

Advocacy Update: Q2 2017

The last three months showed just how much positive change investors can create by exercising our rights and pushing companies forward. A high point was the **ExxonMobil** [annual meeting in May](#) where an unprecedented majority of investors voted for a shareholder proposal urging the company to publish a report on how global policy action to cut carbon will hurt its business. That proposal — which Zevin co-sponsored on behalf of clients who hold legacy shares in the company — challenges ExxonMobil's executives and intensifies the pressure on the entire energy sector.

Then came the low point. If the ExxonMobil vote showed the promise of investor advocacy, President Trump's decision to exit the Paris Accord showed that responsible investors have no choice but to use their voices now. In the following week, more than 1,000 cities, states, businesses, and investors (including Zevin) signed the "[We Are Still In](#)" statement, confirming their commitment to the Paris Accord and to cutting global emissions. Investors especially have an important role in this moment; we can press more companies to move forward and address climate risks despite swings in policy.

We use this approach across our clients' portfolios, advocating for positive change in three key areas: climate change, economic justice, and civil rights.

Climate change

In a quarter of change and uncertainty, we got to work on climate risk — scanning client portfolios for firms that have big physical operations and a lot to gain from reducing their own emissions and/or developing climate-friendly products. We urged companies like **Automatic Data Processing (ADP)**, **AT&T**, **UPS**, **AbbVie**, **Danaher**, **Ecolab**, and **Emerson Electric** to stand with the above coalition and announce that they're "still in" the Paris Climate Accord.

Because words are not enough, we urge firms to take action on their own emissions. We asked the above companies, as well as **TJX Companies** and **eBay**, to adopt ambitious greenhouse gas targets, which are based on the Paris Accord. This spring we used a shareholder proposal to successfully convince **CVS Health** to commit to develop this kind of [science-based target](#) for its big pharmacy and warehouse network, and we will monitor more firms for progress.

We also continued to press big asset managers to overhaul proxy voting policies and consider supporting climate-related proposals. After productive meetings and shareholder proposals co-sponsored by Zevin, **JPMorgan Chase** and **BlackRock** announced that they would revisit their approaches, contributing to the victory at **ExxonMobil** and a similarly historic [majority vote](#) at **Occidental Petroleum** this year.

Economic justice

The U.S. social safety net is under attack via proposed tax cuts and the effort to roll back Medicaid and other healthcare safeguards. Zevin asks companies about their positions in these and other policy debates, and we press firms to support workers and communities.

For example, we challenged **Costco**, **Emerson Electric**, **TJX** (parent of TJMaxx and Marshall's), and **UPS** to disclose their policies on paid parental leave. Poor parental leave benefits disadvantage women workers and young families without the means to pay for childcare. We're connecting companies with experts, and encouraging management to follow the leaders on this issue — companies like Amazon and Ikea that approach parental leave benefits as an opportunity to support and retain motivated workers. At the same time, we're pressing firms with lower-wage workforces to offer equal parental leave benefits to hourly workers and salaried managers.

We also reached out to **Apple** on worker safety and human rights in the complex supply chain for Macs, iPhones, and Apple Watches. By now, Apple is accustomed to troubling reports of labor standards violations, safety issues, and even suicides at its Chinese factories. Those issues have dented Apple's reputation but also spurred some positive steps in recent years, including a ban on toxic manufacturing chemicals like benzene.

However, reports indicate that Apple and other big tech companies have not invested in all of the staff and tools they need to [improve worker well-being](#). Steps like the benzene ban don't go past the first tier of big companies like **Foxconn** that sell directly to Apple. Meanwhile, those key suppliers turn a blind eye to the public health crisis caused by toxic chemicals farther down the supply chain. As we enter a dialogue, we are pushing for more information on the small subcontractor firms where workers are most vulnerable and urging Apple to consider that these risks require more resources and better management thinking.

Civil rights

We can confirm progress on another key priority at **Apple**: improving diversity and inclusion. Zevin co-filed a shareholder proposal highlighting the lack of racial and gender diversity at the top of the organization — a big obstacle to finding the best employees and developing exciting products for global consumers. In May, Apple announced that it would bend to pressure from employees, activists, and investors like Zevin to [create a new executive position](#) in this area. At Apple and other tech companies, such as **ADP**, **Alphabet** and **Amazon**, we'll continue pressing for better reporting on workforce composition and tying diversity goals to executive pay so that managers are rewarded for driving this critical business issue.

By asking companies to disclose gender- and race-based pay gaps in their workforce, investors can begin the process of eliminating those gaps and also force a conversation about what women and people of color need to thrive in the workplace. This is important in the retail sector where morale is critical, pay gaps are especially wide, and both women and workers of color are underrepresented in management. This summer, we will follow up on investor interest in our shareholder proposal on pay gaps at **TJX**, and we will raise the matter at more retail and consumer goods companies in the coming year.

And advocacy continues on the private-sector role in America's incarceration crisis. Zevin's shareholder proposal went to a vote at Amazon in May, querying the company's treatment of contractors and the risks of criminal background checks that discriminate against qualified candidates. We're also meeting with firms like **Intel** and **Target**, urging them to adopt innovative and humane policies on prison labor and on hiring people who are returning from incarceration ("Fair Chance Hiring"). In May, we were pleased to bring that message to **Wal-Mart** and other companies convened by the NAACP in New York.

Thanks for reading and sharing. For more updates on this work and our broader advocacy, join us on [our website](#), [Medium](#), and [Twitter](#). And please don't hesitate to contact me (pat@zevin.com) with your questions, thoughts, and suggestions.

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