ACIR 2017 Proxy Voting Report

Organized by:

- I. Topic
  - 1. Proxy Action (and related ACIR Proxy Voting Guideline)
    - a. Example Resolution
    - b. Relevant Corporations
    - c. Argument for
    - d. Argument Against
    - e. Recommendation

A. Executive Summary

Below is a list of shareholder resolution proposals (also called ‘proxy actions’) relevant to the Advisory Committee on Investor Responsibility at The New School. Each of these proposals (which often apply to multiple companies) requires a vote from the committee. The proposals may be relevant to either Corporate Political Spending or Environmental Sustainability, which are ‘prioritized topics’ or campaigns by the ACIR. The proposals may also be from our known direct holdings, which are highlighted and/or categorized in the third section due to their relation to our Investment Managers, Greenhaven and Kennedy. When there are proposals related to the ACIR campaigns as well as to our direct holdings, the companies are placed in the relevant campaign sections.

Each set of proposals requires a vote from the committee regardless if they possess direct holdings, as they may be held indirectly with other Investment Managers. Votes can be cast as: Support, Oppose, or Abstain. A majority vote from the ACIRs voting members is required to pass a proxy vote decision. Votes must take place for each ‘Proxy Action’. Results of a vote will apply to all corporations listed. A vote can be called to remove any corporation from a 'Proxy Action’ before the vote has taken place. Please note that many proposals use similar language and have similar goals, but have been arranged to be voted on separately to prevent any debate over divergent details among the proposals. We also have, from the Office of Finance and Business (OFB), a list of our largest indirect holdings, which are categorized in the fourth section. A brief comment is provided on potential inconsistencies between particular indirect holdings and the values of The New School and the ACIR. Finally, we have included a list of previously voted on proxy resolutions. These resolutions have, in some fashion, been re-submitted for this proxy season. Voting members may call for a re-vote on any of these resolutions as they relate to present circumstances. Resolutions not called for re-vote will be submitted with decisions established in preceding reports to OFB and relevant Investment Managers.

B. Table of Contents

C. 2017 Proxy Actions

Topics:

I. Corporate Political Spending

1. Proxy Action: End charitable contributions (PVG, pp xii)

   a. Example Resolution: "Resolved, to discontinue the charitable giving program unless a majority of our customers positively affirm it through a public vote"

   b. Relevant Corporations: PG&E

   c. Argument for:

   Charitable contributions are made possible largely by utility bills paid by customers while many customers struggle to pay their bills.

   PG&E distributes over $20 million per year to charities, many of which are not recognizable to customers.

   In the past PG&E has given funds to LGBT groups to fund film festivals that some might find objectionable and, further, has given tens of thousands of dollars to the Center for American Progress. Also, PG&E might give funds to Planned Parenthood (which performs abortions) and the Human Rights Campaign (which often does not speak favorably about people who oppose same-sex marriage).

   Customers are never asked if they would like a lower utility bill or have a portion of their remittance given to charities chosen by PG&E.[1]

   d. Argument against:

   The Proposal's request is vague and indefinite that shareholders voting on the Proposal, and PG&E Corporation in implementing the Proposal, will be unable to determine with any reasonable certainty the population from which the Proposal is requesting input, and the nature of actions or measures required to solicit, validate, tally, and disclose the requested "public vote" of PG&E's "customers.

   Portions of the Proposal may be excluded because they are false. Certain portions of the Supporting Statement are false and should be amended as proposed below.:

   > *"Whereas, charitable contributions are made possible largely by the utility bills our customers pay to keep their homes and business safe and comfortable. Our service alone is a great benefit to millions of people."* None of the funding comes from rates paid by customers; the first sentence of this whereas clause is false. Furthermore, the sentence is misleading, as the apparent justification for seeking customer approval of the charitable giving program is that a portion of customer bill payments are being given to charitable entities
   >
   > *"Whereas, we have never asked our customers if they would like a lower utility bill or have a portion of their remittance given to charities chosen by PG&E."* This clause implies that a reduction in charitable giving would directly translate into reduced utility rates. As previously noted, charitable contributions are NOT funded by customers and have no impact on rates. Therefore, the implied

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[1]- Notice of Intent to Omit from the 2017 Proxy Materials a Shareholder Proposal From Thomas Strobhar pursuant to Rule 14a-8 of the Exchange http://monitor.siinstitute.org/docs/a/3658/2/SEC%20Challenge%20-%20PG+E,%20charitable%20giving,%201-27-17.pdf

connection does not exist, i.e., a reduction in charitable giving would not directly result in lower utility rates to customers, and is misleading[2].

e. Recommendation:
Oppose: The theme of this proposal is related to point xii of the PVG on "Corporate Contributions and Campaign Transparency" but what precisely this proposal is asking for is none of the actions mentioned in the guidelines such as disclosure and developing internal mechanism to safeguard the misuse of funds. Hence, there is no convincing reason to give up charitable contributions.

2. Proxy Action: Report on charitable contributions (PVG, pp xii, bullet 1)
    a. Example Resolution: "Resolved: The proponent requests that the company provide an annual report, omitting proprietary information and at reasonable cost, disclosing: the company's standards for choosing recipients of company assets in the form of charitable contributions; the business rationale and purpose for each of the charitable contributions, if any; personnel participating in the decision to contribute; the benefits to society at-large produced by company contributions; and a follow-up report confirming the contribution was used for the purpose stated. The report should be published on the company's website."
    b. Relevant Corporations: McDonald's, General Electric, Apple
    c. Argument for: Whereas, in addition to providing benefits to society at-large, charitable contributions should enhance the public image of our company. Increased disclosure about these contributions would provide shareholders with better insight into our corporate giving strategy. [3]
    d. Argument against: Apple already provides detailed information about our core values and our most significant charitable contributions on our website at apple.com/diversity/creating-opportunities and apple.com/product-red. Apple's largest charitable contributions, which are made only following extensive internal vetting and approval from one or more of our executive officers, focus on some of the most important issues facing our communities today. The requested report would do nothing to advance these philanthropic activities, and would provide immaterial incremental additional information. Apple believes it is better to focus our efforts on actively supporting our communities than to divert time and resources to the preparation of a report that would have limited value to shareholders.[4]
    e. Recommendation:
    Support: The content of this proposal is related to point xii of the PVG on "Corporate Contributions and Campaign Transparency" and it is clearly related to increasing transparency regarding charitable contributions-related decision making.

- [2]- Pacific Gas and Electricity Company, "Notice of Intent to Omit from the 2017 Proxy Materials a Shareholder Proposal From Thomas Strobhar pursuant to Rule 14a-8 of the Exchange Act", Jan 27, 2017. http://monitor.siinstitute.org/docs/a/3658/2/SEC%20Challenge%20-%20PG+E,%20charitable%20giving,%201-27-17.pdf

[3]-Apple Inc. "Notice of 2017 Annual Meeting of Shareholders", January 6, 2017. http://monitor.siinstitute.org/docs/a/3419/1/2017%20Definitive%20Proxy%20Statement%20-%20Apple,%201-6-17.pdf

[4]- Ibid

3. Proxy Action: Report on biased news media (PVG, pp xii, bullets 1 and 2)
    a. Example Resolution: "Resolved: The proponent requests that the Board of Directors report to shareholders by December 2017, at reasonable cost and omitting proprietary information, Eli Lilly's assessment of the political activity resulting from its advertising and its exposure to risk resulting therefrom"
    b. Relevant Corporations: Eli Lilly
    c. Argument for: Whereas, the U.S. Securities and Exchange Commission has consistently ruled that corporate political spending/activity is a significant policy issue. Eli Lilly has a strong record of providing transparency regarding its direct political spending. Numerous news stories regarding communications exposed by WikiLeaks show that much of the American news media is working directly with political actors to advance specific political agendas. Therefore, the company's financial support of such news outlets through advertising is indirect political spending.[5]
    d. Argument against: While the Proposal ostensibly touches on a social policy issue relating to the political activity, the Staff has repeatedly concluded that the fact that a proposal seeks to address a social policy issue does not preclude the proposal from exclusion under Rule 14a-8(i)(7). Here, the Proposal may be excluded from the Company's proxy materials because it requests that the Company "assessment of the political activity resulting from its advertising and its exposure to risk resulting therefrom".
    e. Recommendation:
       Abstain: According to the ACIR proxy voting guideline, we support proposals asking companies to voluntarily disclose and make publicly available all political contributions to *public* officials. This proposal lies outside of this definition.[6]

4. Proxy Action: Report on plant closure impacts (PVG, pp x, bullet 1)
    a. Example Resolution: "RESOLVED: Shareholders of Mondelez International, Inc. ("Mondelez"), hereby request that the Board of Directors create a committee, with members drawn from representatives of the employee work force and the management of Mondelez, to prepare a report regarding the impact on communities from the closure of Mondelez manufacturing facilities and alternatives that can be developed to help mitigate the impact of such closures in the future. The report shall be prepared at reasonable cost and omit proprietary information, and shall be made available on the Mondelez website no later than the 2018 annual meeting of shareholders"
    b. Relevant Corporations: Mondelez International
    c. Argument for: Deerfield-based Mondelez, a $30 billion global snack food company known for brands like Oreo cookies and Ritz crackers, has worked to increase its profit margins by cutting costs and improving supply chain efficiency. In Chicago, that means about half of the 1,200 workers at the longtime Oreo plant will be laid off as production is shifted to newer facilities in Mexico. The decision sparked an ongoing public dispute between Mondelez and the Bakery,

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[5]- Eli Lilly and Company, "Shareholder Proposal from National Center for Public Policy Research", Feb 8, 2017. http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml.
[6]-Advisory Committee On Investor Responsibility, "Sustainability Proxy Voting Guidelines", 2011.

