

Zevin Asset Management, LLC

Impact Update

Quarter 4, 2018

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At Zevin Asset Management, we build responsible investment portfolios for our clients. We then address risks and create positive social impact by engaging with portfolio companies. As detailed in our [Impact Report 2018](#), we use a range of tools to move companies forward on key environmental, social, and governance (ESG) issues. As a starting point, we vote clients' shares at all stockholder meetings according to our [socially responsible guidelines](#). And we routinely send letters to company management teams and hold meetings to press for important changes.

In Focus: Shareholder proposals

We also submit formal shareholder proposals to increase pressure and call attention to our concerns via an investor vote. The fourth quarter is the busy season for submitting shareholder proposals, and we chose to target fewer companies than in prior years in order to make a deeper impact.

Three of our shareholder proposals urge companies to improve accountability and performance on key ESG issues by doing something simple: putting their money where their mouth is. The management team at **UPS** is seeking to increase operational efficiency, including by taming fuel use and carbon emissions. Our proposal asks the logistics company to accelerate progress by linking those goals to the CEO's paycheck. We also submitted proposals urging **Amazon** and **Alphabet** (the parent company of Google) to make similar changes. The tech giants face concerns around data privacy and controversial military contracting. Both companies have struggled to improve diversity and inclusion — more than 20,000 Alphabet workers [walked out last November](#) to protest the company's approach to workplace sexual misconduct. Our proposals are designed to focus the most senior executives in the company beyond next quarter's earnings to social concerns that will affect the long-term bottom line.

We also submitted shareholder proposals pressing **UPS**, **AbbVie**, and **The Walt Disney Company** on lobbying ethics. Each company faces particular ESG issues and all of these companies are threatened by the aggressive and under-disclosed lobbying that trade associations like the U.S. Chamber of Commerce carry out on their behalf. Our proposals push for more sunlight, and we will continue to call out UPS for its support of ALEC, a conservative lobby group that has advocated against gun control, voting rights, and climate regulation. Pressure from investors can work: in November, [AT&T dropped out of ALEC](#) after years of advocacy from Zevin and others.

As the U.N. warns that we need [even more urgent action to confront climate change](#), investors must push companies to do their part. We will continue to take targeted actions aimed at holding oil companies accountable for climate change and [changing their future risk management calculus](#). We co-sponsored a proposal led by the New York State pension funds and the Church of England challenging **Exxon Mobil** to adopt meaningful greenhouse gas (GHG) targets. In meetings, letters, and (potentially) future shareholder proposals, we are also pressing for climate action at a range of portfolio companies such as **Ecolab** and the Indian bank **HDFC**.

What Else Is New?

In Q4, we began several engagements with companies in our clients' portfolios as well as broader initiatives to address sector- and economy-wide risks:

- We co-authored a challenging letter to **Amazon** that was signed by more than 100 investment institutions managing assets exceeding \$2.6 trillion. In addition to our long-standing concerns around human capital, labor standards, and discrimination, we flagged Amazon's disregard for climate change transparency and its poor approach to protecting supply chain workers and contractors. Now that we have the company's attention, we can press them further on these issues.
- We endorsed a [global investor statement](#) urging world governments to (1) aggressively implement the Paris Agreement on climate change, (2) accelerate private-sector investment in a just low-carbon transition, and (3) require companies to provide climate risk reporting.
- We were invited to participate in a [working group on racial justice and socially responsible investing](#) at the Rockefeller Foundation. Among investors, we lead important work pushing companies on inclusion, access, and race-based inequality, and we will keep contributing.

Progress Report: Ecolab

We continued an informative environmental engagement with **Ecolab**, a company that provides water services focused on hygiene, industry, and energy-sector uses. Water treatment and purification are positive business lines, and the Minnesota company has products focused on helping customers reduce their own water use and improve the quality of waste water. Ecolab has also made strides to increase water efficiency and reduce water withdrawal in its own operations.

But nearly one-third of Ecolab's revenue comes from sales to oil and gas firms. We believe that Ecolab should continue improving — by addressing its own carbon footprint with more rigor and by refining its approach to customers' environmental impacts. We asked the company to link sustainability metrics to executive pay decisions, break out revenue from environmentally positive products, and adopt new internal GHG targets consistent with the Paris Agreement. Ecolab dialogued with us about each point in Q4, and there seems to be potential for improved disclosure. However, Ecolab continues to emphasize that its own carbon emissions are dwarfed by those of its customers, so it will not yet commit to adopting a new GHG target.

Overall, Ecolab is responsive to investor queries and focused on a few key sets of sustainable water solutions. We will continue dialogues on behalf of our clients.

Thanks for reading and sharing. For more 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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