

# CATALYZING CORPORATE CHANGE

## ICCR MEMBERS SCORE OVER 100 WINS DURING 2020 PROXY SEASON

The filing of shareholder proposals for inclusion on annual corporate proxy statements is an important tool investors can employ to catalyze change on environmental, social and governance (ESG) concerns.

Shareholder proposals help raise awareness among the board, management, other shareholders, and key stakeholders of publicly-held companies of the need for further information or adjustments to corporate policies and practices in order to address ESG risks that may impact shareholder value.

As documented in our [Proxy Resolutions and Voting Guide](#), during the 2020 proxy season ICCR members filed **281** resolutions at **195** publicly-traded companies on a range of issues. What follows is a brief recap of the season and the outcomes of these proposals, as reported to ICCR.

## AN UNUSUAL PROXY SEASON

COVID-19 and the Black Lives Matter movement reshape investor priorities.

**AGMs Go Virtual:** COVID-19 forced most companies to abandon in-person annual shareholder meetings and switch to a virtual format. To help ensure investors' ability to participate in the Q&A sessions, ICCR launched the [#AskTheCEO](#) video campaign, capturing their questions for the record.



**A Focus on Workers:** At 52 proposals, our members' human- and worker-rights-focused resolutions emerged as the dominant issue this year, just nudging past proposals related to climate change and lobbying.

**All Eyes on Amazon:** ICCR members filed nine proposals at Amazon, more than they sent to any other company this year. The proposals resulted in two agreements: one on human trafficking (Adrian Dominican Sisters), and another on the risks of third-party sellers (Mercy). In addition, there were five votes exceeding 30%.

**Tech Companies Remain High-Risk:** Companies in the tech sector, including Alphabet, AT&T, Facebook and Verizon, continued to face heightened scrutiny via proposals addressing ESG risks including the proliferation of child sexual exploitation online, treatment of whistleblowers, the sale of facial recognition technology, the gender & racial pay gap, CEO and Chair separation for better accountability, and compliance with Russian government censorship requests.

**Covid-19 and Racial Justice Re-Shape ESG Investing:** ICCR members are taking action on several fronts to ensure that as businesses respond to the pandemic, they do so in a way that safeguards all their stakeholders, and foremost, their workers.

In March, ICCR, along with Domini Impact Investments and the NYC Comptroller's Office convened a coalition of 335 investors with nearly \$9.5T in AUM to issue an [Investor Statement on Coronavirus Response](#), including a 5-point plan urging companies to prioritize workers' health, safety and wages during the crisis. The statement set the stage for subsequent engagements with companies in high-risk sectors.

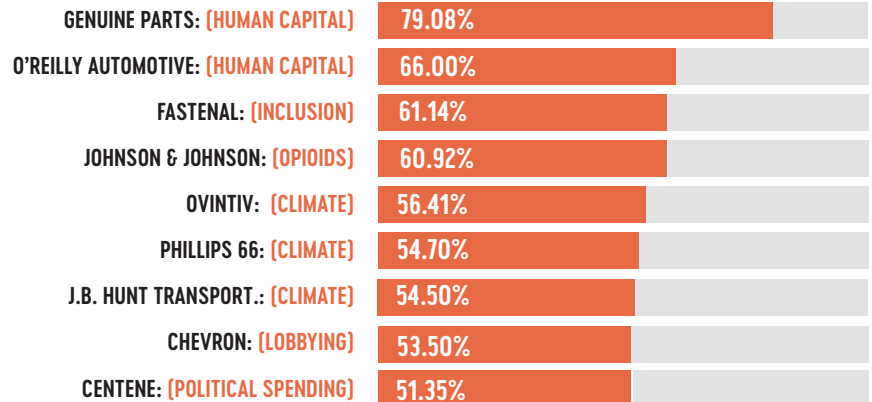


At the same time, incidents of ongoing police brutality against Black people have led to widespread protests across the country calling for a re-envisioning of the social and economic systems that have perpetuated racial injustice. In June of 2020, ICCR and other investor members of the Racial Justice Investing (RJI) Coalition developed an [Investor Statement of Solidarity and Call to Action](#) to address systemic racism through their investments and work.

## 2020 MAJORITY VOTES

ICCR member proposals accounted for nearly half of all ESG proposals receiving majority support. The two highest votes so far this season were for proposals addressing human capital management.

