2015 – 2021.

Charter fails to disclose its payments to trade associations and social welfare groups, or the amounts used for lobbying, to stockholders. Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity. These groups may be spending "at least double what's publicly reported."<sup>1</sup> Charter serves on the board of NCTA - The Internet & Television Association, which spent \$189,720,000 on lobbying from 2010 – 2021, and belonged to Broadband for America, a social welfare group which spent \$4.2 million to submit 8.5 million fake comments to the FCC opposing net neutrality.<sup>2</sup> And Charter does not disclose its contributions to groups which write and endorse model legislation, like the American Legislative Exchange Council (ALEC).

We believe Charter's lack of disclosure presents reputational risks when its lobbying contradicts company public positions. For example, Charter states that it is committed to an open internet, yet NCTA and Broadband for America lobbied against net neutrality. While Charter is committed to diversity and inclusion, groups have asked Charter to leave ALEC because of its voter restriction efforts.<sup>3</sup> And Charter has attracted negative scrutiny for "running a fake consumer group in Maine that's killing community broadband."<sup>4</sup>

In the last two years, this proposal received majority support of outside stockholders. We urge Charter to expand its lobbying disclosure.

1. <https://theintercept.com/2019/08/06/business-group-spending-on-lobbying-in-washington-is-at-least-double-whats-publicly-reported/>.

2. <https://www.wired.com/story/isps-funded-85-million-fake-comments-opposing-net-neutrality/>.

3. <https://www.thenation.com/article/politics/alec-corporations-democracy/>.

4. <https://www.techdirt.com/2022/07/12/charters-running-a-fake-consumer-group-in-maine-thats-killing-community-broadband-with-the-help-of-a-democratic-advisor/>.

## Lobbying Expenditures Disclosure

Douglas Emmett, Inc.

RESOLVED: The stockholders of Douglas Emmett, Inc. ask the Board of Directors to prepare a report, to be updated annually and posted on the Company's website, disclosing:

- Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
- Company payments used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
- The Company's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
- 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, 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 in which Douglas Emmett is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

### SUPPORTING STATEMENT

As a real estate investment trust, Douglas Emmett is in a business that can be affected by decisions of legislative bodies and voter referenda. However, there is no Company policy that explains how the Company decides when, how and to what degree to engage in attempting to influence those decisions, nor is there a policy disclosing how or whether the Board engages in oversight of those activities.

Disclosure is particularly important because the Company can become involved in needless controversy. For example, several years ago the Company received approval from the Los Angeles City Council to construct a 34-story luxury housing development featuring 376 apartment units, only 5% of which were earmarked for affordable housing. Developers may negotiate terms of approval of a project with Los Angeles city officials, and this project drew criticism based on the low number of affordable units at a time of limited options for affordable housing.<sup>1</sup>

Inadequate disclosure can thus cause reputational injury to a company. Douglas Emmett may file lobbying reports that are legally required, but those reports may not tell the full story. Federal disclosures laws do not require reports of grassroots lobbying expenditures, and disclosure may be uneven or absent at the state and local levels. For example, if the Company makes donations to trade associations, particularly donations above ordinary membership dues, that money can then be used for lobbying without any disclosure of Douglas Emmett's involvement.

We believe that greater transparency is needed at this Company.

We urge you to vote FOR this resolution.

1. <https://www.2preservela.org/la-city-hall-gives-westside-developer-douglas-emmett-sweetheart-deal/> The story refers to 16 units, but later reports indicate that there were 19 units. <https://urbanize.city/la/post/building-core- begins-rise-34-story-landmark-apartment-tower.>

# Proxy Resolutions: Lobbying and Political Contributions

*For the full list of investors who filed this resolution, see the Index on p. 260.*

## Lobbying Expenditures Disclosure

### United Parcel Service, Inc.

WHEREAS, regular examination of the alignment of political expenditures and lobbying activities with corporate public commitments and policies is an increasingly important requirement of strong corporate governance.

RESOLVED: Shareholders request the board disclose annually, at reasonable expense and omitting proprietary information:

- UPS' criteria governing direct and indirect lobbying and political expenditures;
- The company's process for identifying, evaluating, and addressing incongruity of its lobbying and political expenditures and UPS public commitments and policies; and
- All memberships and payments to trade associations and tax-exempt organizations engaged in lobbying and/or the drafting of model legislation.

SUPPORTING STATEMENT: As long-term shareholders, we commend UPS for its transparency in political spending and its strong Zicklin rating. The UPS Nominating and Governance committee receives regular reports on UPS's lobbying and political activities, and reviews and approves its semi-annual political contributions report.

However, UPS does not disclose the criteria guiding direct and indirect lobbying and political expenditures, its process for evaluating congruence of these expenditures with UPS's public commitments and policies, nor company actions to address instances of misalignment. Additionally, UPS does not disclose a full list of its memberships in trade associations, Super PACs, 527 committees, and 501c(4) "social welfare" organizations, limiting shareholder visibility of indirect lobbying and political spending activity. UPS policy is to disclose the non-deductible portion of dues paid to any trade associations that receive more than \$50,000 in dues from the company, but no trade associations have been listed in those disclosures for the past four years.<sup>1</sup>

In 2021, UPS spent \$8,181,434 on federal lobbying.<sup>2</sup> This does not include state lobbying, where disclosure is uneven or absent. UPS lobbied in at least 32 states in 2021 and spent \$2.1 million on lobbying in California from 2010 – 2021.<sup>3</sup>

IRS public records show UPS contributed \$327,957 to six partisan 527 committees since 2016. It is unclear whether the Company and board received sufficient information from these groups to assess potential risks for the Company and its stockholders or whether the groups' expenditures aligned with UPS business objectives and public positions.

UPS states, "The effects of global climate change create financial and operational risks to our business, both directly and indirectly."<sup>4</sup> UPS is reportedly a member of the Chamber of Commerce, which has spent nearly \$1.8 billion on federal lobbying since 1998.<sup>5</sup> The Chamber lobbied strongly against the Inflation Reduction Act, the most ambitious climate policy in U.S. history.<sup>6</sup>

UPS has committed to "positively impact the lives of one billion people by 2040 through our commitment to diversity, equity and inclusion..."<sup>7</sup> However, UPS sits on the Private Enterprise Advisory Council of the American Legislative Exchange Council (ALEC), an organization scrutinized in recent years for its voter restriction efforts.<sup>8</sup>

Non-transparent and misaligned lobbying and political expenditures can create reputational risks that harm shareholder value and may undermine corporate initiatives to address direct and systemic material ESG risks. We urge UPS to expand its lobbying and political expenditure disclosures.

1. <https://investors.ups.com/esg/political-contributions>

2. <https://www.opensecrets.org/>

3. <https://cal-access.sos.ca.gov/Lobbying/Employers/Detail.aspx?id=1143678&session=2019&view=activity>

4. [https://about.ups.com/content/dam/upsstories/assets/reporting/sustainability2021/UPS\\_2021\\_TCFD\\_Report.pdf](https://about.ups.com/content/dam/upsstories/assets/reporting/sustainability2021/UPS_2021_TCFD_Report.pdf)

4. <https://www.opensecrets.org/>

5. [https://ceres.org/sites/default/files/reports/2022-11/RPE%20Report\\_Nov22.pdf](https://ceres.org/sites/default/files/reports/2022-11/RPE%20Report_Nov22.pdf)

6. <https://about.ups.com/ae/en/social-impact/diversity-equity-and-inclusion/2020-ups-corporate-sustainabilityreport.html#:~:text=UPS%20will%20work%20to%20positively,%2C%20volunteerism%20and%20charitable%20giving.>

7. <https://www.thenation.com/article/politics/alec-corporations-democracy/>

8. <https://www.thenation.com/article/politics/alec-corporations-democracy/>



### Shareholder Advocacy

**S**hareholder 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.

### 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 to 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 owning \$25,000 in shares for at least a year (or \$15,000 for two years, or \$2,000 for three years) 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 percent of the company’s total assets and at least 5 percent 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/interp/legal/cfslb14.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 percent of the vote to “win.” Votes in excess of 25 percent are generally considered very successful in focusing investor and management attention on issues. A resolution must get at least 5 percent of the vote in its first year, 15 percent of the vote in its second year, and 25 percent 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.

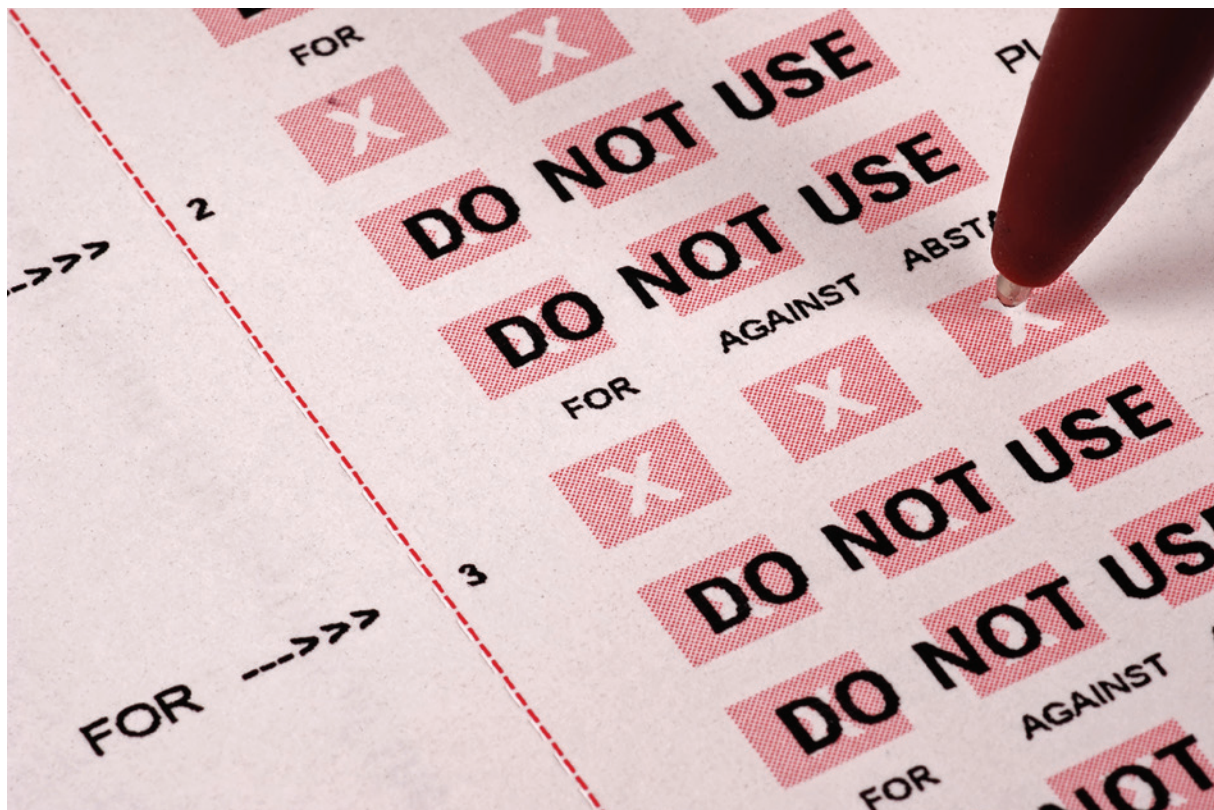
While increasingly common, majority votes are difficult to achieve for a number of reasons. Not only is it rare for 100 percent of company shareholders to vote, in many cases, shareholder votes — particularly institutional shareholder votes — are determined by proxy voting firms which advise shareholders. 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 percent of the company’s total voting power, while owning less than 13 percent 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 (<https://www.sec.gov/edgar>). 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*

