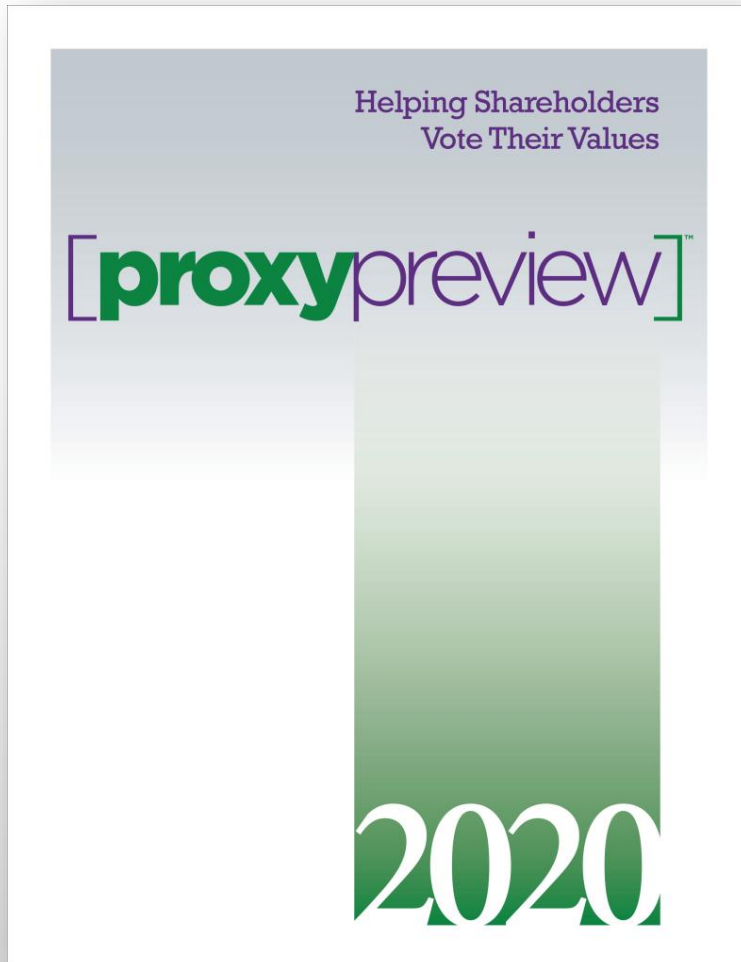




HELPING SHAREHOLDERS VOTE THEIR VALUES

Proxy Preview 2020



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March 19, 2020

Featured Speakers



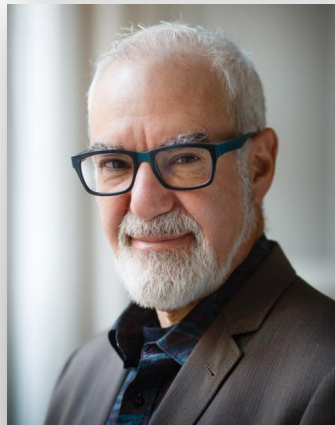
Heidi Welsh
Sustainable Investments
Institute (Si2)



Michael Passoff
Proxy Impact



Timothy Smith
Boston Trust Walden



Andrew Behar
As You Sow



Jared Fernandez
Boston Trust Walden

Agenda

Helping Shareholders
Vote Their Values

[proxypreview][™]

2020

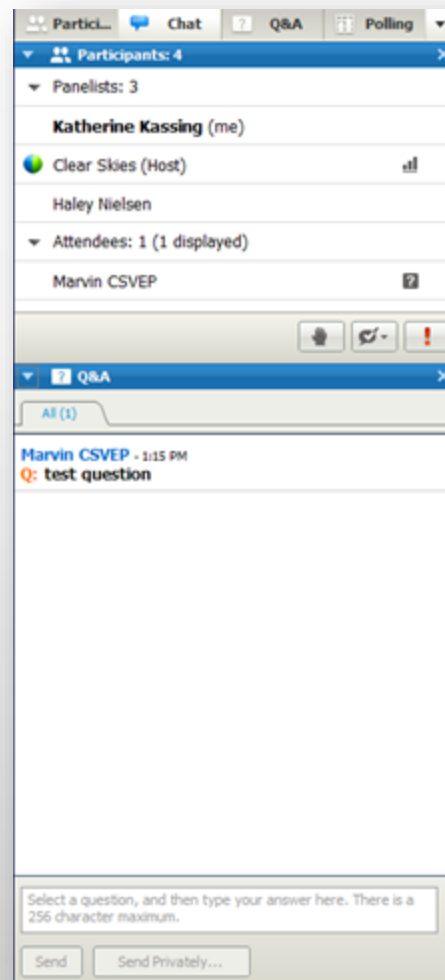
- ✓ **Introduction** (3 min)
Andrew Behar, As You Sow
- ✓ **2020 Proxy Season Overview** (15 min)
Heidi Welsh, Si2
- ✓ **Climate & Energy** (10 min)
Michael Passoff, Proxy Impact
- ✓ **The Changing Landscape of ESG Votes** (8 min)
Tim Smith, Boston Trust Walden
Jared Fernandez, Boston Trust Walden
- ✓ **Q&A** (15 min)
moderated by Andrew Behar
- ✓ **Closing Remarks** (2 min)
Heidi Welsh, Michael Passoff,
Tim Smith, Jared Fernandez
- ✓ **Conclusion** (2 min)
Andrew Behar

General Information

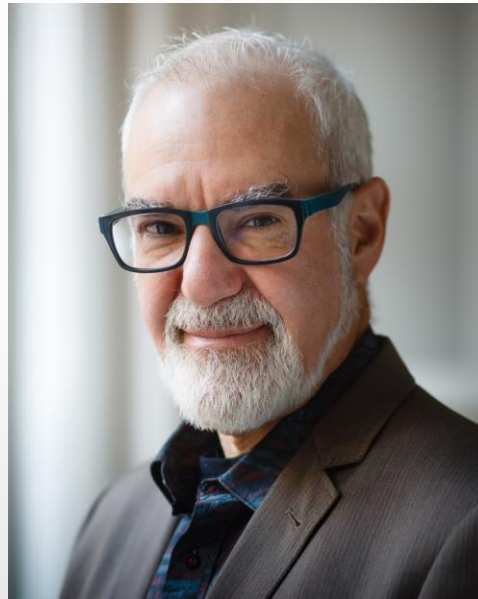
- Use the Q&A window to send us your questions
- You will receive an email link to the recording within 24 hours

Q&A Window

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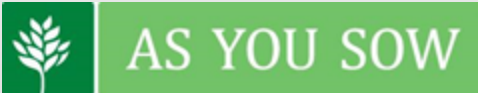
Introduction



Andrew Behar

CEO

As You Sow



2020 Proxy Season Overview



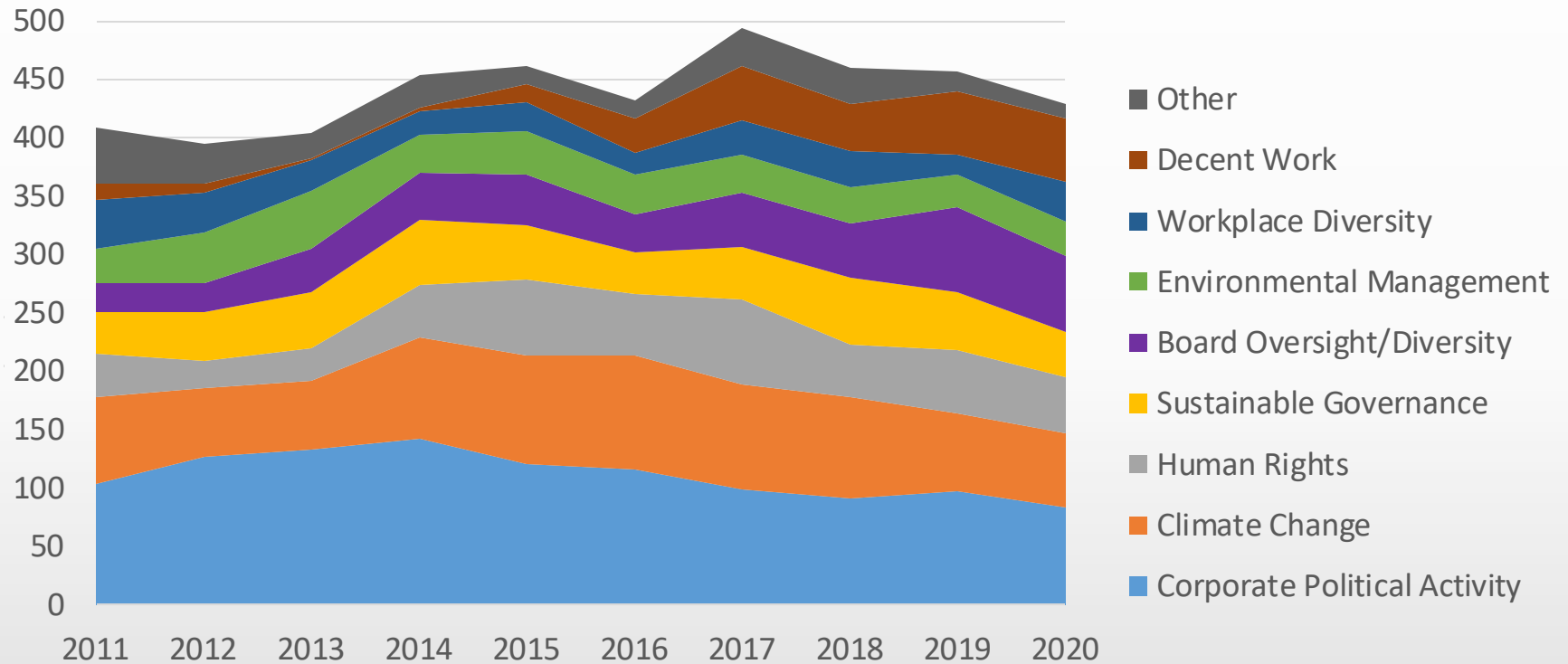
Heidi Welsh

Executive Director

Sustainable Investments Institute (Si2)



