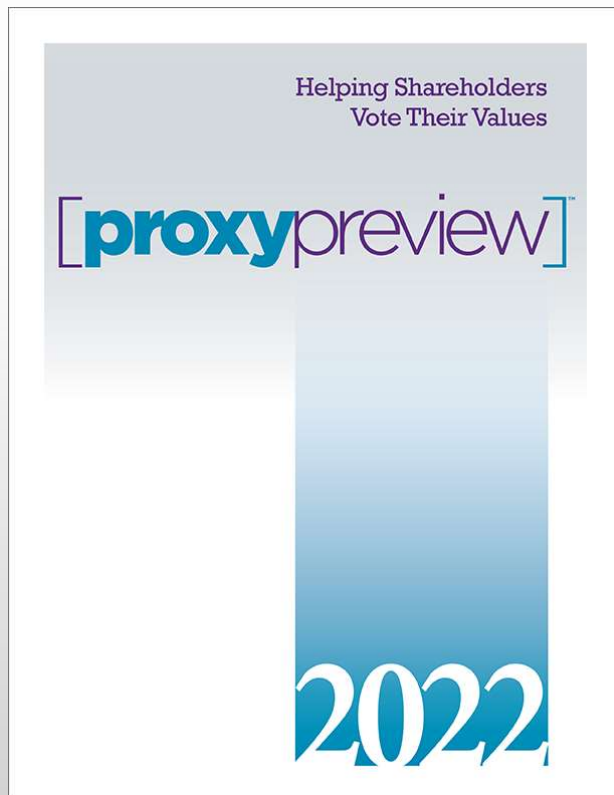




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Proxy Preview 2022



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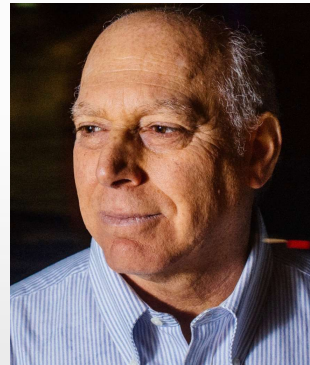


HELPING SHAREHOLDERS VOTE THEIR VALUES

Featured Speakers



Heidi Welsh
Sustainable Investments
Institute (Si2)



Michael Passoff
Proxy Impact

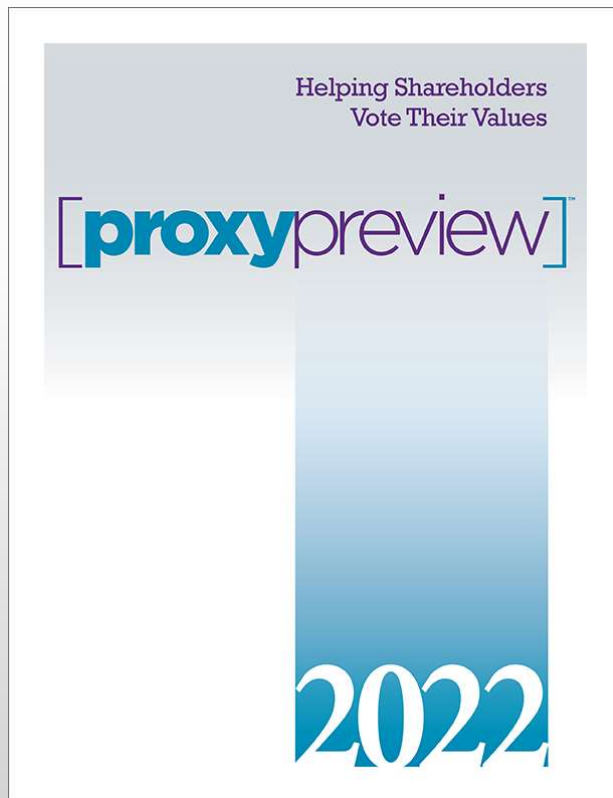


Tejal K. Patel
SOC Investment Group



HELPING SHAREHOLDERS VOTE THEIR VALUES

Agenda



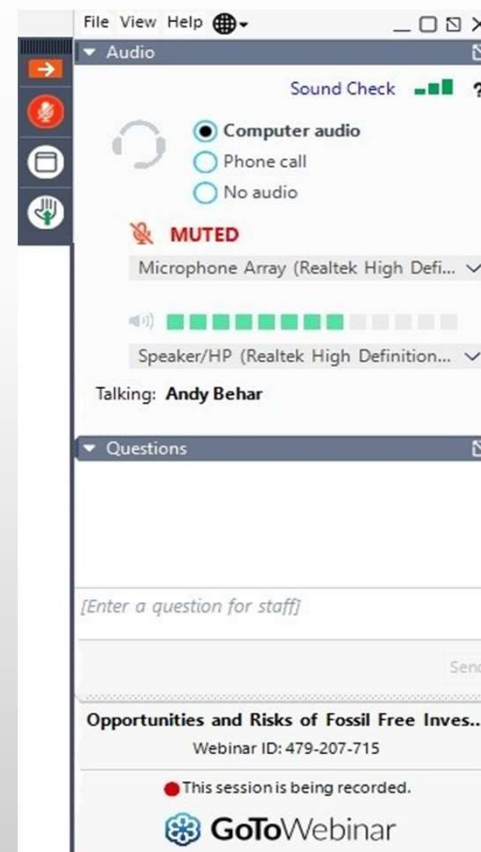
- ✓ **Introduction** (3 min)
Andrew Behar, As You Sow
- ✓ **2021 Proxy Season Overview** (15 min)
Heidi Welsh, Si2
- ✓ **Climate & Energy** (10 min)
Michael Passoff, Proxy Impact
- ✓ **Racial Justice and Human Rights Proposals** (10 min)
Tejal K. Patel, SOC Investment Group
- ✓ **Q&A** (15 min)
moderated by Andrew Behar
- ✓ **Closing Remarks** (2 min)
Heidi Welsh, Michael Passoff, Tejal K. Patel
- ✓ **Conclusion** (2 min)
Andrew Behar

General Information

- Use the Q&A window to send us your questions

Q&A Window

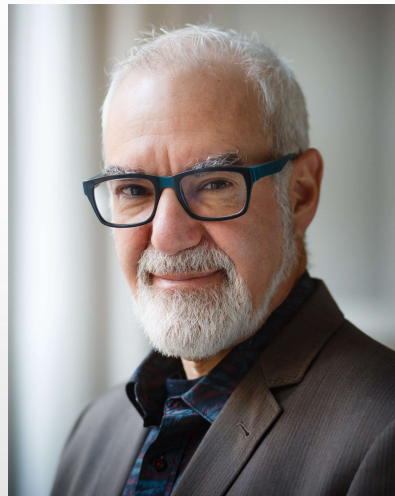
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HELPING SHAREHOLDERS VOTE THEIR VALUES

Introduction



Andrew Behar

CEO

As You Sow





HELPING SHAREHOLDERS VOTE THEIR VALUES

About As You Sow

Mission: *to promote environmental and social corporate responsibility through shareholder advocacy, coalition building, and innovative legal strategies*

- Founded in 1992 on the belief that corporations *must* be an active part of the solutions to society's environmental and human rights issues
- 30-year track record of promoting values-aligned investing and securing positive, lasting corporation change
- We communicate directly with corporate executives to collaboratively develop and implement business models that reduce risk, benefit brand reputation, and protect long-term shareholder value while simultaneously bringing about positive change for the environment and human rights