#### **ABBOTT LABORATORIES**

##### **Executive Incentive Compensation - Compliance Costs**

\*Shareholder Association for Research and Education (SHARE)

#### **ABBOTT LABORATORIES**

##### **Lobbying Expenditures Disclosure**

\*Province of St. Joseph of the Capuchin Order (Midwest Capuchins), Dana Investment Advisors, Proxy Impact

#### **ABBVIE**

##### **Lobbying Expenditures Disclosure**

\*Zevin Asset Management, Dana Investment Advisors, Dominican Sisters of Springfield, Illinois

#### **ABBVIE**

##### **Patents and Access**

\*Friends Fiduciary Corporation, Benedictine Sisters of Virginia, Bon Secours Mercy Health, CommonSpirit Health, Congregation of Divine Providence - San Antonio, Texas, Congregation of Divine Providence - San Antonio, Texas, Mercy Investment Services, Missionary Oblates of Mary Immaculate, NEI Investments, Northwest Women Religious Investment Trust, Providence St. Joseph Health, Sisters of Charity of St. Elizabeth, NJ, Sisters of Charity of the Blessed Virgin Mary, Sisters of St. Francis of Philadelphia, Trinity Health

#### **ACTIVISION BLIZZARD, INC.**

##### **Freedom of Association**

\*AFL-CIO

#### **ACTIVISION BLIZZARD, INC.**

##### **Shareholder Ratification of Termination Pay**

\*Corporate Governance

#### **ADOBE SYSTEMS INCORPORATED**

##### **Eliminating Discrimination through Inclusive Hiring**

\*NorthStar Asset Management

#### **ALARM.COM HOLDINGS, INC.**

##### **Allow Time to Vote**

\*Corporate Governance

#### **ALPHABET, INC.**

##### **Content Moderation and Legislative Risk**

\*Boston Common Asset Management, LLC

#### **ALPHABET, INC.**

##### **Data Operations in Human Rights Hotspots**

\*SumOfUs, Aviva Investors Global Services Limited, Dana Investment Advisors, Marianist Province of the United States, Missionary Oblates of Mary Immaculate, Nordea Asset Management

#### **ALPHABET, INC.**

##### **Fair Director Elections**

\*Corporate Governance

#### **ALPHABET, INC.**

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

\*NorthStar Asset Management

#### **ALPHABET, INC.**

##### **Human Rights Impact Assessment**

\*Shareholder Association for Research and Education (SHARE), CommonSpirit Health

#### **ALPHABET, INC.**

##### **Improving Algorithmic Systems Disclosures**

\*Trillium Asset Management, Adrian Dominican Sisters, Congregation of St. Joseph, OH, Mercy Investment Services, Providence St. Joseph Health, Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, SD

#### **ALPHABET, INC.**

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

\*Zevin Asset Management, Benedictine Sisters of Virginia, Dominican Sisters of Springfield, Illinois

#### **ALPHABET, INC.**

##### **Performance Review of Audit and Compliance Committee**

\*SumOfUs

### **ALPHABET, INC.**

#### **Racial Equity Audit**

\*Nathan Cummings Foundation, Bon Secours Mercy Health, Congregation des Soeurs des Saints Noms de Jesus et de Marie, Northwest Women Religious Investment Trust, Sisters of the Holy Names of Jesus and Mary, US Ontario Province

### **ALTRIA GROUP, INC.**

#### **Civil Rights Audit**

\*Sisters of St. Francis of Philadelphia, Bon Secours Mercy Health, Congregation of St. Joseph, OH, Mercy Investment Services, Providence St. Joseph Health, Province of St. Joseph of the Capuchin Order (Midwest Capuchins), Sisters of Charity of St. Elizabeth, NJ

### **ALTRIA GROUP, INC.**

#### **Political Contributions Misalignment**

\*Trinity Health, CommonSpirit Health

### **AMALGAMATED FINANCIAL CORP.**

#### **Gender and Racial Pay Gap**

\*Arjuna Capital

### **AMAZON.COM, INC**

#### **Align Retirement Plan Options with Climate Action Goals**

\*Unspecified

### **AMAZON.COM, INC**

#### **Customer Due Diligence**

\*American Baptist Home Mission Societies, Maryknoll Sisters, Province of St. Joseph of the Capuchin Order (Midwest Capuchins), Sisters of Charity of St. Elizabeth, NJ

### **AMAZON.COM, INC**

#### **Fair Director Elections**

\*Corporate Governance

### **AMAZON.COM, INC**

#### **Gender and Racial Pay Gap**

\*Arjuna Capital, Daughters of Charity, Province of St. Louise

### **AMAZON.COM, INC**

#### **Hourly Associate on Board of Directors**

\*Oxfam America, Marianist Province of the United States

### **AMAZON.COM, INC**

#### **Lobbying Expenditures Disclosure**

\*Zevin Asset Management

### **AMAZON.COM, INC**

#### **Measure and Disclose Scope 3 GHG Emissions**

\*Amalgamated Bank, represented by As You Sow, \*Green Century Capital Management

### **AMAZON.COM, INC**

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

\*Newground Social Investment, Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, SD

### **AMAZON.COM, INC**

#### **Reduce Plastics Use**

\*As You Sow Foundation, Dana Investment Advisors

### **AMAZON.COM, INC**

#### **Recognition: Facial Recognition Technology**

\*Harrington Investments, Bon Secours Mercy Health, CommonSpirit Health, Mercy Investment Services

### **AMAZON.COM, INC**

#### **Require Trade Associations to Disclose Political Contributions**

\*Investor Voice

### **AMAZON.COM, INC**

#### **Respect for Freedom of Association and Collective Bargaining**

\*Shareholder Association for Research and Education (SHARE), CCLA

### **AMAZON.COM, INC**

#### **Tax Transparency Report**

\*Missionary Oblates of Mary Immaculate, Sisters of the Order of St. Benedict, Rock Island

### **AMAZON.COM, INC**

#### **Transparency Reporting**

\*Adrian Dominican Sisters, Congregation des Soeurs des Saints Noms de Jesus et de Marie, Northwest Women Religious Investment Trust, Open MIC, Sisters of St. Joseph of Peace, NJ, Sisters of the Holy Names of Jesus and Mary, US Ontario Province, Vancity Investment Management Ltd.

### **AMAZON.COM, INC**

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

\*AFL-CIO

### **AMAZON.COM, INC**

#### **Workplace Health and Safety Audit**

\*Tulipshare, Hill-Snowdon Foundation

### **AMEREN (UNION ELECTRIC)**

#### **Adopt Short and Long-Term Science-Based GHG Reduction Targets**

\*Mercy Investment Services, Sisters of Charity of the Blessed Virgin Mary, The Domestic and Foreign Missionary Society of the Protestant Episcopal Church

### **AMEREN (UNION ELECTRIC)**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **AMEREN (UNION ELECTRIC)**

#### **Coal-Related Harm**

\*Sierra Club Foundation

### **AMERICAN TOWER CORPORATION**

#### **Fair Director Elections**

\*Corporate Governance

### **AMERICAN WATER WORKS COMPANY, INC.**

#### **Racial Equity Audit**

\*Trillium Asset Management

### **AMGEN INC.**

#### **Patents and Access**

\*Mercy Investment Services, Grand Rapids Dominicans, Trinity Health

### **APPLE COMPUTER, INC.**

#### **Board Responsiveness**

\*Nia Impact Capital

### **APPLE COMPUTER, INC.**

#### **Freedom of Expression Transparency Report**

\*Azzad Asset Management, Dominican Sisters of Springfield, Illinois, Mercy Investment Services, Missionary Oblates of Mary Immaculate, Tulipshare

### **APPLE COMPUTER, INC.**

#### **Gender and Racial Pay Gap**

\*Arjuna Capital

### **APPLE COMPUTER, INC.**

#### **Lobbying Expenditures Disclosure**

\*Boston Common Asset Management, LLC

### **APPLE COMPUTER, INC.**

#### **Proxy Rights and Access**

\*Corporate Governance

### **APPLE COMPUTER, INC.**

#### **Respect for Freedom of Association and Collective Bargaining**

\*City of N.Y. Office of the Comptroller (New York City Pension Funds), \*Service Employees International Union (SEIU), Parnassus Investments, SOC Investment Group, Trillium Asset Management

### **APPLE COMPUTER, INC.**

#### **Transition Plan to Address Abuse of Uyghurs**

\*SumOfUs

### **ASSURED GUARANTY LTD.**

#### **Racial Equity Audit**

\*Service Employees International Union (SEIU)