Confectionery, Tobacco Workers and Grain Millers International Union, which represents the majority of those being laid off[7].

d. Argument against: Mondelez International CEO, Irene Rosenfeld, defended moving the jobs to Mexico as a difficult but necessary business decision for competing in a global economy.
"We are a global company. We compete in 165 countries around the world. And continuing to focus on efficiency and productivity is essential to our ability to create value for our shareholders," Rosenfeld said[8].

e. Recommendation:
Abstain. The content of the resolution is related to labor rights which is the theme of point x of ACIR's PVG but there is no direct instruction on voting for or against job cuts.

II. Environmental Sustainability

1. Proxy Action: Set food waste reduction goals (PVG, pp iv,bullet 2)
    a. Example Resolution: "Resolved: Shareholders request that Walmart establish time-bound, quantitative goals for reducing U.S. food waste and issue a report, at reasonable cost and omitting proprietary information, on its plans to achieve these goals."
    b. Relevant Corporations: Wal-Mart Stores
    c. Argument for: Wal mart did not meet its goal to reduce food waste in developed markets I 0% by December 3 1. 20 15 (versus 2009 baseline).In fact. Walmart has acknowledged food and other wastes increase "costs for our business. our customers. and for society.In addition. Walmart has not provided quantitative data on the total food waste generated by company operations. a data point which is crucial for investors seeking to understand trends in the company·s performance.In light of these political and industry trends. the proponent believes establishing a new U.S. food waste reduction target and reporting on total food waste generated will promote food waste reductions that enable Walmart to cut costs, provide competitive advantage. strengthen brand reputation, save resources. alleviate hunger and reduce greenhouse gas emissions[9].
    d. Argument against:.The potential bottom-line impact of implementing or rejecting a given proposal is of particular importance to investors. Companies generally argue that complying with proponents' requests to issue special reports or implement new policies will impose a financial burden on the company, and may pose a distraction from important everyday business activities. In some cases, issuing a report or taking another step requested in a shareholder proposal may even increase a company's exposure to legal liability or other special financial

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7- Chicago tribune, "Laid off Oreo bakery workers question Mondelez CEO on job cuts", May 18th, 2016. http://www.chicagotribune.com/business/ct-oreo-workers-question-ceo-0519-biz-20160518-story.html

8- Ibid.

9_ Walmart Stores Inc. "Shareholder Proposal of Mary Pat Tifft, Exchange Act of 1934—Rule 14a-8" January 30, 2017
http://monitor.siinstitute.org/docs/a/3725/2/SEC%20Decision%20-%20Wal-Mart%20Stores,%20food%20waste%20goals,%202-21-17.pdf

risks. On the other hand, proponents often cite legal or regulatory liability reduction or other financial considerations as one of the reasons they believe their proposal would benefit the company. Investors will want to carefully weigh the validity of each side, as it relates to each company, before deciding on a vote.

e. Recommendation:
Support. There is a point in PVG on “Production of Waste and Emission of Pollutants” which persuade voting against creation of consumer and industrial waste.

2. Proxy Action: Report on coal ash risks (PVG,pp i bullet 1 and pp iv bullet 4)
    a. Example Resolution: RESOLVED: Shareholders request that Duke Energy publish a report assessing the public health impacts of its coal use on rates of illness, mortality, and infant death, due to coal related air and water pollution in communities adjacent to Duke's coal operations, and provide a financial analysis of the cost to the Company of coal-related public health harms, including potential liability and reputational damage. The report should be published by 2018, at reasonable expense, and omit proprietary information.
    b. Relevant Corporations: Ameren, Duke energy
    c. Argument for: The World Economic Forum 2015 Global Risk Report ranked water as the top societal risk facing the world in terms of potential economic impact. (1) The Human Right to Water, formally recognized by the United Nations in 2010, clarifies that it is the responsibility of companies to ensure their operations to not infringe upon the right of individuals to sufficient, safe, acceptable and physically accessible and affordable water. This human right is further buttressed by the UN’s Sustainable Development Goal 6, which includes a target for improving water quality by reducing pollution and minimizing the release of hazardous chemicals and materials. (2) Coal combustion residual (CCR) is a by-product of burning coal and contains arsenic, mercury, lead and other heavy metals and toxins.
    d. Argument against: Although there are certain assertions in the proponent’s supporting statement that the Board believes are incorrect (as demonstrated by the facts in the Board’s following response), the Board is basing its response here on the core governance question raised by the proposal. The Board believes that the requested report is not necessary or cost-effective because the Company’s current disclosure on its website and in publicly available filings (including those with certain regulatory authorities, such as the U.S. Environmental Protection Agency (“EPA”)), provides shareholders with extensive information on the Company’s actions and assessments concerning coal combustion residuals (“CCRs”) and as a result, such information effectively addresses the proponents’ proposal. Consequently, the Board does not believe that the expenditure of the additional human and financial resources that would be required to produce the requested additional report would be a necessary or prudent use of shareholder assets and as such, the additional report is not in the best interests of the Company or its shareholders.
    e. Recommendation:
    Support. This resolution aligns with sustainability reporting which is mentioned numerously in PVG and also is aligned with the recommendation on the PVG to vote for proposals on disclosure on the toxic material creation (pp iv)

3. Proxy Action: Divest fossil-fuel holdings (PVG, pp v, bullet 1)
   a. Example Resolution: "BE IT RESOLVED: Shareholders require that BH divest its holdings in companies involved in the extracting, processing, and/or burning of fossil fuels within 12 years to protect its investment portfolio from financial losses."
   b. Relevant Corporations: Berkshire Hathaway
   c. Argument for: Climate scientists assert with near unanimity that climate changes caused primarily by greenhouse gas emissions pose an existential threat to civilization. The ubiquitous burning of fossil fuels and their infrastructures must now be radically curtailed within a few short years to prevent the worst of possible consequences of climate changes.
      AND WHEREAS: Many investors and advisers warn of large future losses by companies in the fossil fuel industry. The risks of stranded fossil-fuel assets, regulatory action, carbon pricing, litigation, and investor flight have many corporate executives rethinking the value of fossil fuel investments. Recently, Earth Institute Director Jeffrey Sachs urged institutional investors to exercise their fiduciary responsibility to reduce the risk of losses via fossil fuel divestment.
      AND WHEREAS: BH and subsidiaries hold considerable investments in fossil-fuel companies, including Phillips 66 and Suncor Energy[10].

   d. Argument against:. The Board of Directors does not believe that divesting its holdings in companies involved in the extracting, processing, and/or burning of fossil fuels within 12 years is appropriate. The Board believes that Berkshire should not limit its universe of potential investments based upon complex social and moral issues. Berkshire's businesses and the companies in which it invests have corporate governance structures in place to comply with state and federal laws, including compliance with state and federal environmental regulations and laws which reduce the environmental impact of their operations.[11]"
   e. Recommendation:
      Support: The ACIR proxy voting guidelines encourage decreasing the reliance on non-renewable coal, oil and natural gas. It is specifically in line with ppv bullet point 1 which encourages voting for proposals asking for taking proactive steps to reduce their carbon footprint

[10] Berkshire Hathaway Inc., "Proxy Statement for Annual Meeting of Shareholders", May 6, 2017, p 13. https://www.streetinsider.com/SEC+Filings/Form++DEF+14A++++BERKSHIRE+HATHAWAY+INC++++For%3A+May+06/12682892.html
[11]- Ibid, p14.