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2022 Proxy Season Overview



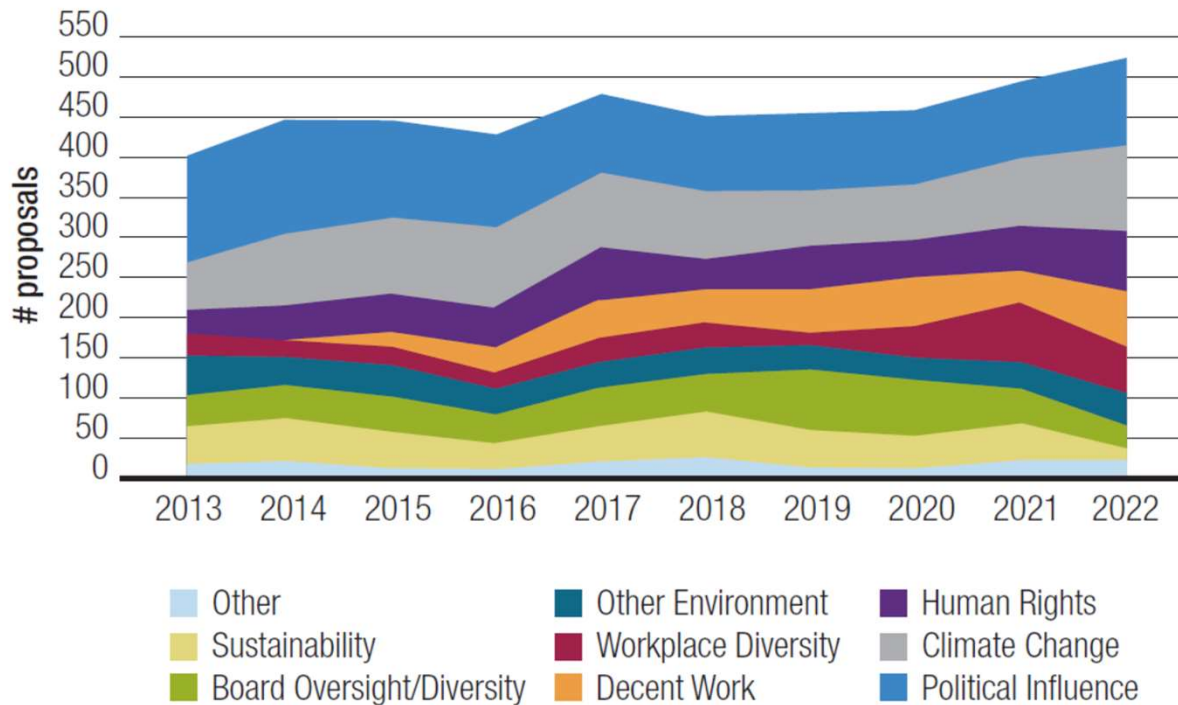
Heidi Welsh

Executive Director

Sustainable Investments Institute (Si2)