### **AT&T INC.**

#### **Racial Equity Audit**

\*Nathan Cummings Foundation

### **AUTODESK INC.**

#### **Risks Associated with Concealment Clauses**

\*Nia Impact Capital

### **AXON ENTERPRISE INC**

#### **Fair Director Elections**

\*Corporate Governance

### **BADGER METER INC.**

#### **Eliminating Discrimination through Inclusive Hiring**

\*NorthStar Asset Management

### **BANK OF AMERICA CORP.**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*Corporate Governance

### **BANK OF AMERICA CORP.**

#### **Racial Equity Audit**

\*SOC Investment Group

### **BANK OF AMERICA CORP.**

#### **Time-Bound Phase-Out of New Fossil Fuel Exploration and Development**

\*Trillium Asset Management, Domini Impact Investments LLC

### **BANK OF AMERICA CORP.**

#### **Transition Planning**

\*As You Sow Foundation, Adrian Dominican Sisters, Arjuna Capital, Bon Secours Mercy Health, Congregation of Sisters of St. Agnes, Grand Rapids Dominicans, Mercy Investment Services

### **BANK OF MONTREAL**

#### **Indigenous Relations / FPIC**

\*B.C. General Employees' Union (BCGEU)

### **BANK OF MONTREAL**

#### **Racial Equity Audit**

\*Shareholder Association for Research and Education (SHARE), B.C. General Employees' Union (BCGEU)

### **BANK OF NEW YORK MELLON CORPORATION**

#### **Adopt GHG Reduction Targets for Lending/ Investment Activities**

\*Arjuna Capital

### **BANK OF NEW YORK MELLON CORPORATION**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **BANK OF NOVA SCOTIA**

#### **Client Engagement**

\*Shareholder Association for Research and Education (SHARE)

### **BANK OF NOVA SCOTIA**

#### **Risks of Financing Controversial Weapons**

\*SumOfUs

### **BAXTER INTERNATIONAL, INC.**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **BERKSHIRE HATHAWAY INC.**

#### **Greater Disclosure of Material Corporate Diversity, Equity, and Inclusion Data**

\*Corporate Governance

### **BERKSHIRE HATHAWAY INC.**

#### **Measure, Disclose & Reduce GHG Emissions Associated with Underwriting**

\*As You Sow Foundation

### **BIOGEN, INC.**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **BLACKROCK, INC.**

#### **Gender and Racial Pay Gap**

\*Corporate Governance

### **BOEING COMPANY**

#### **Gender and Racial Pay Gap**

\*Corporate Governance

### **BOEING COMPANY**

#### **Lobbying Expenditures Disclosure**

\*Province of St. Joseph of the Capuchin Order (Midwest Capuchins)

### **BORGWARNER INC.**

#### **Just Transition Report**

\*Domini Impact Investments LLC

### **BRISTOL-MYERS SQUIBB COMPANY**

#### **Executive Incentive Compensation - Compliance Costs**

\*Mercy Investment Services, Congregation of Divine Providence - San Antonio, Texas, Grand Rapids Dominicans, Sisters of St. Dominic of Caldwell, NJ, Sisters of St. Francis of Philadelphia

### **BRISTOL-MYERS SQUIBB COMPANY**

#### **Patents and Access**

\*CommonSpirit Health, Bon Secours Mercy Health, Daughters of Charity, Province of St Louise, Providence St. Joseph Health, Sisters of Charity of St. Elizabeth, NJ, Sisters of the Holy Names of Jesus and Mary, US Ontario Province, Trinity Health

### **CALIFORNIA WATER SERVICE GROUP**

#### **Climate Transition Plan and GHG Reduction Goals**

\*Nia Impact Capital

### **CANADIAN IMPERIAL BANK OF COMMERCE (CIBC)**

#### **Racial Equity Audit**

\*Shareholder Association for Research and Education (SHARE)

### **CATERPILLAR INC.**

#### **Human Rights Risks in Conflict-Affected and High-Risk Areas Policies**

\*Wespath Benefits and Investments, Congregation des Soeurs des Saints Noms de Jesus et de Marie, Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, SD

### **CATERPILLAR INC.**

#### **Lobbying Expenditures Disclosure**

\*Corporate Governance

### **CELLEX THERAPEUTICS, INC.**

#### **Fair Director Elections**

\*Corporate Governance

### **CENTERPOINT ENERGY**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **CHARLES RIVER LABORATORIES INTERNATIONAL**

#### **Political Contributions**

\*Corporate Governance

### **CHARLES SCHWAB CORPORATION (THE)**

#### **Gender and Racial Pay Gap**

\*Corporate Governance

### **CHARTER COMMUNICATIONS, INC.**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **CHARTER COMMUNICATIONS, INC.**

#### **Lobbying Expenditures Disclosure**

\*Service Employees International Union (SEIU)

### **CHEESECAKE FACTORY**

#### **Deforestation-Free Supply Chain**

\*As You Sow Foundation

### **CHEVRON CORP.**

#### **Adopt Medium-Term Scope 3 GHG Reduction Target**

\*Follow This, Arjuna Capital

### **CHEVRON CORP.**

#### **Impact of Asset Transfers on Disclosed GHG Emissions**

\*Unspecified, Grand Rapids Dominicans

### **CHEVRON CORP.**

#### **Impact of Reduced Plastics Demand on Financial Assumptions**

\*As You Sow Foundation

### **CHEVRON CORP.**

#### **Independent Board Chair**

\*Newground Social Investment

### **CHEVRON CORP.**

#### **No Business with Governments Complicit in Genocide - Myanmar**

\*Unitarian Universalist Association, Zevin Asset Management

### **CHEVRON CORP.**

#### **Plant Closure and a Just Transition**

\*The United Steelworkers

### **CHEVRON CORP.**

#### **Racial Equity Audit**

\*American Baptist Home Mission Societies, Benedictine Sisters of Virginia, Benedictine Sisters, Boerne TX, Benedictine Sisters, Sacred Heart Monastery of Cullman, Alabama, Congregation of Divine Providence - San Antonio, Texas, Dana Investment Advisors, Missionary Oblates of Mary Immaculate, PeaceHealth, Providence Trust, Sisters of Charity of St. Elizabeth, NJ, Sisters of St. Francis of Philadelphia, Sisters of St. Mary of Oregon, Sisters of the Holy Cross, Indiana, Sisters of the Holy Names of Jesus and Mary, US Ontario Province

### **CHEVRON CORP.**

#### **Shareowners Right to Call Special Meeting**

\*Newground Social Investment

### **CHEVRON CORP.**

#### **Tax Transparency Report**

\*Oxfam America

### **CHEWY, INC.**

#### **ESG Policies, Performance and Improvement Targets**

\*The Domestic and Foreign Missionary Society of the Protestant Episcopal Church

### **CHIPOTLE MEXICAN GRILL, INC.**

#### **Fair Director Elections**

\*Corporate Governance



### **CHIPOTLE MEXICAN GRILL, INC.**

#### **Lobbying Expenditures Disclosure**

\*SOC Investment Group

### **CHOICE HOTELS INTERNATIONAL, INC.**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **CHUBB LIMITED**

#### **Human Rights Risk Report**

\*Domini Impact Investments LLC

### **CHUBB LIMITED**

#### **Measure, Disclose & Reduce GHG Emissions Associated with Underwriting**

\*As You Sow Foundation

### **CIGNA CORPORATION**

#### **Political Contributions Misalignment**

\*Clean Yield Asset Management

### **CITIGROUP**

#### **Respect for Rights of Indigenous Peoples**

\*Sisters of St. Joseph of Peace, NJ, Sisters of St. Dominic of Caldwell, NJ, Sisters of St. Francis of Philadelphia, United Church Funds

### **CLEVELAND-CLIFFS INC**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **CNX RESOURCES CORP.**

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

\*Proxy Impact

### **COCA-COLA COMPANY, THE**

#### **Political Contributions Misalignment**

\*Clean Yield Asset Management

### **COCA-COLA COMPANY, THE**

#### **Racial Equity Audit**

\*Service Employees International Union (SEIU)

### **COGNIZANT TECHNOLOGY SOLUTIONS CORP.**

#### **Fair Director Elections**

\*Corporate Governance

### **COLGATE-PALMOLIVE COMPANY**

#### **Political Contributions**

\*Boston Common Asset Management, LLC

### **COMCAST CORP.**

#### **Align Retirement Plan Options with Climate Action Goals**

\*As You Sow Foundation

### **COMCAST CORP.**

#### **Political Contributions Misalignment**

\*Arjuna Capital

### **COMCAST CORP.**

#### **Racial Equity Audit**

\*Service Employees International Union (SEIU), Benedictine Sisters of Virginia, Benedictine Sisters, Sacred Heart Monastery of Cullman, Alabama, Missionary Oblates of Mary Immaculate

### **CONOCOPHILLIPS**

#### **Tax Transparency Report**

\*Oxfam America

### **COSTCO WHOLESALE CORP.**

#### **Report on the Outcomes of Chemical Reduction Efforts**

\*Trillium Asset Management, Bon Secours Mercy Health, Mercy Investment Services, Newground Social Investment

### **COTERRA ENERGY**

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

\*Proxy Impact

### **CUMMINS INC.**

#### **Link Executive Pay and GHG Targets**

\*As You Sow Foundation

### **CVS HEALTH CORP**

#### **Fair Director Elections**

\*Corporate Governance

### **CVS HEALTH CORP**

#### **Paid Sick Leave Policy**

\*Trillium Asset Management, Benedictine Sisters of Virginia, Benedictine Sisters, Boerne TX, Portico Benefit Services (ELCA), Portico Benefit Services (ELCA)

### **CVS HEALTH CORP**

#### **Risks Associated with Concealment Clauses**

\*Amalgamated Bank, represented by As You Sow

### **DANAHER CORP.**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **DEERE & COMPANY**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation, Domini Impact Investments LLC

### **DELTA AIR LINES, INC.**

#### **Respect for Freedom of Association and Collective Bargaining**

\*Amalgamated Bank, represented by As You Sow

### **DENNY'S CORPORATION**

#### **Paid Sick Leave Policy**

\*Benedictine Sisters of Mount St. Scholastica

### **DEXCOM INC.**

#### **Gender and Racial Pay Gap**

\*Corporate Governance

### **DIGITAL REALTY TRUST INC.**

#### **Report on Whether Company Policies Reinforce Racism in Company Culture**

\*NorthStar Asset Management

### **DIGITAL REALTY TRUST INC.**

#### **Risks Associated with Concealment Clauses**

\*Nia Impact Capital

### **DISCOVER FINANCIAL SERVICES INC.**

#### **Fair Director Elections**

\*Corporate Governance

### **DISNEY (WALT) COMPANY / ABC**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*Nathan Cummings Foundation

### **DISNEY (WALT) COMPANY / ABC**

#### **Lobbying Expenditures Disclosure**

\*Mercy Investment Services, Congregation of St. Joseph, OH, Daughters of Charity, Missionary Oblates of Mary Immaculate, Province of St. Louise, Sisters of St. Francis Charitable Trust