III. Topic: Direct Holdings Not Listed Above (Greenhaven and Kennedy)

1. Proxy Action: Report on female pay disparity (PVG, pp. x, bullet 3)
   a. Example Resolution: "RESOLVED: Shareholders request Goldman Sachs prepare a report by October 2017, at reasonable expense and omitting proprietary information, on the Company's policies and goals to reduce the gender pay gap. For investors to assess the Company's strategy and performance, the report should include the percentage pay gap between male and female employees, policies to address the pay gap and reduction targets. The Organization for Economic Cooperation and Development has defined the gender pay gap as the difference between male and female earnings expressed as a percentage of male earnings.
   b. Relevant Corporations: JPMorgan, Goldman Sachs, Citigroup
   c. Argument for: Whereas: The median income for women working full time in the United States is reported to be 79 percent of that of their male counterparts, a 10,800 dollar disparity that can add up to nearly half a million dollars over the course of a career. The gap for African America and Latina women is wider at 60 percent and 55 percent respectively. At the current rate, women will not reach pay parity until 2059. A 2016 Glassdoor study finds an unexplained 6.4 percent gender pay gap in the financial industry after statistical controls, among the highest of industries examined. Data from the Bureau of Labor Statistics, reveals female financial advisors faced a 61.3 percent pay gap in 2014, the widest of occupations reviewed. Women make up over half of entry level positions in finance, yet a 2016 Oliver Wyman study finds it will take until 2048 to reach 30 percent female executive committee representation. Mercer finds female executives are 20 to 30 percent more likely to leave financial services careers than in any other industry. At Citigroup, approximately 51 percent of our employees are women, but women account for only 24 percent of leadership. A large body of evidence suggests diversity in leadership leads to better performance. McKinsey & Company states, "the business case for the advancement and promotion of women is compelling" and has found companies with highly diverse executive teams boasted higher returns on equity, earnings performance, and stock price growth. Best practices to address this underleveraged opportunity include "tracking and eliminating gender pay gaps."[12]

[12] Citigroup Inc. "Notice of Annual Meeting and Proxy Statement",March 15, 2017. p 107 http://monitor.siinstitute.org/docs/a/3739/1/2017%20Definitive%20Proxy%20Statement%20-%20Citigroup,%203-15-17.pdf

d. Argument against: Citigroup board of directors announced that ”we remain committed to our on-going efforts to promote diversity in the workplace and believe we are making demonstrable progress in building a diverse company and compensating our employees based on performance. The Proposal calls for a report on the Company’s policies and goals to reduce the gender pay gap, which would be costly and time-consuming, and in light of our many efforts in this area, would not offer stockholders meaningful additional information. As such, the Proposal would not enhance the Company’s existing commitment to an inclusive culture or meaningfully further its goal and efforts in support of workplace diversity; therefore the Board recommends to vote against this proposal.[13]”
e. Recommendation:
Support; This proposal aligns with our PVGs specifically point x on ‘Labor Standards” bullet two which asks for supporting proposals in favor of fair labor standards. Reporting on female pay disparity is a step in this direction.

2. Proxy Action: Report on indigenous people policy (PVG, pp x, bullet 2)
    a. Example Resolution: “RESOLVED: Shareholders request that Goldman Sachs prepare a public report on the North Dakota Access Pipeline, describing its financing of companies involved in the pipeline, how or whether its Indigenous rights policy was applied to the financing of such companies, and whether Goldman Sachs complied with its Indigenous rights policy in financing such companies. Building upon that analysis, shareholders request the report also consider policy options to improve implementation of its Indigenous rights policy, such as enhancing the risk metrics and due diligence process for reviewing financed companies' policies and practices for consistency with Goldman Sachs Indigenous rights policy, and mechanisms for engaging companies that fail to adhere to Goldman Sachs' Indigenous rights policy. Shareholders request the report be prepared at reasonable expense and exclude proprietary or legally privileged information”
    b. Relevant Corporations: Goldman Sachs
    c. Argument for: Since 2014, the Standing Rock Sioux Tribe has opposed DAPL’s projected route, which crosses its drinking water, sacred sites and treaty territory without meeting international standards for consultation and Free, Prior, and Informed Consent. In January 2017, President Trump directed the U.S. Army Corps of Engineers to expedite a new environmental review that the Corps required in December 2016. On February 8, the Army Corps granted the final permit needed to complete the pipeline to cross under Lake Oahe, a half mile north of the Tribe’s reservation. The Tribe is fighting in court to require a full environmental review and protect their treaty rights. In fall 2016, DAPL protesters, called “water protectors,” were injured and the risk of conflict remains with new protests.
    d. Argument against: Three of the recipients of proposals related to the Dakota pipeline have challenges pending before the SEC. Goldman Sachs and Marathon Petroleum are making multiple similar arguments—that the resolution consists of multiple proposals, concerns ordinary business, is not significantly

[13]- Ibid.

related to its business and is false and misleading because it impugns company employees. Morgan Stanley says only that it concerns ordinary business, while Marathon adds that it was submitted too late. The SEC has yet to respond to any of these challenges[14].

e. Recommendation
Support: Protecting drinking water is a legitimate environmental concern to support. Also in line with general theme of ACIR's PVG both in terms of environmental and human rights concerns.

3. Proxy Action: Report on human rights policy (PVG, pp x, bullet 1)
    a. Example Resolution: "Resolved, the proponent requests that Boeing's management review its policies related to human rights to assess areas in which the Company may need to adopt and implement additional policies and to report its findings, omitting proprietary information and at a reasonable expense, by December 2017."
    b. Relevant Corporations: Boeing
    c. Argument for: Individual proponent Richard Berg is asking Boeing to report on its "sales of weapons-related products and services to Israel." Berg says the company faces risks because of concern in higher education institutions about human rights violations in Israel, which could jeopardize its relationship with these schools. It expresses concern about the war in the Gaza strip and "overall moral and ethical questions raised by selling weapons that contribute directly to illegal occupation, apartheid, and human rights violations." In the supporting statement, the proponent suggests the report should include: 1. Processes used to determine and promote sales to Israel 2. Procedures used to negotiate arms sales to Israel, government-to-government and direct commercial sales and the percentage of sales for each category 3. Disclosure of sales and other arrangements with local security forces 4. Categories of military equipment or components with as much statistical information as permissible such as contracts for servicing/maintaining equipment 5. Detailed risk analysis surrounding business relations with countries, like Israel, that have been accused of violating Geneva and Hague conventions and international human rights law[15].
    d. Argument against: It could be excluded because it concerns ordinary business[16].
    e. Recommendation:
    Support: it is related human rights, political spending and transparency aspects mentioned as a motive to vote for proposals in the guideline.

4. Proxy Action: Report on EEO (Equal Employment Opportunity) and affirmative action (PVG, pp.vi, bullet 10)
    a. Example Resolution: "RESOLVED: Shareholders request that Stifel Financial prepare a diversity report, at a reasonable cost and omitting confidential information, available to investors including:
    1. A chart identifying employees according to gender and race in major EEOC-

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[14]- As You Sow, Sustainable Investments Institute, "2017 Proxy Preview".
[15]- Sustainable Investment Institute, "Briefing Paper Social (Human Rights)", March 28, 2016 By Sol Kwon http://monitor.siinstitute.org/docs/t/6/2016%20Si2%20Briefing%20Paper%20-%20Social%20(Human%20Rights)%20FINAL.pdf
[16]- Ibid.

defined job categories, listing numbers or percentages in each category;
2. A description of policies/programs focused on increasing gender and racial diversity in the workplace."

b. Relevant Corporations: Stifel Financial CO
c. Argument for: Most corporations are adopting non-discrimination policies that include sexual orientation and gender identity and are taking steps to train employees on these policies. Inclusive policies can help companies to compete for public contracts. Many companies also are beginning to engage the LGBT community through marketing. They appear to be doing so both under pressure from the LGBT community and its supporters and out of economic self-interest. How a company treats its LGBT employees and engages the LGBT community also seems to be closely tied with LGBT community members' willingness to purchase a company's products or services. All of these reasons point to a strong argument in favor of resolutions that ask companies to extend non-discrimination policies to cover the LGBT community.[17]
d. Argument against:However, there remains a risk that conservative groups will target companies with boycotts, which may dampen some of the gains companies reap from courting the LGBT market. Furthermore, adopting such policies puts companies in the somewhat difficult position of developing guidelines and procedures to ensure they are enforced. For example, in adopting the gender identity provision of the proponents' proposals, companies must look at health insurance issues as well as human resources guidelines for treatment of transgender employees. These obstacles might give some shareholders pause when it comes to backing resolutions..
e. Recommendation:

Support: This proposal aligns with the theme of labor standard section in the guideline and encourages fair Labor standards and diversity of the workplace.