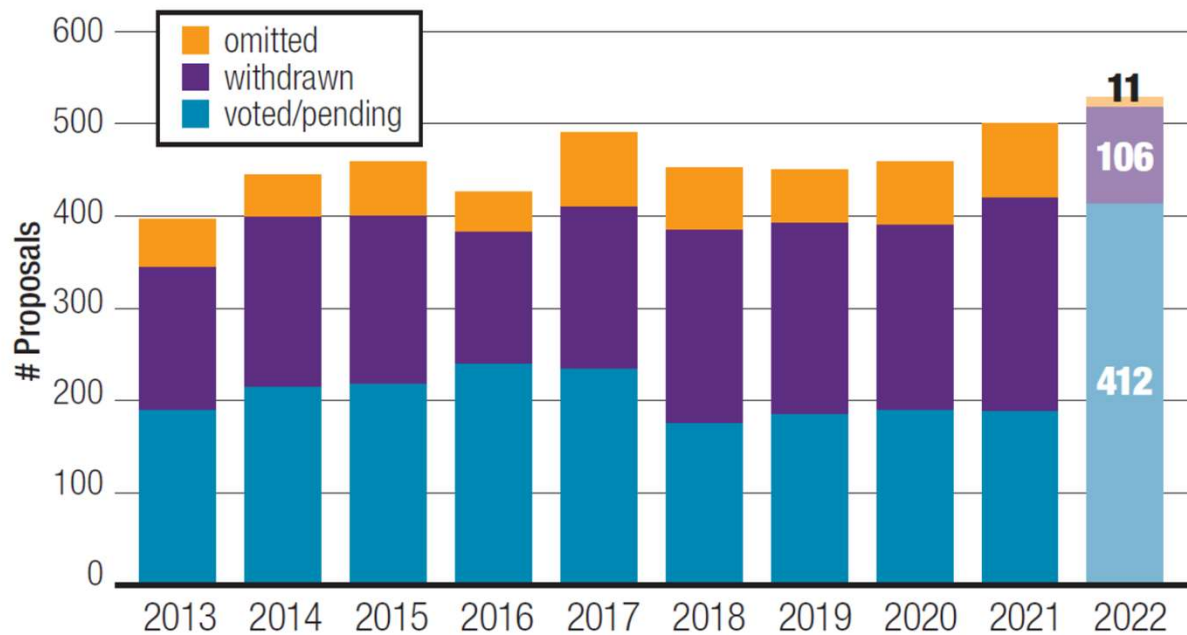


U.S. Environmental & Social Shareholder Proposal Topic Trend



As of Feb. 24, 2022, Si2, excludes conservatives

Environmental & Social Policy Shareholder Proposal Outcomes

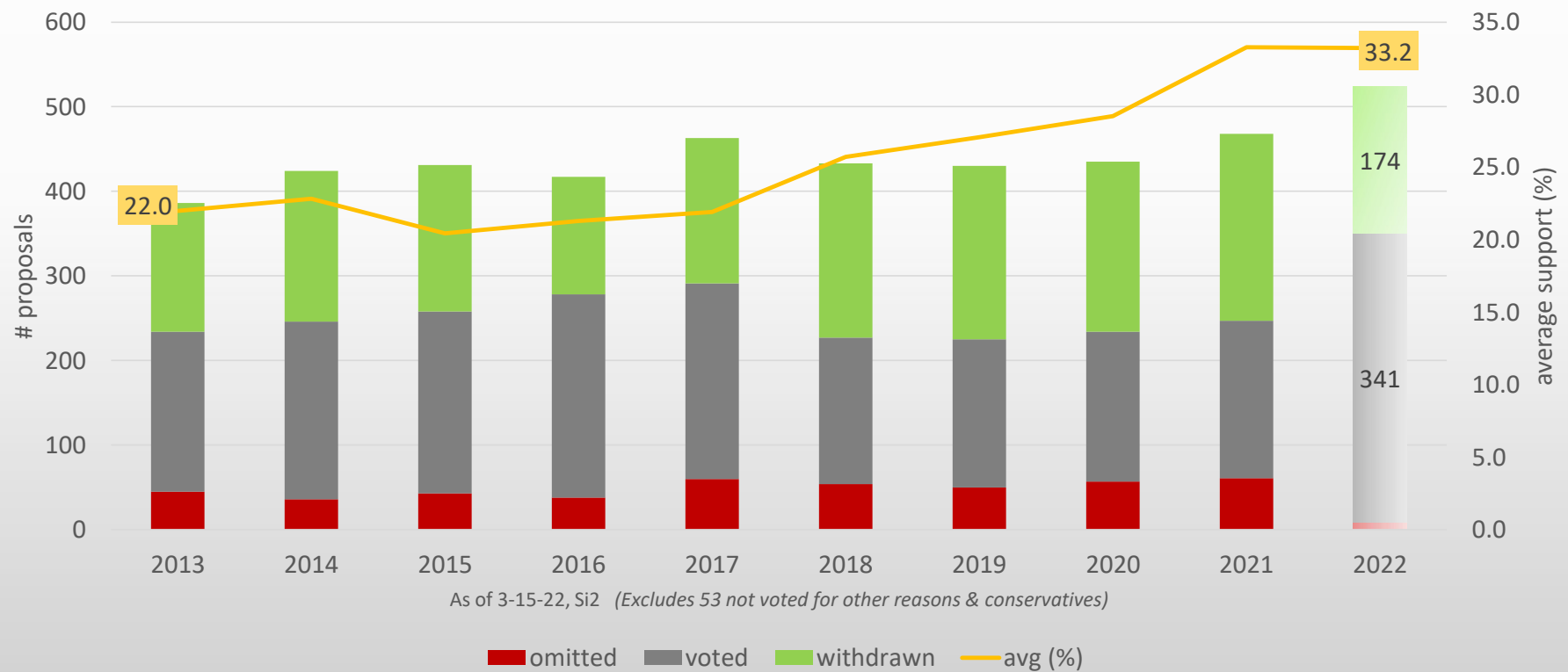


As of 2-24-22, Si2

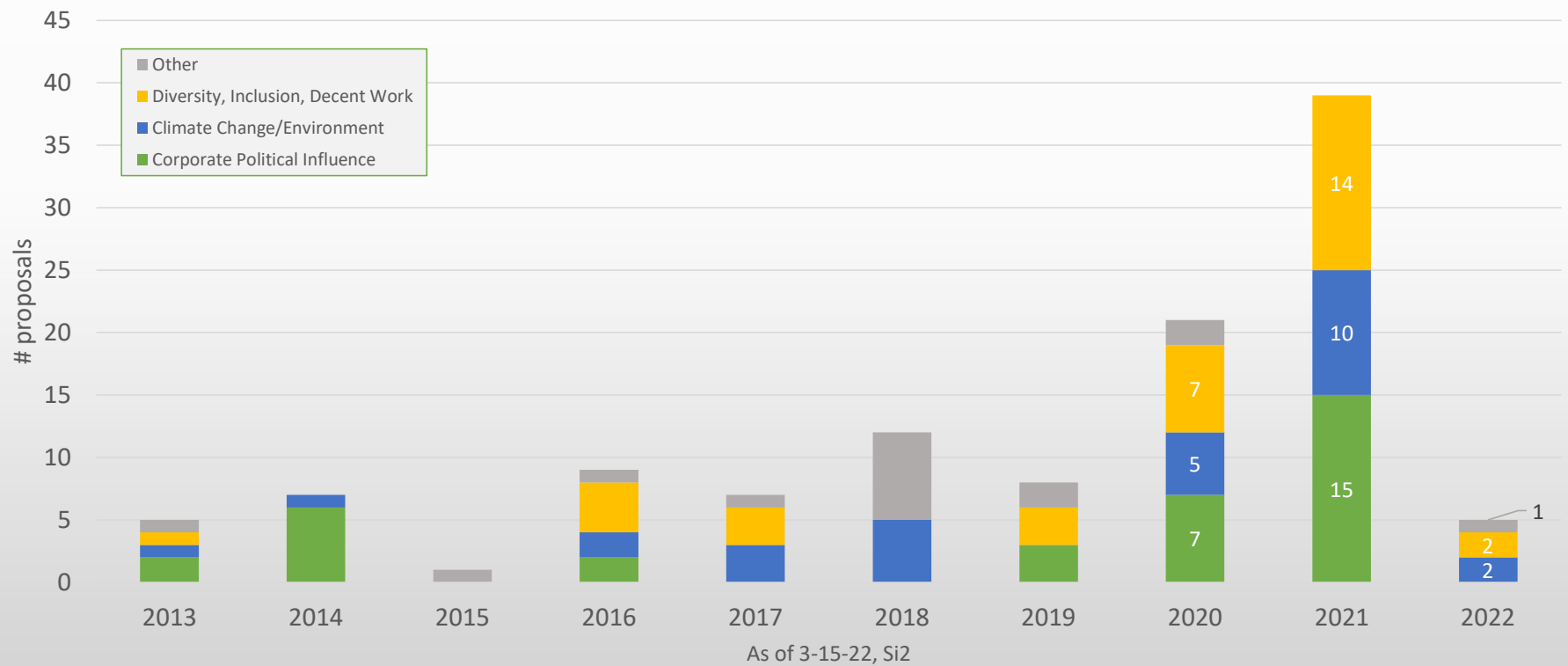
- Many more filings despite new SEC strictures.
- Far fewer omissions given new SEC approach.
- More withdrawals given high 2021 votes?
- Update on pending proposals:

341 pending as of 3/15, up from 267 on 3/15/22.

Outcomes and Average Support Trend



Majority Votes



Evolving Regulatory Context

- **Shareholder Proposal Rule Change, September 2020**

Harder to file: Tougher procedures for representation
Higher, longer stock ownership periods

Harder to resubmit:

	1st Year	2nd Year	3rd+ Year
Before	3%	6%	10%
Now	5%	15%	25%



- **Lawsuit**

Late May D.C. Circuit Court hearing may decide [case seeking to overturn](#) 2020 rule change.

- **SEC Staff Bulletin 14L, November 2021**

[Rescinded](#) 3 previous SLBs; “ordinary business” change = more proposals in 2022

- **New Proxy Advisor Rule [Proposed](#), November 2021:** Follows earlier failed attempts at restrictions.

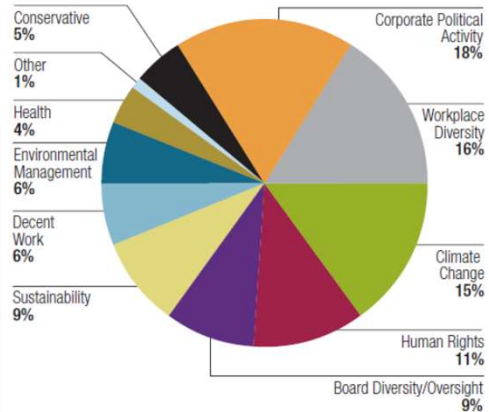


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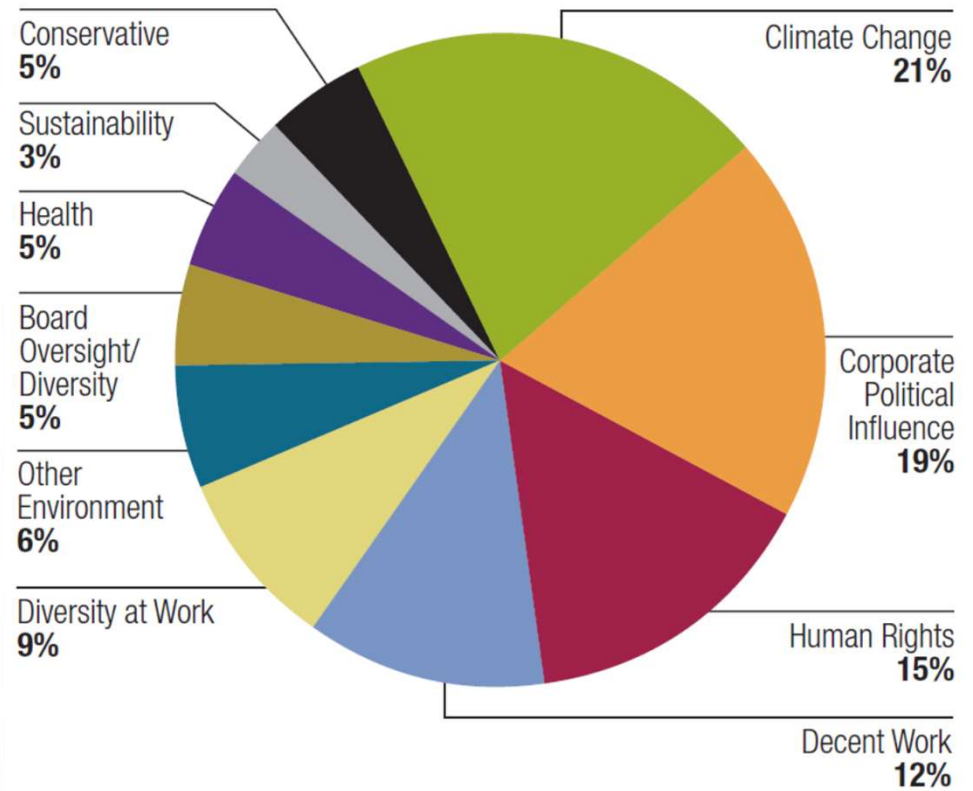
The 2022 Season

- ↑ climate change, DEI + human rights
- ↔ corporate political influence
- ↓ board, sustainability

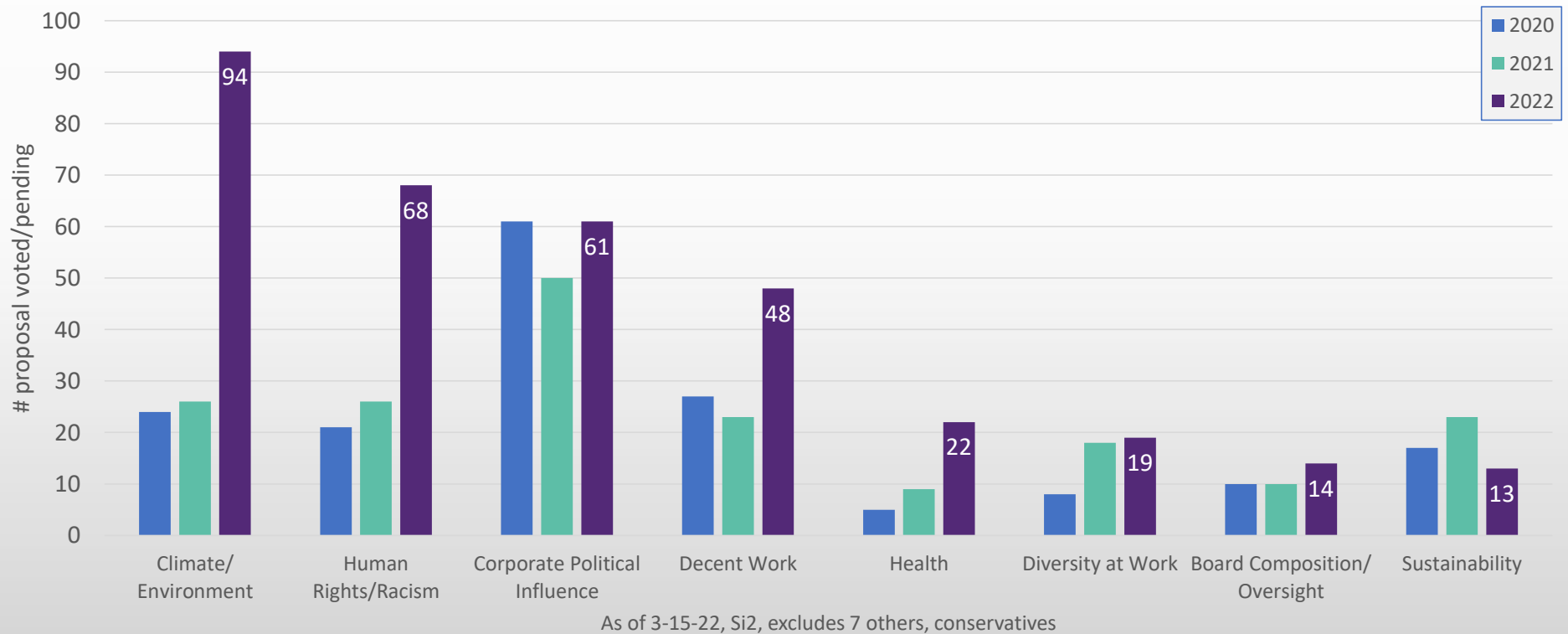
Environmental, Social & Sustainability Proposals in the 2021



