

PROXY VOTING GUIDELINES

2016

INTRODUCTION

As You Sow, founded in 1992, is a non-profit shareholder advocacy organization that utilizes the power of the proxy to create positive, lasting changes in corporate behavior.

Our *Proxy Voting Guidelines*, written in consultation with Proxy Impact, are designed for socially responsible investors who want to align their proxy voting with environmental, social, and governance (ESG) principles. Our goal is to help shareowners vote their own proxies or provide instructions to their proxy voting services. To this end we offer voting recommendations on resolutions commonly found on proxies, and provide general principles or red flags to watch for on votes that require more specific analysis. The *Guidelines* are not meant to be comprehensive, although we hope to expand their scope in future editions.

As You Sow updates these *Guidelines* annually to account for new social and environmental issues, and the latest trends in corporate governance. The *Guidelines* are formatted to reflect a typical proxy statement in that they are divided into two categories: management proposals and shareholder proposals. Management proposals are proposed by companies, and include votes (required by the SEC) on board of director elections, auditor ratification, and executive compensation; as-needed proposals on related governance issues such as stock options, takeover defense, and capital structures. Shareholder proposals are proposed by shareholders themselves, and include both governance issues such as board diversity, compensation, and proxy access; as well as proposals on the company's social and environmental impact, including, for example, the company's policies and actions on political contributions, climate change, product safety, and human rights. As You Sow and Proxy Impact co-publish an annual [Proxy Preview](#) that provides in-depth analysis and expert insight of the hundreds of social and environmental resolutions proposed in a given year.

The terms *shareholder* and *shareowner* are used interchangeably throughout this document, as are the references to *shareholder proposals* and *resolutions*.

This edition of the *Guidelines* is notable in that it incorporates new ESG principles utilized by leading sustainable and responsible investors on such issues as board diversity, board accountability, and proxy access, among other issues. Additionally, the *Guidelines* help shareholders evaluate executive compensation proposals by identifying red flags in the proxy statement. For the second consecutive year, As You Sow has explored the issue of excessive executive compensation, and recently published a second annual scorecard of [The 100 Most Overpaid CEOs](#) of the S&P 500.

MANAGEMENT PROPOSALS

Annual proxy statements typically include “management proposals”, or proposals put forth by the company for shareholder consideration, regarding elections for members of the board of directors, auditor ratification, and executive compensation.

BOARD OF DIRECTORS

In most companies, the board of directors holds the power to ultimately decide corporate policies. The board is charged, first and foremost, with making decisions that it believes are in the best interests of a company and its shareholders. In today's business climate, one of the best ways of safeguarding the financial health of the company is by ensuring that ESG issues are properly evaluated and incorporated into the company's strategy.

Another challenge facing boards is how to navigate the growing debate over executive compensation. In the last 30 years, increases in executive pay have far outstripped stock performance and worker pay. The board is responsible for determining executive compensation that is fair to the CEO, employees, and shareholders.

Guiding Principles

- The board must be independent in order to provide proper oversight of management.
- The board should install policies that ensure long-term shareholder value, ethical behavior, good governance, and a commitment to sustainability.
- The board should reflect both gender and racial diversity.
- The board should set a goal that qualified women hold a minimum of 30% of board seats, increasing to 50% in the next three years.
- The board and its committees should be held accountable for their actions and the actions of the CEO who reports to them.

Specific Votes

Accountability

We *oppose* the election of a director:

Multiple boards

- Who sits on more than two other public company boards for the CEO, and three other public company boards for the rest of the board;
- Who serves as an executive of a non-profit or educational institution that receives contributions from our company.

Poor attendance

- Who attends less than 75% of board meetings without a valid reason for their absence.

Poor performance

- Who is the CEO or audit committee member of a company that required a financial restatement due to fraud, misrepresentation, significant noncompliance, or accounting errors;
- Who has served on the board of a company for the last three years, during which the company's stock performance has ranked in the bottom 25% of the sector.