[17] Sustainable Investment Institute, "Briefing Paper Social (Workplace Diversity)" March 7, 2017 By Kit Slack http://monitor.siinstitute.org/docs/t/18/2017%20Si2%20Briefing%20Paper%20-%20Social%20(Workforce%20Diversity)%20FINAL.pdf

D. List of Reusable, Previously Voted Upon Proxies

I. Corporate Political Spending

1. Proxy Action: Prohibit government service golden parachutes (PVG, pp. xii, bullet 2)
    a. Example Resolution: “RESOLVED: Shareholders of Citigroup (the "Company") request that the Board of Directors adopt a policy prohibiting the vesting of equity-based awards for senior executives due to a voluntary resignation to enter government service (a "Government Service Golden Parachute"). For purposes of this resolution, "equity-based awards" include stock options, restricted stock and other stock awards granted under an equity incentive plan. "Government service" includes employment with any U.S. federal, state or local government, any supranational or international organization, any self-regulatory organization, or any agency or instrumentality of any such government or organization, or any electoral campaign for public office.This policy shall be implemented so as not to violate existing contractual obligations or the terms of any compensation or benefit plan currently in existence or approved by shareholders on the date this proposal is adopted, and it shall apply only to equity plans or plan amendments that shareholders approve after the date of the 2017 annual meeting.
    b. Relevant Corporations: Morgan Stanley, JPMorgan Chase, Goldman Sachs(omitted), Citigroup
    c. Argument for: Following Citizens United, corporations are able to spend unlimited corporate funds on candidates which align with the interests of board members and executive officers, but who may present a risk to the corporation as a whole. A clear set of guidelines which lay out what is defined as a political contribution that aligns with the corporation’s interests and those that do not will be beneficial to shareholders who bear

the risk associated with any mal-advised political contributions.[18]

d. Argument against: Corporations argue that disclosure would create unnecessary expenditures while providing little benefit to shareholders. Additionally, they state that political spending is within the best interest of shareholders as it is an imperative aspect of their public relations effort and also allows them to participate in the political process.
e. Recommendation:
Support: This proposal aligns with our PVGs to require corporations to publicly disclose their political contributions.

2. Proxy Action: Review/report on political spending (PVG, pp. xii, bullet 1)
    a. Example Resolution: Relevant Corporations: FedEx, Equifax,Emerson Electric,CONSOL Energy, Wynn Resorts, Western Union, Republic Services, Range Resources, Occidental Petroleum, NIKE, NextEra Energy, McKesson, J.B. Hunt Transport Services, Intel, Home Depot, Goodyear Tire & Rubber,CarMax, Berkshire Hathaway, Alphabet (formerly Google), Allstate,
    b. Argument for: "As shareholders, we encourage transparency and accountability in the use of staff time and corporate funds to influence legislation and regulation both directly and indirectly. We believe such disclosure is in shareholders' best interests. Absent a system of accountability, company assets could be used for policy objectives contrary to Equity Lifestyle Properties' long-term interests."[19]
    c. Argument against: The Proposal may be excluded under Rule 14a-8(i)(l2)(iii) because it deals with substantially the same subject matter as prior proposals that did not receive the necessary support for resubmission. Some companies also argue that adopting the proposed policies would put them at a competitive disadvantage, since additional disclosures add additional expenses. Companies also argue that political contributions and lobbying are an important part of their overall public relations effort and that legal contributions benefit shareholders by allowing the company to participate in the political process. Also many companies argue that most corporations already provide this information to shareholders or that the information is already widely available through other organizations or websites.[20] [21]
    d. Recommendation:
    Support: This proposal aligns with our PVGs to require corporations to publicly disclose their political contributions.

3. Proxy Action: Report on lobbying (PVG, pp. xii, bullet 1)
    a. Example Resolution: ""Resolved, the stockholders Citigroup request the preparation of a report, updated annually, disclosing:
    1. Company policy and procedures governing lobbying, both direct and indirect, and

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[18] NorthStar Asset Management Inc, "Proposal on Advisory Vote on Electioneering Contributions Proponent Response", Feb 18, 2011, https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2011/northstarasset032511-14a8.pdf

[19] Reinvestment Partners, Letter: Proxy Resolution Filing, Nov 26, 2012, https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/reinvestmentpartners012813-14a8.pdf

[20]- Goldman Sachs Group Inc, "Request to Omit Shareholder Proposal of The Needmor Fund", Jan 16, 2013, http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/needmorfund011613-14a8-incoming.pdf

[21]- Sustainable Investments Institute, "Corporate Political Activity Briefing Report", Mar 20, 2012, http://monitor.siinstitute.org/docs/t/8/2012%20Si2%20Briefing%20Paper%20-%20Corporate%20Political%20Activity%20-%20FINAL.pdf

grassroots lobbying communications.
2. Payments by Citigroup used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Description of management's and the Board's decision making process and oversight for making payments described in section 2 above.
For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which Citigroup is a member.
Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.
The report shall be presented to the Audit Committee or other relevant oversight committees and posted on Citigroup's website."

b. Relevant Corporations: Wells Fargo, Walt Disney, Vertex Pharmaceuticals, UnitedHealth Group, Tyson Foods, Travelers, Textron, Oracle, Nucor, Motorola Solutions, Monsanto, International Business Machines, Honeywell International, Goodyear Tire & Rubber, General Electric, Ford Motor, FirstEnergy, FedEx, Facebook, Exxon Mobil, Emerson Electric, Eli Lilly, Duke Energy, Dominion Resources, Devon Energy, ConocoPhillips, Comcast, Citigroup, Cisco Systems, Chevron, Charles Schwab, CenturyLink, Caterpillar, Calpine, Boeing, BlackRock, AT&T, Alphabet (formerly Google), Aetna, AbbVie
c. Argument for: Shareholders are currently unable to determine if corporate spending on lobbying efforts is within the corporation's best interests without full disclosure of those expenditures. As owners of the corporation, they have a right to view lobbying expenditures and to determine amongst themselves if those are within the long term values of the corporation as a whole.[22]
"Disclosure is consistent with sensible public policy and in the best interest of the company and its shareholders. Absent a system of accountability, company assets can be used for policy objectives that may be inimical to the long-term interests of the company and its shareholders. Relying on publicly available data does not provide a complete picture of the Company's political expenditures. For example, the Company's payments to trade associations used for political activities are undisclosed and unknown. In many cases, even corporate management does not know how trade associations use their company's money politically."[23]
d. Argument against: Corporations argue that disclosure would create unnecessary expenditures while providing little benefit to shareholders. Additionally, they state that lobbying is within the best interest of shareholders as it is an imperative aspect of their

[22]- Comptroller of the State of New York, "Proposal on Disclosure of Lobbying Expenditures Proponent Response", January 17, 2013
https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/newyorkstat012213-14a8.pdf
[23]- Domini Social Investments, Resolution to Goldman Sachs, "Report on Lobbying", (April 6, 2009), https://www.sec.gov/Archives/edgar/data/886982/000119312509066207/dpre14a.htm#toc21217_47

public relations effort and also allows them to participate in the political process.[24]
e. Recommendation:
Support: This proposal aligns with our PVGs to require corporations to publicly disclose their political contributions.