### **DISNEY (WALT) COMPANY / ABC**

#### **Political Contributions Misalignment**

\*Educational Foundation of America, Newground Social Investment

### **DISNEY (WALT) COMPANY / ABC**

#### **Report on the Outcomes of Chemical Reduction Efforts**

\*Trillium Asset Management

### **DOLLAR GENERAL CORPORATION**

#### **Workplace Health and Safety Audit**

\*Domini Impact Investments LLC, Adrian Dominican Sisters, CommonSpirit Health, Portico Benefit Services (ELCA), Presbyterian Church (USA), Sisters of St. Joseph of Peace, NJ, Sisters of St. Joseph of Peace, WA, Trinity Health, United Church Funds

### **DOLLAR TREE STORES**

#### **Workplace Health and Safety Audit**

\*CommonSpirit Health

### **DOUGLAS EMMETT, INC.**

#### **Lobbying Expenditures Disclosure**

\*Service Employees International Union (SEIU)

### **DOW INC.**

#### **Impact of Reduced Plastics Demand on Financial Assumptions**

\*As You Sow Foundation, Mercy Investment Services

### **DTE ENERGY**

#### **Lobbying Expenditures Disclosure**

\*Service Employees International Union (SEIU)

### **EBAY INC.**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **ELECTRONIC ARTS INC.**

#### **Shareholder Ratification of Termination Pay**

\*Corporate Governance

### **ELEVANCE HEALTH**

#### **Civil Rights Audit**

\*Trillium Asset Management, The Domestic and Foreign Missionary Society of the Protestant Episcopal Church

### **ELEVANCE HEALTH**

#### **Require Trade Associations to Disclose Political Contributions**

\*Nathan Cummings Foundation

### **ELI LILLY AND COMPANY**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **ELI LILLY AND COMPANY**

#### **Lobbying Alignment**

\*CommonSpirit Health, School Sisters of Notre Dame Central Pacific Province

### **ELI LILLY AND COMPANY**

#### **Lobbying Expenditures Disclosure**

\*Service Employees International Union (SEIU)

### **ELI LILLY AND COMPANY**

#### **Patents and Access**

\*Trinity Health, Adrian Dominican Sisters, Bon Secours Mercy Health, Daughters of Charity, Province of St Louise, Friends Fiduciary Corporation, Mercy Investment Services, Missionary Oblates of Mary Immaculate, Providence St. Joseph Health, Sisters of Charity of St. Elizabeth, NJ, Sisters of St. Francis Charitable Trust

### **EOG RESOURCES, INC.**

#### **Direct Measurement of Methane Emissions**

\*Mercy Investment Services

### **EOG RESOURCES, INC.**

#### **Report on Lobbying Activity Alignment with Net Zero Greenhouse Gas Targets**

\*Presbyterian Church (USA)

### **ESSENTIAL UTILITIES (FORMERLY AQUA AMERICA)**

#### **PFAS Chemicals in Water**

\*Sisters of St. Francis of Philadelphia

### **ETSY, INC.**

#### **Review Effectiveness of Company's Anti-Harassment Efforts**

\*Nia Impact Capital

### **EXPEDITORS INTERNATIONAL**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*Clean Yield Asset Management

### **EXXON MOBIL CORPORATION**

#### **Adopt Medium-Term Scope 3 GHG Reduction Target**

\*Follow This, Achmea Investment Management, Arjuna Capital

### **EXXON MOBIL CORPORATION**

#### **Direct Measurement of Methane Emissions**

\*Sisters of St. Francis Charitable Trust, Congregation des Soeurs des Saints Noms de Jesus et de Marie, Dana Investment Advisors

### **EXXON MOBIL CORPORATION**

#### **Impact of Asset Transfers on Disclosed GHG Emissions**

\*Unspecified, Grand Rapids Dominicans

### **EXXON MOBIL CORPORATION**

#### **Impact of Reduced Plastics Demand on Financial Assumptions**

\*As You Sow Foundation

### **EXXON MOBIL CORPORATION**

#### **Plant Closure and a Just Transition**

\*The United Steelworker

### **EXXON MOBIL CORPORATION**

#### **Report on Guyana Oil Spill Economic, Human and Environmental Impacts**

\*Mercy Investment Services, Adrian Dominican Sisters, Bon Secours Mercy Health, CommonSpirit Health, Congregation of St. Joseph, OH, Daughters of Charity, Province of St Louise, Missionary Oblates of Mary Immaculate, Providence St. Joseph Health, Province of St. Joseph of the Capuchin Order (Midwest Capuchins)

### **EXXON MOBIL CORPORATION**

#### **Tax Transparency Report**

\*Oxfam America, Benedictine Sisters of Virginia

### **FEDEX CORPORATION**

#### **Paid Sick Leave Policy**

\*Sisters of St. Francis of Philadelphia

### **FORD MOTOR COMPANY**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **FREEPORT-MCMORAN COPPER & GOLD INC.**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **GENERAL DYNAMICS CORPORATION**

#### **Human Rights Impact Assessment**

\*Franciscan Sisters of Allegany, NY

### **GENERAL ELECTRIC COMPANY**

#### **Assess Energy-Related Asset Resilience**

\*Newground Social Investment

### **GEO GROUP INC.**

#### **Racial Equity Audit**

\*Service Employees International Union (SEIU)

### **GILEAD SCIENCES, INC.**

#### **Patents and Access**

\*Adrian Dominican Sisters, Grand Rapids Dominicans, Mercy Investment Services, Missionary Oblates of Mary Immaculate, PeaceHealth, Trinity Health

### **GLENCORE PLC**

#### **Projected Thermal Coal Production**

\*Australasian Centre for Corporate Responsibility, Ethos Foundation, Switzerland, HSBC, Legal & General Investment Management, ShareAction, Vision Super

### **GLOBAL PAYMENTS INC.**

#### **Disclose Plans and Policies Aligned with Achieving Racial Equality**

\*As You Sow Foundation

### **GOLDMAN SACHS GROUP INC.**

#### **Gender and Racial Pay Gap**

\*Corporate Governance

### **GOLDMAN SACHS GROUP INC.**

#### **Racial Equity Audit**

\*Service Employees International Union (SEIU)

### **GOLDMAN SACHS GROUP INC.**

#### **Time-Bound Phase-Out of New Fossil Fuel Exploration and Development**

\*Sierra Club Foundation, Dominican Sisters of Springfield, Illinois

### **GOLDMAN SACHS GROUP INC.**

#### **Transition Planning**

\*As You Sow Foundation, United Church Funds

### **HALLIBURTON COMPANY**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **HARTFORD FINANCIAL SERVICES GROUP, THE**

#### **Human Rights Risk Report**

\*Domini Impact Investments LLC

### **HERSHEY COMPANY**

#### **End Child Labor in Cocoa Production**

\*American Baptist Home Mission Societies, Missionary Oblates of Mary Immaculate, Sisters of Providence, Sisters of the Holy Cross, Indiana, Sisters of the Humility of Mary, OH

### **HILTON WORLDWIDE HOLDINGS, INC.**

#### **Paid Sick Leave Policy**

\*Unitarian Universalist Association

### **HONEYWELL INTERNATIONAL INC.**

#### **Environmental Justice Report**

\*Franciscan Sisters of Allegany, NY

### **HONEYWELL INTERNATIONAL INC.**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **HUNTINGTON BANCSHARES, INC.**

#### **Adopt Coal Phase Out Policy**

\*Domini Impact Investments LLC

### **IDEX**

#### **Eliminating Discrimination through Inclusive Hiring**

\*NorthStar Asset Management

### **ILLINOIS TOOL WORKS INC.**

#### **Climate Transition Plan and GHG Reduction Goals**

\*Clean Yield Asset Management

### **ILLUMINA**

#### **Fair Director Elections**

\*Corporate Governance

### **IMPINJ, INC.**

#### **Fair Director Elections**

\*Corporate Governance

### **INTERNATIONAL BUSINESS MACHINES CORP. (IBM)**

#### **Review Effectiveness of Company's Anti-Harassment Efforts**

\*Clean Yield Asset Management

### **INTUITIVE SURGICAL, INC.**

#### **Gender and Racial Pay Gap**

\*Corporate Governance

### **IPG PHOTONICS CORPORATION**

#### **Diversity Targets**

\*Trillium Asset Management

## Resolution Leads and Co-Filers

### **IQVIA HOLDINGS, INC.**

#### **Independent Board Chair**

\*Corporate Governance

### **J.P. MORGAN CHASE & CO.**

#### **Political Contributions Misalignment**

\*Corporate Governance

### **J.P. MORGAN CHASE & CO.**

#### **Time-Bound Phase-Out of New Fossil Fuel Exploration and Development**

\*Sierra Club Foundation, Benedictine Sisters of Virginia, Benedictine Sisters, Sacred Heart Monastery of Cullman, Alabama, Congregation of Divine Providence - San Antonio, Texas, Grand Rapids Dominicans, Maryknoll Sisters, Missionary Oblates of Mary Immaculate, Providence Trust, Sisters of St. Joseph of Peace, NJ, Vancity Investment Management Ltd.