\*Filers listed on p.5

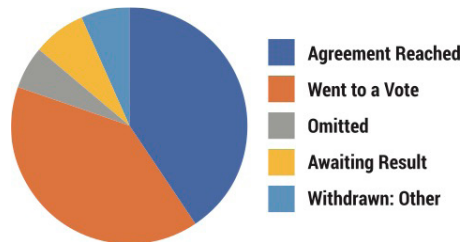


### Vote Outcomes:

Of the 112 proposals that went to a vote, 9 achieved majority votes, consistent with 2019 performance. A full **65 proposals**, or 58%, achieved **votes of 25% or greater**.

### Withdrawals:

**Forty percent (114)** of ICCR members' 2020 proposals resulted in withdrawals in exchange for corporate commitments. The majority of these concerned issues of workplace diversity and inclusion (27), climate change (26) and human rights (19).



### Adoption & Implementation of Human Rights Policies

Carnival committed to develop a more strategic and holistic approach to human rights by reviewing and expanding its existing policies and practices (Mercy Investment Services). First Horizon has developed and made public its initial Human Rights Policy and Supplier Code of Conduct (Figure 8 Investment).

Royal Caribbean, meanwhile, agreed to build out its systems for identifying and addressing human rights risks in its operations and supply chain through a more comprehensive due diligence process. (Mercy).

### Preventing Child Sexual Exploitation Online (CSEO)

The pervasiveness of mobile devices and encryption coupled with lockdowns due to COVID19 are contributing to a rise in child sexual exploitation via the sharing of online images. As a result of proposals led by Christian Brothers Investment Services, AT&T agreed to several remedies including a child rights and risk impact assessment, and education and child exploitation prevention strategies in its retail stores. Verizon agreed to complete a child rights and risk impact assess-

ment across its entire business by the end of 2020. Verizon also created a company-wide Online Safety Committee which will report to the Board and has designated an expert on CSEO internally.

A Maryknoll Sisters resolution led Alphabet to agree to disclose information on its progress in identifying/reporting/preventing CSEO. Both Alphabet and Facebook (Proxy Impact) have endorsed the new ICT Voluntary Principles for Child Sexual Exploitation.

### Human Capital Management

As You Sow filed resolutions that led Advance Auto Parts to agree to begin measuring its ESG initiatives in accordance with SASB accounting standards, including rates of voluntary and involuntary turnover for its in-store and distribution center employees. As You Sow also persuaded Ulta Beauty to disclose the median hourly wage of its in-store full-time employees, and voluntary and involuntary turnover ratios for in-store full-time employees.

### Burma

A resolution filed by Friends Fiduciary led Western Union to announce that it is ending its relationship with the Burmese military-owned bank.

### Gun Safety

A resolution filed by The Domestic and Foreign Missionary Society of The Episcopal Church (DFMS) contributed to Olin producing its first CSR report with a section on the company's efforts to promote firearm safety.

## PROPOSALS BY ISSUE



## HUMAN RIGHTS & WORKER RIGHTS

For the first time, 2020 resolutions related to human rights and worker rights, at 52, surpassed proposals related to prevalent themes such as climate change and lobbying. Resolutions increasingly reflect the use of the UNGPs as a framework for conducting human rights due diligence across a range of sectors.



This year our members secured a string of 27 corporate commitments on greenhouse gas reduction and renewable energy use.

### Climate Finance

Since the signing of the Paris Agreement in 2016, 33 global banks have provided the fossil fuel industry with \$1.9T in financing. This year, As You Sow convinced Wells Fargo to report on its progress in measuring the GHG emissions associated with its financing activities, with the aim of using this data to set science-based targets.

### Renewable Energy Adoption

A Friends Fiduciary resolution prompted Nucor to agree to report on its climate mitigation strategies, assessing the feasibility of adopting quantitative, company-wide goals for reducing GHG emissions, and increasing its use of renewable energy.

A Nathan Cummings (NCF) resolution led A.O. Smith to commit to evaluate the feasibility of setting goals around GHG emissions and renewable energy. NCF also persuaded Rockwell Automation to set new environmental goals, including goals for increasing renewable energy use.

### Aligning Operations with the Goals of the Paris Agreement

Chipotle committed to address its contribution to climate change and pledged to set emissions reduction targets for its full carbon footprint (Trillium).

BP agreed to work with its shareholders to prepare a resolution for BP's AGM in 2021. The resolution will set a net zero goal for scope 1, 2, and 3 emissions (Follow This Campaign). Marathon Petroleum agreed to establish modest

GHG emissions intensity reduction targets and has also tied achievement of this goal to executive compensation (Mercy).