In those cases where we disagree with management's vote recommendation, we will also vote against the corresponding committee members responsible for the action we are opposing.

For example, we *withhold* votes for:

Nominating committee members

- If they nominate the CEO to serve as a board chair; or nominate a slate of candidates that lacks gender or racial diversity.

Compensation committee members

- That have proposed compensation packages that fail to appropriately link pay to performance;
- That offer excessive golden parachutes or severance packages;
- Who failed to take adequate action on previous say-on-pay proposals that received less than 70% of the vote;
- If the CEO is listed among [The 100 Most Overpaid CEOs](#), the report published by As You Sow.

Audit committee members

- That recommend auditors who, during the previous year, received more than 25% of total auditor fees for non-audit work;
- That allows an alternative dispute resolution (ADR) clause in audit contract.

Governance or Public Policy committee members

- Whose recommendations on shareholder resolutions are in opposition to our vote; or that failed to respond appropriately to shareholder resolutions that received at least 20% support the previous year.

Independence

We *oppose* the election of a director that is a(n):

- CEO who also serves as the board chair;
- Insider or affiliate director who sits on key board committees such as the compensation, audit, and nominating committee;
- Compensation committee member who also serves as CEO of any public company.

Responsiveness

We *withhold* votes for the entire board (except new nominees) if:

- It failed to act on a shareholder resolution that received a majority vote;
- It failed to put a Proxy Access resolution that aligns with SEC recommendation to allow 3x3 (shares held by 3% of shareholders for three years) on the proxy ballot for a vote.

AUDITORS

The audit committee reviews financial statements and set accounting standards to prevent or detect fraud, financial mismanagement, or large accounting errors. A string of high-profile accounting scandals led to an expansion of the role of the audit committee under the 2002 Sarbanes-Oxley Act.

Guiding Principles

- Ensure auditor independence.
- Eliminate the possibility of a conflict of interest.

Specific Votes

We *oppose* the ratification of the auditor in cases where:

- Non-audit consultant fees represent more than 25% of the total fees paid to the auditor during the previous fiscal year;
- The auditor requires the company to sign an arbitration agreement;
- The same auditor or firm has been hired more than five years in a row.

EXECUTIVE AND DIRECTOR COMPENSATION

The current system of executive compensation is broken. CEO pay has increased by [997% since 1978](#), more than double stock market growth, and exponentially more than the 10.2% growth of a typical worker. It is hard to see how executive pay that far outpaces stock performance benefits shareholder value. Furthermore, this pay disparity contributes to the destabilizing effects of income inequality and distorts incentives, leading to a short-term focus rather than an emphasis on sustainable growth. Shareholders are allowed a non-binding vote on executive compensation proposals (commonly referred to as say-on-pay) and can also cast binding votes on approval of equity and incentive plans.

Guiding Principles

- Executive pay must be appropriately linked to company performance, and should not be excessive.
- Shareholders are entitled to transparency regarding compensation decision-making.

Specific Votes

Advisory Vote on Executive Compensation (Say-on-Pay)

The following red flags can be determined from a quick review of the proxy statement's summary compensation table.

We vote *against* say-on-pay if:

Discretionary bonuses

- Discretionary cash bonuses awarded are not based on any performance criteria. These generally rare bonuses appear in the summary compensation table column labeled bonus, whereas the performance based bonuses are reported as non-equity incentives. There may be occasions where a small discretionary bonus is appropriate but given the lack of accountability, any bonus above \$50,000 deserves special scrutiny.

Dual salaries

- An executive chair has a similar level of compensation to that of CEO. Separation of chair and CEO positions is in shareholders' interests, but not when the result is paying two CEO-level salaries. A non-executive chair is to be preferred.

Pay disparity

- There is a significant CEO vs. NEO internal pay disparity. (If the CEO is paid more than double the next highest level executive, this may suggest an insulated CEO and a lack of succession.)