4. Proxy Action: Report on indirect political spending (PVG, pp. xii, bullet 1)
    a. Example Resolution: “RESOLVED, that the shareholders of AT&T ("Company") hereby request that the Company provide a report, updated semi-annually, disclosing the Company's: 1. Policies and procedures for expenditures made with corporate funds to trade associations and other tax-exempt entities that are used for political purposes ("indirect" political contributions or expenditures). 2. Indirect monetary and non-monetary expenditures used for political purposes, i.e., to participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, and used in any attempt to influence the general public, or segments thereof, with respect to elections. The report shall include: a. An accounting through an itemized report that includes the identity of the recipient as well as the amount paid to each recipient of the Company's funds that are used for political contributions or expenditures as described above; and b. The title(s) of the person(s) in the Company who participated in making the decisions to make the political contribution or expenditure. This proposal does not encompass payments used for lobbying. The report shall be presented to the board of directors' audit committee or other relevant oversight committee and posted on www.att.com.”
    b. Relevant Corporations: AT&T
    c. Argument for: Disclosure is consistent with sensible public policy and in the best interest of the company and its shareholders. Absent a system of accountability, company assets can be used for policy objectives that may be inimical to the long-term interests of the company and its shareholders. Relying on publicly available data does not provide a complete picture of the Company’s political expenditures. For example, the Company’s payments to trade associations used for political activities are undisclosed and unknown. In many cases, even corporate management does not know how trade associations use their company’s money politically.[25]
    d. Argument against: The Proposal may be excluded under Rule 14a-8(i)(l2)(iii) because it deals with substantially the same subject matter as prior proposals that did not receive the necessary support for resubmission. Some companies also argue that adopting the proposed policies would put them at a competitive disadvantage, since additional disclosures add additional expenses. Companies also argue that political contributions and lobbying are an important part of their overall public relations effort and that legal contributions benefit shareholders by allowing the company to participate in the political

[24]- Sustainable Investments Institute, “Corporate Political Activity Briefing Paper”, Mar 20, 2012. http://monitor.siinstitute.org/docs/t/8/2012%20Si2%20Briefing%20Paper%20-%20Corporate%20Political%20Activity%20-%20FINAL.pdf
[25]- Domini Social Investments, “Re: Shareholder Proposal Regarding Corporate Political Contributions”, Nov 6, 2008, http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/needmorfund011613-14a8-incoming.pdf

process.[26] [27]

e. Recommendation:
Support: This proposal aligns with our PVGs to require corporations to publicly disclose their political contributions.

II. Environmental Sustainability

1. Proxy Action: Report on distributed energy

a. Example Resolution: “BE IT RESOLVED: With board oversight, shareholders request that Entergy create a report by October 2016 (at reasonable cost and omitting proprietary information) describing how Entergy could adapt its company-wide business model to significantly increase deployment of distributed-scale non-carbon-emitting electricity resources as a means of reducing societal greenhouse gas emissions and protecting shareholder value.”

b. Relevant Corporations: Entergy

c. Argument for: Moody's reports “a proactive regulatory response to distributed generation is credit positive as it gives utilities improved rate designs and helps in the long-term planning for their infrastructure.” Navigant Research notes, "Utilities that proactively engage with their customers to accommodate distributed generation - and even participate in the market themselves - limit their risk and stand to benefit the most." Entergy recognizes the importance of a “diverse, modern and efficient” generation portfolio, acknowledging “factors that could affect market prices for electricity and fuel” include the “availability of competitively priced alternative energy sources and the requirements of a renewable portfolio standard.” [28]

d. Argument against: “Distributed energy resources and renewables account for only a tiny portion of Entergy’s generation capacity. Further, as Entergy faces challenges relicensing and decommissions more non-emitting nuclear generation plants, the GHG profile of Entergy’s portfolio could increase.”[29]

e. Recommendation: Support: This proposal aligns with the PVGs as requests the company to adapt its business model which is totally in line with GHG emission reduction goals which is encouraged as a voting guideline.

2. Proxy Action: Proxy Action: Set renewable energy targets and report on them

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[26]- Goldman Sachs Group Inc, “Request to Omit Shareholder Proposal of The Needmor Fund”, Jan 16, 2013. http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/needmorfund011613-14a8-incoming.pdf

[27]- Sustainable Investments Institute, “Corporate Political Activity Briefing Report”, Mar 20, 2012. http://monitor.siinstitute.org/docs/t/8/2012%20Si2%20Briefing%20Paper%20-%20Corporate%20Political%20Activity%20-%20FINAL.pdf

[28]- As You Sow,“2016 Shareholder Resolution ENTERGY”, http://www.asyousow.org/wp-content/uploads/2015/11/entergy-2016-climate-resolution.pdf

[29] -Ibid

a. Example resolution: “Resolved: Shareholders request The J.M. Smucker Company Board of Directors, issue a public report, at reasonable cost and excluding confidential information, by January 2018 analyzing and proposing how the company can increase its renewable energy sourcing and/or production”

b. Relevant corporations: Lowe's, Kroger,Great Plains Energy, CVS Health, Ameren,Dominion Resources, J.M. Smucker

c. Argument for: As stated in shareholders’ resolution :“Sourcing renewable energy will make our company more responsive to a global business environment characterized by heightened public expectations and volatile energy prices. The transition to a low-carbon economy necessary to prevent the most harmful effects of climate change requires companies dramatically reduce their direct and indirect greenhouse gas (GHG) emissions. We believe investing in renewable energy reduces the company’s exposure to changing energy prices and will move it closer to achieving its GHG reduction targets. In order to mitigate the worst impacts of climate change, the IPCC estimates U.S. target reduction of 80 percent. Sustainability practices matter to investors, as effective sustainability management and value creation are strongly linked. The rapid growth of the digital economy has given the information technology sector the opportunity to drive significant change in the demand and consumption of clean energy. With the continued growth of global cloud computing and the corresponding demand for more energy, there is a stronger emphasis on the need for companies to diversify their energy sources. Although energy efficiency is crucial for reducing emissions, there is a limit to how far operational efficiencies can carry a company relative to the reductions needed to mitigate the impacts of climate change. Akamai Technologies does not currently have renewable energy targets that demonstrate a proactive approach to reducing exposure to volatile energy prices, reducing reputational risk, and meeting the global need for cleaner energy. By establishing renewable energy commitments, the company can strengthen its climate change strategy.”[30]

d. Argument against: First, the proposal is excludable because it implicates the Company’s ordinary business operations by: (i) focusing on cost-saving measures and the day-to-day financial management of the Company; (ii) micro-managing (a) the deadline for the Company to set such quantitative targets, which may not be feasible or in the best interest of the Company given the Company’s growth, current energy initiatives, and business considerations, (b) the manner in which the Company chooses to pursue initiatives to reduce greenhouse gas (GHG) emissions and engage in sustainable and environmentally friendly initiatives. Second, the proposal is excludable because the Company’s management has already enacted policies regarding sustainable operations with the primary goal of reducing the Company’s environmental impact pursuant to the initiatives discussed in the Company’s 2014 Corporate Social Responsibility Report, and these policies and initiatives compare favorably with the guidelines and requested practices embodied in the proposal.

e. Recommendation: Support: This proposal aligns with the PVGs as it asks for increasing the renewable energy and the PVG encourages voters to support the proposals to produce and purchase more energy from renewable sources whenever

[30] http://www.ceres.org/investor-network/resolutions/akamai-renewable-energy-sourcing-2016

feasible.

3. Proxy action: Report on stranded assets business risks

a. Example resolution: BE IT RESOLVED: Shareholders request that Public Service Company of New Mexico ("PNM") publish a comprehensive assessment by September 2017, omitting proprietary information and at reasonable cost, identifying all PNM generation assets that might become stranded, in what time frame, and quantifying low, medium, and high financial risk associated with each respective asset.

b. Relevant Corporations: PNM Resources, Southern, NRG Energy

c. Argument for: Shareholders believe that companies that have undertaken such analysis, using a range of demand and price scenarios, and that have developed plans to manage, mitigate, and adapt to changing energy markets are more likely to remain competitive. Moreover, this analysis will help companies assess the utility of future investments in high cost resources versus diversifying into low carbon products or returning capital to shareholders. This information will also assist shareholders in understanding Anadarko's ability to compete with low cost, low carbon substitutes for its products.

The Proposal asks for the requested assessment even if the company believes such an outcome is unlikely. The precipitous drop in oil prices over the past year, which has hurt the company, demonstrates that price declines can adversely affect the company. Investors are not served by simply accepting the company's assurance that everything will be fine.[31]

d. Argument against: In a similar proposal, the opposing arguments were are as follows:

1. The company is taking actions to reduce greenhouse gas emissions and has established an Air-Quality Committee to address emissions.
2. The company states that it addresses climate related risks and opportunities in its Carbon Disclosure Project Report.
3. In its sustainability reports, the company cites to a variety of forecasts from which it concludes that there is not a substantial risk that its reserves will not be monetized, and that markets are currently valuing carbon assets rationally. [32]

e. Recommendation: Abstain: This proposal does not seem to align with PVGs, since it does not promote any action which can have a clear positive effect on climate change and the argument is related to the risk that shareholders are facing with downward prices of oil.