Topic Trends

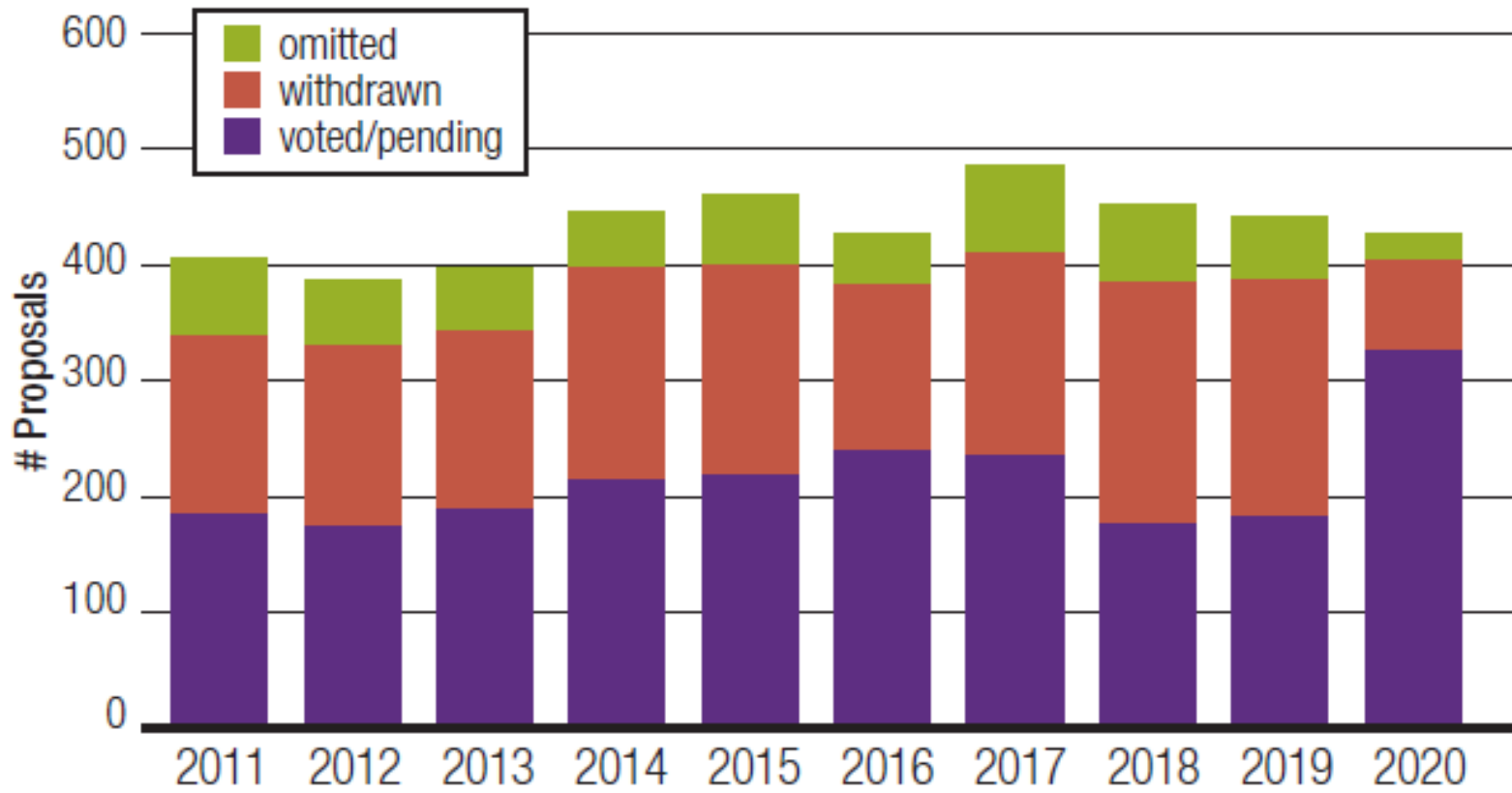


Continued focus on corporate political influence, climate change.

Increase in board diversity, decent work last few years. Human rights persists.

Data as of 2-21-20

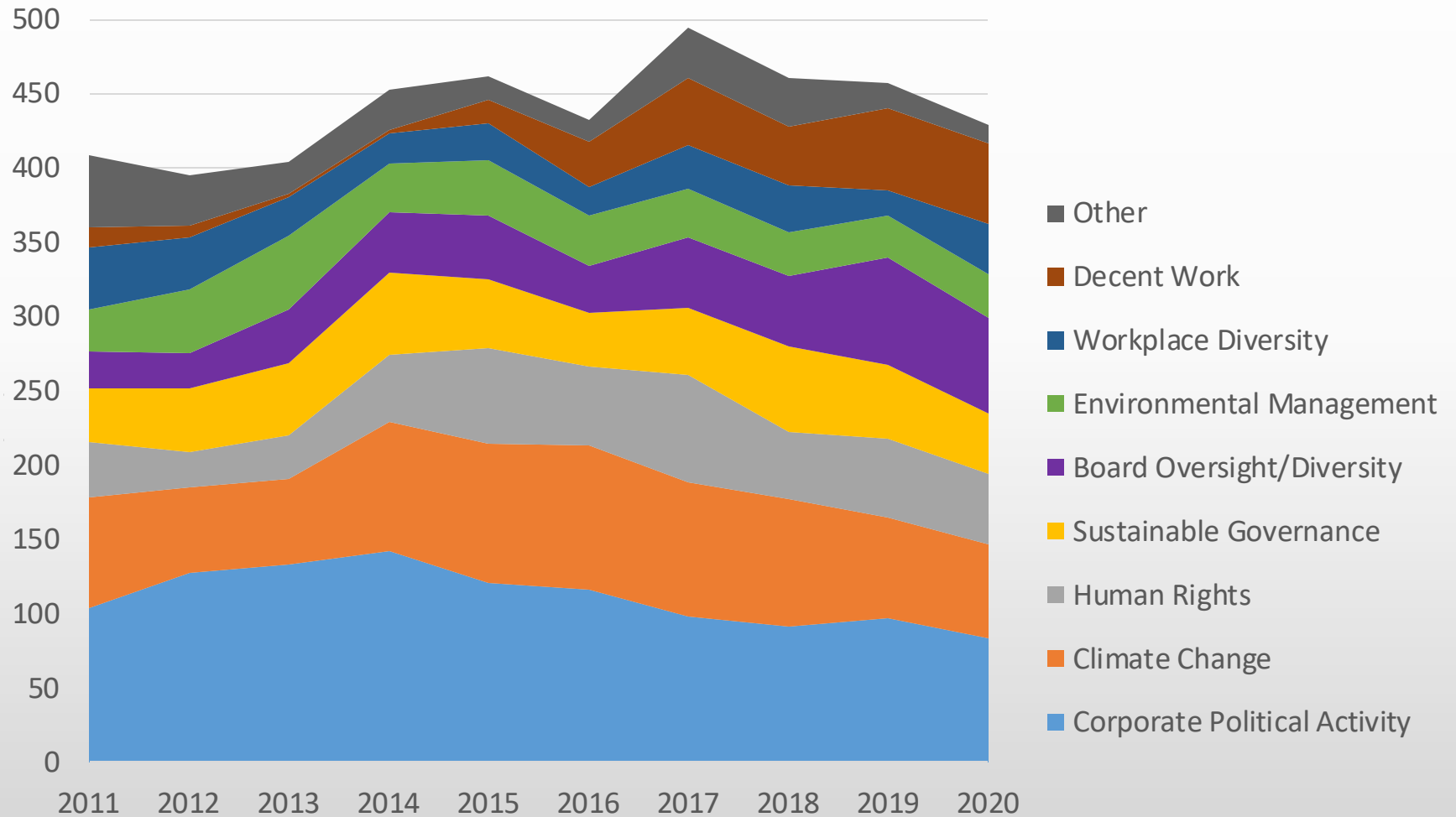
Environmental, Social & Sustainability Proposal Outcomes



Excludes 61 not voted for other reasons.

