Advocacy Update: Q1 2018

Regulatory rollbacks have created new challenges and slowed America's progress toward a just and sustainable economy. Citizens and advocates are responding any way they can — for example, in courtrooms to defend essential EPA safeguards, and in marches to support scientists who study climate risk. Responsible investors like Zevin Asset Management are in this fight, too, using our influence as shareholders to move companies toward positive impact and risk management.

When Congress failed to respond to the mass shooting in Parkland, Florida, the conversation shifted to whether financial companies would act to address risks. In March, Zevin Asset Management joined with other investors to denounce gun violence and define the risks that firearm sales pose to retailers, banks, insurers, and other companies. Our investor statement, coordinated by the Interfaith Center on Corporate Responsibility (ICCR), called on gun companies to endorse the Sandy Hook Principles, on retailers to end gun and ammunition sales to customers under 21 years of age, and on financial companies to withhold services from companies that produce military style semi-automatic assault weapons and accessories, such as high capacity magazines, for use by civilians. This work is helping to move some companies in the right direction: Wall Street firms such as **BlackRock** and **Citigroup** announced steps to review the practices of gunmakers, and **Bank of America** says it will stop lending to producers of military-style firearms. We are also pressing companies like **UPS** and **AT&T** to leave ALEC, the lobby group that has pushed pro-gun policies around the country. Zevin will again challenge UPS at its upcoming annual meeting of shareholders, and we are demanding answers on how their board justifies continuing ties to ALEC amid growing public dissatisfaction with weak gun regulation.

Across our focus areas of civil rights, climate change, and economic justice, we frequently address gaps between regulation and corporate practice. On **civil rights**, we are attempting to compensate for the Trump administration's decision to let big employers off the hook and cancel an Obama-era regulation requiring companies to report on race- and gender-based wage gaps. In March, we successfully withdrew a shareholder proposal we had filed at **Marriott International** when the company agreed to publish information on the systems it uses to police such discrepancies, and to explain how they are trying to tackle pay equity in hotel worker positions. There is more work to be done with Marriott, but we were further encouraged when the hospitality giant committed to report for the first time on the percentage of women and people of color in senior management. Likewise, we met twice in Q1 with **Booking Holdings** (formerly Priceline Group), pressing the company to produce its first sustainability report and diversity disclosures.

On **climate change**, we are working to report and reduce company impacts even as U.S. policy becomes more shortsighted. In an attempt to expose and quantify the hidden costs of fossil fuels and other resources, the non-profit **CDP** (formerly Carbon Disclosure Project) has convinced more than 6,000 global companies to report basic statistics on their energy and water use. This initiative has been enormously successful over the last ten years, but it is now stalled in many regions and sectors, with several companies failing to respond to CDP's surveys. This quarter, we agreed to help lead a campaign to contact those non-responders and move them toward climate accountability.

We are also taking the opportunity to do more aggressive climate risk advocacy with oil and gas companies, which are held as legacy assets in some of our clients' accounts. In January, we met with senior executives at **Kinder Morgan**, one of North America's largest oil and gas pipeline companies. Our upcoming shareholder proposal urges Kinder Morgan to report rigorously on its risks related to energy prices, climate change, and carbon regulations, just as many major oil majors, such as Shell and Chevron, are taking steps in that direction. Kinder Morgan has avoided such a 2-Degree Scenario (2DS) analysis for some time, so we suggested measures that could help the company catch up. Ultimately, management rejected those options (even though peer pipeline company TransCanada recently announced it would produce such a report), so we are now focused on building a strong shareholder vote among interested pension funds and other large investors.

On **economic justice**, we continued pressing firms to address inequality and manage labor risks. Focusing on workers is especially important in light of recent corporate tax cuts in the U.S., and advocacy led by Zevin Asset Management on paid family leave is helping convince companies to direct tax savings to employees and productivity rather than short-sighted payouts. That is a key driver of our work pressing large employers to improve their paid family leave policies. As recently featured in *Slate*, our meetings with companies and innovative shareholder proposals have reinforced the business case for paid family leave (lower turnover, long-term human capital investment, avoiding employment discrimination, etc.) This advocacy has led to concrete gains for working families. In addition to wins at **Starbucks** and **Walmart**, last quarter we helped convince **CVS Health** to close gaps in its paid leave benefits to include adoptive parents and fathers, and **TJX Companies** also increased the length of paid family leave. Read our brief memo for more on this initiative and our progress.

Risks around inequality and exploitation are not limited to the employer-employee relationship, however. We continue to challenge the pharmaceutical company **AbbVie**, for instance, to consider public concern over runaway drug prices in its process for determining executive payouts and to publish a complete report of its lobbying, which can sway policy efforts to curb drug prices and therefore hurt consumers. AbbVie challenged a proposal on drug pricing and executive compensation at the SEC, but Zevin and our partners won a legal fight to keep it on the ballot this May.

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