4. Proxy action: Adopt water stewardship policy

a. Example resolution: "Resolved: Shareholders request the Board of Directors adopt and implement a water stewardship policy designed to reduce risks of water contamination at Sanderson Farms' owned facilities, facilities under contract to Sanderson Farms, and its suppliers."

b. Relevant corporations: Tyson Foods,Pilgrim's Pride

c. Argument for: "The water stewardship policy could be added to the existing Corporate

[31]- Andarko Petroleum,"Shareholder Proposal No. 5 on Anadarko Petroleum 2015 Proxy Statement: REPORT ON CARBON ASSET RISK", 2015.
http://www.sec.gov/Archives/edgar/data/773910/000121465915003358/j427151px14a6g.htm

[32]-Ibid

Responsibility Program. The policy should: Encourage leading practices for nutrient management and pollutant limits in its direct operations, contract Farms, and suppliers and provide financial and technical support to help implement the water stewardship policy; Develop and implement robust and transparent measures to prevent any and all water pollution incidents; Develop and implement specific time-hound goals to ensure conformance with the water stewardship policy; and Develop and implement a transparent mechanism to regularly disclose progress on adoption and implementation of the water stewardship policy."[33]

d. Argument against: "In light of Sanderson Farms' demonstrated efforts, accomplishments and commitment to environmental sustainability, including those related to water conservation and quality, the Board believes our present policies and procedures appropriately and adequately address the concerns raised in the proposal. We believe the adoption and implementation of a water stewardship policy is unnecessary, duplicative of our current policies and procedures, and would impose additional costs on the Company that will not create value either for our shareholders or the communities in which we operate."[34]

e. Recommendation: Support: This proposal aligns with PVG's as it request the company to adopt a policy which reduces the risk of water contamination and thus, it is related to proposals that ask management to reduce or eliminate emissions of pollutants into the air, water and soil, to the extent feasible.

5. Proxy Action: Phase out antibiotic use in animal feed (PVG, pp. ix, bullet 1)

a. Example Resolution: "RESOLVED: Shareholders request that the Board update the 2015 McDonald's Global Vision for Antimicrobial Stewardship in Food Animals by adopting the following policy regarding use of antibiotics by its meat suppliers:
* Prohibit the use of antibiotics important to human medicine globally in the meat supply chain (including for chicken, beef, and pork), for purposes other than disease treatment or non-routine control of veterinarian-diagnosed illness (e.g. prohibit use for growth promotion and routine disease prevention also known as prophylaxis).
* Identify timelines for global implementation of vision including for meats currently not supplied by dedicated suppliers."

b. Relevant Corporations: Sanderson Farms, McDonald's

c. Argument for: Whereas, the World Health Organization, the U.S. Centers for Disease Control and Prevention, and the President's Council on Science and Technology have reported antibiotic resistance is a global public health crisis that threatens to overturn many of the medical advances made over the last century. Antibiotic resistant infections cause over 2 million illnesses and 23,000 deaths each year in the U.S. with a cost to society of $55 to $70 billion, a major factor of which is the overuse of these lifesaving drugs in human medicine and in animal agriculture.
Whereas, in the U. S., over 70 percent of antibiotics in classes important for human medicine are sold for use in food producing animals.
Whereas, antibiotics are often used to increase the rate at which animals gain weight or to

[33]- Sanderson Farms Inc."Notice of Annual Meeting of Stockholders", January 14, 2016. http://files.shareholder.com/downloads/ABEA-6BBVPE/0x0x870011/F1B4EBCD-5D76-4A84-8888-944E71A246D3/SAFM2016_Proxy_Statement_-finalpostjan14.pdf
[34]- Ibid

prevent illness caused by unhealthy conditions on farms, rather than to treat illness.
Whereas, in 2015 McDonald's updated its policy for U.S restaurants to source only chickens that are not raised with antibiotics important to human medicine, demonstrating the growing value of meat raised with fewer antibiotics. However, McDonald's has not committed to similar sourcing for chicken outside the U.S., nor for sourcing of beef or for pork from animals raised without antibiotics important to human medicine. Instead, McDonald's continues to purchase from suppliers that allow antibiotics important to human medicine to be used routinely (e.g. for growth promotion or disease prevention).[35]

d. Argument against: The implementation of this proposal could make meat, dairy, and eggs more expensive, particularly since the animals would require more feed. In October, the Animal Agricultural Alliance, a coalition of food producers, issued a report arguing that modern agricultural practices are necessary to feed millions of people. (The report also made the case that the farm industry was already using drugs judiciously.)[36]

e. Recommendation: Support: This proposal is in line with the PVG as it calls for the relevant corporations to "phase out all toxic chemicals where safe alternatives are available, and report on their progress in doing so or on the feasibility of doing so."

6. Proxy Action: Report on pesticide use/monitoring (PVG, pp.iv, sentence 4)

a. Example Resolution: "RESOLVED: Shareholders request a comprehensive report by a committee of independent directors of the board on how the company is monitoring herbicide utilization with its seed products: volumes, toxicity equivalents, studies and analysis on the impact to health and environment. Shareholders request the report, at reasonable expense and omitting proprietary information, to be complete within one year of the shareholder meeting."

b. Relevant Corporations: J.M. Smucker, Kellogg, Monsanto,Dr Pepper Snapple Group, PepsiCo

c. Argument for: "To date, glyphosate resistance has been confirmed in 24 weed species worldwide, including 14 in North America. [ICCR members] are concerned that herbicides impose a heavy burden on ecology, farmworkers and adjacent communities."[37]

d. Argument against: No public comment on part of the company on this issue.

e. Recommendation: Support: This proposal calls for a report which aligns with the PVGs. As stated in pp.iv of the PVG: "Private investors can play an important leadership role in developing and supporting changes in existing market practices to promote environmental protections and improve public health."

7. Proxy Action: Report on nanomaterials (PVG, pp.ix, bullet 3)

a. Example Resolution:RESOLVED: Shareholders request the Board publish, at reasonable cost

35- McDonald's , "2016 Shareholder Resolution". http://www.asyousow.org/wp-content/uploads/2015/11/mcdonalds-2016-antibiotics-resolution.pdf

36-Washington Post, "The FDA is cracking down on antibiotics on farms. Here's what you should know" December 14, 2013. https://www.washingtonpost.com/news/wonk/wp/2013/12/14/the-fda-is-cracking-down-on-antibiotics-at-farms-heres-what-you-should-know/

37- Interfaith Center on Corporate Responsibility, "2014 Proxy Resolutions and Voting Guide", Jan. 20, 2014. http://www.iccr.org/sites/default/files/2014ICCRProxyResolutionsAndVotingGuide.pdf.

and excluding proprietary information, a report on the potential health hazards of nanomaterials, particularly of nano-HA; identifying the types of the company's products or packaging that currently contain nanoparticles; and stating any actions management is taking to reduce or eliminate potential health and environmental risks of nanoparticles, such as eliminating the use of nanoparticles until or unless they are proven safe through long-term testing

b. Relevant Corporations: Mead Johnson Nutrition

c. Argument for: As You Sow stated that “Nanomaterials have been heralded as having the potential to revolutionize the food industry – from enabling production of creamy liquids that contain no fat, to enhancing flavors, improving supplement delivery, providing brighter colors, keeping food fresh longer, or indicating when it spoils. Yet few, if any, studies adequately demonstrate the safety of nanoparticles in food. In fact, scientists are still investigating how nanoparticles will react in the body and what testing methodologies are appropriate to determine this.“[38]

d. Argument against: The company has not offered public comment on this issue.

e. Recommendation: Support: This proposal aligns with the PVGs as it calls for action which would “ask companies to publicly report on hazards posed by manufacturing facilities”.