2022 Shareholder Proposals



Past and Projected Votes

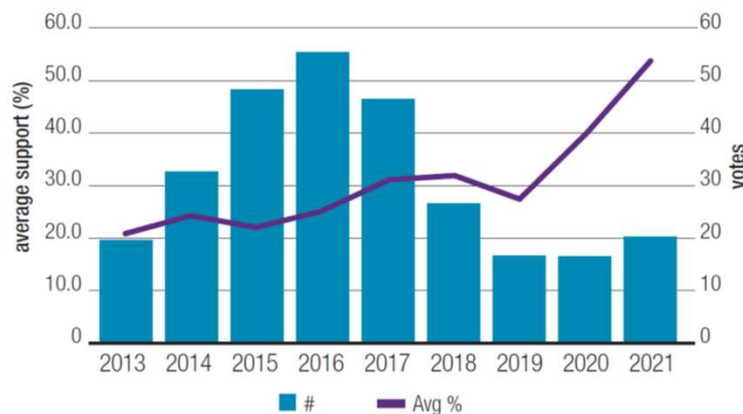


New Issues, Key Themes in 2022

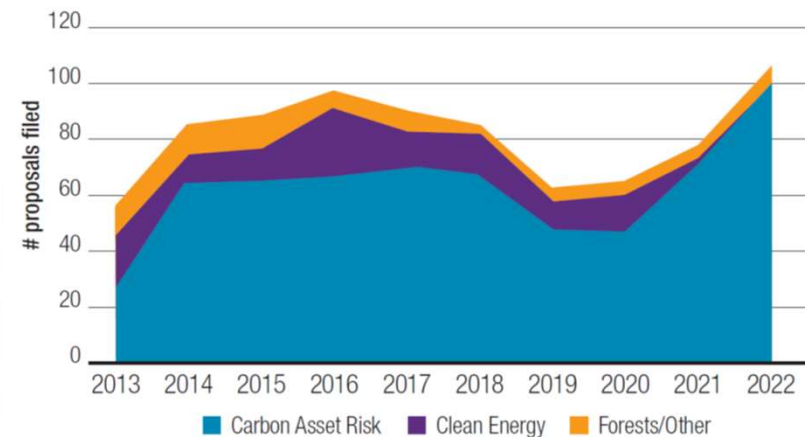
Environment

- ✓ **Climate Change** (110 proposals, up from 79 last year)
 - Main focus: Set/report on net-zero GHG goals
 - Will unprecedented 50% average support in 2021 continue, prompt more agreements?

Climate Change Support



Types of Climate Proposals



NEW/EXPANDED:

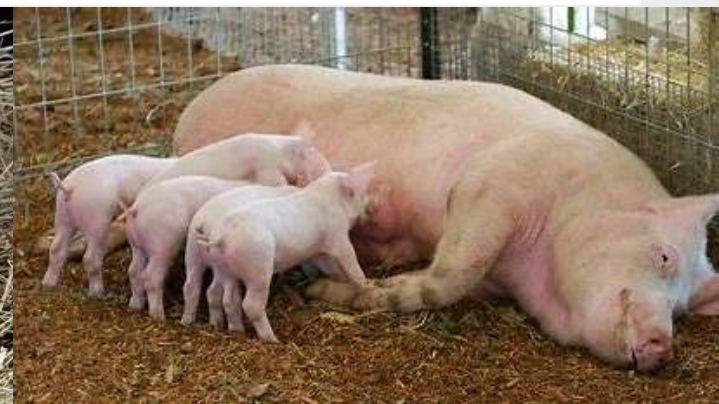
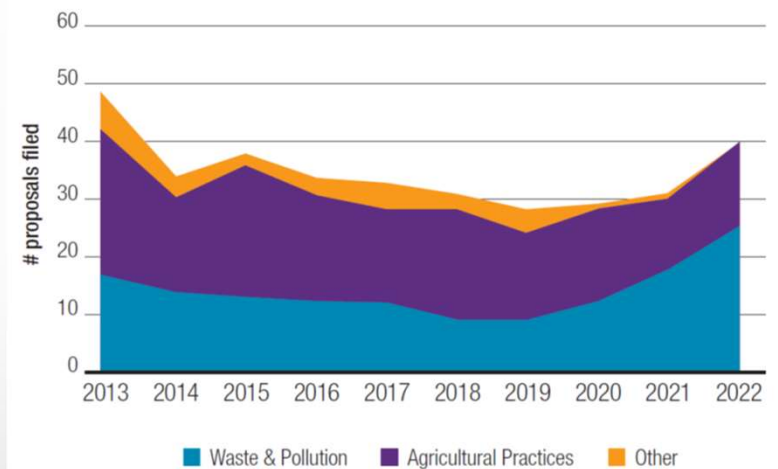
- ✓ Renewed focus on climate finance: insurers and banks
- ✓ More audited climate plan requests (SEC rule coming soon)
- ✓ [“Just transition”](#) for hardest hit communities
- ✓ Climate risk time frame: **S&P Global** [agreed](#) to extend for ratings.

New Issues, Key Themes in 2022

Environment

- ✓ **Environmental Management** (35, up 10 from last year)
 - **Plastics** —make/use less, rethink single-use. Notable **Coke** commitment last year to cut virgin plastic -> "refillables"
 - **NEW:** — Chemical footprint reporting (3 retailers)
 - "Right to repair" at **Alphabet (MSFT, AAPL adopted)**
 - **Agriculture**—pesticides, antibiotics, eggs, pigs (**MCD board**)

Environmental Management Proposal Types

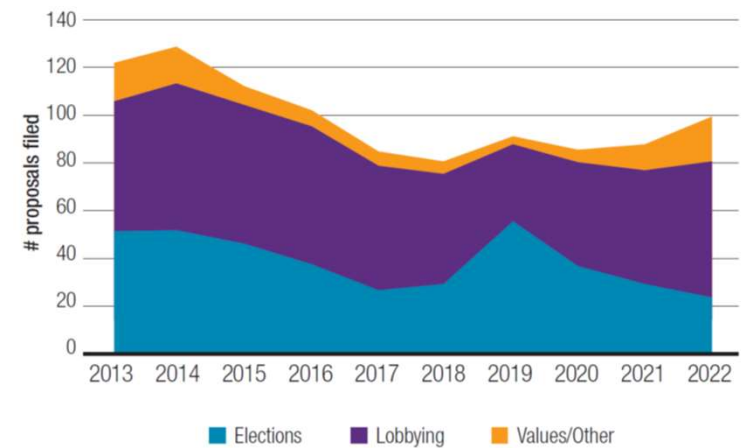


New Issues, Key Themes in 2022

Social Issues

- ✓ **Political Activity** (100, up from 89 in 2021)
 - Oversight/disclosure model: Center for Political Accountability (elections) & AFSCME/Boston Trust Walden (lobbying)
 - 37 lobbying, 24 elections
 - Will new **Exxon Mobil** lobbying [report](#) prompt others?

Types of Political Influence Proposals



SURGE/SHIFT: Corporate values and spending consistency

Myth of bipartisanship in statehouse politics provides context, challenge for company stakeholder relations.

- 20 climate change (new ICCR [initiative](#))
- 17 more on civil rights, [access to abortion](#) & health care, environmental risks, global influence

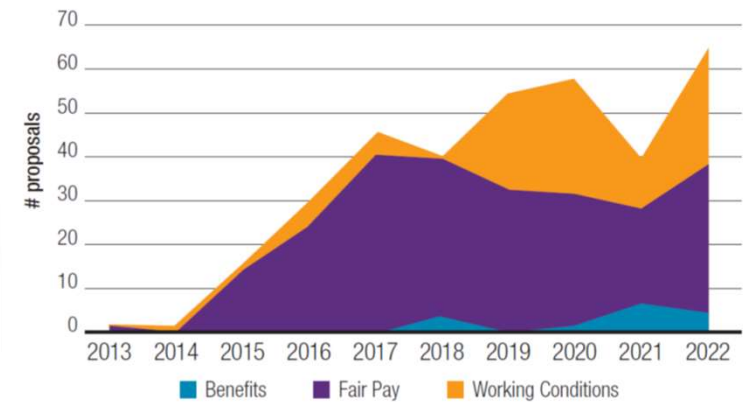


New Issues, Key Themes in 2022

Social Issues

- ✓ **Decent Work** (65 proposals, up sharply from 2021)
 - Fair pay (34): executive, gender/racial pay gaps
 - Working conditions (26): fair treatment and pandemic impacts
 - Benefits (5): Paid sick leave “ordinary business” last year, but now?
 - **NEW**: Concealment clauses, worker misclassification, replacement worker injury rates, differential injury rates by EEO-1 group