### **J.P. MORGAN CHASE & CO.**

#### **Transition Planning**

\*As You Sow Foundation, Adrian Dominican Sisters, Bon Secours Mercy Health, Congregation of St. Joseph, OH, Dana Investment Advisors, Daughters of Charity, Province of St Louise, Mercy Investment Services, Presbyterian Church (USA), Shareholder Association for Research and Education (SHARE), Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, SD, The Domestic and Foreign Missionary Society of the Protestant Episcopal Church

### **JOHNSON & JOHNSON**

#### **Access to COVID-19 Products**

\*Oxfam America, Congregation of Benedictine Sisters, Boerne TX, Congregation of Divine Providence - San Antonio, Texas, Sisters of Charity of St. Elizabeth, NJ, Trinity Health, Tulipshare

### **JOHNSON & JOHNSON**

#### **Patents and Access**

\*Mercy Investment Services, Benedictine Sisters of Virginia, Benedictine Sisters of Virginia, Bon Secours Mercy Health, CommonSpirit Health, Daughters of Charity, Province of St Louise, Dominican Sisters of Springfield, Illinois, Providence St. Joseph Health, The Domestic and Foreign Missionary Society of the Protestant Episcopal Church

### **JOHNSON & JOHNSON**

#### **Racial Equity Audit**

\*Adrian Dominican Sisters, Hill-Snowdon Foundation, PeaceHealth, Sisters of St. Dominic of Caldwell, NJ

### **KADANT INC.**

#### **Climate Transition Plan and GHG Reduction Goals**

\*Clean Yield Asset Management

### **KELLOGG COMPANY**

#### **Gender and Racial Pay Gap**

\*Corporate Governance

### **KEYCORP**

#### **Racial Equity Audit**

\*Service Employees International Union (SEIU)

### **KEYSIGHT TECHNOLOGIES**

#### **Customer Due Diligence**

\*Presbyterian Church (USA), Friends Fiduciary Corporation, The Domestic and Foreign Missionary Society of the Protestant Episcopal Church, United Church Funds

### **KINDER MORGAN, INC**

#### **Climate Transition Plan and GHG Reduction Goals**

\*Presbyterian Church (USA)

### **KINDER MORGAN, INC**

#### **Report on Climate Related Financial Impacts on Asset Retirement Obligations**

\*As You Sow Foundation

### **KRAFT HEINZ COMPANY**

#### **Water Risk Assessment**

\*Mercy Investment Services

### **KROGER CO.**

#### **Gender and Racial Pay Gap**

\*Arjuna Capital

### **KROGER CO.**

#### **Pilot Fair Food Program**

\*Domini Impact Investments LLC

### **KROGER CO.**

#### **Public Health Costs Created by the Sale of Tobacco Products**

\*Sisters of St. Francis of Philadelphia, Adrian Dominican Sisters, Bon Secours Mercy Health, CommonSpirit Health, Congregation of St. Joseph, OH, Mercy Investment Services, PeaceHealth, Providence St. Joseph Health, Sisters of Charity of St. Elizabeth, NJ, Sisters of Providence, Sisters of the Holy Names of Jesus and Mary, US Ontario Province, Sisters of the Humility of Mary, OH, Trinity Health

### **KROGER CO.**

#### **Reduce Plastics Use**

\*As You Sow Foundation

### **KROGER CO.**

#### **Wage and Equity Report**

\*Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, SD

### **LANTHEUS HOLDINGS INC.**

#### **Transition to Elect Directors by Majority Vote**

\*Corporate Governance

### **LINDE PLC**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **LOCKHEED MARTIN CORPORATION**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **LOCKHEED MARTIN CORPORATION**

#### **Human Rights Impact Assessment**

\*School Sisters of Notre Dame Cooperative Investment Fund, Sisters of Charity of St. Elizabeth, NJ, Sisters of St. Francis of Philadelphia

### **LUMEN TECHNOLOGIES (FORMERLY CENTURYLINK, INC.)**

#### **Racial Equity Audit**

\*AFL-CIO

### **MACY'S, INC.**

#### **Paid Sick Leave Policy**

\*School Sisters of Notre Dame Central Pacific Province, Mercy Investment Services

### **MAPLE LEAF FOODS INC.**

#### **Human Rights Impact Assessment**

\*Shareholder Association for Research and Education (SHARE)

### **MARATHON OIL CORP.**

#### **Direct Measurement of Methane Emissions**

\*Mercy Investment Services, The Domestic and Foreign Missionary Society of the Protestant Episcopal Church, Trinity Health

### **MARATHON PETROLEUM**

#### **Direct Measurement of Methane Emissions**

\*Grand Rapids Dominicans

### **MARRIOTT INTERNATIONAL, INC.**

#### **Gender and Racial Pay Gap**

\*Corporate Governance

### **MASTERCARD INCORPORATED**

#### **Fair Director Elections**

\*Corporate Governance

### **MASTERCARD INCORPORATED**

#### **Political Contributions Misalignment**

\*As You Sow Foundation

### **MAXIMUS, INC.**

#### **Equal Employment Opportunity Report**

\*Service Employees International Union (SEIU)

### **MCDONALD'S CORP.**

#### **Lobbying Expenditures Disclosure**

\*SOC Investment Group

### **MCDONALD'S CORP.**

#### **Phase Out Routine Medically Important Antibiotics Use in Supply Chain**

\*Congregation of Benedictine Sisters, Boerne TX, \*Green Century Capital Management, Benedictine Sisters of Chicago, Benedictine Sisters, Sacred Heart Monastery of Cullman, Alabama, Dominican Sisters of Springfield, Illinois, Missionary Oblates of Mary Immaculate, PeaceHealth, Sisters of St. Francis of Philadelphia

### **MCDONALD'S CORP.**

#### **Public Health Costs of Antimicrobial Resistance**

\*HESTA, Amundi Asset Management, LGIM America, Meyer Memorial Trust, PCR Children's Trust, Remmer Family Foundation

## Resolution Leads and Co-Filers

### **MCDONALD'S CORP.**

#### **Reduce Plastics Use**

\*As You Sow Foundation

### **MCDONALD'S CORP.**

#### **Workplace Sexual Harassment Assessment**

\*Shareholder Association for Research and Education (SHARE)

### **MEDPACE HOLDINGS**

#### **Board Diversity**

\*Boston Trust Walden

### **MERCK & CO., INC.**

#### **Access to COVID-19 Products**

\*Oxfam America

### **MERCK & CO., INC.**

#### **Patents and Access**

\*Province of St. Joseph of the Capuchin Order (Midwest Capuchins), Benedictine Sisters of Virginia, CommonSpirit Health, Mercy Investment Services, Missionary Oblates of Mary Immaculate, Providence St. Joseph Health, Sisters of Charity of the Blessed Virgin Mary, Sisters of St. Francis of Assisi, Trinity Health

### **MERCK & CO., INC.**

#### **Require Trade Associations to Disclose Political Contributions**

\*Boston Common Asset Management, LLC

### **META (FACEBOOK INC.)**

#### **Assessing Allegations of Biased Operations in India**

\*SumOfUs

### **META (FACEBOOK INC.)**

#### **Board Oversight of Harmful User-Generated Content**

\*As You Sow Foundation

### **META (FACEBOOK INC.)**

#### **Child Safety Online**

\*Proxy Impact, Adrian Dominican Sisters, Congregation des Soeurs des Saints Noms de Jesus et de Marie, Fiduciary Trust International, Maryknoll Sisters, Sisters of St. Joseph of Peace, NJ, The Domestic and Foreign Missionary Society of the Protestant Episcopal Church

### **META (FACEBOOK INC.)**

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

\*NorthStar Asset Management

### **META (FACEBOOK INC.)**

#### **HRIA - Meta Targeted Ads**

\*Mercy Investment Services, CommonSpirit Health, Missionary Oblates of Mary Immaculate, NEI Investments

### **META (FACEBOOK INC.)**

#### **Independent Review of the Role of the Audit and Risk Oversight Committee**

\*Harrington Investments, AFL-CIO, SumOfUs

### **META (FACEBOOK INC.)**

#### **Lobbying Expenditures Disclosure**

\*United Church Funds

### **META (FACEBOOK INC.)**

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

\*Presbyterian Church (USA)

### **META (FACEBOOK INC.)**

#### **Report on Pay Calibration to Externalized Costs**

\*Catherine Raphael

### **METRO, INC.**

#### **Adopt Short and Long-Term Science-Based GHG Reduction Targets**

\*Shareholder Association for Research and Education (SHARE)

### **MICROSOFT CORPORATION**

#### **Tax Transparency Report**

\*AkademikerPension, Missionary Oblates of Mary Immaculate

### **MODERNA**

#### **Covid 19 Vaccine Technology Transfer**

\*Oxfam America, Benedictine Sisters, Boerne TX, Sisters of St. Joseph of Peace, WA

### **MOHAWK INDUSTRIES, INC.**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **MONDELEZ INTERNATIONAL, INC.**

#### **End Child Labor in Cocoa Production**

\*Tulipshare, Maryknoll Sisters, Proxy Impact, Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, SD

### **MORGAN STANLEY**

#### **Time-Bound Phase-Out of New Fossil Fuel Exploration and Development**

\*Sierra Club Foundation

### **MORGAN STANLEY**

#### **Transition Planning**

\*As You Sow Foundation

### **MOSAIC CO.**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **MUELLER INDUSTRIES, INC.**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **NATIONAL BANK OF CANADA**

#### **Racial Equity Audit**

\*Shareholder Association for Research and Education (SHARE)

### **NETFLIX, INC.**

#### **Align Retirement Plan Options with Climate Action Goals**

\*As You Sow Foundation

### **NETFLIX, INC.**

#### **Gender and Racial Pay Gap**

\*Corporate Governance

### **NEXTERA ENERGY**

#### **Gender and Racial Pay Gap**

\*Corporate Governance

### **NEXTERA ENERGY**

#### **Lobbying Expenditures Disclosure**

\*Service Employees International Union (SEIU),  
Arjuna Capital

### **NISOURCE INC.**

#### **Lobbying Expenditures Disclosure**

\*Service Employees International Union (SEIU)

### **NORDSTROM, INC.**

#### **Risks Associated with Concealment Clauses**

\*Amalgamated Bank, represented by As You Sow

### **NORFOLK SOUTHERN CORPORATION**

#### **Climate Transition Plan and GHG Reduction Goals**

\*Friends Fiduciary Corporation, Proxy Impact

### **NORFOLK SOUTHERN CORPORATION**

#### **Paid Sick Leave Policy**

\*Impact Shares

### **NORTHROP GRUMMAN CORPORATION**

#### **Political Contributions Misalignment**

\*School Sisters of Notre Dame Cooperative  
Investment Fund

### **NUTRIEN LTD**

#### **Company Policy Compared to External Indigenous-led Standards of Practice**

\*Shareholder Association for Research and Education (SHARE)