8. Proxy Action: Report /adopt policy on supply chain deforestation impacts (PVG, pp.v, bullet 1)

a. Example Resolution: Resolved: Shareholders request Domino's Pizza Inc. issue a forest impact report that establishes a time-bound plan to address its supply chain impact on deforestation and associated human rights issues. This report should be prepared at reasonable cost, omit proprietary information and be published within six months of the Company's 2016 Annual Meeting.

b. Relevant Corporations: Target, Kroger, Kraft Heinz, McDonald’s, Yum Brands, Domino's Pizza

c. Argument for: The company discloses some information on its purchases of certified palm oil, but provides no information on the impact on forests of its soya, paper and sugar purchases. Even with its limited disclosure on palm oil, proponents believe that the company faces potential reputational and operational risks. It faced public controversy over use of what has been deemed ‘conflict palm oil’ by a non-governmental organization. Nestle, Mars, and Mondelez have established policies to ensure their palm oil supply chain is traceable and does not contribute to deforestation, heightening the risk to companies that fail to take action.[39]

d. Argument against: “We're working across our agricultural supply chain to ensure our practices are efficient and sustainable. Because agriculture is one of the biggest parts of our environmental footprint, we continually strive to improve our agricultural processes. We are also a member of the Consumer Goods Forum (CGF), a manufacturing and retail industry group that has adopted a resolution concerning deforestation.”[40]

e. Recommendation: Support: This proposal aligns with the PVGs as it calls for both a report on

[38] As You Sow, “Dunkin’ Donuts Products Contain Titanium Dioxide Nanoparticles, New Report Says”, Feb. 6, 2015. http://www.asyousow.org/publications/2013/release-20130206-nano-issue-brief.pdf

[39] Ceres, “Pepsi Deforestation”, 2015. https://www.ceres.org/investor-network/resolutions/pepsi-deforestation-2015

[40] PepsiCo, Sustainable Agriculture, http://www.pepsico.com/Purpose/Environmental-Sustainability/Agriculture

current environmental impacts from business operations as well as plans to reduce those impacts.

9. Proxy Action: Adopt GHG reduction targets and report on them (PVG, pp. v, bullet 3)
    a. Example Resolution: RESOLVED: Shareholders request Air Products adopt time-bound, quantitative, company-wide goals for reducing total greenhouse gas (GHG) emissions, taking into account the goals of the Paris Climate Agreement, and issue a report at reasonable cost and omitting proprietary information on its plans to achieve these goals."
    b. Relevant Corporations: Nucor, Gilead Sciences, Fluor, Emerson Electric, Danaher, Tractor Supply, TJX, Verizon Communications, Paypal, Netflix, C.H. Robinson Worldwide, Amazon.com
    c. Argument for: "In October 2006, a report authored by former chief economist of the World Bank, Sir Nicolas Stern, estimated that climate change will cost between 5% and 20% of global domestic product if emissions are not reduced."[41] It is within the corporation's best interests to reduce GHG emissions in order to sustain future growth.
    d. Argument against: "Opposition to these shareholder proposals arises largely from companies' resistance to setting comprehensive, measurable targets for greenhouse gas reductions from their operations. Management statements in opposition to proposals frequently describe the variety of steps a company has taken to reduce energy use, support renewable energy and reduce waste. Oil companies opposed to resolutions asking them to reduce the greenhouse gas emissions from their products often argue that they would be at a competitive disadvantage if they take such actions before government regulations require every player in the industry to make products that generate lower emissions as they are used."[42]
    e. Recommendation: Support: This proposal aligns with our PVGs as it "calls for the adoption of GHG reduction goals from products and operations, taking into account the feasibility of reduction of GHGs given the company's product line and current technology."

10. Proxy Action: Report on hydraulic fracturing/shale gas risks (PVG, pp. iv, bullet 1)
    a. Example Resolution: BE IT RESOLVED: Shareholders request the Board of Directors report to shareholders using quantitative indicators, by December 31, 2017, and annually thereafter, the results of company policies and practices, above and beyond regulatory requirements, to minimize the adverse environmental and community impacts from the company's hydraulic fracturing operations associated with shale formations. Such report should be prepared at reasonable cost, omitting confidential information.

    b. Relevant Corporations: Whiting Petroleum,Pioneer Natural Resources, Exxon Mobil

    c. Argument for: "Leaks,spills, explosions, and adverse community impacts have led to bans and moratoria in the United States and around the globe. These include New York State,the Delaware River Basin, the Province of Quebec, and France. Certain ExxonMobil operations in Germany, for instance, have been subject to a local moratorium on drilling. The Department of Energy's shale advisory panel recommended in 2011 that companies 'adopt a more visible commitment to using quantitative measures as a means of achieving best practice and demonstrating to the public that

[41] Trillium Asset Management, ExxonMobil, "Greenhouse gas emissions reduction", http://www.trilliuminvest.com/tag/ghg/
[42] Sustainable Investments Institute, "Environment: Climate Change Briefing Paper", Mar 13, 2012. http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Climate%20Change)%20FINAL.pdf

there is continuous improvement in reducing the environmental impact of shale gas production.' (emphasis in original) Investors require detailed and comparable information about how companies are managing risks and rewards from natural gas extraction operations."[43]

d. Argument against: "For those resolutions coming to a vote, most companies stated that drilling and fracking poses no significant risks to the environment, noting that they operate in a highly regulated industry. Some added that management is responsible for evaluating and responding to operational, financial and litigation risks, as well as the environmental impact of the company's operations. Some companies also said that information on hydraulic fracturing already is available, including on their websites. Thus, preparing the requested report would be a significant and burdensome undertaking and waste of corporate resources, they argued."[44]

e. Recommendation: Support: this proposal addresses current environmental issues surrounding "fracking" which falls under the purview of the PVG which supports proposals which "ask management to reduce or eliminate emissions of pollutants into the air, water and soil, to the extent feasible."

11. Proxy Action: Report on packaging (PVG, pp.v, bullet 2)

a. Example Resolution: "BE IT RESOLVED THAT: Shareowners of Amazon.com request that the board of directors issue a report at reasonable cost, omitting confidential information, assessing the environmental impacts of continued use of foam packing materials, including quantifying the amount that could reach the environment, and assessing the potential for increased risk of adverse health effects to marine animals and humans."

b.Relevant Corporations: Target, Mondelez International, McDonald's, Kroger, Kraft Heinz, Dunkin' Brands Group

C. Argument for: "Post-consumer paper and paperboard and packaging consists of valuable commodities such as aluminum, glass, paper, plastic, and steel. As You Sow estimates that the market value of packaging materials not recycled in the U.S. was $11.4 billion in 2010. It is not good business practice to throw away valuable resources. Businesses that do not develop sustainable sourcing of products through resource-efficient circular, or closed loop, systems in the near term will not be able to compete to serve a world population estimated at nine billion by 2050. Extended Producer Responsibility (EPR) would require companies to internalize packaging recycling costs unfairly borne for decades by taxpayers. It has been successfully adopted in Canada and Europe, diverting large amounts of plastic, glass, metal, and paper away from landfills into recycling streams that conserve resources."

d. Argument against: "Because we can demonstrate that our policies, practices and reporting are already moving us in the right direction, we do not believe that a report on the adoption of an 'extended producer responsibility' policy would be an effective use of our company's resources or in the best interest of our company or our shareholders. Rather, we believe this is a shared

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[43] As You Sow, "Qualitative Risk Management Reporting for Natural Gas Operations", 2013. http://www.asyousow.org/publications/2013/filings/Exxon-resolution-20130203.pdf

[44] Sustainable Investments Institute, "Environment: Hydraulic Fracturing and Natural Gas Briefing Paper", March 29, 2012. http://monitor.siinstitute.org/docs/t/23/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Hydraulic%20Fracturing%20and%20Natural%20Gas).pdf

responsibility (not just for manufacturers), which is why we're working with others to find realistic solutions."[45]

e. Recommendation: Support: This proposal aligns with the PVGs as it requests a report which would provide shareholders with information on the environmental impacts of business operations.

12. Proxy Action: Increase authorized dividend given stranded assets

a. Example resolution: "RESOLVED: Shareholders hereby approve, on an advisory basis, that ExxonMobil commit to increasing the total amount authorized for capital distributions (summing dividends and share buybacks) to shareholders as a prudent use of investor capital in light of the climate change related risks of stranded carbon assets."