Types of Decent Work Proposals



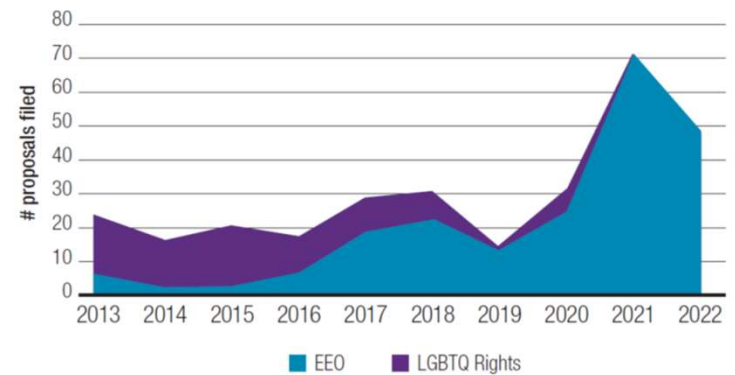
New Issues, Key Themes in 2022

Social Issues

- ✓ **Diversity at Work** (48 proposals, down from 2021 but still high)
 - EEO-1 becoming norm for biggest companies (NYC funds)
 - Diversity program reporting push for more detail continues (24)
 - Executive diversity as on-ramp to board, better implementation



Types of Diversity at Work Proposals



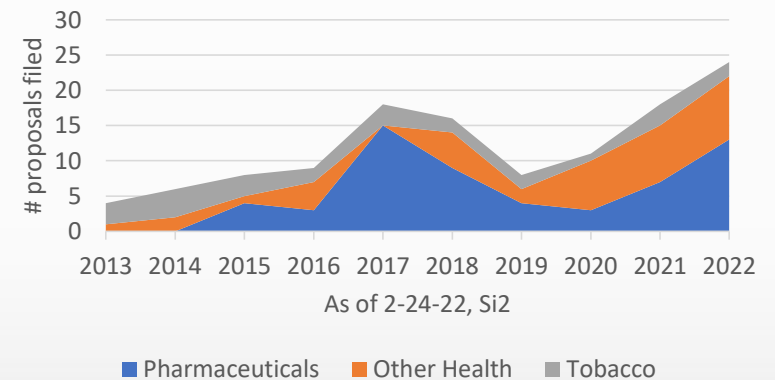
- NEW:** — Report pay by EEO-1 category (NYCRF)
- Pandemic impact on diversity (**AMZN**) (AFL-CIO)

New Issues, Key Themes in 2022

Social Issues

- ✓ **Health** (24 proposals, up from 18 in 2021)
 - Pharmaceuticals (12): Covid-19 vaccines & treatments, drug prices
 - **EXPANDED:** Reproductive/maternal health & business risks from growing restrictions (Rhia Ventures) (4, plus political \$)
 - **NEW:** — Sustainable food and financial priorities (4)
 - Baby power sales ban (**JNJ**)
 - Tobacco (2)

Types of Health Proposals

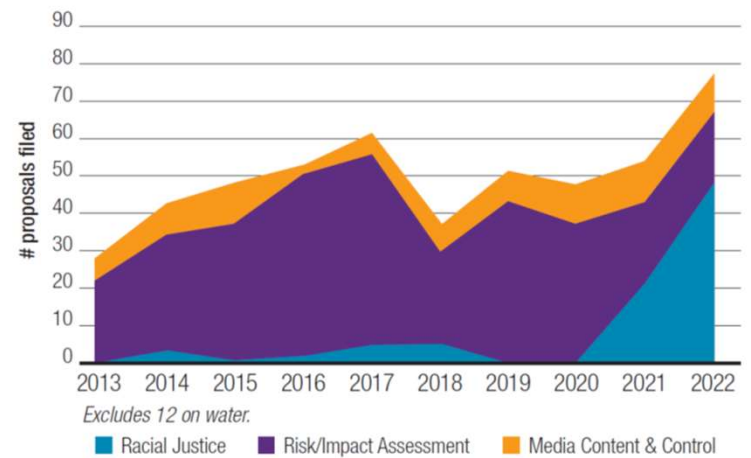


New Issues, Key Themes in 2022

Social Issues

- ✓ **Human Rights** (78, up from 54 last year)
 - Racial justice focus **much expanded** beyond banks (49 proposals) to retailers, food, healthcare, industrials, materials, tech, utilities
 - 54% at **Apple** for civil rights audit (SOC Investment Group).
 - NEW:** Environmental justice: 5 ask about unequal risks, impacts

Types of Human Rights Proposal



- Risk/impact assessments (20)
 - Rare agreement on Uyghurs, China:
 - **Apple** 34% government influence(SumOfUs)
 - **Disney** 37% on *Mulan* credits (NLPC)
 - NEW:** “Ghost guns”: **Mastercard** use for purchases
- Media content and control (10)
 - NEW:** — How do algorithms affect tech?
 - Whither the Metaverse?



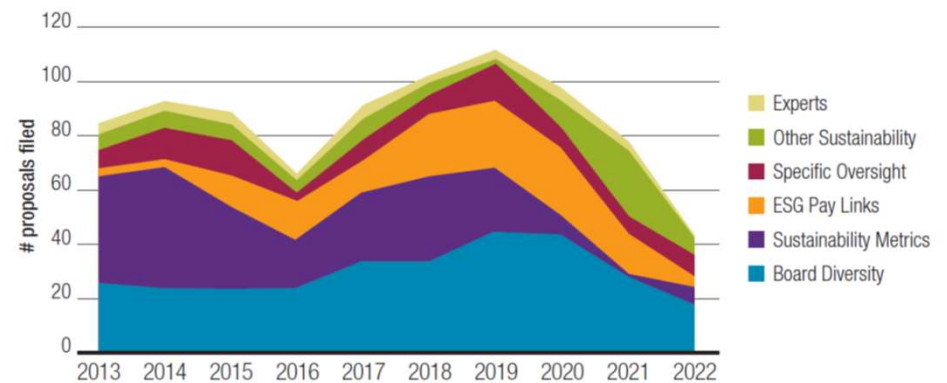
New Issues, Key Themes in 2022

Sustainable Governance

- ✓ **Board composition** (19, steep downward curve continues)
 - Much diversity progress with broad support from proxy advisors, big mutual funds, new California law, new Nasdaq standards, matrix reporting acceptance.
- ✓ **Board oversight** (8, including 2 on climate change)



Types of Sustainable Governance Proposals



- ✓ **Sustainability approaches** (14)

NEW: [The Shareholder Commons](#) shift from public benefit corporation to issue-specific systemic risks of externalized costs. (*Moving Beyond MPT* article).



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About Si2

- ✓ Funded by colleges, universities, pension funds, asset owners with AUM > \$4 trillion
- ✓ Careful, impartial tracking and analysis of corporate reform campaigns and issues

Briefing Papers

In-depth topic analyses

Action Reports

Company-specific analysis 3-4 weeks before annual meetings

Engagement Monitor

Interactive online database
Prospectively identifies issues
Tracks outcomes

Proxy Season Analysis

Pre- and post-season assessments
Weekly email updates in season

Special Projects

Reports for the public on Si2 website on corporate political activity, climate change, integrated reporting and more.

Contact

Heidi Welsh, Executive Director

[heidi @ siinstitute.org](mailto:heidi@siinstitute.org)

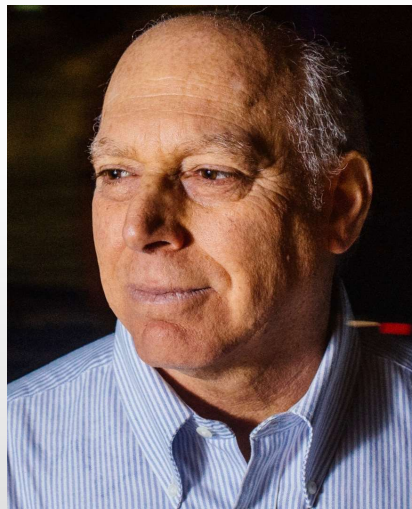
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Climate and Energy



Michael Passoff

CEO

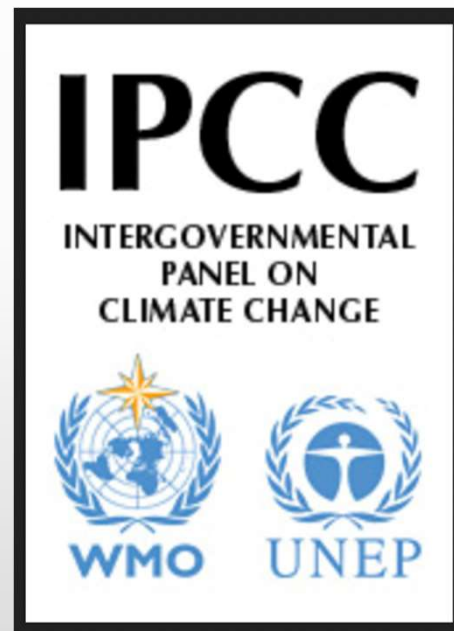
Proxy Impact



Paris Agreement: limit global temperature increases to 1.5 degrees C

Intergovernmental Panel on Climate Change (IPCC)