### Proxy Voting Policies

A resolution filed by Boston Trust Walden prompted JP Morgan Chase to expand its climate program and update its proxy voting policies on climate-related issues. A resolution led by Mercy resulted in BlackRock's enhancing its position on proxy voting related to climate change, as well as its approach to engagement with companies around their climate and sustainability disclosures. BlackRock also joined the Climate Action 100+.



## HEALTH/NUTRITION

### Making Medicines More Accessible and Affordable

Even before the emergence of the Covid-19 epidemic, high drug prices in the U.S. posed a threat to public health. ICCR members have led a multi-year campaign to rein in excessive drug prices, which has helped shed light on the way executive pay has incentivized drug price hikes.

A resolution filed by Oxfam America for the 2020 proxy season led Johnson & Johnson to agree to integrate drug pricing risks into its executive compensation. A Trinity Health resolution led Vertex to include language in its annual proxy statement illustrating how it ensures that its executive compensation programs are aligned with its long-term strategy and do not incentivize overly risky behavior.

A second Trinity resolution persuaded Pfizer to place language in the policy portion of its compensation analysis stating that unplanned drug price increases are not part of the revenue metrics it uses in determining its ex-

ecutives' compensation arrangements. A resolution filed by the UAW Medical Benefits Trust (UAW) led Biogen to agree to expand disclosure in its proxy statement on the relationship between its executive compensation incentives and drug pricing risks.

### Addressing Opioid Abuse

Members of ICCR and Investors for Opioid Accountability this year brought together more than a dozen pharmaceutical manufacturers and distributors and retail pharmacies in a facilitated Working Group on the opioid crisis. The group has agreed to address the role executive bonuses have played in facilitating the crisis across the U.S.

Mercy filed a resolution that led Walgreens to publish a board oversight of opioid risk report, and Walmart to commit to issue a similar board oversight report by October.

A majority vote of 61% led Johnson and Johnson to begin work on a report to shareholders describing the measures it has implemented to more effectively monitor and manage risks related to the opioid crisis (led by the IL Treasurer and co-filed by ICCR members).



## DIVERSITY & INCLUSION

This year, our members successfully negotiated 27 diversity-related agreements with corporations.

A workforce disclosure resolution filed by Trillium led Hanesbrands to agree to publish its workforce diversity data and disclose its diversity and inclusion initiatives, and Traveler's Insurance to fully disclose its EEO-1 workforce diversity data.

Boston Trust Walden (BTW) reached agreements on workforce diversity



reports with Choice Hotels and Hyatt Hotels. In addition, Boston Trust persuaded Williams-Sonoma to provide a breakdown of its workforce by race and gender and a description of its policies and programs aimed at increasing the number of minority and female employees underutilized in their job categories.

### Mandatory Arbitration

Mandatory arbitration keeps misconduct secret, precludes employees from suing in court when discrimination and harassment occur, and prevents employees from learning about shared concerns. A resolution filed by Nathan Cummings persuaded Nordstrom to both review its use of arbitration and to drop the confidentiality requirement associated with it.

### Board/Exec. Leadership Diversity

An engagement led by the Domestic and Foreign Missionary Society of the Episcopal Church persuaded FirstCash to commit to appointing a female director by 2021. Bridge Bancorp agreed to amend its Corporate Governance and Nominating Committee Charter to specifically include diversity, inclusive of gender, race and ethnicity (BTW).

Ensign Group revised its Nominating Committee Charter to explicitly reference the board's intention to seek women and minority candidates for its board of director slate (BTW).

SBA Communications added a skills matrix and diversity data to its proxy statement and successfully expanded gender diversity in its director ranks (Trillium), while World Fuel updated its diversity documents (DFMS).

Trillium reached agreements with multiple companies on executive leadership team diversity, including Tractor Supply, which agreed to implement new inclusion initiatives that will result in a more diverse management team. It also persuaded SVB Financial to produce a report assessing the current state of diversity on its executive team. Ormat agreed to disclose its board's assessment of executive leadership diversity, as well as work-

force composition data. Hanover Insurance committed to assess and report the current state of its executive team diversity.

### Gender Identity Discrimination

Trillium reached agreements with multiple companies: Rogers adopted a fully inclusive EEO policy that prohibits discrimination based on sexual orientation and gender identity. A.O. Smith will add gender identity to its EEO and Anti-Harassment Policy. Aqua America ratified an updated EEO policy that includes gender identity. LKQ updated its workplace policies to include gender identity. EastGroup amended its Equal Employment Opportunity: Commitment to Diversity Policy to include gender identity and expression.