b. Relevant Corporations: Exxon Mobil

c. Argument for: "In the face of global climate change, we believe investor capital is at risk from investments in projects that may prove economically stranded and unburnable if fossil fuel demand is reduced through public policy carbon restrictions or pricing and competition from renewables. Global governments have agreed "the increase in global temperature should be below 2 degrees Celsius." The International Energy Agency (IEA) states, "No more than one-third of proven reserves of fossil fuels can be consumed prior to 2050 if the world is to achieve the 2° C goal."
A 2015 Citigroup report estimates the value of unburnable fossil fuel reserves could amount to over 100 trillion dollars out to 2050: "Lessons learned from the stranding of assets via the recent fall in the oil price gives food for thought about what the impact of the introduction of carbon pricing (or similar measures from Paris COP21) on higher-cost fossil fuel reserves might be. Investors are concerned Chevron is at risk of eroding shareholder value through investments in what may prove stranded, uneconomical assets in a low carbon demand scenario. Chevron's capital expenditures grew over 300 percent from 2005 to 2014, coinciding with declining net income since 2012. Chevron cut total capital distributions (summing dividends and share buybacks) to shareholders 26 percent over the last twelve months, calling the sustainability of the dividend into question."[46]

d. Argument against: "The Proposal is Not Excludable Under Rule 14a-8(i)(12)(ii)
1. The Proposal has a fundamentally different subject matter focus from the 2011 shareholder proposal, and is thus not excludable under Rule 14a-8(i)(12)(ii), as the subject matter has only been voted on one time and received the support necessary for resubmission.The Proposal is Not Excludable Under Rule 14a-8(i)(13).
2. The Proposal was Written for Consistency with Rule 14a-8(i)(13), which Bars a Mandatory Formula in Proposals Requesting a Dividend Policy. Proxy rules allow shareholders to request a company alter its dividend policy in a certain direction, but shareholders cannot dictate by how much, through the use of a formula. The Proposal is Not Excludable Under Rule 14a-8(i)(7).
3. Rule 14a-8(i)(7).The Subject Matter of the Proposal Does Not Infringe on the Company's Ability

[45] Packaging Digest, "Kraft rejects petition for EPR report", June 5, 2012. http://www.packagingdigest.com/smart-packaging/kraft-rejects-petition-epr-report
[46]- Chevron, "2016 Proxy statement", 2016. http://www.ceres.org/investor-network/resolutions/chevron-return-capital-to-shareholders-due-to-climate-risk

to Run the Company on a Day-to-Day Basis and Does Not Seek to Micro-Manage the Company."[47]

e. Recommendation: Abstain: This proposal is beyond the scope of PVG and ACIR's concerns because the objective is to control the financial risks related of carbon related assets, although can work as a favorable act for climate change objectives as well

13. Proxy Action: Phase out antibiotic use in animal feed (PVG, pp. ix, bullet 1)

a. Example Resolution: "RESOLVED: Shareholders request that Yum! Brands adopt an enterprise-wide policy to phase out the use of medically important antibiotics for growth promotion and disease prevention in its meat and poultry supply chain. Shareholders further request the company publish timetables and measures for implementing this policy

b. Relevant Corporations: Yum Brands

c. Argument for: Whereas, the World Health Organization, the U.S. Centers for Disease Control and Prevention, and the President's Council on Science and Technology have reported antibiotic resistance is a global public health crisis that threatens to overturn many of the medical advances made over the last century. Antibiotic resistant infections cause over 2 million illnesses and 23,000 deaths each year in the U.S. with a cost to society of $55 to $70 billion, a major factor of which is the overuse of these lifesaving drugs in human medicine and in animal agriculture.
Whereas, in the U. S., over 70 percent of antibiotics in classes important for human medicine are sold for use in food producing animals.
Whereas, antibiotics are often used to increase the rate at which animals gain weight or to prevent illness caused by unhealthy conditions on farms, rather than to treat illness.
Whereas, in 2015 McDonald's updated its policy for U.S restaurants to source only chickens that are not raised with antibiotics important to human medicine, demonstrating the growing value of meat raised with fewer antibiotics. However, McDonald's has not committed to similar sourcing for chicken outside the U.S., nor for sourcing of beef or for pork from animals raised without antibiotics important to human medicine. Instead, McDonald's continues to purchase from suppliers that allow antibiotics important to human medicine to be used routinely (e.g. for growth promotion or disease prevention).[48]

d. Argument against: The implementation of this proposal could make meat, dairy, and eggs more expensive, particularly since the animals would require more feed. In October, the Animal Agricultural Alliance, a coalition of food producers, issued a report arguing that modern agricultural practices are necessary to feed millions of people. (The report also made the case that the farm industry was already using drugs judiciously.)[49]

e. Recommendation: Support: This proposal is in line with the PVG as it calls for the relevant corporations to "phase out all toxic chemicals where safe alternatives are available, and report on their progress in doing so or on the feasibility of doing so."

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[47]- Exon Mobil, "2015 Shareholder Resolution", 2015.https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2016/inchessessums031116-14a8.pdf

[48]- McDonald's, "2016 Shareholder Resolution" http://www.asyousow.org/wp-content/uploads/2015/11/mcdonalds-2016-antibiotics-resolution.pdf

[49]- Washington Post, "The FDA is cracking down on antibiotics on farms. Here's what you should know" December 14, 2013. https://www.washingtonpost.com/news/wonk/wp/2013/12/14/the-fda-is-cracking-down-on-antibiotics-at-farms-heres-what-you-should-know/

14. Proxy Action: Report on methane emissions and reduction targets (PVG, pp. iv, bullet 1)

a. Example Resolution: "RESOLVED: Shareholders request Dominion issue a report (by October 2017, at reasonable cost, omitting proprietary information) reviewing the Company's policies, actions and plans to measure, monitor, mitigate, disclose, and set quantitative reduction targets for methane emissions resulting from all operations, including storage and transportation, under the Company's financial or operational control."

b. Relevant Corporations: Occidental Petroleum, Southern, Dominion Resources, CenterPoint Energy, Berkshire Hathaway, Great Plains Energy

c. Argument for: We believe a report adequate for investors to assess the company's strategy would include methane leakage rate as a percentage of production, how the company is measuring and mitigating emissions, best practices, worst performing assets, risk mitigation, and environmental impact.[50]

d. Argument against: "Opposition to these shareholder proposals arises largely from companies' resistance to setting comprehensive, measurable targets for greenhouse gas reductions from their operations. Management statements in opposition to proposals frequently describe the variety of steps a company has taken to reduce energy use, support renewable energy and reduce waste. Oil companies opposed to resolutions asking them to reduce the greenhouse gas emissions from their products often argue that they would be at a competitive disadvantage if they take such actions before government regulations require every player in the industry to make products that generate lower emissions as they are used."[51]

e. Recommendation: Support; this proposal addresses current environmental issues which falls under the purview of the PVG which supports proposals that "ask management to reduce or eliminate emissions of pollutants into the air, water and soil, to the extent feasible."

[50]- Spectra Energy, "Letter: Proxy Resolution Filing", Dec 27, 2012. http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2012/trilliumassetmanagement122712-14a8-incoming.pdf

[51]- Sustainable Investments Institute, "Environment: Hydraulic Fracturing and Natural Gas Briefing Paper", March 29, 2012. http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Climate%20Change)%20FINAL.pdf

III. Other Holdings Not Listed Above

1. Proxy Action: Report on climate change strategy/advocacy (PVG, pp. v, bullet 1)

   a. Example Resolution: Resolved: Shareholders request that within 6 months of the 2016 annual meeting, the Board of Directors provide a report to shareholders, prepared at reasonable cost and omitting proprietary information, describing the financial risks to Dominion Resources posed by climate change and resulting impacts on share value, specifically including the impact of more frequent and more intense storms, as well as any actions the Board plans to address these risks."

   b. Relevant Corporations: Southern, J.M. Smucker, Exxon Mobil, Devon Energy, Chevron, Berkshire Hathaway, AES,Occidental Petroleum, Marathon Petroleum, PNM Resources,,Noble Energy,Hess, FirstEnergy, Kinder Morgan,Duke Energy, DTE Energy, Dominion Resources,Chevron, Xcel Energy,Ameren, Devon

   c. Argument for: In analyzing long and short term risks, proponent suggests that CONSOL perform an analysis of various scenarios the company deems likely or reasonably possible, such as restrictions on carbon emissions allocated by geographic regions or fuel types. Such analysis should describe a range of scenarios in which a portion of its reserves or infrastructure are at risk of becoming stranded assets due to carbon regulation, and the impact of those scenarios on any plans to continue to explore or further develop new coal or gas reserves.[52]

   d. Argument against: Additional reports to shareholders are not needed because much of the information requested in the proposal is already provided on company websites and in special reports on their sustainability efforts.[53]

   e. Recommendation: Support: This proposal is in line with the PVG as it calls for the relevant corporations to "report on carbon emissions and take proactive steps to reduce their carbon footprint."

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[52] CERES, "Consol Coal Reserves and Climate Change Scenarios 2013", 2013.http://www.ceres.org/incr/engagement/corporate-dialogues/shareholder-resolutions/consol-coal-reserves-and-climate-change-scenarios-2013

[53] Sustainable Investments Institute, "Environment: Climate Change Briefing Paper", March 13, 2012, http://monitor.siinstitute.org/docs/t/3/2012%20Si2%20Briefing%20Paper%20-%20Environment%20(Climate%20Change)%20FINAL.pdf