Perks

- Excessive perquisites (perks) are reported in the "All other pay" column of a summary compensation table. These are inherently non-performance based and any perk over \$50,000 deserves special scrutiny.

Tax deduction denial

- The salary for the CEO significantly exceeds the \$1 million provision of section 162(m) of the Internal Revenue Code (and which denies a tax deduction to a public company if compensation paid to certain individuals exceeds \$1 million for the taxable year). The majority of a pay package should come from incentive and equity pay. It is not necessary for a company to sacrifice tax deductibility for a proportion of pay package that is not a primary driver or component of pay. Inflated salary often reflects over-reliance on peers and also inflates bonuses.

Equity Plans

We *oppose* proposals that:

- Allow for re-pricing without shareholder approval;
- Provide a grant discount stock option;
- Include evergreen provisions (automatic renewal);
- Has a three-year burn rate average that is more than 2% of its weighted common share;
- The total potential dilution from all company stock plans exceed 15% of the current outstanding stock.

We generally *support* proposals that:

- Offer broad-based plans that include non-executive managers and employees.

Management will oftentimes propose votes on related governance issues such as takeover situations and capital structures.

CAPITAL STRUCTURES

Capital structure refers to a company's decision to finance itself through equity and debt. Resolution votes regarding new stock offerings are not uncommon. A company may recommend increasing shares for a variety of reasons such as the need to raise new capital, allow for stock splits or dividend payments, or to fund compensation. These votes generally need a case-by-case evaluation, although some general guidelines do apply.

Guiding Principles

- Shareowners must approve or ratify any changes in capitalization.
- Common stock should have equal voting rights.
- All stock must clearly specify voting, conversion, dividend distribution, and other rights.

Specific Votes

We *support* proposals that ask to:

- Adopt a one-share, one-vote policy.

We *oppose* proposals that request:

- Dual classes of common stock that have different voting rights;
- Preferred (blank check) stock that allows directors to issue shares at their discretion or with unspecified terms and conditions.

MERGERS AND ACQUISITIONS

Mergers and acquisitions need to be evaluated on a case-by-case basis. Non-financial factors need to be part of the evaluation process as these ventures can have significant impacts on stakeholders, markets, and industry sectors. And given that the acquiring company's culture and practices often dominate the new entity, the acquiring company's past history with mergers and acquisitions, as well as its commitment to

How to customize Institutional Shareholder Services (ISS) and Glass Lewis executive compensation policy to make it more rigorous:

ISS

- ISS ranks a Pay for Performance level of concern as high, medium, or low. Choose to vote against any company with a high Pay for Performance level of concern, as well as those where ISS identifies a medium level pay for performance concern if total compensation above \$10 million.
- ISS calculates the executive pay ratio in relationship to industry peers. Approximately 1/5 of the S&P 500 pay more than 1.5 times than peers. The ISS SRI policy is to vote against CEO pay that is above the 75th percentile of the peer group median, but 50% would be reasonable because executive pay is being artificially inflated due to reliance on peer-to-peer comparisons and the influence of compensation consultants.
- ISS calculates total NEO compensation as a percentage of revenue. Vote against any that exceed 1% (potentially with exceptions for start-ups or companies in turn-around situation).

Glass Lewis Specific

- Glass Lewis uses a three-year weighted average of five metrics to evaluate pay and performance of the top five company executives.
- It compares them with self-selected peers and provides A-F grades that indicate performance. We recommend a vote against any company that scores below a B.

ESG principles can provide insight into the management of the new company. Another red flag is the possible conflict of interest from board members due to extensive compensation packages triggered by a merger.

Guiding Principles

- ESG impacts must be considered along with financial interests.
- Any immediate vesting of shares upon a change in control must effectively link executive pay with performance.

TAKEOVER DEFENSES

Designed to scare off hostile takeovers, the most common takeover defenses are shareholder rights protection plans (poison pills) which allow shareowners to purchase or sell shares at a special price and limit the purchasing company's ability to buy a controlling interest, and voting rights rules such as classified boards (staggered board elections) and supermajority voting (requiring a 67-90% vote for approval). These tactics cut both ways as they may help stave off bad deals for shareholders, but they can also be used by boards to concentrate power against outside bids or shareholder resolutions that are in the shareowner's best interest.