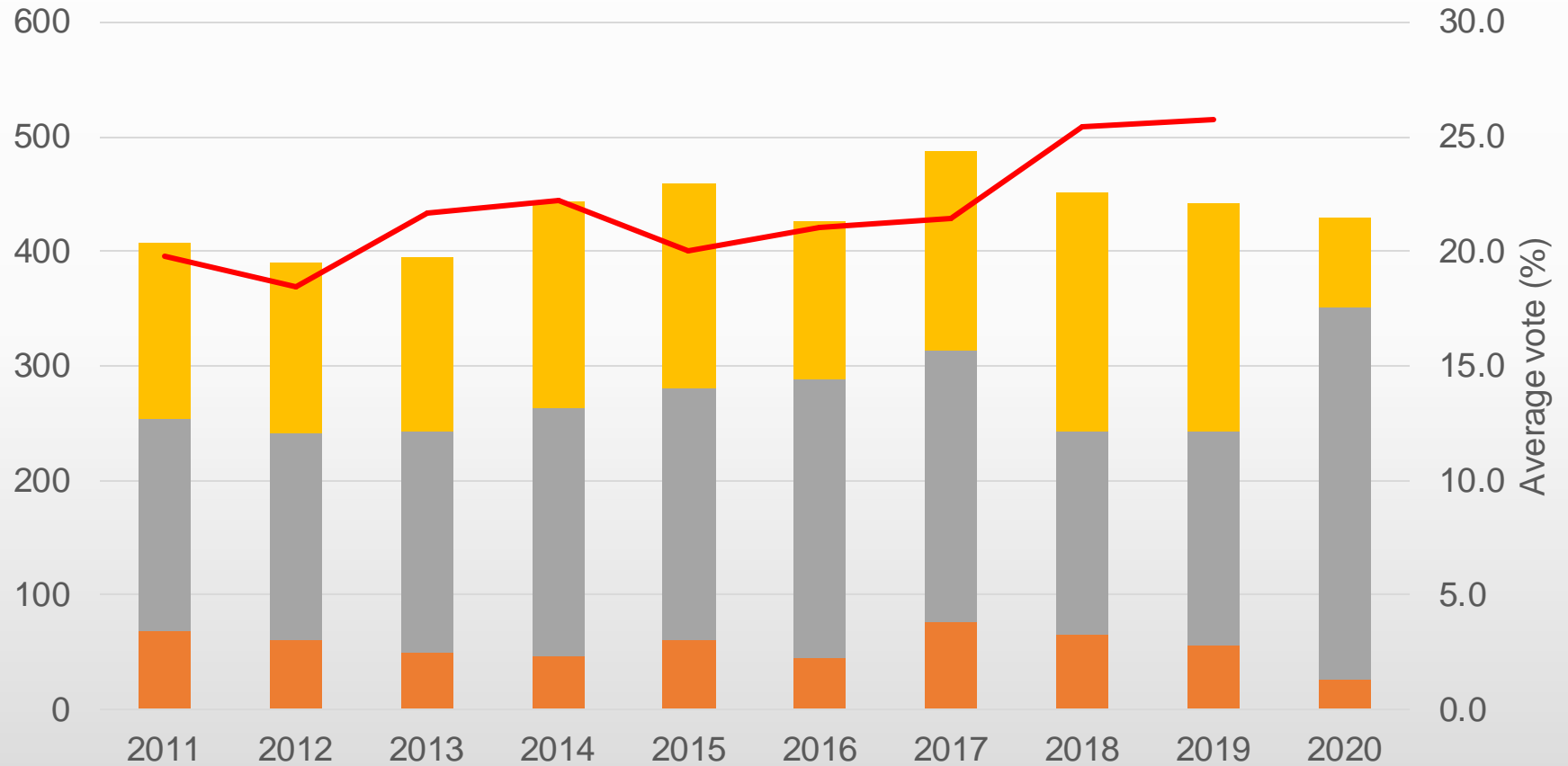
As of 2-21-20

e Trends



Data as of 2-21-20

Status Trends



Excludes 61 not voted for other reasons Data as of 2-21-20

■ omitted
 ■ voted/pending
 ■ withdrawn
 — Average Vote

Proposed SEC Rule Change

- Nov. 5, 2019 Proposed Rules
- Public Comment Ended Feb. 3, 2020
- New Rule Expected Spring 2020

Shareholder proposals

- Filing eligibility & conditions
- Resubmission requirements

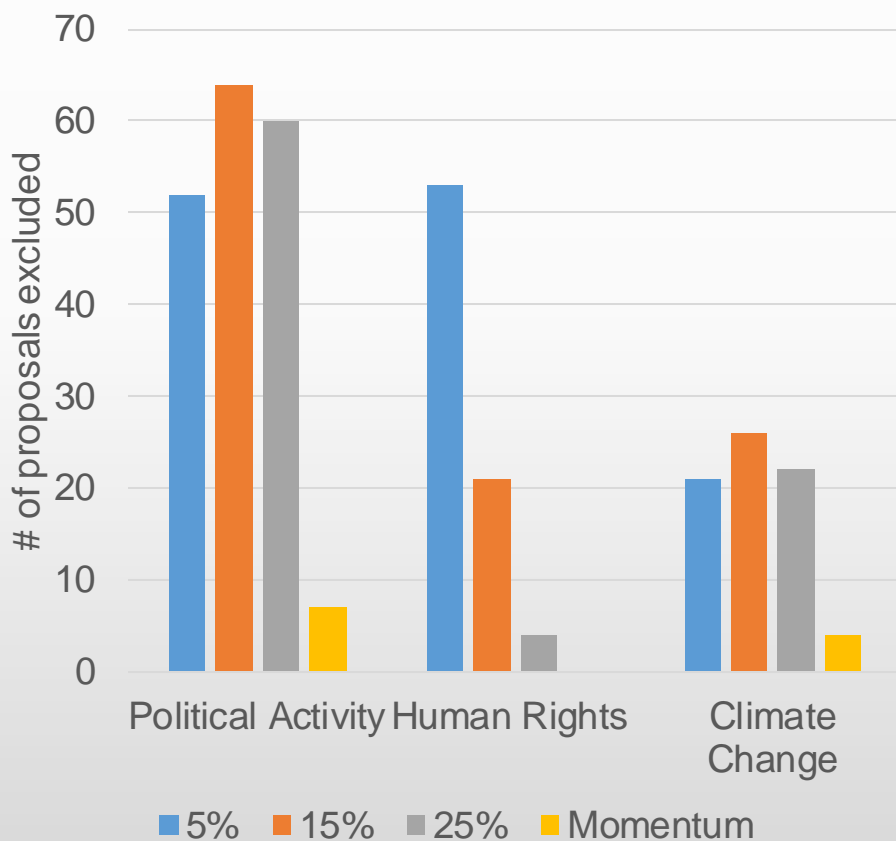
Proxy advisors

- Pre-publication review by companies
- New obligations



Is there a problem?

Proposed Rule Change Impact



Resubmission Threshold Changes

1st year: 3% → 5%
 2nd year: 6% → 15%
 3rd year: 10% → 25%

New “momentum” requirement, 4th year:
 Not eligible if vote falls more than 10%,
 even if > 25% support. **Only 13 cases.**

Greatest impact on political activity,
 climate change proposals.

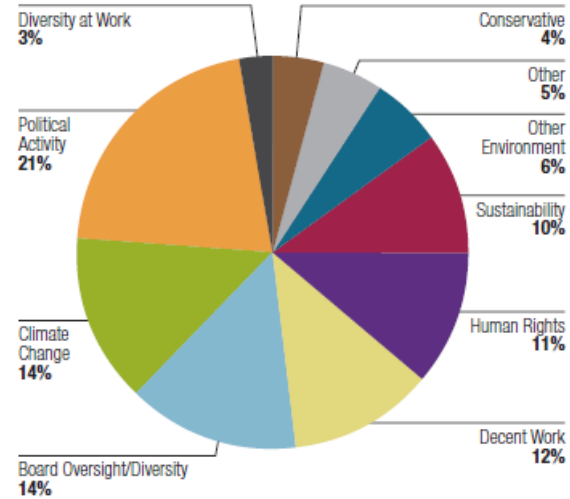
Human rights most likely not to meet 5%.

(Chart illustrates impact applied to proposals voted on 2010-19.)

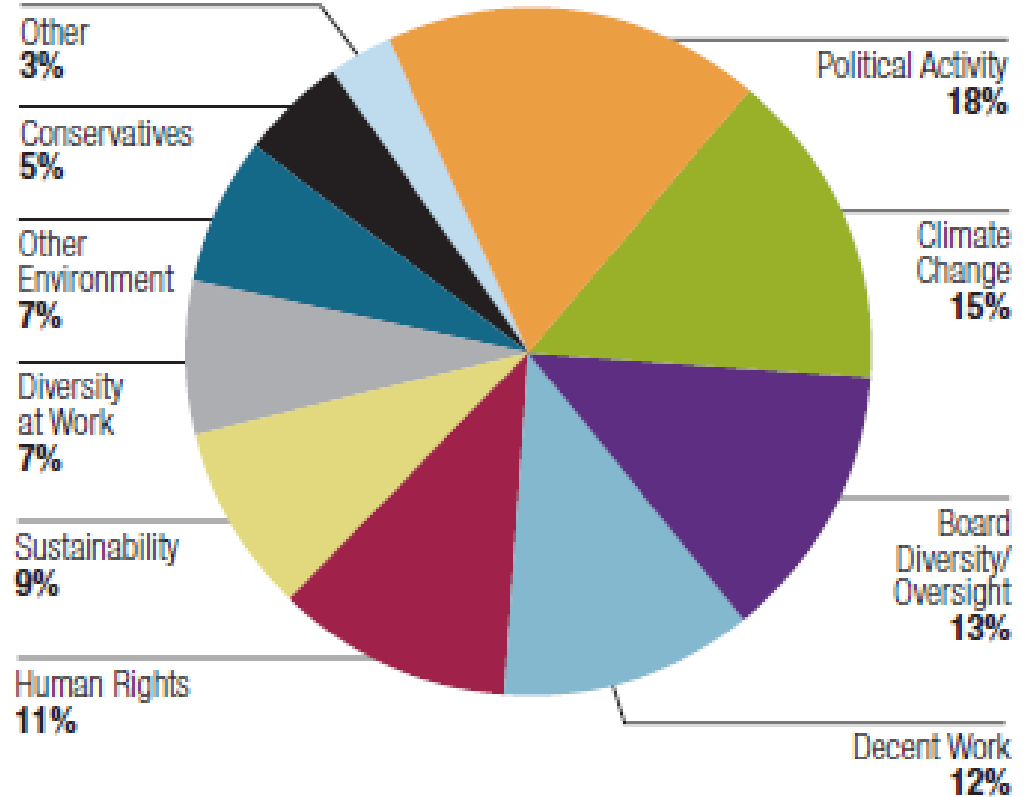
The 2020 Season

- ↑ diversity at work
- ↔ boards, human rights
- ↓ political \$, climate/environment, sustainability