### **NVIDIA**

#### **Fair Director Elections**

\*Corporate Governance

### **OLYMPIC STEEL INC.**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **ORASURE TECHNOLOGIES, INC.**

#### **Climate Transition Plan and GHG Reduction Goals**

\*Nia Impact Capital

### **OVINTIV INC. (FORMERLY ENCANA)**

#### **Direct Measurement of Methane Emissions**

\*Proxy Impact

### **PAPA JOHN'S INT'L, INC.**

#### **Deforestation-Free Supply Chain**

\*As You Sow Foundation

### **PAYCOM SOFTWARE INC**

#### **Transition to Elect Directors by Majority Vote**

\*Corporate Governance

### **PAYPAL**

#### **Ensuring People in Conflict Zones do not Suffer Discriminatory Exclusion**

\*SumOfUs

### **PAYPAL**

#### **Freedom of Expression Transparency Report**

\*Tulipshare

### **PETMED EXPRESS**

#### **Fair Director Elections**

\*Corporate Governance

### **PFIZER, INC.**

#### **Covid 19 Vaccine Technology Transfer**

\*Oxfam America, Dominican Sisters of  
Springfield, Illinois, Missionary Oblates of Mary  
Immaculate, Providence Trust, Sisters of Charity  
of the Blessed Virgin Mary



### **PFIZER, INC.**

#### **Executive Incentive Compensation - Compliance Costs**

\*Shareholder Association for Research and Education (SHARE)

### **PFIZER, INC.**

#### **Patents and Access**

\*Trinity Health, Adrian Dominican Sisters, Bon Secours Mercy Health, CommonSpirit Health, Mercy Investment Services, PeaceHealth, Sisters of Charity of St. Elizabeth, NJ, Sisters of St. Francis Charitable Trust, Sisters of St. Francis of Philadelphia

### **PHILIP MORRIS INTERNATIONAL**

#### **Disclose and Reduce Nicotine Levels**

\*Trinity Health, CommonSpirit Health, Providence St. Joseph Health, Sisters of Charity of St. Elizabeth, NJ, Sisters of St. Francis of Philadelphia, Sisters of St. Joseph of Carondelet of St. Paul Province

### **PHILIP MORRIS INTERNATIONAL**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **PHILLIPS 66**

#### **Impact of Reduced Plastics Demand on Financial Assumptions**

\*As You Sow Foundation

### **PHILLIPS 66**

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

\*United Church Funds

### **PILGRIM'S PRIDE CORP**

#### **Deforestation-Free Supply Chain**

\*Mercy Investment Services, Adrian Dominican Sisters

### **PNC FINANCIAL SERVICES GROUP, INC.**

#### **Adopt Short and Long-Term Science-Based GHG Reduction Targets**

\*Boston Common Asset Management, LLC, Adrian Dominican Sisters, CommonSpirit Health, Mercy Investment Services, The Domestic and Foreign Missionary Society of the Protestant Episcopal Church

### **PNC FINANCIAL SERVICES GROUP, INC.**

#### **Risks of Financing Controversial Weapons**

\*Maryknoll Sisters

### **POST HOLDINGS INC**

#### **Measuring Pesticide Use in Agricultural Supply Chains**

\*As You Sow Foundation

### **POWER CORPORATION**

#### **Company Policy Compared to External Indigenous-Led Standards of Practice**

\*Shareholder Association for Research and Education (SHARE)

### **PPG INDUSTRIES, INC.**

#### **Independent Board Chair**

\*AFL-CIO

### **PROTO LABS INC.**

#### **Fair Director Elections**

\*Corporate Governance

### **PUBLIC STORAGE**

#### **Climate Transition Plan and GHG Reduction Goals**

\*Amalgamated Bank, represented by As You Sow

### **RAYTHEON TECHNOLOGIES CORPORATION**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **RAYTHEON TECHNOLOGIES CORPORATION**

#### **Greater Disclosure of Material Corporate Diversity, Equity, and Inclusion Data**

\*Unspecified

### **REDFIN CORPORATION**

#### **Fair Director Elections**

\*Corporate Governance

### **REGENERON PHARMACEUTICALS, INC.**

#### **Patents and Access**

\*Boston Common Asset Management, LLC, Mercy Investment Services, Trinity Health

### **REPLIGEN CORPORATION**

#### **Fair Director Elections**

\*Corporate Governance

### **RESTAURANT BRANDS INTERNATIONAL**

#### **Competitive Employment Standards, Including Wages and Benefits**

\*Shareholder Association for Research and Education (SHARE)

### **RESTAURANT BRANDS INTERNATIONAL**

#### **Lobbying Expenditures Disclosure**

\*SOC Investment Group

### **RESTAURANT BRANDS INTERNATIONAL**

#### **Reduce Plastics Use**

\*As You Sow Foundation

### **RIVIAN AUTOMOTIVE INC.**

#### **Adopt a Human Rights Policy Respecting Freedom of Association**

\*Amalgamated Bank, represented by As You Sow

### **ROYAL BANK OF CANADA**

#### **Human Rights Risks of Financialization of Housing**

\*B.C. General Employees' Union (BCGEU)

### **ROYAL BANK OF CANADA**

#### **Indigenous Relations / FPIC**

\*B.C. General Employees' Union (BCGEU)

### **ROYAL BANK OF CANADA**

#### **Privatization of Polluting Assets**

\*B.C. General Employees' Union (BCGEU)

### **ROYAL BANK OF CANADA**

#### **Racial Equity Audit**

\*Shareholder Association for Research and Education (SHARE), B.C. General Employees' Union (BCGEU)

### **RYERSON HOLDING CORP.**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **SALESFORCE.COM, INC.**

#### **Civil Rights Audit**

\*Tulipshare

### **SALESFORCE.COM, INC.**

#### **Fair Director Elections**

\*Corporate Governance

### **SERVICENOW, INC.**

#### **Political Contributions**

\*Corporate Governance

### **SIMON PROPERTY GROUP, INC.**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **SKECHERS U.S.A.**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **SMITH (A.O.) CORPORATION**

#### **Report on Whether Company Policies Reinforce Racism in Company Culture**

\*NorthStar Asset Management

### **SOUTHERN COMPANY**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **SOUTHERN COMPANY**

#### **Environmental Justice Report**

\*Sisters of St. Joseph of Peace, NJ, Benedictine Sisters of Virginia, Missionary Oblates of Mary Immaculate, Sisters of Charity of St. Elizabeth, NJ, Sisters of St. Francis of Philadelphia

### **SOUTHERN COMPANY**

#### **Greater Disclosure of Material Corporate Diversity, Equity, and Inclusion Data**

\*Unspecified

### **SOUTHWEST AIRLINES CO.**

#### **Environmental and Social Risk Report**

\*CommonSpirit Health

### **SQUARE INC.**

#### **Greater Disclosure of Material Corporate Diversity, Equity, and Inclusion Data**

\*Nia Impact Capital

### **STARBUCKS**

#### **Freedom of Association**

\*City of NY Office of the Comptroller, \*Pensions Investment Research Consultants, \*SHARE, \*Trillium Asset Management

### **STATE STREET CORPORATION**

#### **Asset Management Policies and Diversified Investors**

\*Corporate Governance

### **STERIS PLC**

#### **Climate Transition Plan and GHG Reduction Goals**

\*Corporate Governance

### **STRYKER CORPORATION**

#### **Political Contributions**

\*Corporate Governance

### **STURM RUGER AND COMPANY, INC.**

#### **Material Marketing Risks**

\*CommonSpirit Health, Adrian Dominican Sisters, Bon Secours Mercy Health, Congregation of St. Joseph, OH, Daughters of Charity, Province of St. Louise, Mercy Investment Services, PeaceHealth, Sinsinawa Dominicans, Sisters of Bon Secours USA, Sisters of St. Francis of Philadelphia, Sisters of the Holy Cross, Indiana, Sisters of the Holy Names of Jesus and Mary, US Ontario Province, The Domestic and Foreign Missionary Society of the Protestant Episcopal Church, Trinity Health

### **SVB FINANCIAL**

#### **Racial Equity Audit**

\*Trillium Asset Management

### **SYNEOS HEALTH**

#### **Fair Director Elections**

\*Corporate Governance

### **T-MOBILE USA (SUBSIDIARY OF DEUTSCHE TELEKOM)**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **TARGA RESOURCES CORP**

#### **Direct Measurement of Methane Emissions**

\*Miller/Howard Investments

### **TARGET CORP.**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **TELADOC HEALTH INC**

#### **Fair Director Elections**

\*Corporate Governance

### **TESLA**

#### **Freedom of Association**

\*Domini Impact Investments, SHARE, SOC Investment Group

### **TEXAS INSTRUMENTS INC.**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **TEXAS INSTRUMENTS INC.**

#### **Human Rights and Material Risks Related to the Russian Invasion of Ukraine**

\*Friends Fiduciary Corporation, Benedictine Sisters, Sacred Heart Monastery of Cullman, Alabama, Mercy Investment Services, Miller/Howard Investments, Missionary Oblates of Mary Immaculate, Portico Benefit Services (ELCA), Presbyterian Church (USA)

### **TEXAS ROADHOUSE, INC.**

#### **Climate Transition Plan and GHG Reduction Goals**

\*Boston Trust Walden

### **TEXAS ROADHOUSE, INC.**

#### **Deforestation-Free Supply Chain**

\*As You Sow Foundation

### **THERMO FISHER SCIENTIFIC INC.**

#### **Gender and Racial Pay Gap**

\*Arjuna Capital

### **THERMO FISHER SCIENTIFIC INC.**

#### **Greater Disclosure of Material Corporate Diversity, Equity and Inclusion Data**

\*As You Sow Foundation

### **TJX COMPANIES, INC.**

#### **Assessing Effectiveness in Preventing Forced/Child/Prison Labor in Supply Chain**

\*NorthStar Asset Management

### **TJX COMPANIES, INC.**

#### **Paid Sick Leave Policy**

\*Figure 8 Investment Strategies, LLC

### **TORONTO-DOMINION BANK**

#### **Human Rights Risks of Financialization of Housing**

\*B.C. General Employees' Union (BCGEU)

### **TORONTO-DOMINION BANK**

#### **Indigenous Relations / FPIC**

\*B.C. General Employees' Union (BCGEU)

### **TORONTO-DOMINION BANK**

#### **Privatization of Polluting Assets**

\*B.C. General Employees' Union (BCGEU)

### **TRACTOR SUPPLY COMPANY**

#### **Fair Director Elections**

\*Corporate Governance

### **TRANSUNION**

#### **Racial Equity Audit**

\*Service Employees International Union (SEIU)