## LOBBYING & POLIT. SPENDING

This year, our members negotiated a number of key agreements with companies to be more transparent about how they exert their influence over our legislative and regulatory processes via lobbying.

Miller/Howard persuaded Cheniere to publish an inaugural CSR report with details on its lobbying and political spending. Miller/Howard also persuaded AES to disclose its lobbying oversight process, including the roles and responsibilities of its various committees, and to also provide aggregate federal lobbying amounts. BlackRock agreed to disclose its trade association memberships, and added lobbying oversight to the charter of its Board's governance committee.

Boston Common persuaded American Water Works to commit to enhanced lobbying disclosure. Nucor agreed to lower its threshold for public reporting of money given to a trade association to \$50k, and improved its reported oversight and compliance of political disclosures and lobbying (Domini Impact Investments).

### Corporate Political Spending

The Nathan Cummings Foundation persuaded Evergy to publicly disclose its spending on election candidates and parties, its spending to influence ballot measures, and the names of 501(c)(4) organizations, trade associations and chambers of commerce receiving its payments.



## SUSTAINABLE FOOD & WATER

A resolution filed by As You Sow led Kellogg's to announce a commitment to phase out pre-harvest glyphosate in its wheat and oat supply chains by 2025. As You Sow reached a similar agreement with J.M. Smucker on reporting metrics for pesticide use in its supply chain.

As You Sow also reached agreements with Hormel Foods and Wendy's on reducing use of medically important antibiotics.

Green Century negotiated an agreement with Archer-Daniels-Midland on supply-chain related deforestation.