Guiding Principles

- As owners of the company, shareowners should be given the opportunity to decide on the merits of takeover offers.
- Unequal voting rights rarely work in favor of shareholders.

Specific Votes

We oppose:

- Dual class exchange offers or recapitalization that establishes two classes of common stock;
- Supermajority voting threshold for approval of charter and by-law amendments.

SHAREHOLDER PROPOSALS

There are several hundred shareholder proposals filed every year. About half of these focus on governance issues such as shareholder rights, executive compensation, and board-related issues. The other half focuses on environmental and social issues that are deemed to be integral to long-term shareholder value and society at large.

CORPORATE GOVERNANCE

Many shareholder sponsored governance resolutions mirror management's proposals (above) on board of director elections, auditor ratification, and executive compensation. Resolutions aim to change the power dynamics between the board, CEO, and shareholders; ensure proper oversight of the company; or to install a greater commitment to corporate responsibility.

Guiding Principles

- Share ownership is not passive; shareholders have a right and a fiduciary responsibility to ensure that the company is being managed fairly and effectively.

- Increased transparency and accountability are in the shareholders' best interest.
- Corporations are accountable to their shareholders, employees, communities, and stakeholders.

Specific Votes

Board of Directors

We *support* proposals that ask companies to:

Board diversity

- Adopt a board diversity policy that ensures that women and minorities are part of the nomination process;
- Report on board diversity policy, practices, and any plans to increase the number of women and minorities on the board.

Board oversight and expertise

- Adopt board oversight of harmful products (e.g., guns and tobacco);
- Establish board committees on sustainability, corporate responsibility, and human rights;
- Nominate environmental experts to the board.

CEO

- Separate the board chair and CEO positions;
- Develop a CEO succession policy.

Independence

- Require that the chair of the board be an independent director;
- Require that the board is comprised of a supermajority of independent directors (NYSE and NASDAQ listing standards already require majority-independent boards).

Proxy access

- Provide shareowners with the ability to nominate board candidates.

Voting standards

- Adopt a simple majority vote standard in the election of directors;
- Declassify the board (all board members are reelected annually);
- Provide for cumulative voting (also known as weighted voting, it allows a shareholder to apply all their allowable director votes towards one or more directors).

Auditors

We *support* proposals that ask companies to:

- Request that they rotate auditors at most every five years.

Executive Compensation

We *support* proposals that ask companies to:

Link pay to performance

- Seek to strengthen the link between executive pay and performance;
- Link executive pay to sustainability metrics or corporate social responsibility performance;
- Link executive pay to ESG metrics including greenhouse gas reductions;
- Report on linking executive pay to ESG metrics.

Pay disparity

- Disclose and compare total executive compensation to employees' median wage.

Recoupment (clawbacks)

- Adopt a policy to recoup unearned executive bonuses or incentive pay when performance targets have not been met.

Retention

- Require stock retention as a means to incentivize executives on long-term shareholder value.

Severance

- Require a shareholder vote on golden parachutes or severance compensation.

Tax gross-ups

- Adopt a policy against paying tax gross-ups to executives;
- Exclude potential financial engineering measures when determining compensation;
- Adopt a policy that financial performance metrics shall be adjusted to exclude the impact of share repurchases when determining the executive incentive compensation grants or awards;
- Evaluate, disclose, or report their own pay practices.

Shareholder Rights

We *support* proposals that ask companies to:

Meetings and actions

- Allow shareowners to call special meetings (10% threshold);
- Allow shareowners to act by written consent (if they meet legal thresholds of support).

Proxy access

- Provide shareowners with the ability to nominate board candidates.