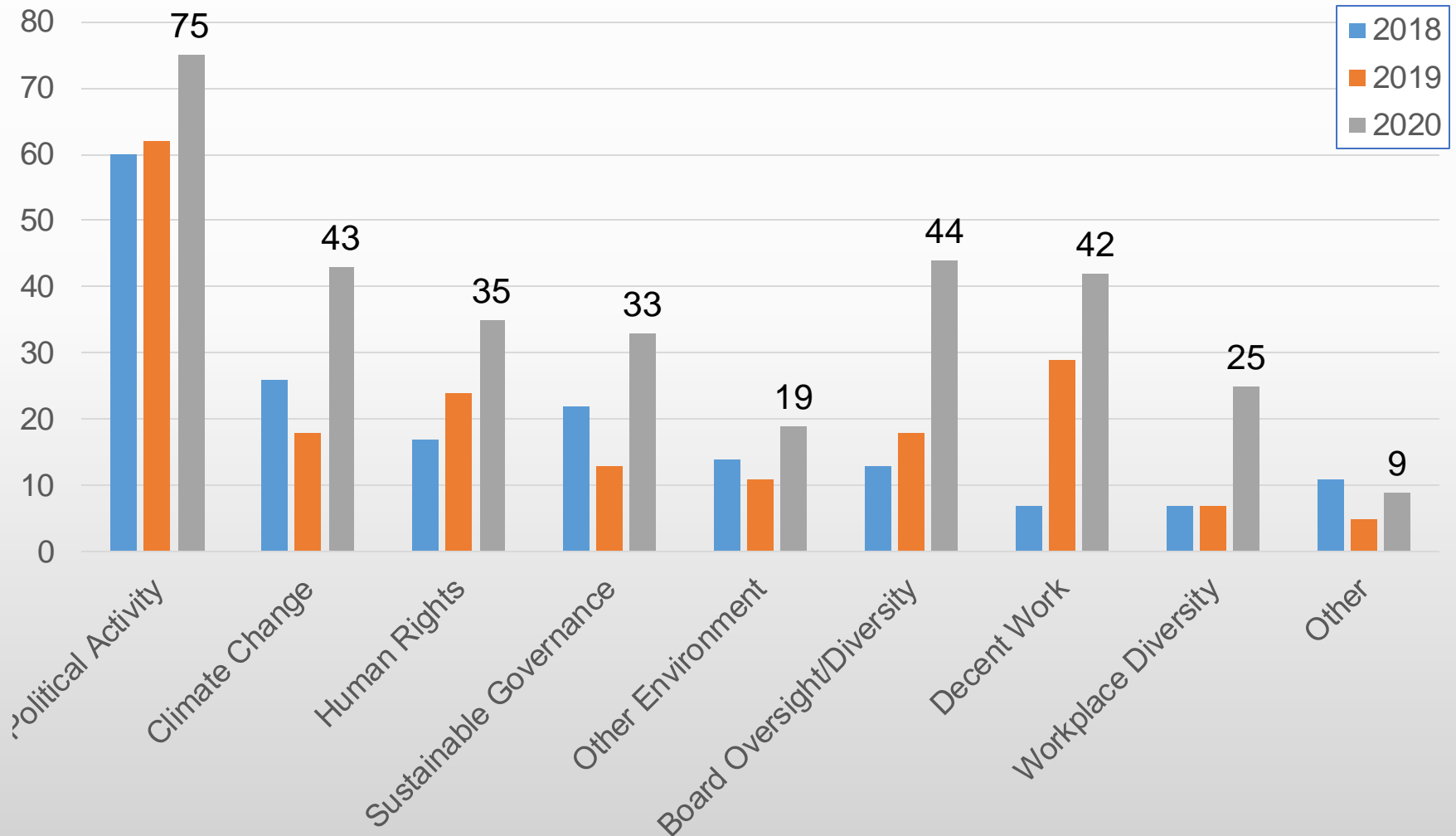
Proposals Filed in 2019



Environmental, Social & Sustainability Topics in the 2020 Proxy Season



Past and Projected Votes

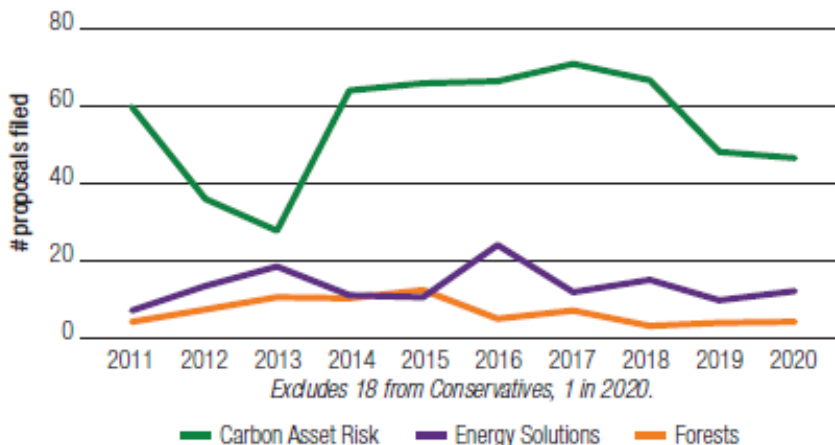


New Issues, Key Themes in 2020

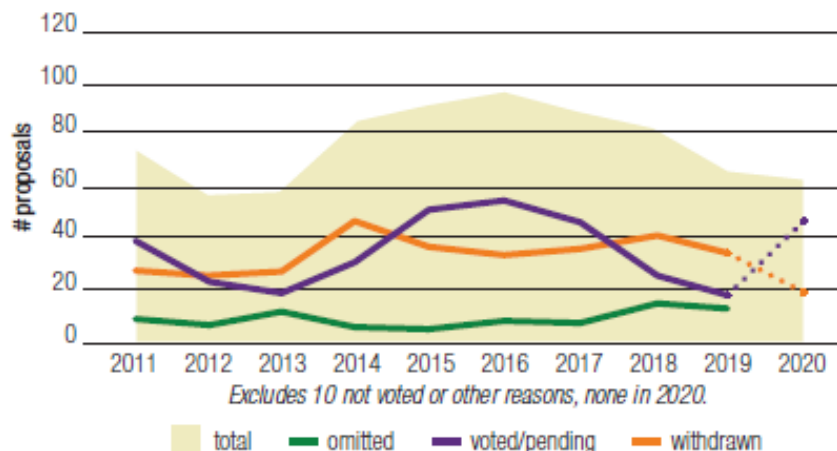
Environment

- ✓ **Climate Change** (64 proposals—60 in 2019)
 - **Carbon asset risk**—low-carbon transition and emissions accounting—48
 - **Renewables**—About a dozen, most withdrawn
 - **Deforestation**—4, focus on commodities

Climate Change Categories



Climate Change Outcomes



Lawsuits continue:

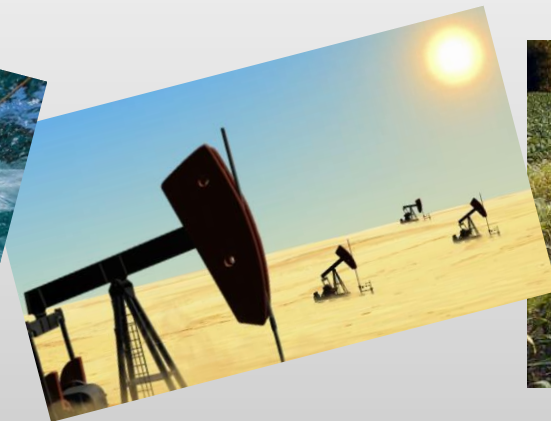
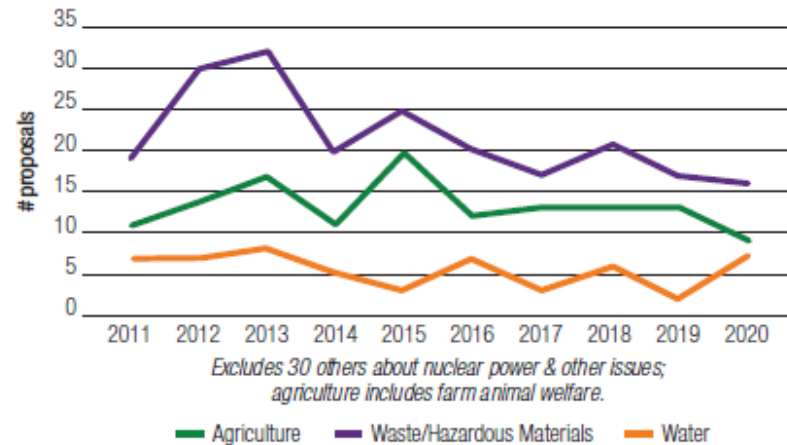
- ✓ **TransDigm** in 2019 (no ruling—35% vote)
- ✓ **Northwestern** in 2020 (injunction to force inclusion of proposal denied)