- 2022 Report: 270 scientists from 67 countries
- On path to exceed 1.5C in a decade
- Must halve GHG by 2030



Net Zero by 2050

1500+ companies have pledged adopt some form of net-zero targets

- Timelines vary greatly
- Need short- medium- long-term goals
- 50% by 2030
- 4.2% GHG annual reduction
- 7% GHG annual reduction – utilities
- To pledge or not to pledge
- Goals will inform decision making





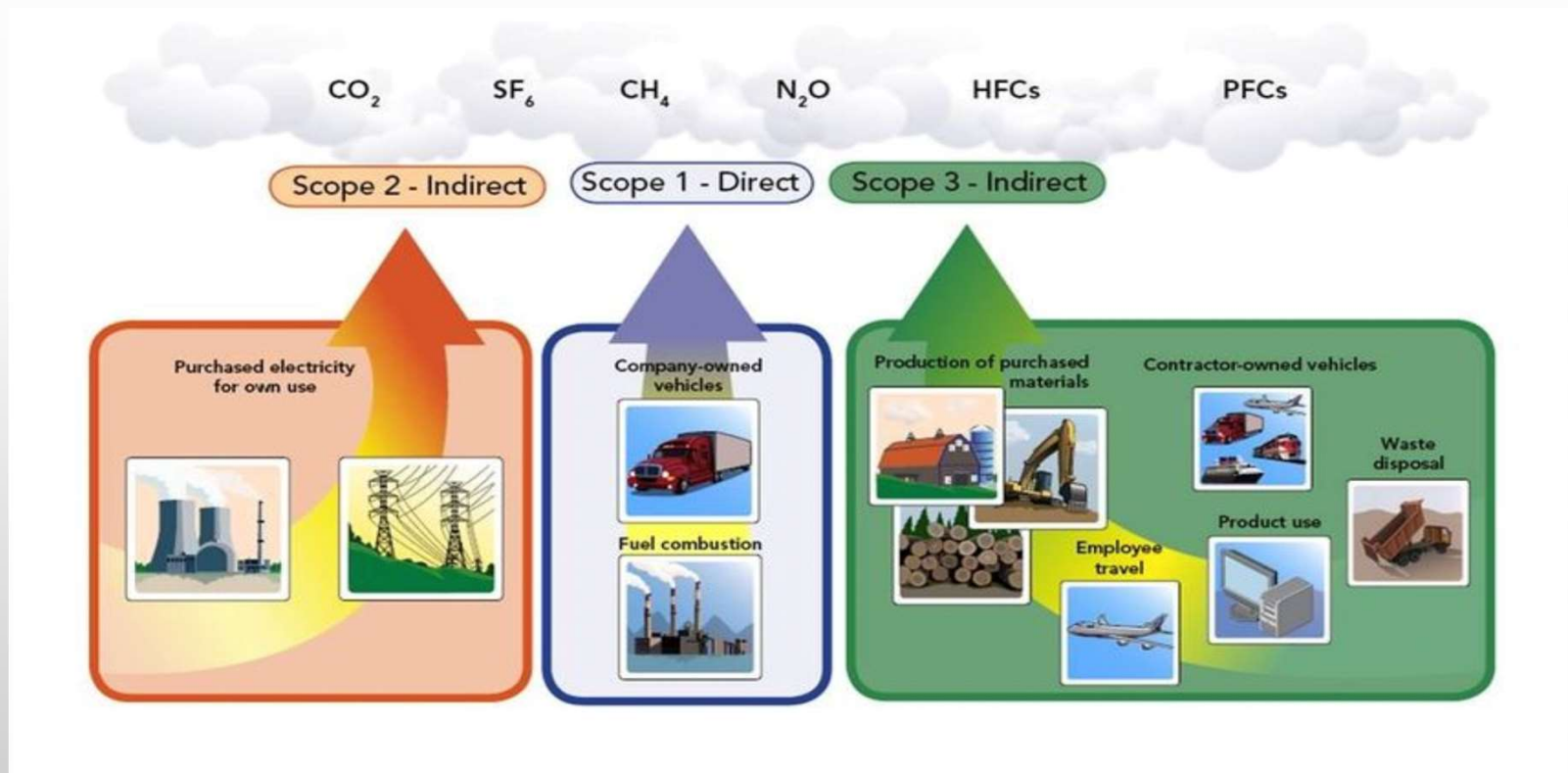
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Companies Get It – But Don't Know How To Get There

- **Science Based Target initiative (SBTi)**
 - Scientific consensus
 - Guides for different industry sectors
- **Climate Action 100+**
 - Investor Led / Expectations
 - 615 investor groups
 - \$65 Trillion AUM



The Scoop on Scopes



Climate Risk = Financial Risk

SEC Rules

- Reporting
- Scope 1-2-?

Extreme Weather

- Storms, Floods, Sea Rise
- Heat, Drought, Fire

Supply Chain

- Shortages
- Materials, Workers

The Washington Post
Democracy Dies in Darkness

Business

SEC plans to force public companies to disclose greenhouse gas emissions

From Coca-Cola to Tesla, companies report emissions in widely different ways. A new federal rule is expected to standardize climate disclosures, putting the U.S. on closer footing with other countries.



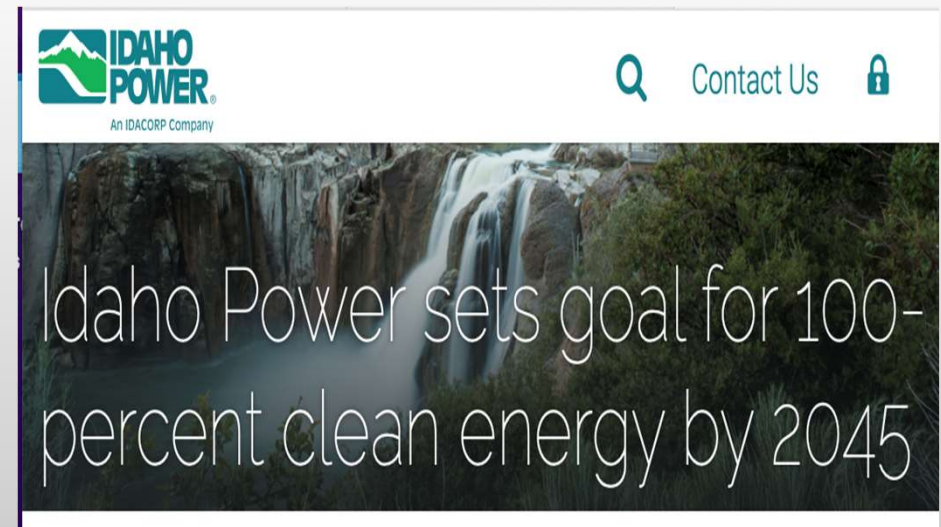
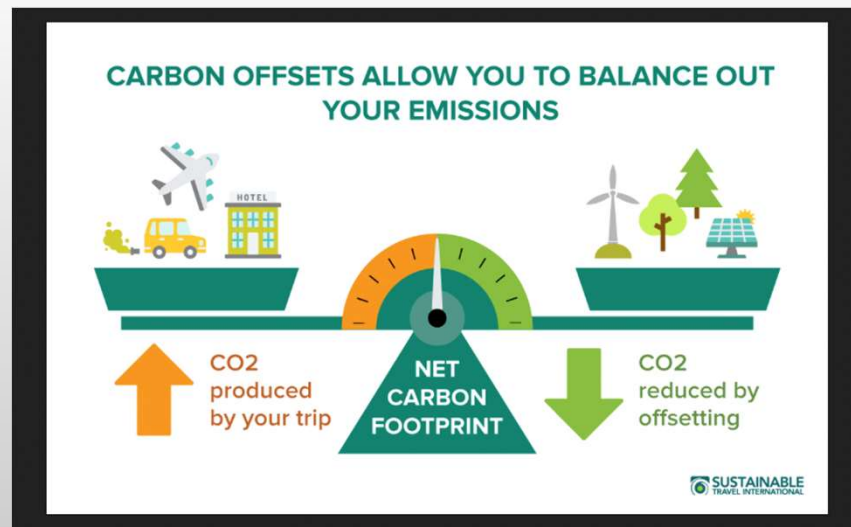
Carbon Offsets and Greenwashing

Williams Sonoma

- **New:** “use of carbon offsets”
- 50% carbon neutral by 2030 – using offsets
- No offsets in lieu of reductions