Vote requirements

- Adopt a simple majority vote (For vs. Against; abstentions would not be allowed to be voted by management);
- Eliminate supermajority vote requirements;
- Require confidential voting and the use of independent tabulators (open voting allows for real or perceived coercion by management);
- Require an annual say-on-pay vote.

Takeover Defenses

We *support* proposals that ask companies to:

- Eliminate dual class stock with unequal voting rights;
- Submit shareowner rights plans (poison pills) for shareholder approval;
- Adopt anti-greenmail amendments (greenmail are premium stock payments made to the hostile party to stave off a takeover).

Support for shareholder proposals on social and environmental issues has more than doubled in the last ten years as investors recognize that such issues have tangible connections to shareholder value.

The following recommendations are based on proposals filed this year.

Details on these resolutions can be found in *Proxy Preview 2016* available at www.proxypreview.org.

ENVIRONMENT

There are many critical shareholder resolution issues within the category of environment, spanning a range of issues including climate change, land use, toxicity control, water management, forestry, waste, reduction, and reducing agriculture impacts. Climate change has emerged as a key issue across multiple industries. Shareholders have increasingly demanded that corporations reduce greenhouse gas emissions and account for risks related to climate change. These changes have a profound impact on how businesses will operate in the future. Another trend has been the demand for quantitative data so shareholders can track if their companies are progressing or not, giving shareholders useful information to assess their holdings.

Guiding Principles

- Companies that embrace financial, social, and environmental sustainability goals are better positioned for long-term success.
- Corporations should be accountable and transparent regarding their environmental and social impact.
- Shareholder proposals play a vital role in alerting management to new issues.

Specific Votes

Climate Change

We *support* proposals that ask companies to:

Emissions reduction

- Track Greenhouse Gas (GHG) emissions;
- Adopt GHG emissions reduction targets from company operations, supply chains, and/or products;
- Report on GHG emissions reduction targets;
- Report on actions to set methane emissions reduction targets from all company operations.

Financing climate change

- Report on GHG emissions resulting from lending, investing, and financing activities.

Risk to business operations

- Report on risks to company operations associated with climate change, such as financial risks and physical risks;
- Report risks associated with climate driven drought and mega-droughts;
- Report on fossil fuel stranded asset risk due to climate change regulations, climate change low demand outlooks (such as the two degree scenario), or climate change driven technology shifts.

Carbon Accounting Transition

- Report on or adopt accounting metrics that can better address market changes induced by climate change, such as the disclosure of reserve replacements in the energy neutral metric of BTUs.

Energy

We *support* proposals that ask companies to:

Reporting standards

- Account for reserves in energy units in addition to standard required reporting metrics.

Energy targets

- Assess the feasibility of increasing renewable energy sourcing, or adopting renewable energy targets;
- Consider adopting energy efficiency targets, or adoption of energy efficiency targets;
- Assess the feasibility of or adopt increased non-carbon distributed electricity resources;

- Join the RE100;
- Report to Carbon Disclosure Project on energy;
- Report on the impacts of climate change driven technologies on a company's business, such as off-grid distributed generation, and methods to adapt the electric utility business model to protect shareholder value.

Environmental and social impacts

- Report on oil and gas railway transportation risks;
- Report on offshore oil risks and well impacts;
- Report on the financial risk of coal ash;
- Report on reducing hazards associated with coal ash disposal and storage;
- Report on the environmental and social impacts of hydraulic fracturing, shale energy development, and enhanced oil recovery methods;
- Report on actions being taken and methods to reduce community impacts associated with hydraulic fracturing and other enhanced oil recovery methods.

Pay dividends

- Increase authorized dividends rather than use capital on high cost, high carbon fossil fuel projects with a high risk of stranding.

Environmental Management

We support proposals that ask companies to:

Sustainability

- Create or establish an annual sustainability report;
- Report to the Carbon Disclosure Project on energy, water, or similar areas;
- Participate in well-established corporate environmental programs run by NGOs or the government.