**TRAVELERS COMPANIES, INC., THE  
Measure, Disclose & Reduce GHG Emissions  
Associated with Underwriting**

\*As You Sow Foundation

**TRAVELERS COMPANIES, INC., THE  
Racial Equity Audit**

\*Trillium Asset Management

**TRAVELERS COMPANIES, INC., THE  
Underwriting Police Insurance**

\*Arjuna Capital

**UBER TECHNOLOGIES  
Report on Driver Health and Safety**

\*Achmea Investment Management

**UNION PACIFIC CORPORATION  
Fair Director Elections**

\*Corporate Governance

**UNION PACIFIC CORPORATION  
Paid Sick Leave Policy**

\*Trillium Asset Management

**UNITED NATURAL FOODS, INC.  
Civil Rights Audit**

\*International Brotherhood of Teamsters

**UNITED PARCEL SERVICE, INC.  
Adopt Short and Long-Term Science-Based GHG  
Reduction Targets**

\*Green Century Capital Management

**UNITED PARCEL SERVICE, INC.  
Greater Disclosure of Material Corporate Diversity,  
Equity and Inclusion Data**

\*As You Sow Foundation

**UNITED PARCEL SERVICE, INC.  
Lobbying Expenditures Disclosure**

\*Boston Trust Walden, Friends Fiduciary  
Corporation, Sisters of St. Francis Charitable  
Trust

**UNITED PARCEL SERVICE, INC.  
Paris-Aligned Climate Lobbying**

\*Mercy Investment Services, Benedictine Sisters  
of Virginia, Maryknoll Sisters, Missionary Oblates  
of Mary Immaculate, The Domestic and Foreign  
Missionary Society of the Protestant Episcopal  
Church

**UNITED THERAPEUTICS CORPORATION  
Fair Director Elections**

\*Corporate Governance

**UNITEDHEALTH GROUP INC.  
Racial Equity Audit**

\*Mercy Investment Services, The Domestic and  
Foreign Missionary Society of the Protestant  
Episcopal Church

**UPWORK INC.  
Fair Director Elections**

\*Corporate Governance

**VALERO ENERGY CORPORATION  
Climate Transition Plan and GHG Reduction Goals**

\*Mercy Investment Services, Benedictine  
Sisters, Boerne TX, Sisters of St. Francis  
Charitable Trust

**VALERO ENERGY CORPORATION  
Racial Equity Audit**

\*Service Employees International Union (SEIU)

**VEEVA SYSTEMS, INC.  
Fair Director Elections**

\*Corporate Governance

**VENTAS, INC.  
Lobbying Expenditures Disclosure**

\*Service Employees International Union (SEIU)

**VERIZON COMMUNICATIONS INC.  
Cease Political Contributions**

\*Trillium Asset Management

**VICTORIA'S SECRET & CO.  
Greater Disclosure of Material Corporate Diversity,  
Equity and Inclusion Data**

\*Amalgamated Bank, represented by As You Sow

**VISA INC.  
Gender and Racial Pay Gap**

\*Arjuna Capital

**VISA INC.  
Lobbying Expenditures Disclosure**

\*Boston Common Asset Management, LLC

**WABTEC  
Adopt Short and Long-Term Science-Based  
GHG Reduction Targets**

\*Clean Yield Asset Management

### **WABTEC**

#### **Climate Transition Plan and GHG Reduction Goals**

\*As You Sow Foundation

### **WABTEC**

#### **Just Transition Report**

\*Domini Impact Investments LLC

### **WALGREENS BOOTS ALLIANCE**

#### **Climate Transition Plan and GHG Reduction Goals**

\*Mercy Investment Services

### **WALGREENS BOOTS ALLIANCE**

#### **Public Health Costs Created by the Sale of Tobacco Products**

\*Sisters of St. Francis of Philadelphia, Bon Secours Mercy Health, CommonSpirit Health, Providence St. Joseph Health, Sisters of Charity of St. Elizabeth, NJ, Sisters of St. Joseph of Peace, WA, Sisters of the Humility of Mary, OH, Trinity Health

### **WALMART STORES, INC.**

#### **Fair Director Elections**

\*Corporate Governance

### **WALMART STORES, INC.**

#### **Human Rights Due Diligence**

\*Oxfam America, Adrian Dominican Sisters, Congregation of St. Joseph, OH, Missionary Oblates of Mary Immaculate, PeaceHealth

### **WALMART STORES, INC.**

#### **Racial Equity Audit**

\*United for Respect, Daughters of Charity, Province of St Louise, Providence St. Joseph Health, Sisters of the Holy Cross, Indiana

### **WALMART STORES, INC.**

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

\*Franciscan Sisters of Perpetual Adoration, Benedictine Sisters, Boerne TX, Mercy Investment Services, Sisters of Charity of St. Elizabeth, NJ, Sisters of the Holy Names of Jesus and Mary, US Ontario Province

### **WALMART STORES, INC.**

#### **Workplace Safety Policy Assessment - Gun Violence**

\*United for Respect, CommonSpirit Health

### **WELLS FARGO & COMPANY**

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

\*Sisters of St. Francis Charitable Trust

### **WELLS FARGO & COMPANY**

#### **Racial Equity Audit**

\*Service Employees International Union (SEIU)

### **WELLS FARGO & COMPANY**

#### **Respect for Freedom of Association and Collective Bargaining**

\*AFL-CIO

### **WELLS FARGO**

#### **Respect for the Rights of Indigenous Peoples**

\*American Baptist Home Mission Societies, Missionary Oblates of Mary Immaculate

### **WELLS FARGO & COMPANY**

#### **Time-Bound Phase-Out of New Fossil Fuel Exploration and Development**

\*Sierra Club Foundation, Franciscan Sisters of Perpetual Adoration, Sisters of St. Joseph of Peace, WA

### **WELLS FARGO & COMPANY**

#### **Transition Planning**

\*As You Sow Foundation, Adrian Dominican Sisters, Mercy Investment Services

### **WENDY'S INTERNATIONAL, INC.**

#### **Lobbying Expenditures Disclosure**

\*SOC Investment Group

### **WENDY'S INTERNATIONAL, INC.**

#### **Proxy Rights and Access**

\*Franciscan Sisters of Allegany, NY

### **WEST PHARMACEUTICAL SERVICES, INC.**

#### **Fair Director Elections**

\*Corporate Governance

### **WESTLAKE CHEMICAL**

#### **Plan to Reduce Plastic Production**

\*United Church Funds

### **WILLIAMS COMPANIES, INC., THE**

#### **Direct Measurement of Methane Emissions**

\*Proxy Impact

### **WORKDAY INC.**

#### **Fair Director Elections**

\*Corporate Governance

### **XPO LOGISTICS**

#### **Climate Transition Plan and GHG Reduction Goals**

\*Mercy Investment Services



## Resolution Leads and Co-Fileers

### **XYLEM INC.**

#### **Eliminating Discrimination through Inclusive Hiring**

\*NorthStar Asset Management

### **YELP INC**

#### **Fair Director Elections**

\*Corporate Governance

### **YUM! BRANDS, INC.**

#### **Lobbying Expenditures Disclosure**

\*SOC Investment Group

### **YUM! BRANDS, INC.**

#### **Paid Sick Leave Policy**

\*United Church Funds

### **YUM! BRANDS, INC.**

#### **Reduce Plastics Use**

\*As You Sow Foundation

### Contact Details for Filers

**Achmea Investment Management**

Handelsweg 2  
Zeist 3707NH (NL)

**Adrian Dominican Sisters**

1257 East Siena Heights Drive  
Adrian, MI 49221-1793  
517-266-3523  
<http://www.adriandominicans.org/>

**AFL-CIO**

815 16th Street NW  
Washington, DC 20006  
202-637-5152; <https://aflcio.org/>

**Akademiker Pension**

Smakkedalen 8  
Gentofte 2820 (DK)

**Amalgamated Bank**

275 Seventh Ave.  
New York, NY 10003

**American Baptist Home Mission Societies**

1075 First Avenue  
King of Prussia, PA 19406  
610-768-2385; <https://abhms.org/>

**Arjuna Capital**

353 West Main Street  
Durham, NC 27701  
919-794-4794; <http://arjuna-capital.com/>

**As You Sow Foundation**

2020 Milvia St., Suite 500  
Berkeley, CA 94704  
510-735-8158

**Australasian Centre for Corporate Responsibility**

GPO Box 1596  
Canberra, ACT 2601 (AU)

**Aviva Investors Global Services Limited**

St Helen's 1 Undershaft  
London EC3P 3DQ (GB)  
<https://www.avivainvestors.com/en-gb/>

**Azzad Asset Management**

3141 Fairview Park Drive Suite  
Falls Church, VA 22042

**B.C. General Employees' Union (BCGEU)**

4911 Canada Way  
Burnaby, BC V5G 3W3 (CA)  
<https://www.bcgeu.ca/>

**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**

1701 Mercy Health Place  
Cincinnati, OH 45237  
513-952-5009; <https://bsmhealth.org/>

**Boston Common Asset Management, LLC**

200 State Street, 7th Floor  
Boston, MA 02109  
617-720-5557  
<https://www.bostoncommonasset.com/>

**Boston Trust Walden**

1 Beacon Street, 33rd Floor  
Boston, MA 02108-3116  
6177267250; <https://www.bostontrustwalden.com/>

## Contact Details for Filers

### **CCLA**

1 Angel Lane  
London EC4R 3AB (GB)

### **Christian Brothers Investment Services**

777 Third Avenue, 29th Floor  
New York, NY 10016  
212-503-1930; <https://cbisonline.com/>

### **City of N.Y. Office of the Comptroller (New York City Pension Funds)**

Municipal Building  
New York, NY 10007  
212-669-2013

### **Clean Yield Asset Management**

16 Beaver Meadow Road, P.O. Box 874  
Norwich, VT 05055  
<https://www.cleanyield.com/>

### **CommonSpirit Health**

198 Inverness Drive West  
Englewood, CO 80112  
<https://commonspirit.org/>

### **Congregation des Soeurs des Saints Noms de Jesus et de Marie**

80 rue St-Charles Est  
Longueuil, QC J4H 1A9 (CA)

### **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 54937-8158  
920-907-2315; <https://www.csasisters.org/>

### **Congregation of St. Joseph, OH**

3430 Rocky River Drive  
Cleveland, OH 44111-2997

### **Corporate Governance**

9295 Yorkship Court  
Elk Grove, CA 95758  
916-869-2402; <https://www.corpgov.net/>

### **Dana Investment Advisors**

P.O. Box 1067  
Brookfield, WI 53008-1067  
972-717-2052; <http://www.danainvestment.com/>

