Zevin Asset Management
IMPACT UPDATE

MARCELA I. PINILLA, DIRECTOR OF SUSTAINABLE INVESTING

At Zevin Asset Management, we build responsible investment portfolios for our clients. We then address risks and create positive social impact by engaging with portfolio companies.

ENCOURAGING OUTCOMES

Structural racism, surveillance technology, and worker safety, wellness, and wages were all brought to the table at Amazon's annual meeting earlier this month. Shareholders made clear that the company needs to adopt better corporate governance to properly address these issues. We presented a proposal asking for an independent chair on **Amazon**'s board of directors. We believe Jeff Bezos will not foster fresh perspectives to counter the problems Amazon faces given that he created many of them as founder and CEO.

Similar to our positive outcome with **Apple** earlier in the year in which the company agreed to tie a portion of executive bonuses to environmental and social metrics, **Alphabet** also agreed, ahead of our shareholder vote, to include ESG goals in its executive pay structure, a first step toward keeping upper management accountable for ESG-related issues.

At **AbbVie**, the pharmaceutical company, shareholder support for our proposal requesting more transparency around its lobbying activities was an encouraging 36%, up significantly from 24% support in 2018 when we first filed the proposal. AbbVie lags most of its peers in disclosing their trade association lobbying payments.

A majority of outside shareholders backed our proposal to **Walmart** on lobbying activity disclosure, winning a 54% vote in favor. This season especially, investors have seen unprecedented levels of support for shareholder proposals seeking greater disclosure and accountability on corporate lobbying activities. It is a particularly critical time to shine a light on corporate behavior on this front, given the ripple effect on social issues.

NEW ACTIONS

When companies speak out of two sides of their mouth, we question which is the authentic message. While **Microsoft** announced it stopped sales of surveillance technology to police in 2020, it has continued to lobby for bills around the country that enable police use of the technology. Zevin Asset Management joined fellow advocates Investor Advocates for Social Justice and Open MIC to seek accountability for the ways in which the company's lobbying practices, surveillance technologies, and contracts with ICE and other government agencies contradict the company's own statements and values around racial justice and human rights.

LETTERS TO CORPORATIONS, GOVERNMENTS, AND REGULATORS

Whenever we get the chance, we join investors in calling for mechanisms to fortify our democracy, where all voices can be heard, and all votes counted. We joined 320 other organizations calling on major corporations to cut ties with interest groups, such as ALEC (the American Legislative Exchange Council), which is pushing anti-voter laws. We also joined Interfaith Center on Corporate Responsibility (ICCR) in a letter to ask the SEC to make corporate climate change disclosures mandatory, including along activities related to lobbying, climate finance, and carbon transition plans. We believe investors and companies alike will benefit from comparable, consistent, and audited climate disclosures. Along the same lines, we joined 456 other investors with $41 trillion in collective assets to sign the Investor Agenda 2021 Statement urging all governments to commit to ambitious climate action ahead of the 26th United Nations Climate Conference (COP26) in November.

TESTIMONY

In early June, we were pleased to lend our investor voice to testify before the state legislature on two bills submitted by the Massachusetts Peace and Justice Network. We asked for divestment of 1) state pension funds from corporations involved in the manufacture or maintenance of nuclear weapons; and 2) state pension funds from companies selling weapons to Saudi Arabia, especially Raytheon. The committee has until next February to make its decision.

PORTFOLIO COMPANY HIGHLIGHT: AT&T

AT&T's services help connect millions of people for commerce, education, and social cohesion in line with UN SDG 9 (Industry, Innovation & Infrastructure). The company has made reasonable efforts to improve the affordability and ac-

cessibility of those services, including through a rural connectivity initiative that reaches 1.1 million people in the United States, and the Access program, which provides reduced-rate broadband services for customers who receive SNAP benefits.

We have assessed three ESG issues in our research that create both risk and opportunity for AT&T: 1) security, privacy & human rights, 2) human capital management, and 3) content & information. Regarding the first, AT&T owns 75 percent of all U.S. telecom switches and carries 200 petabytes[1] of potentially sensitive, personal information every day. This creates privacy risk, and customers rely on the company to avoid data breaches and only divulge sensitive information to government authorities when it is lawful and justified.

The company has taken steps to safeguard customer privacy, measures that are detailed in its in-depth sustainability report. Despite this, AT&T has received human rights criticism for handing over customer data to law enforcement in certain circumstances. In 2016, it emerged that user data compiled

as part of AT&T's Hemisphere program is sold to law enforcement agencies. While AT&T is legally mandated to cooperate with government requests, advocates allege a more deliberate abuse of user data for financial gain.

In our engagements with AT&T on sustainability matters, we have raised the above issue. After we challenged AT&T with a shareholder proposal urging the company to tie a portion of executive compensation to environmental and social metrics, the company agreed to add more detail to its ESG-related targets and disclose this information in its annual proxy statement. We also recently persuaded AT&T to participate in the Workforce Disclosure Initiative, an information clearinghouse for company labor practices and worker benefits, and to join the Corporate Electric Vehicle Alliance, a coalition of companies with large fleets that will lobby for wider development and deployment of EV technology. Going forward, we will continue to engage AT&T for positive change on labor relations and their approach to managing privacy and human rights in their communications network.

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1   A petabyte of data is equivalent to 1000 terabytes or 1,000,000 gigs of data storage. In paper terms, one petabyte equals 20 million 4-door filing cabinets full of text or 500 billion pages of standard printed text.

Thanks for reading and sharing. For more on this work and our broader advocacy, join us on our website, Twitter, and LinkedIn. And please don't hesitate to contact Marcela I. Pinilla (marcela@zevin.com) with your questions, thoughts, and suggestions.

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