IDACORP

- “aligned with 1.5C”
- Baselines: 2005 vs 2015+
- 41% by 2040; no projections for 59% reduction in 5 years



Keep An Eye On These Resolutions

Boeing

- 90%+ ?, GE 98% in 2021; April meetings

IDACORP

- 1st majority vote 2009; Greenwashing – SEC

Insurance companies

- # companies. The risk of insuring climate risk

Crypto Currency

- **New:** Tesla

Climate Audits

- 9 companies; XOM 49%, CVX 48% in 2021

Climate Lobbying

- 20 companies; XOM 64% in 2021





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PROXY IMPACT

A proxy voting and shareholder engagement service for sustainable, responsible and impact investors

- ✓ ESG vote guidelines
- ✓ Electronic proxy voting and reporting
- ✓ Shareholder engagement on social & environmental issues

Contact Michael Passoff, michael@proxyimpact.com www.proxyimpact.com



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Racial Justice and Human Rights Proposals



Tejal K. Patel

Corporate Governance Director

SOC Investment Group





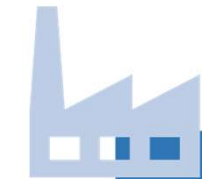
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Human Rights Proposals

- Bulk of human rights related proposals focus on racial justice and equity issues
- 75 human rights related proposals filed, with civil rights audits at well over 30+ and notable settlements



2022 Equity Audit Proposals



Industries

- Finance
- Communications
- Pharmaceuticals
- Fast food
- Technology
- Energy



Types

- Racial equity audit
- Civil rights audit
- Environmental justice audits

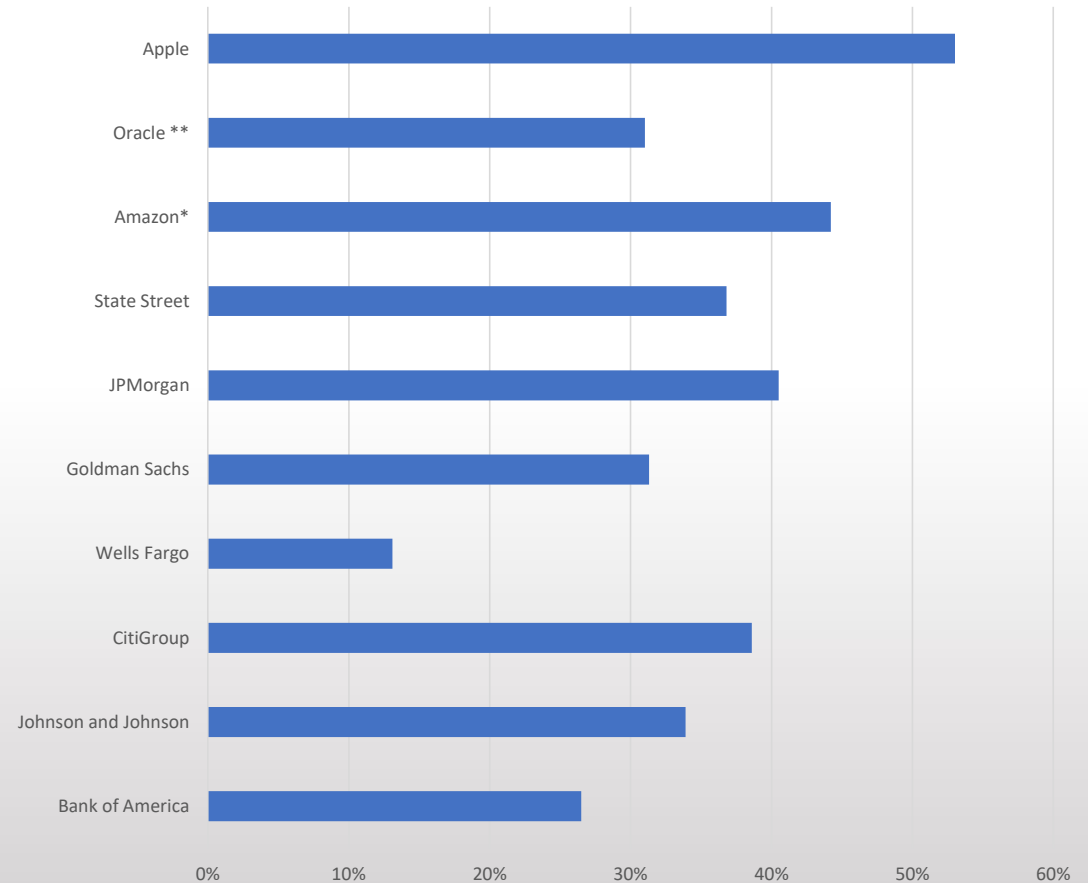


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CRA: Criteria and vote results

- Auditor should be independent and have civil rights experience.
- Stakeholder consultation on topics.
- Assigned board oversight.
- Public report with annual updates.

2021-2022 CRA Proposal Results



Settlements



Morgan Stanley

BLACKROCK





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SEC No Actions

McDonalds

- Ongoing litigation (pending)

J&J

- Duplication by NCPPR proposal (both will go to vote)

Travelers

- Ordinary business, vague, and false and misleading (pending)

Environmental Justice

- Proposals look at environmental impact on communities of color and low-income communities.
- NYSCRF proposals request an annual report identifying and reducing heightened environmental and health impacts from operations on communities of color and low-income communities.



Human rights risks and impacts

- Human rights due diligence reports focused on defense companies
- Supply chain concerns, domestic and abroad
- Stakeholder and labor rights



Fair work

Pay

- Median gender and racial pay gap
- Pay disparities in CEO compensation

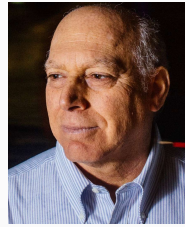
Working conditions

- Concealment clauses
- Harassment and discrimination report
- Worker misclassification
- Safety audit
- Paid sick leave

Questions and Answers



Heidi Welsh
Sustainable
Investments Institute
(Si2)

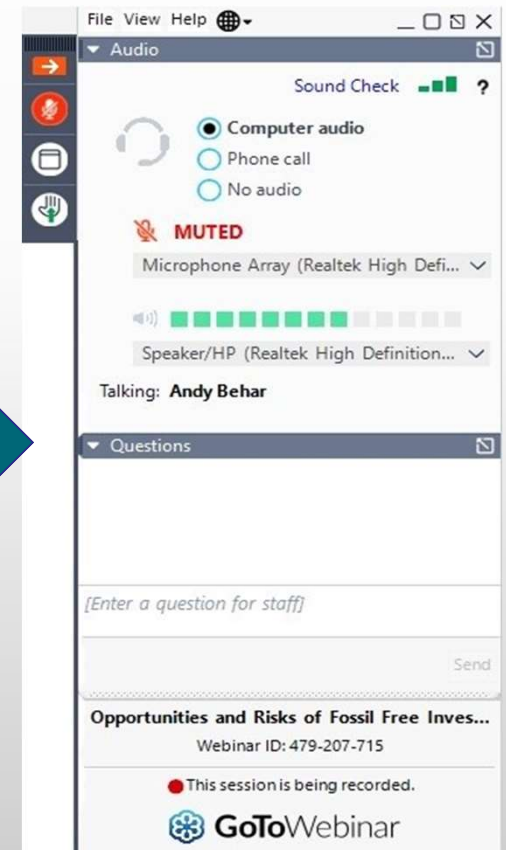


Michael Passoff
Proxy Impact



Tejal K. Patel
SOC Investment Group

- Use the Q&A window to send us your questions



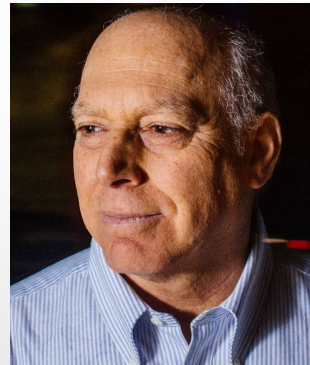


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Closing Remarks



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Sustainable Investments
Institute (Si2)



