

Advocacy Update: Q4 2017

As 2017 drew to a close, Zevin Asset Management continued pressing for change at portfolio companies in three key areas of long-term risk and social impact: climate change, economic justice, and civil rights. In the fourth quarter, we escalated many of these engagements, submitting dozens of shareholder proposals for votes at spring shareholder meetings.

Climate change

Disappointing [changes in U.S. climate policy](#) mean that investors are left to push for accountability with the biggest oil and gas companies. It should be noted that oil and gas companies are not held widely at Zevin; we conduct this work with legacy shares from clients because of the potential for major impact on climate change. For instance, last year our proposal urging **Chevron** to appoint a truly independent board chair received 38 percent shareholder support. We consulted with a broad range of fellow investors before resubmitting for 2018, and our new-and-improved proposal [argues powerfully](#) that long-range climate risks demand independent and empowered board oversight.

As I wrote to you [this summer](#), carbon asset risk reporting will give investors and climate advocates more public information on how vulnerable oil and gas companies are to fluctuating demand resulting from climate change. So Zevin is expanding our work in this area, leading a shareholder proposal urging similar disclosure from the oil and gas pipeline company **Kinder Morgan**.

Economic justice

We urged firms to address challenges related to inequality and working conditions. In these conversations, we must often explain the link between positive movement on social issues and companies' material risks and opportunities. For example, according to the Center for Economic and Policy Research, companies that offer paid family leave to all employees report increased morale and cost savings from job retention. We met with **CVS Health** and **Starbucks** to continue to raise concerns about incomplete and unequal approaches to paid family leave. Leveraging our growing expertise, we also helped peer investors file paid family leave proposals at **Walmart** and **YUM! Brands** (KFC, Pizza Hut). In a win for investors and workers, **Walmart** responded to the proposal by increasing its parental leave benefit and including adoptive parents.

Zevin also met with top managers at the headquarters of **The TJX Companies** (TJX). In addition to urging the discount retailer to go fur-free in all of its key markets and adopt science-based greenhouse gas reduction targets, we also focused on supply chain practices and paid family leave. TJX retail employees are among the 90 percent of U.S. private sector worker that lack access to a single day of paid family leave. After a series of questions from Zevin focused on reports of [poor labor practices](#) in TJX's garment supply chain, the company detailed extra measures it is taking to ensure that suppliers in the Los Angeles garment district comply with its code of supplier labor standards. This is a limited but encouraging change from TJX's typically hands-off approach to third-party factories, and we will monitor implementation.

And we continued to engage with **Amazon**, the company changing the nature of commerce worldwide. Zevin laid a foundation for progress in 2017; the proposal on criminal background checks that we led with the AFL-CIO helped convince Amazon to convene a first-ever meeting with investors on social risks. We re-submitted that proposal for 2018 with a [renewed focus on the temporary workers and contractors](#) who face uncertainty and reduced rights on the job.

Civil rights

Zevin engages with companies that may be failing to reach underrepresented employees and customers. Such firms can increase long-term risks and contribute to the dynamics that have denied generations of women, people of color, and LGBTQ people their share of economic opportunity. Our campaign urging technology companies to tie CEO compensation to key diversity and inclusion metrics continues to produce progress. We are pressing **eBay** and **Citrix** on steps they can take to align CEO incentives with efforts to grow their pipelines for engineering talent, train managers against unconscious bias, and begin to better represent the markets that they hope to serve.

In Q4, we stepped up engagement with **Priceline Group**, leading two shareholder proposals urging the company to disclose the gender and racial make-up of its workforce and publish its first sustainability report. And we extended outreach to the service sector, educating companies on the corrosive effect of pay gaps between workers of different genders, races, and ethnicities. We re-filed our proposal asking for more disclosure on pay gaps at **TJX** and began a new push at **Marriott International**.

Elsewhere, we...

- Co-sponsored one of the first shareholder proposals urging private sector accountability for the lapses which led to the opioid crisis. Our proposal at **Johnson & Johnson** cites failures in risk management and urges the company to appoint a truly independent chairman.
- Confirmed important changes resulting from our climate risk work at large investment firms: following our shareholder proposal, **Franklin Resources** (the parent of Franklin Templeton) [improved its approach](#) to climate risk management at its own portfolio companies. Franklin voted for 24 percent of climate-risk-related shareholder proposals in 2017, compared to 10 percent in 2016. And **T. Rowe Price** has promised to improve disclosure on its own proxy voting.
- Boosted our outreach to international companies, including meetings with Indian banking giant **HDFC** on customer protection and responsible corporate lending, as well as an environmental and social stakeholder consultation at **Taiwan Semiconductor**. We'll follow up with both firms and report more here.
- Initiated and led a group of peer firms and foundations committed to using shareholder advocacy for **racial justice**. This effort now has a newsletter and is planning regular public investor briefings to expand our impact.

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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