New Issues, Key Themes in 2020

Environment

- ✓ **Environmental Management**
(30, similar to 2019)
 - **Waste/hazards**—13 on plastics, packaging
 - **Water**—7, most on energy sector use in arid regions (**NEW**)
 - **Agriculture**—9 on antibiotics, pesticides

Environmental Management Categories

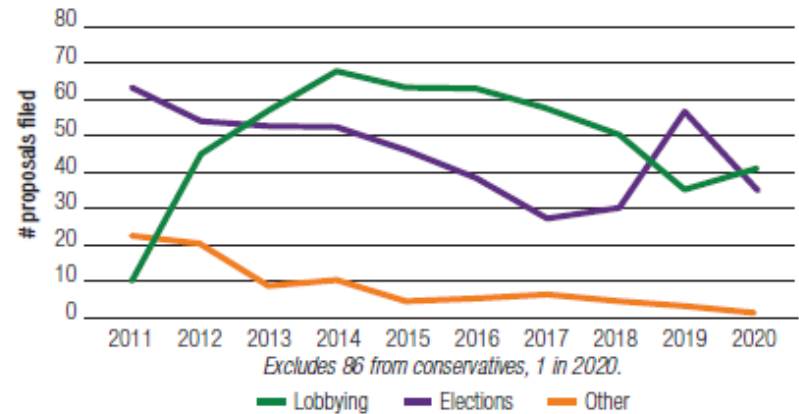


New Issues, Key Themes in 2020

Social Issues

- ✓ **Political Activity** (77, down from 94 in '19)
 - 40+ lobbying, 34+ elections, a few on values congruency (shift from '19)
 - Center for Political Accountability oversight/disclosure model continues.
 - Lobbying disclosure effort with AFSCME/ Boston Trust Walden, some focus on climate change.
 - **NEW** but no votes: Corporate support for candidates supporting state-level reproductive health rights restrictions.
 - Big potential impact from new rule.

Political Activity Categories



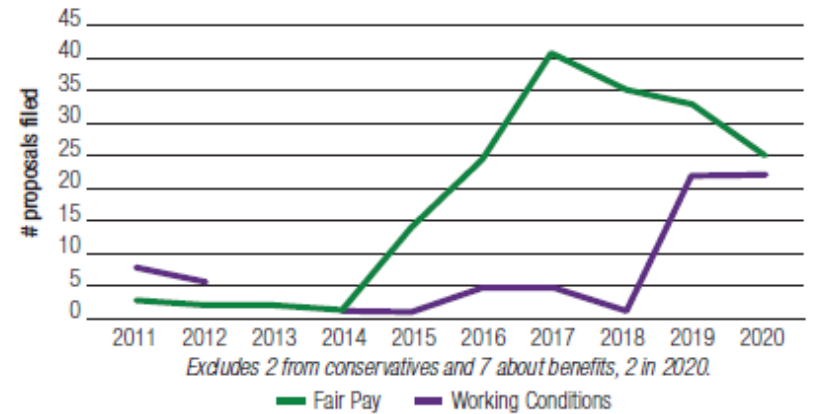
New Issues, Key Themes in 2020

Social Issues

✓ **Decent Work** (52, big increase started in 2017)

- Gender pay equity (25): *Global median* pay differentials mostly not reported but **Starbucks** agreement.
- Working conditions (27): equitable treatment, EEO, benefits
 - Omissions on mandatory arbitration as “ordinary business”
 - **NEW**: human capital management

Decent Work Categories



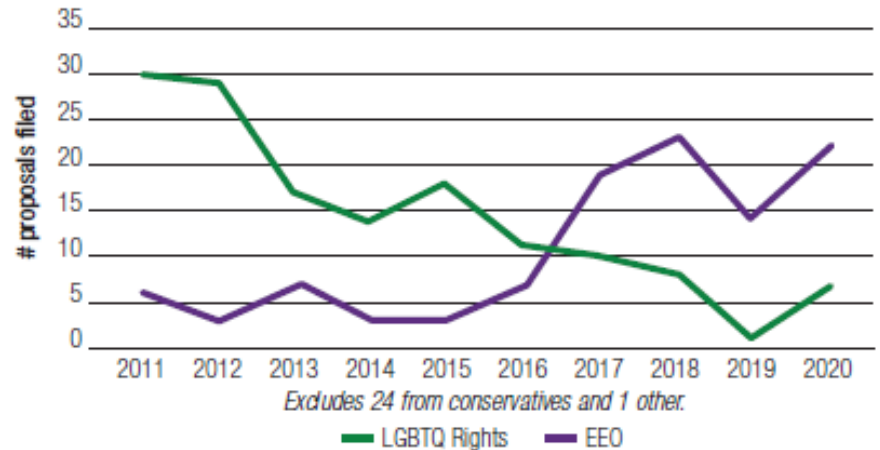
New Issues, Key Themes in 2020

Social Issues

- ✓ **Diversity at Work** (29, up from 2019)
 - **More:** Reporting on executive diversity
 - **NEW:** Broader request for board analysis of diversity & inclusion.



Diversity at Work Categories



New Issues, Key Themes in 2020

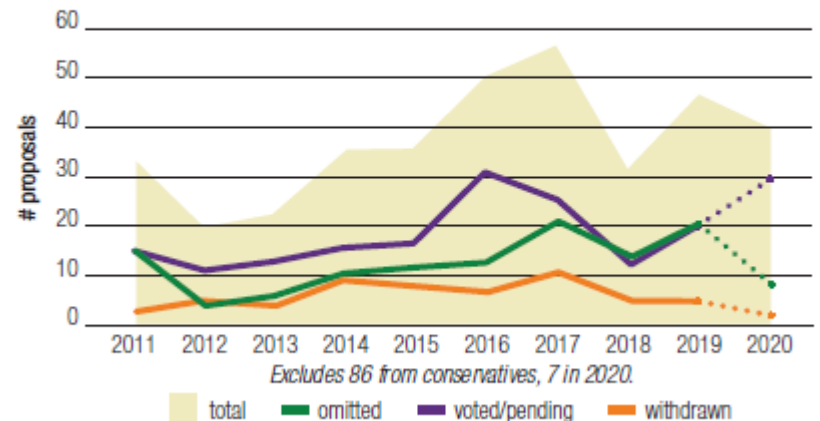
Social Issues

- ✓ **Human Rights** (41, down from 54 in '19)
 - Continued focus on risk & impact assessment, using benchmarking report data, calls for stronger policies and tracking of metrics.
 - Trafficking in the supply chain, child sexual exploitation (telecoms, social media)
 - Conflicts, penal system, weapons (**NEW**: weapons sales & **Visa**)

— **NEW**: U.S. slavery reparations, **CSX** (omitted)



Human Rights Outcomes



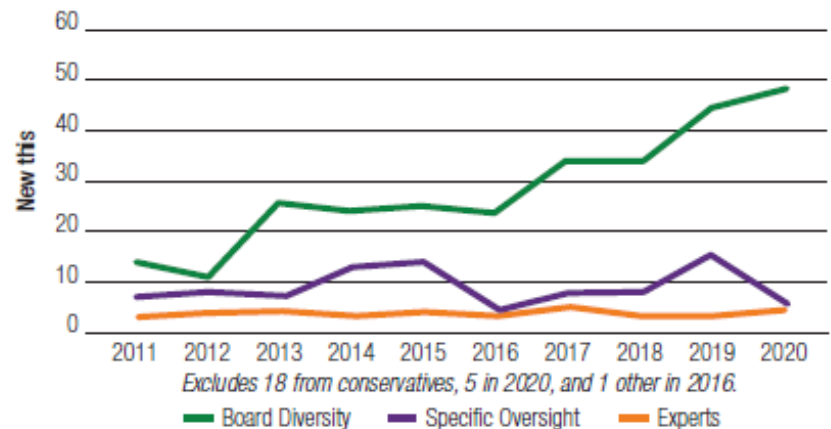
New Issues, Key Themes in 2020

Sustainable Governance

- ✓ **Board diversity** (49, up from 45 in '19): Continued upward trajectory, most to be withdrawn
 - **NEW:** CEO diversity, from NYC pension funds, using “Rooney Rule” idea
- ✓ **Oversight, Experts** (10) on climate change & human rights



Board Diversity/Oversight Categories



New Issues, Key Themes in 2020

Sustainable Governance

KEY TREND: Paying to meet sustainability goals

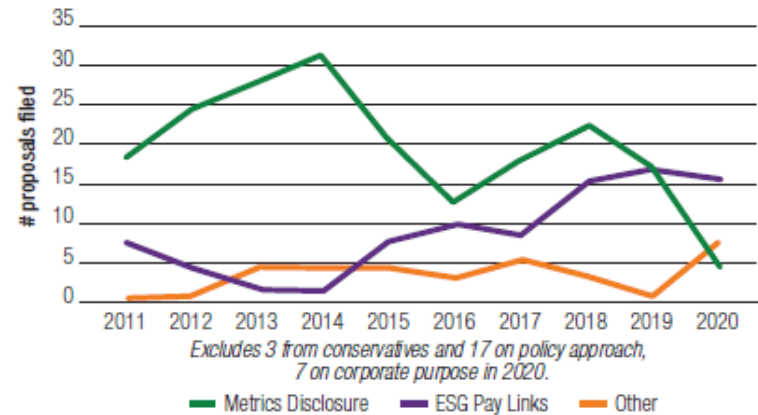
- ✓ **ESG pay links** (22—compared with 24 in '19)—broad range of issues:
 - Drug prices
 - Opioid legal costs
 - Student loan debt
 - Community impacts
 - cybersecurity

- ✓ **Metrics Disclosure** (only 6, way down from 23 in '19)—lots of agreements.