Deforestation

- Adopt a sustainable palm oil policy;
- Set quantitative goals for reducing supply chain impacts on human rights using key performance indicators;
- Report on supply chain deforestation and human rights impacts.

Recycling and waste

- Report on impacts from use of non-recyclable brand packaging;
- Adopt a comprehensive recycling strategy for consumer packaging and containers, including recycling and recycling content goals;
- Report on options to reduce pollution and public health problems from electronic waste resulting from sales by major retailers;
- Report on policies for safe disposal of prescription drugs and policy options for proactive response including whether company should endorse industry responsibility for take back by providing funding for such programs.

Industrial Agriculture

We support proposals that ask companies to:

Animal welfare

- Adopt a policy to stop dehorning cattle;
- Adopt a policy to increase the use of cage-free eggs;
- Adopt a policy to use gestation crate-free housing for pigs;
- Adopt anti-cruelty methods associated with raising and housing animals;

- Adopt a policy for company operations, and/or develop supplier standards, to eliminate antibiotic use in animal meat production, excluding the treatment of sick animals (therapeutic use), or non-routine disease control;
- Report on antibiotic use in food animal supply chain.

Environmental impacts

- Report on use of neonicotinoids in products and supply chain, or how the company can mitigate their impact on the environment and bees and other beneficial insects;
- Report on monitoring pesticide use and/or mitigating the impacts of pesticide use in company operations or supply chain.

Right to know

- Label and/or report on genetically modified ingredients in food products.

Toxics

We *support* proposals that ask companies to:

Product safety

- Report on the use of nanomaterials in food products or food packaging impacts;
- Reduce or avoid use of nanomaterials until proven safe for humans and the environment;
- Label use of nanomaterials in products;
- Reduce or avoid use of toxic chemicals in food and other consumer products;
- Reduce or prevent heavy metals in food products;
- Report on reducing occupational and community health impacts by eliminating use of lead in paint.

Water

We *support* proposals that ask companies to:

- Adopt strategies and goals to reduce water use;
- Adopt policies of water replenishing;
- Report on water use risks and mitigation of water scarcity.

SOCIAL

Shareholders recognize that corporations are important agents of social change. Recent shareholder campaigns have focused on empowering women in the workforce, promoting gender and other diversification of boards of directors, supporting sexual orientation non-discrimination, promoting human rights standards throughout the supply chain, and challenging the corporate role in fostering pay disparity. The largest shareholder campaign is questioning the appropriate political role of corporations in a democracy, as shareholders have been at the forefront of moving corporations to disclose their political contributions and lobbying activities.

Guiding Principles

- Corporations have a responsibility to respect human rights throughout their operations, create safe work environments, support fair wages, and not discriminate based on gender, race, or sexual orientation.
- Corporations should transparently report on their contributions to political activities to inform shareholders how capital is being allocated.

Specific Votes

Animal Testing

We *support* proposals that ask companies to:

- Report on laboratory animal welfare issues;
- Report on the use of animal testing.

Corporate Political Activity

We *support* proposals that ask companies to:

Advocacy

- Report on public policy advocacy related to energy policy and climate change.

Lobbying

- Report on direct and indirect lobbying included payments, memberships in tax-exempt organizations that write legislation, and management decision-making processes;
- Report on contributions made to trade associations and other tax-exempt entities that are used for political purposes;
- Report on lobbying, campaign spending, and other election-related expenditures.

Political contributions

- Adopt board oversight of all political spending;
- Report on political spending including policies and procedures for contributing to political campaigns as well as the recipient, amount paid, and company decision maker;
- Ban political spending by company;
- Provide a congruency analysis between corporate values and political and electioneering contributions.

Fair Wages

We *support* proposals that ask companies to:

CEO-worker pay ratio

- Report on pay disparity between top senior executives and store employees' median wage.

Women's wages

- Adopt a policy to end female pay disparity;
- Report on female pay disparity.

Health

We *support* proposals that ask companies to:

Childhood obesity

- Report on fast food nutritional initiatives in the face of childhood obesity concerns.