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COMPANY	RESOLUTION NAME	LEAD FILER	VOTE
Genuine Parts Company	Human Capital Management Disclosure	As You Sow	79.08
O'Reilly Automotive, Inc.	Human Capital Management Disclosure	As You Sow	66.00
Fastenal Co.	Workforce Diversity Report	As You Sow	61.14
Johnson & Johnson	Board Oversight - Risks Related to the Opioid Crisis	Illinois State Treasurer	60.92
Ovintiv Inc. (Formerly Encana)	Disclose GHG Reduction Targets	SHARE	56.41
Phillips 66	Assess Risk of Expanding Operations in Flood-Prone Areas	As You Sow	54.70
J.B. Hunt Transport Services, Inc.	Report on Plans to Align Operations with Paris Agreement	Trillium Asset Management	54.50
Chevron Corp.	Climate Lobbying Report	BNP Paribas Asset Management	53.50
Centene Corporation	Political Contributions	Friends Fiduciary Corporation	51.35
J.P. Morgan Chase & Co.	Report on Reducing GHG Emissions Associated with Lending	As You Sow	49.60
Vertex Pharmaceuticals Incorporated	Lobbying Expenditures Disclosure - Pharma	Friends Fiduciary Corporation	48.60
Honeywell International Inc.	Lobbying Expenditures Disclosure	Mercy Investment Services	46.20
Chevron Corp.	Assess Risk of Expanding Operations in Flood-Prone Areas	As You Sow	46.00
Delta Air Lines, Inc.	Political Contributions	Friends Fiduciary Corporation	45.98
Kroger Co.	Human Rights Due Diligence	Oxfam America	45.00
IPG Photonics Corporation	Executive Leadership Diversity	Trillium Asset Management	45.00
Lear Corp.	Human Rights Impact Assessment	Sisters of the Good Shepherd	44.76
Bristol-Myers Squibb Company	Independent Board Chair	Sisters of St. Francis of Philadelphia	44.60
TJX Companies, Inc.	Report on Plans to Reduce Chemical Footprint	Trillium Asset Management	44.50
Gilead Sciences, Inc.	Independent Board Chair	United Church Funds	43.53
MAXIMUS, Inc.	Lobbying Expenditures Disclosure	SEIU	42.80
GEO Group Inc.	Lobbying Expenditures Disclosure	SEIU	42.52
Duke Energy Corp.	Lobbying Expenditures Disclosure - Climate Change	Mercy Investment Services	42.44
Johnson & Johnson	Independent Board Chair	Trillium Asset Management	41.80
NextEra Energy	Political Contributions	Newground Social Investment	38.88
Kroger Co.	Assess Environmental Impacts of Consumer Packaging	As You Sow	38.00
Pfizer, Inc.	Gender and Racial Pay Gap	Proxy Impact	38.00
Exxon Mobil Corporation	Lobbying Expenditures Disclosure - Climate Change	United Steelworkers	37.50
Exxon Mobil Corporation	Lobbying Expenditures Disclosure - Climate Change	Boston Trust Walden	37.50
Altria Group, Inc.	Discouraging Nicotine Use Among Youth	Sisters of St. Francis of Philadelphia	37.00
DTE Energy	Political Contributions	Mercy Investment Services	36.50
Expedia, Inc.	Political Contributions	Friends Fiduciary Corporation	36.04
Sanderson Farms, Inc.	Human Rights Due Diligence	Oxfam America	36.00
Home Depot, Inc.	Workforce Diversity Report	Benedictine Sisters, Boerne TX	35.82
Eli Lilly and Company	Misconduct Clawback Policy Disclosure	Trinity Health	35.09
Amgen Inc.	Independent Board Chair	United Church Funds	34.95
Amazon.com, Inc	Hate Speech Products	Nathan Cummings Foundation	34.90
Charles Schwab Corporation (The)	Lobbying Expenditures Disclosure	Friends Fiduciary Corporation	34.70
Pfizer, Inc.	Independent Board Chair	Sisters of St. Francis of Philadelphia	34.00
Eli Lilly and Company	Independent Board Chair	Daughters of Charity, POSL	33.94
Disney (Walt) Company / ABC	Lobbying Expenditures Disclosure - Climate Change	Congregation of Sisters of St. Agnes	33.70
Disney (Walt) Company / ABC	Lobbying Expenditures Disclosure - Climate Change	Boston Trust & Investment	33.70
Caterpillar Inc.	Lobbying Expenditures Disclosure	Fonds de Solidarite FTQ	33.54
Yum! Brands, Inc.	Climate Impacts of Deforestation in Company Supply Chain	SumofUs	33.30
General Motors Corp.	Lobbying Expenditures Disclosure - Climate Change	NYC Pension Funds	33.00
DaVita Inc.	Political Contributions	Friends Fiduciary Corporation	32.52
Boeing Company	Lobbying Expenditures Disclosure - Climate Change	Midwest Capuchins	32.50
General Motors Corp.	Human Rights Policy Implementation	School Sisters of Notre Dame Cooperative Investment Fund	32.20
General Motors Corp.	Human Rights Policy Implementation	Congr. of Holy Cross, Moreau Province	32.20
Amazon.com, Inc	Reduce Food Waste	JLens Network	32.07
Amazon.com, Inc	Customer Due Diligence	Sisters of St. Joseph, Brentwood	32.06
Alphabet, Inc.	Give Each Share an Equal Vote	NorthStar Asset Management	31.66
Altria Group, Inc.	Lobbying Expenditures Disclosure	Trinity Health	31.20
Amazon.com, Inc	Human Rights Impact Assessment	Oxfam America	31.00
Verizon Communications Inc.	User Privacy	Trillium Asset Management	31.00
Exxon Mobil Corporation	Political Contributions	Unitarian Universalist Association	30.90
Marriott International, Inc.	Workforce Diversity Report	Trillium Asset Management	30.80
Amazon.com, Inc	Lobbying Expenditures Disclosure - Climate Change	Newground Investment Services	30.10
AbbVie	Lobbying Expenditures Disclosure - Pharma	Zevin Asset Management	29.73
Eli Lilly and Company	Lobbying Expenditures Disclosure - Pharma	SEIU	29.70
United Parcel Service, Inc.	Report on Plans to Align Operations with Paris Agreement	Trillium Asset Management	29.60
United Parcel Service, Inc.	Report on Plans to Align Operations with Paris Agreement	Zevin Asset Management	29.60
AMEREN (Union Electric)	Independent Board Chair	Nathan Cummings Foundation	29.20
United Airlines Holdings, Inc.	Lobbying Expenditures Disclosure - Climate Change	Nathan Cummings Foundation	28.80
Facebook Inc.	Give Each Share an Equal Vote	NorthStar Asset Management	27.10
Chevron Corp.	Independent Board Chair	Newground Social Investment	27.00
Bloomin' Brands Inc.	Deforestation	Green Century Capital	26.51
Home Depot, Inc.	Senior Executive Equity Compensation Retention Policy	As You Sow	26.40
Comcast Corp.	Lobbying Expenditures Disclosure	Friends Fiduciary Corp.	26.40