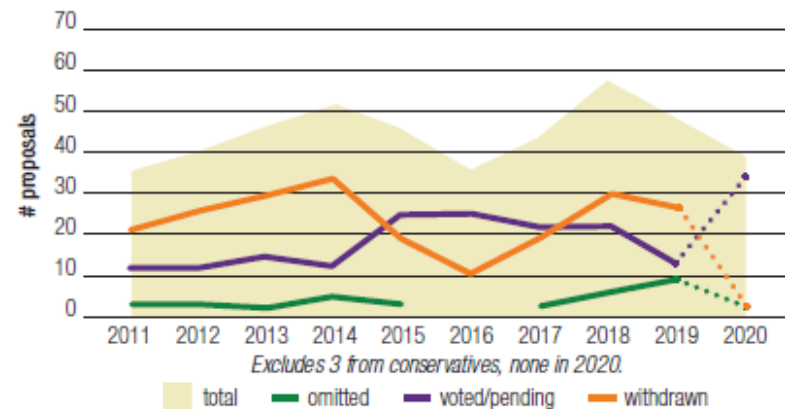
- ✓ **NEW: Corporate purpose**—how to implement “stakeholder capitalism”?

- ✓ **ESG proxy voting** by mutual funds continues, just a few proposals.

Sustainability Proposal Categories



Sustainability Proposal Outcomes



About Si2

- ✓ Funded by colleges, universities, pension funds, asset owners with AUM > \$1 trillion
- ✓ Careful, impartial tracking and analysis of corporate reform campaigns and issues

Briefing Papers

In-depth topic analyses

Action Reports

Company-specific analysis 4 weeks before annual meetings

Engagement Monitor

Interactive online database:
prospectively identifies issues,
tracks outcomes

Proxy Season Analysis

Contact

Heidi Welsh, Executive Director

heidi@siinstitute.org

(301) 432-4721

www.siinstitute.org

Special Projects

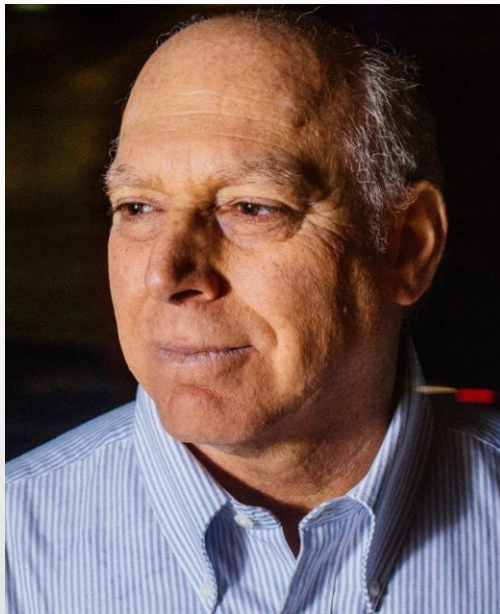
With IRRC Institute, archived at Weinberg Center
(<https://www.weinberg.udel.edu/irrci/>):

- State of Sustainability, Integrated Reporting (2018)
- State Lobbying (2017)
- Top 25 Utilities: Politics, Boards & Climate (2016)
- Corporate political spending governance & spending disclosure - S&P 500 (2010, 2011)
- Discovering Shale Gas (2012)
- Integrated Reporting - S&P 500 (2013)
- Board Oversight of Sustainability - S&P 500 (2014)
- Nanotechnology (2014)

With 50/50 Climate Project (5050climate.org):

- Utility Climate Change Readiness (2017)
- Spending Against Change (2018)

Climate and Energy



Michael Passoff
CEO
Proxy Impact

Carbon Asset Risk

**Paris-compliant Transition Planning
GHG Emissions Management**

**Stranded Assets
Fossil Fuel Financing
Forest & Water**



Transition Planning

Paris Agreement Goals

- Keep global warming *well below* 2°C
- Pursue efforts for 1.5°C
- Zero emissions by 2030-2050

Report on Paris-compliant plan to cut carbon footprint

“plans to reduce its total contribution to climate change and align its operations”



GHG Emissions Management

Feb 19, 2020 Report

- “gigantic discrepancy”
- Lack of monitoring
- Super emitters
- Natural gas not a bridge fuel
- Consistent with earlier studies

The New York Times

Oil and Gas May Be a Far Bigger Climate Threat Than We Knew



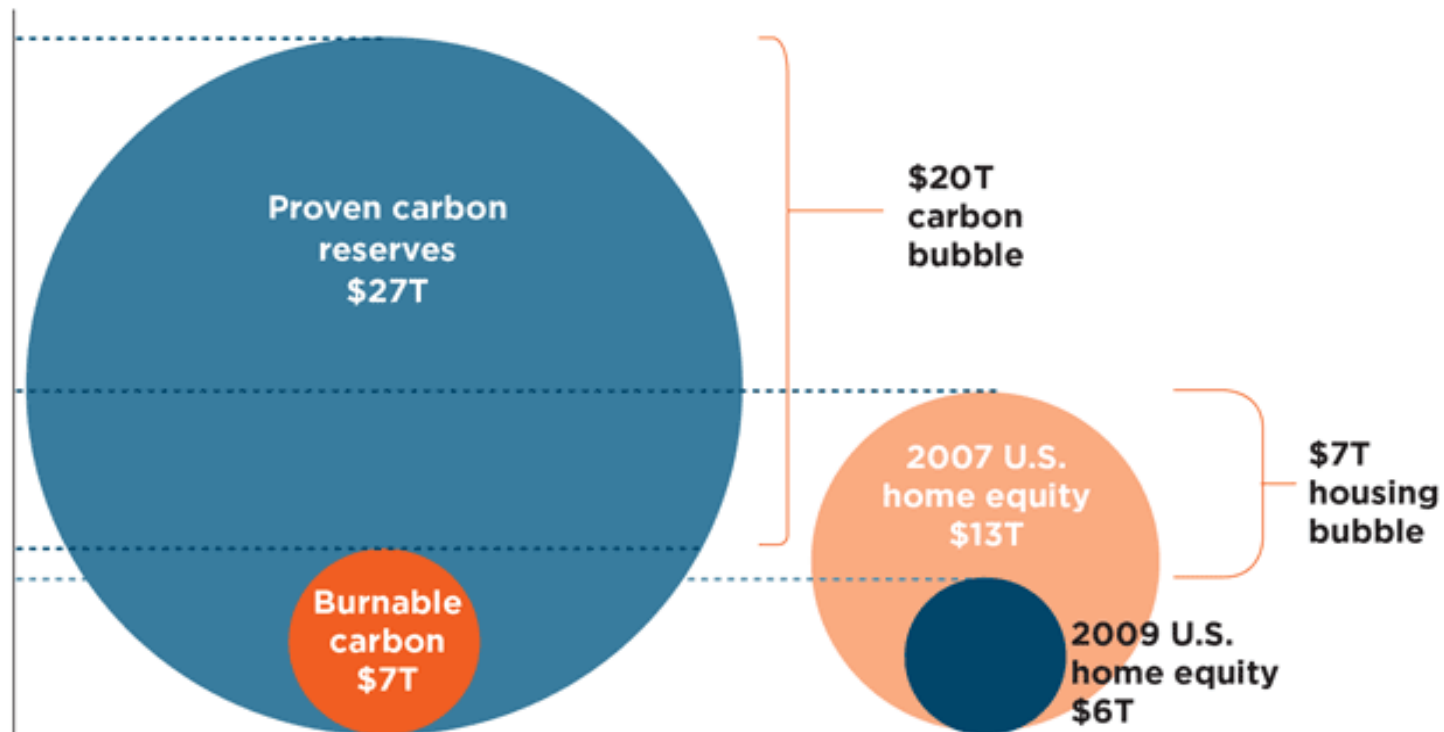
Emissions from human activity like the burning of fossil fuels may have been sharply underestimated. Gabriella Demczuk for The New York Times