Michael Passoff
Proxy Impact

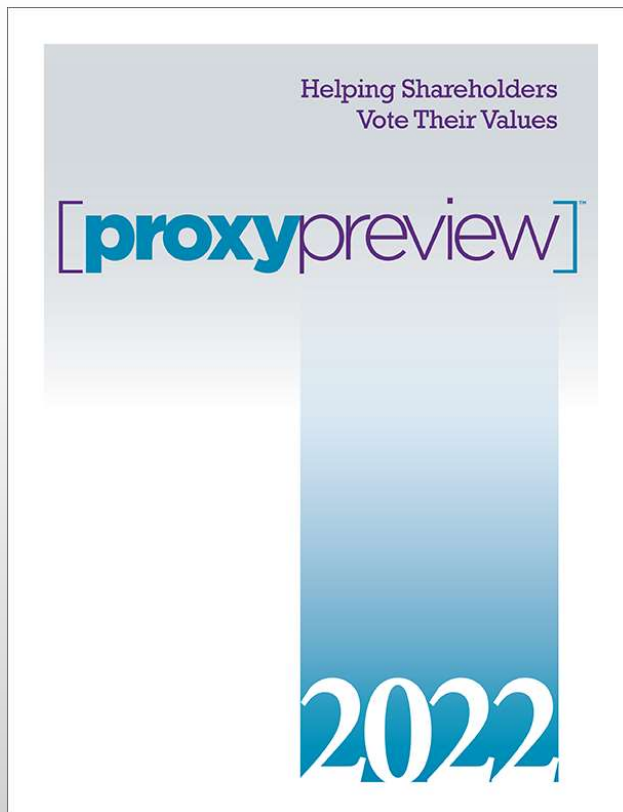


Tejal K. Patel
SOC Investment Group



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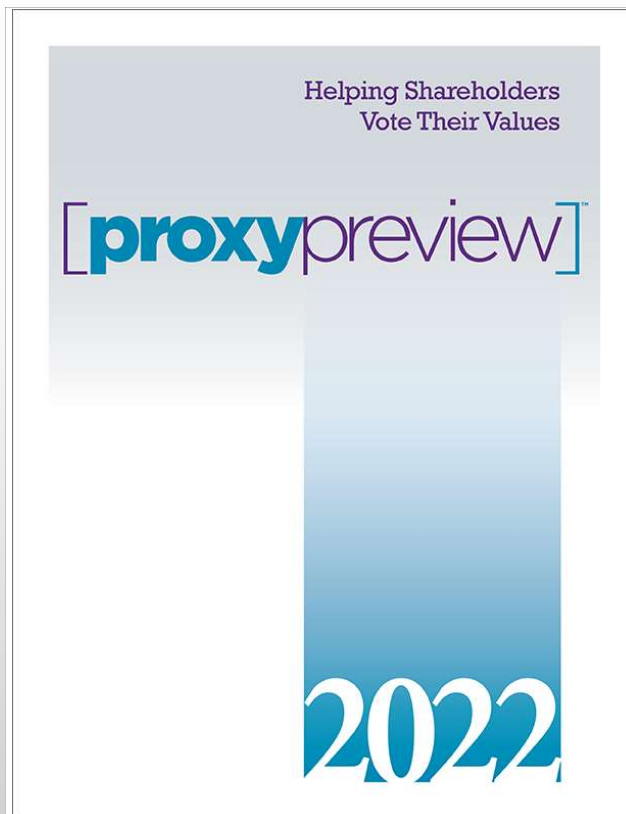


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Contact Us



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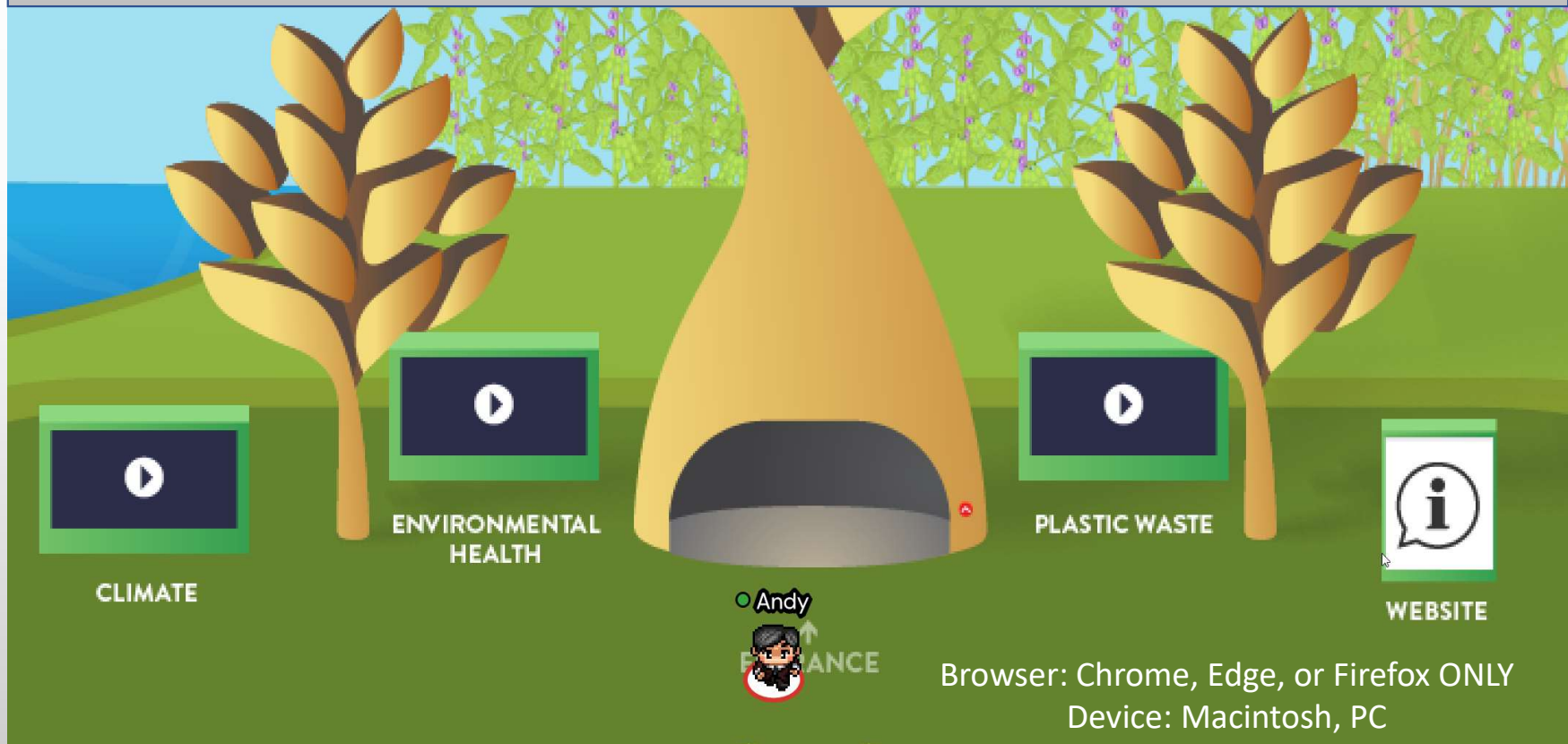
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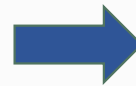


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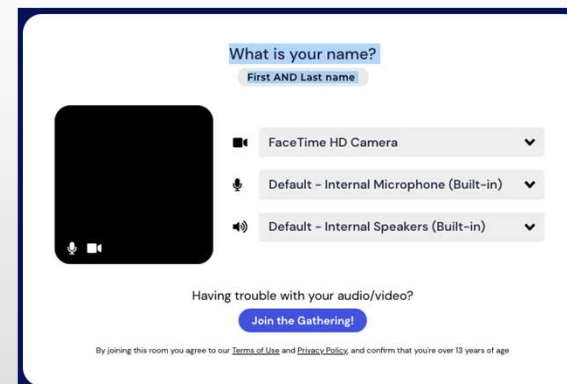
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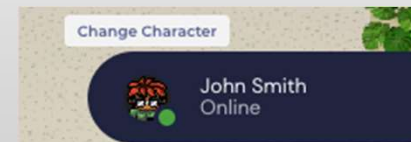


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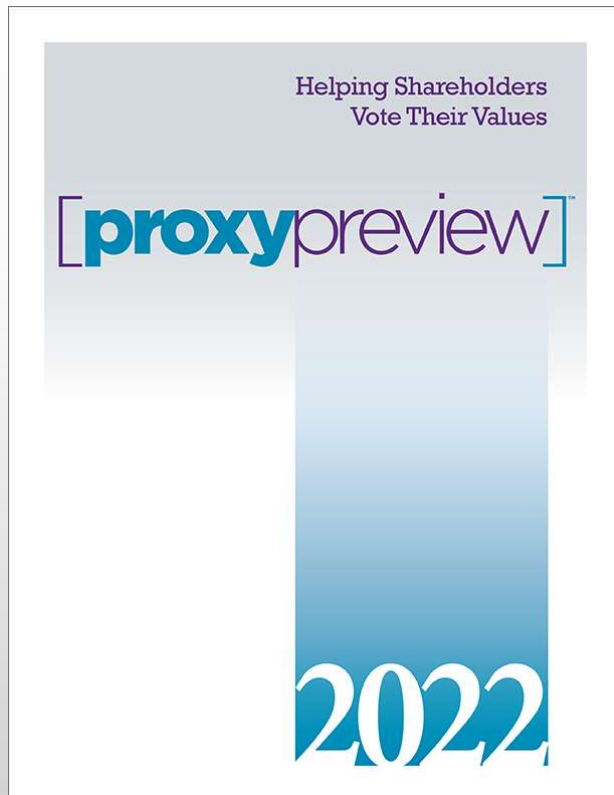
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