### **Daughters of Charity, Province of St Louis**

4330 Olive Street  
St. Louis, MO 63108

### **Domestic and Foreign Missionary Society of the Protestant Episcopal Church**

815 Second Avenue  
New York, NY 10017

### **Domini Impact Investments LLC**

180 Maiden Ln #1302  
New York, NY 10038  
<https://domini.com/>

### **Dominican Sisters of Springfield, Illinois**

1237 West Monroe Street  
Springfield, IL 62704-8169  
217-787-0481

### **Educational Foundation of America**

c/o Intentional Philanthropy  
4801 Hampden Lane #106  
Bethesda, MD 20815  
<https://www.theefa.org/>

### **Ethos Foundation, Switzerland**

Place Cornavin 2  
Case postale  
Genève 1 CH-1211 Switzerland  
41-22-716-15-55; [www.ethosfund.ch](http://www.ethosfund.ch)

### **Fairshare Educational Foundation (aka ShareAction)**

63/66 Hatton Garden, Fifth Floor, Suite 23  
London EC1N 8LE (GB)  
+44 (0)20 7403 7800

### **Fiduciary Trust International**

55 Old Bedford Road  
Lincoln, MA 01773  
781-274-9300; <http://www.fiduciarytrust.com>



## Contact Details for Filers

### **Figure 8 Investment Strategies, LLC**

1410 W. Washington St.  
Boise, ID 83702  
208-385-0078; <http://figure8investing.com/>

### **Follow This**

Generaal Vetterstraat 15  
Amsterdam 1059 BW (NL)

### **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  
215-241-7272 x 100; <http://www.friendsfiduciary.org/>

### **Grand Rapids Dominicans**

2025 E. Fulton St.  
Grand Rapids, MI 49503-3895

### **Green Century Capital Management**

114 State Street, Suite 200  
Boston, MA 02109  
617-482-0800; <https://www.greencentury.com/>

### **Harrington Investments**

1001 2nd Street, Suite 325  
Napa, CA 94559  
707-252-6166

### **Hill-Snowdon Foundation**

1120 G St NW Suite 600  
Washington, DC 20005

### **HSBC**

8 Canada Square  
London E14 5HQ (GB)

### **Impact Shares**

2189 Broken Bend Lane  
Frisco, TX 75036

### **International Brotherhood of Teamsters**

25 Louisiana Avenue, NW  
Washington, DC 20001

### **Investor Voice**

111 Queen Anne Ave N, Suite 500  
Seattle, WA 98109  
206-522-3055

### **Investors for Paris Compliance**

4335 Riverside Road  
Duncan, BC V9L 6M8 (CA)

### **Legal & General Investment Management**

71 South Wacker Drive, Suite 800  
Chicago, IL 60606  
312-585-0300; <https://www.lgima.com/>

### **Marianist Province of the United States**

Marianist Provincial Offices  
St. Louis, MO 63108-2301  
215-634-4116

### **Maryknoll Sisters**

P.O. Box 310  
Maryknoll, NY 10545  
914-941-7575

### **Mercy Investment Services**

2039 North Geyer Road  
St. Louis, MO 63131  
570-366-1809  
<https://www.mercyinvestmentservices.org/>

### **Miller/Howard Investments**

The Fuller Building  
45 Pine Grove Ave, Suite 301  
Kingston, NY 12401  
845-679-9166

### **Missionary Oblates of Mary Immaculate**

391 Michigan Avenue, NE  
Washington, DC 20017-1516  
202-483-0444

### **Nathan Cummings Foundation**

475 10th Avenue, 14th Floor  
New York, NY 10018-9715  
212-787-7300

### **NEI Investments**

Suite 1200-151 Yonge Street  
Toronto, ON M5C 2W7 (GB)  
416-594-6633

## Contact Details for Filers

### **Newground Social Investment**

111 Queen Anne Avenue North, Suite 500  
Seattle, WA 98109-4955  
206-522-1944

### **Nia Impact Capital**

4900 Shattuck Ave #3648  
Oakland, CA 94609

### **Nordea Asset Management**

562, Rue de Neudorf  
Luxembourg, 2220 (LU)

### **NorthStar Asset Management**

P.O. Box 301840  
Boston, MA 02130  
<https://northstarasset.com/>

### **Northwest Women Religious Investment Trust**

P.O. Box 248  
Bellevue, WA 98009

### **Open MIC**

P.O. Box 29907  
San Francisco, CA 94129-0907

### **Oxfam America**

226 Causeway Street  
Boston, MA 02114-2206  
617-482-1211; <http://www.oxfamamerica.org>

### **Parnassus Investments**

1 Market Street, Suite 1600  
San Francisco, CA 94105  
415-778-0200; <https://www.parnassus.com/>

### **PeaceHealth**

1115 SE 164th Ave.  
Vancouver, WA 98683  
360-729-1000

### **Pensions Investment Research Consultants**

Crusader House  
London EC1V 4QJ (GB)

### **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**

Treasury Services & Investments  
1801 Lind Avenue SE  
Renton, WA 98057-9016  
425-525-5452

### **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 North 9th Street  
Milwaukee, WI 53233-1411  
414-271-0135 x 15

### **Proxy Impact**

5011 Esmond Ave  
Richmond, CA 94805

### **School Sisters of Notre Dame Central Pacific Province**

320 East Ripa Avenue  
St. Louis, MO 63125  
314-561-4100; <https://www.ssndcentralpacific.org/>

### **School Sisters of Notre Dame Cooperative Investment Fund**

320 East Ripa Avenue  
St. Louis, MO 63125-2835  
314-633-7097

### **Service Employees International Union (SEIU)**

1800 Massachusetts Avenue, NW  
Washington, DC 20036  
312-206-6599

### **Shareholder Association for Research and Education (SHARE)**

1055 West Georgia Street, 26th Floor  
Vancouver, BC V6E 3R5 (CA)  
604-408-2456; <https://share.ca/>

### **Sierra Club Foundation**

2101 Webster Street  
Oakland, CA 94612-3050

## Contact Details for Filers

### **Sinsinawa Dominicans**

585 County Road Z  
Sinsinawa, WI 53824  
608-748-4411

### **Sisters of Bon Secours USA**

1525 Marriottsville Road  
Marriottsville, MD 21104  
410-442-1333

### **Sisters of Charity of St. Elizabeth, NJ**

2 Convent Road  
Convent Station, NJ 07961  
973-290-5402

### **Sisters of Charity of the Blessed Virgin Mary**

205 West Monroe St.  
Chicago, IL 60606

### **Sisters of Providence**

106 Ashland Street  
Malden, MA 2148

### **Sisters of St. Dominic of Caldwell, NJ**

1 Ryerson Avenue  
Caldwell, NJ 07006-6109  
973-403-3331, ext. 16; <http://caldwellop.org/>

### **Sisters of St. Francis Charitable Trust**

3390 Windsor Avenue  
Dubuque, IA 52001  
563-583-9786

### **Sisters of St. Francis of Assisi**

3221 South Lake Drive  
St. Francis, WI 53235-3799  
414-744-1160; <https://www.lakeosfs.org/>

### **Sisters of St. Francis of Philadelphia**

609 S. Convent Rd.  
Aston, PA 19014

### **Sisters of St. Joseph of Carondelet of St. Paul Province**

520 Warwick St  
St Paul, MN 55116

### **Sisters of St. Joseph of Peace, NJ**

399 Hudson Terrace  
Englewood Cliffs, NJ 7632  
201-568-6348 x21

### **Sisters of St. Joseph of Peace, WA**

P.O. Box 248  
Bellevue, WA 98009

### **Sisters of St. Mary of Oregon**

4440 SW 148th Avenue  
Beaverton, OR 97007

### **Sisters of the Holy Cross, Indiana**

Bertrand Hall - St. Mary's  
Notre Dame, IN 46556-5000  
219-284-5551

### **Sisters of the Holy Names of Jesus and Mary, US Ontario Province**

P.O. Box 398  
Marylhurst, OR 97036  
503-675-7100; <https://www.snjmusontario.org/>

### **Sisters of the Humility of Mary, OH**

2218 West Blvd.  
Cleveland, OH 44102  
216-961-3169

### **Sisters of the Order of St. Benedict, Rock Island**

2200 88th Ave W  
Rock Island, IL 61201

### **Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, SD**

1500 North 2nd Street  
Aberdeen, SD 57401-1238  
605-229-8346; [www.presentationisters.org](http://www.presentationisters.org)

### **SOC Investment Group**

1900 L Street, NW Suite 900  
Washington, DC 20036  
202-721-0660  
<https://www.socinvestmentgroup.com/>

### **State of Connecticut Treasurer's Office**

55 Elm St #2  
Hartford, CT 06106

### **SumOfUs**

P.O. Box 1128  
New York, NY 10156

## Contact Details for Filers

### **Trillium Asset Management**

Two Financial Center  
60 South Street, Suite 1100  
Boston, MA 02111-2855  
<https://trilliuminvest.com/>

### **Trinity Health**

20555 Victor Parkway  
Livonia, MI 48152-7006  
734-343-0824

### **Tulipshare**

64 Nile Street International House  
London N1 7SR (GB)

### **Unitarian Universalist Association**

24 Farnsworth Street, 3rd Floor  
Boston, MA 02210-1409  
617-948-4305

### **United Church Funds**

475 Riverside Drive, Suite 1020  
New York, NY 10115  
<https://ucfunds.org/>

### **United for Respect**

3578 Grand Avenue, #14  
Oakland, CA 94610  
<http://www.united4respect.org>

### **United Steelworkers**

60 Boulevard of the Allies  
Pittsburgh, PA 15222

### **Vancity Investment Management Ltd.**

700-815 West Hastings Street  
Vancouver, BC V6C 1B4 (CA)  
<https://vcim.ca/>

### **Vision Super**

P.O. Box 18041 Collins Street  
East Victoria, VIC 8003 (AU)

### **Wespath Benefits and Investments**

1901 Chestnut Avenue  
Glenview, IL 60025  
847-866-4325; <https://www.wespath.org/>

### **Zevin Asset Management**

11 Beacon Street, Suite 1125  
Boston, MA 02108-3018  
617-742-6666 ext 308



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475 Riverside Drive  
Suite 1842  
New York, NY 10115  
(212) 870-2295 / [www.iccr.org](http://www.iccr.org)