Stranded Assets / Carbon Bubble

International Energy Agency

- No more than one-third can be consumed prior to 2050

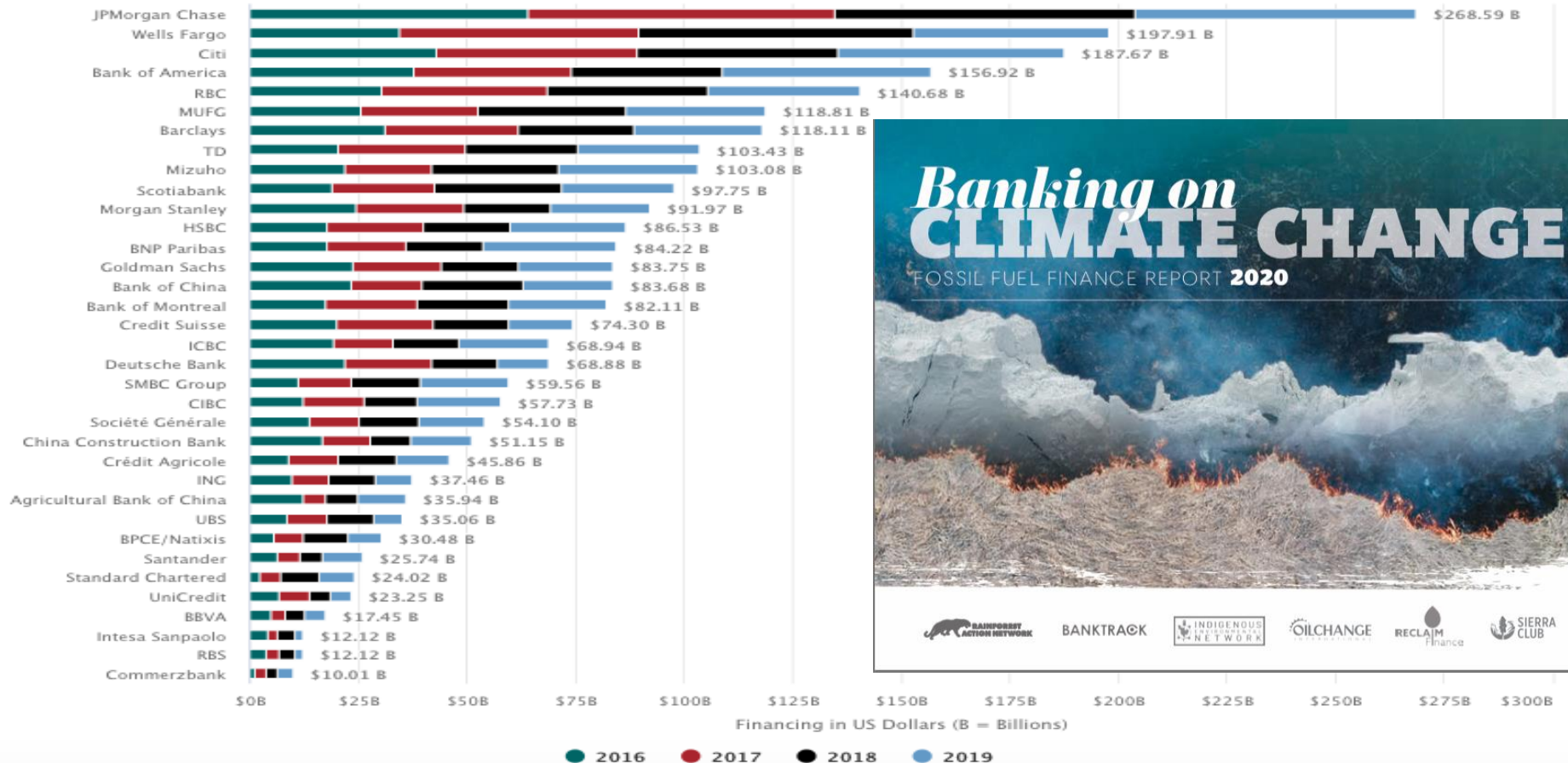
FIGURE 2 Potential Carbon Bubble



Sources: Carbon Tracker Initiative, Associated Press, Freddie Mac, and Federal Reserve Flow of Funds Report

Fossil Fuel Financing

JPMorgan Chase, Wells Fargo, Bank of America, Morgan Stanley, Goldman Sachs



Forest and Water

Deforestation

- Deforestation causes 10-20% global GHG, more than transportation sector
- Supply chain: modern slavery and human rights abuses



Water

- “quantitative indicatorspolicies and practices to reduce climate related water risk”
- Sanderson Farms vote
- Pivotal year for SASB?

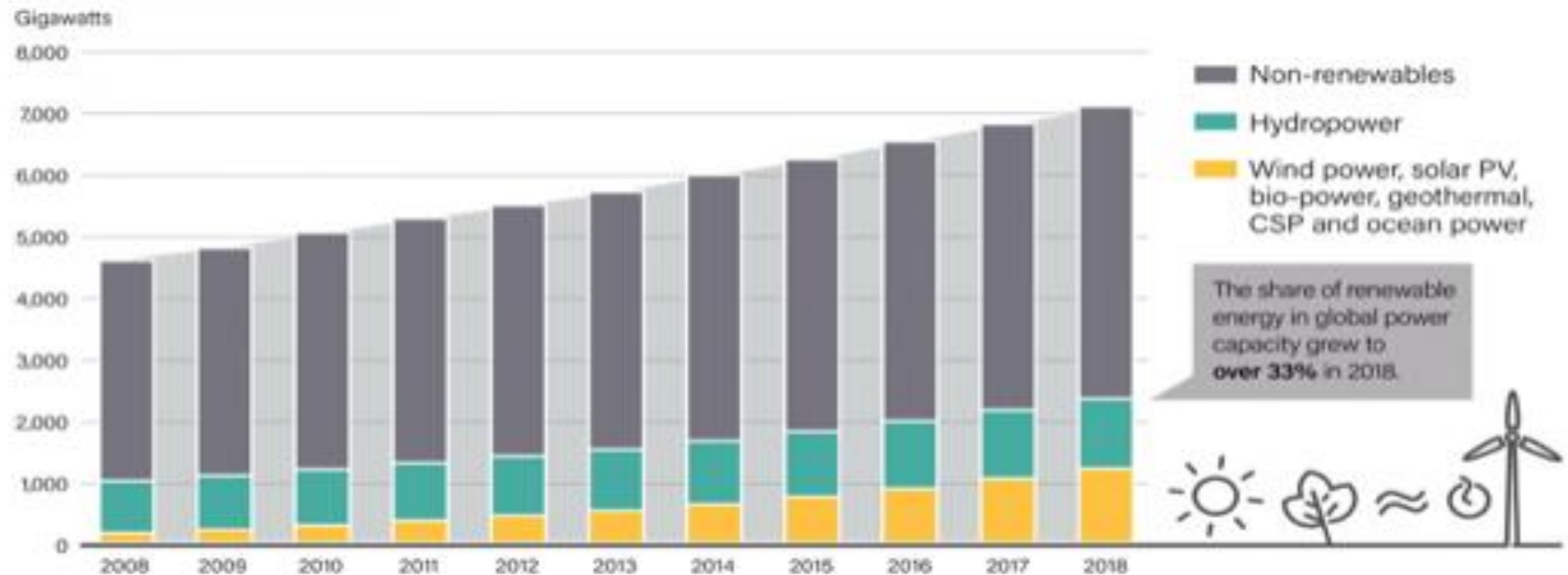


Energy Solutions

Renewable Energy and Energy Efficiency

- Quantitative, time-bound targets for increasing renewable energy, energy efficiency
- Lower emissions, savings, credits

Global Power Generating Capacity, by Source, 2008-2018



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

(510) 215-2222

michael@proxyimpact.com

www.proxyimpact.com

The Changing Landscape of ESG Votes



Timothy Smith

Senior VP and Director of ESG Shareowner

Engagement

Boston Trust Walden



Boston Trust Walden

Principled Investing.

Big Funds Feeling Heat Over Proxy Votes

The Leaders (% of climate-related proposals supported)

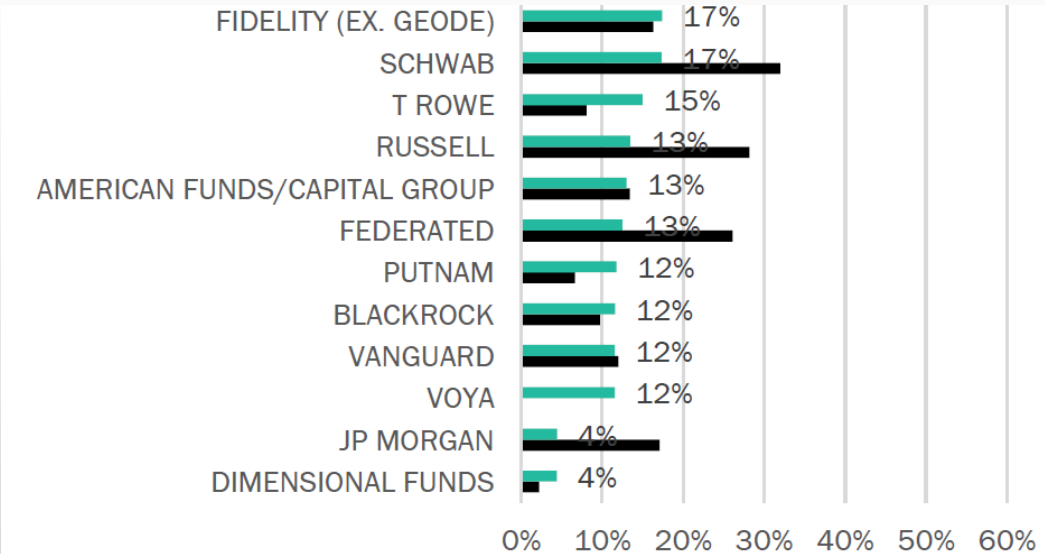


The Guardian



Wall Street investment giants voting against key climate resolutions

...and the Laggards



2020 Company Engagement



Jared Fernandez

ESG Research Analyst

Boston Trust Walden



Boston Trust Walden

Principled Investing.