Drug pricing

- Report on high-priced drug pricing policy including development costs, pricing regional differences, and patient access.

Tobacco

- Initiate tobacco cessation program in low-income communities;
- Eliminate tobacco imagery from youth-rated films and television programming produced or distributed by the company.

Human Rights

We *support* proposals that ask companies to:

Agricultural workers

- Join the Fair Food Program to ensure humane wages and safe conditions for agricultural workers.

Board committee

- Establish a Board of Directors Human Rights Committee.

High-risk countries

- Report on criteria for investment, continued operations, and withdrawal from countries with a high risk of human rights violations.

Holy Land Principles

- Adopt the fair employment Holy Land Principles.

Human rights policy

- Adopt a human rights policy with specific statements on human trafficking, forced labor, sexual exploitation of minors, and/or The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism (The Code);
- Make public an assessment of a company's responsibility to respect human rights giving regard to the UN Guiding Principles on Business and Human Rights.

Humanitarian aid

- Report on its process for identifying and prioritizing humanitarian engagement other than charitable giving.

Lethal injections

- Report on its policy regarding providing drugs used for lethal injections.

Migrant workers

- Adopt a policy to eliminate (migrant) worker recruitment fees and require supply chain verification.

Racial stereotypes in team names

- Report on the use of a derogatory sports team name.

Supply chains

- Report on the potential and actual human rights risks of its products, operations, and supply chain;
- Report on the implementation of a program to address human trafficking internally and in their supply chain;
- Extend human rights policies to franchisees, licensees, and agents that manufacture, market, distribute, or sell their products.

Training

- Conduct training of employees on its human rights policy or the recognition and prevention of forced labor, slavery, or human trafficking.

Water access

- Adopt a policy on the human right to water.

Media

We *support* proposals that ask companies to:

Internet privacy

- Report on privacy, data security, and civil rights risks related to use of big data.

Net neutrality

- Report on company policies and practices that support net neutrality and an Open Internet.

Workplace Diversity

We *support* proposals that ask companies to:

Diversity

- Disclose equal employment opportunity (EEO-1) data regarding diversity in the workforce.

Sexual orientation discrimination

- Adopt a nondiscrimination policy for gender identity and sexual orientation.

SUSTAINABILITY

Sustainability should be synonymous with long-term shareholder value, but for many companies it is not. Too many companies still do not consider environmental or social impacts as having significant financial risks or constituting a legitimate part of their bottom line. Sustainability reports help companies look at issues through a financial lens which has proven to help companies better identify risks and opportunities in their business model.

Guiding Principles

- Companies that embrace financial, social, and environmental sustainability goals are better positioned for long-term success.
- Corporations should be accountable and transparent when reporting on their environmental and social impacts.
- Shareholder proposals play a vital role in alerting management to new issues.

Specific Votes

We *support* proposals that ask companies to:

Executive compensation

- Link executive pay to sustainability metrics and environmental targets; or delink executive compensation from incentives promoting development or use of fossil fuels.

Sustainability Reporting

- Publish an annual sustainability reporting on short and long-term ESG issues, or key sustainability metrics such as GHG emissions and reduction goals.

TROJAN HORSE RESOLUTIONS

The following resolutions often mimic the language of the proposals listed above but actually have a completely different intent. They are filed by faux-grassroots groups and are in most cases directly opposed to ESG values.

Specific Votes

We *oppose* proposals that ask companies to:

Climate change denial

- Disclose risks posed by government policies relating to climate change and/or renewable energy.

Contributions

- Report on political spending and charitable giving (anti-gay);
- Limit non-discrimination policy (anti-gay).

Free political speech

- Adopt free speech anti-bias by amending company policies to explicitly prohibit discrimination based on political ideology;
- Report on free speech anti-bias policy.



1611 Telegraph Ave., Ste. 1450 • Oakland, CA 94612 • 510.735.8158

www.asyousow.org

© 2016 As You Sow