Proxy Voting Policies

Four Shareholder Proposals:

- BlackRock, Inc – Mercy Investment Services (*withdrawn*)
- JPMorgan Chase – Boston Trust Walden (*withdrawn*)
- T Rowe Price Group – Zevin Asset Management (*vote pending*)
- The Vanguard Group – Boston Trust Walden



- Asking companies to publish disclosure in line with SASB and TCFD by the end of 2020
- “Increasingly disposed” to vote against management and board directors
- Announced divestitures from certain carbon-intensive industries, such as thermal coal production
- Will disclose its voting record on a quarterly basis
- Joined CA100+



Boston Trust Walden

Principled Investing.

Call to Action – The Vanguard Group

Resolved: Shareowners request that the Board of Directors initiate a review assessing Vanguard’s 2019 proxy voting record and evaluate the Company’s proxy voting policies and guiding criteria related to climate change, including any recommended future changes. A summary report on this review and its findings shall be made available to shareholders and be prepared at reasonable cost, omitting proprietary information.

Key Notes:

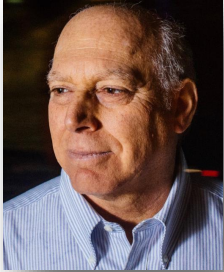
The Vanguard Group does not hold an annual meeting, so there is *no deadline* to co-file.

Boston Trust Walden has filed with the Vanguard 500 Index Fund (VFIAX), the Vanguard Total Stock Market Index (VTSAX), the Vanguard Balanced Index Fund (VBIAX), and the Vanguard FTSE Social Index Fund (VFTAX).

For more information, contact Tim Smith (tsmith@bostontrustwalden.com) or Jared Fernandez (jfernandez@bostontrustwalden.com).



Questions and Answers



Michael Passoff
Proxy Impact



Heidi Welsh
Sustainable
Investments Institute
(Si2)

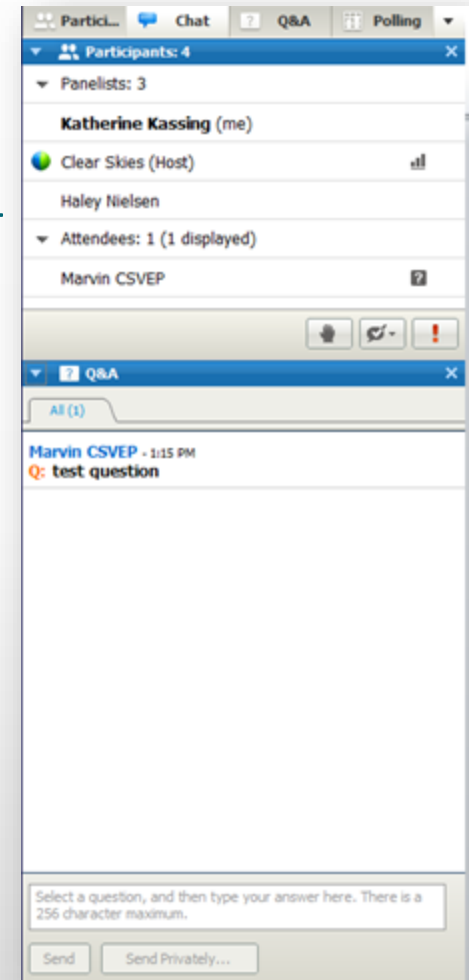


Timothy Smith
Boston Trust Walden



Jared Fernandez
Boston Trust Walden

- For technical support call 1-855-888-6094
- Use the Q&A window to send us your questions



Closing Remarks

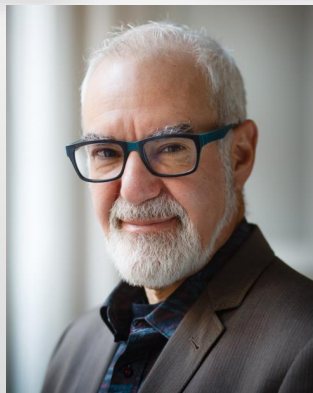
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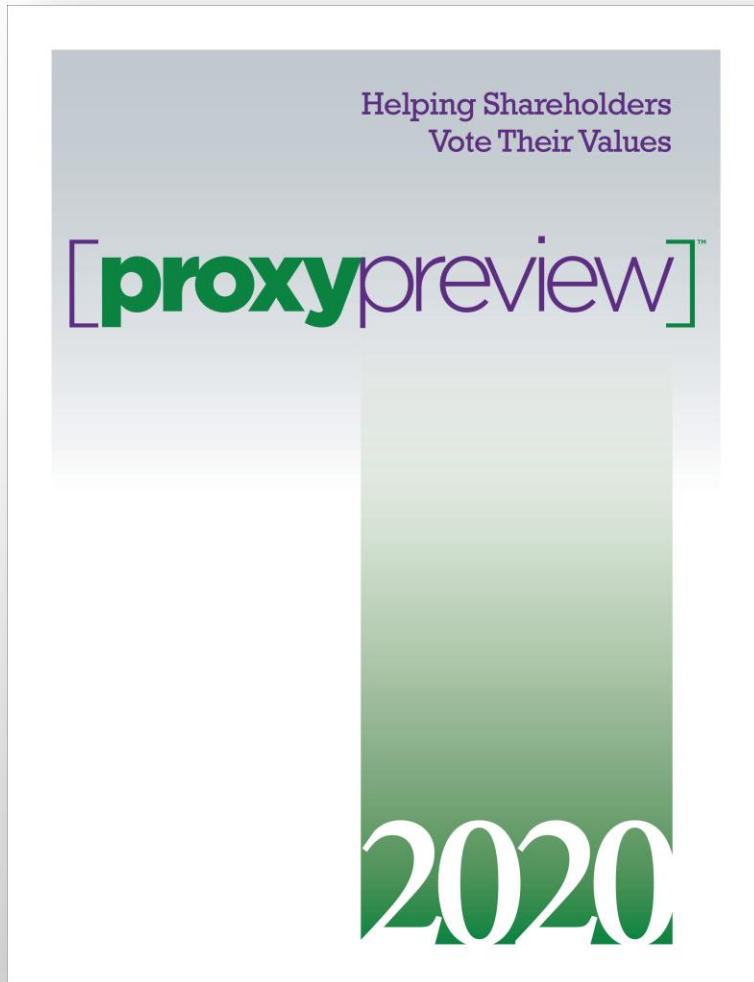


Andrew Behar
As You Sow



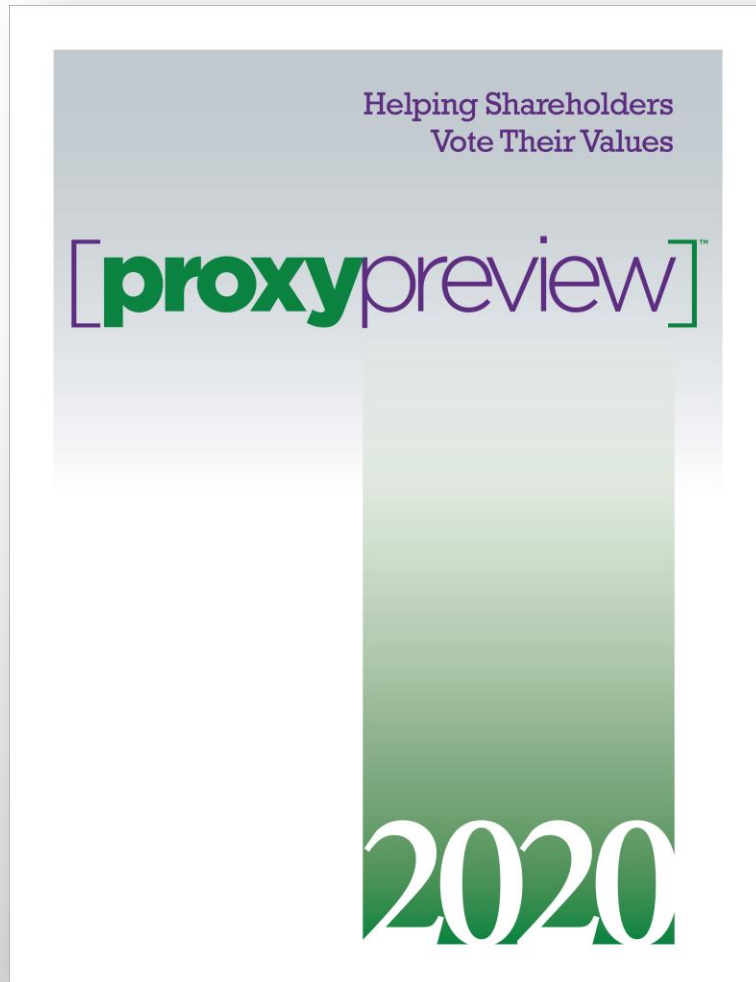
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 <p>Domini.</p>	 <p>VERIS Wealth Partners Values. Wealth. Sustainability.</p>		

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