

**Attachment 1: Corporate Advocacy Plan 2021**

**Shareholder Advocacy**

**D = dialogue R = potential resolutions L = letter Red= New Company SO=sign on letters**

**Note 1:** The 17 Sustainable Development Goals adopted by the United Nations in 2015 and by General Convention in 2018 are listed below and incorporated into this Plan because they are pertinent to a broad swath of TEC’s mission and apply across the board to CCSR’s work in socially and environmentally responsible investing.

**Note 2:** CCSR receives many opportunities to sign onto letters that address corporate social responsibility on issues related to Church policy and determines whether to sign such letters after consultation with the Director of Government Relations who monitors the Church’s social policies.

**Note 3:** CCSR regularly reviews the companies on the DFMS No Buy Lists and may recommend the addition or deletion of companies there listed based on the criteria of each investment screen as determined by General Convention and /or Executive Council. The No Buy lists include Tobacco, Private Prisons, Military Defense Contracting, Human Rights and Fossil Fuels.

**Category: Human Rights**

**Issue: Human Trafficking (both Sex Trafficking and Labor Trafficking)**

<b>Sex Trafficking Objectives</b>	<b>2020 Company Engagements</b>	<b>DFMS Contact Name and email</b>	<b>2021 Company Engagements</b>
❖ Engage travel companies such as hotel, airline and trucking companies on compliance with best practice standards to mitigate labor trafficking, and child and women sexual trafficking.	United (12/13/19) D Marriott (12/12/19) D Delta (1/10/20) D	Brian <a href="mailto:grievesbrian@gmail.com">grievesbrian@gmail.com</a>  Bill <a href="mailto:wbm@cherubim.net">wbm@cherubim.net</a>	United (airline) (12/10/20) D, R Delta (airline) (1/7/21) D McDonalds (fast food) (12/10/20) D, R
TEC Policy - Human Trafficking - Resolutions: o 2012 D042 Fight Human Trafficking o 2009-A167 Support Actions to Protect Victims of Human Trafficking 2018-C032 Against Human Trafficking and support Code of Conduct for the Protection from Sexual Exploitation in Travel and Tourism” adopted by ECPAT (End Child Prostitution and Trafficking)			

<b>Labor Trafficking in Workplace &amp; Supply Chain Objectives</b>	<b>2020 Company Engagements</b>	<b>DFMS Contact Name and email</b>	<b>2021 Company Engagements</b>
❖ Engage companies on efforts to ensure compliance with human rights standards in their own workforce, supply chains, including outsourced labor brokers, requirements in subcontractor contracts, compliance audits and performance/improvement measurement.	United (12/13/19) D R Marriott (12/12/19) D Delta (1/10/20) D Kraft Heinz (11/19/19) D R	Brian <a href="mailto:grievesbrian@gmail.com">grievesbrian@gmail.com</a>  Bill <a href="mailto:wbm@cherubim.net">wbm@cherubim.net</a>	United (airline) (12/10/20) D Delta (airline) (1/7/21) D Kraft Heinz (food production) (11/27/20) D McDonalds (fast food) (12/10/20)

			D
<p>TEC Policy</p> <ul style="list-style-type: none"> <li>○ 1994-D015 Reaffirm Support for Human Rights: “civil rights and political freedom are the universal bedrock of any meaningful scheme of human rights”</li> <li>○ 2012-A012 Urge Governments to Follow Principles in Adopting Trade Policies: “That trade should respect and enrich rather than undermine local economies, cultures and peoples”.</li> <li>○ 2012-A131 Express Solidarity with Indigenous Peoples: “make protection of the rights of Indigenous Peoples a high priority in its advocacy about United States foreign policy, including advocacy about trade agreements, human rights advocacy, and international environmental protection”</li> </ul> <p>2018-B026 Embracing the United Nations Sustainable Development Goals</p>			

**Issue: Israel/Palestine**

Objectives	2020 Company Engagements	DFMS Contact Name and email	2021 Company Engagements
<ul style="list-style-type: none"> <li>❖ Engage companies operating in areas of civil and/or labor strife or racial disparagement (e.g., Democratic Republic of Congo, Israel/Palestine, Peru, Indonesia, and U.S.) on due diligence processes <i>and/or enhancing their capacity to deal with potential human rights violations, in either case to help assure</i> they are not directly or indirectly financially benefiting armed groups or engaged in repressive practices impacting indigenous peoples.</li> <li>❖ Develop Human Rights Screen for Israel/Palestine and conflict affected areas such as Burma/Myanmar, Xinjiang, Sudan etc.</li> </ul>	<p>Booking Holdings (12/25/19) D Booz Allen (2/14/20) L, D,R <b>Caterpillar (1/4/20) R</b> Heidelberg Cement (TBD German filing) L, D, R <b>Motorola (11/29/19) R</b> <b>TripAdvisor (12/28/19) L, D</b></p>	<p>Brian <a href="mailto:grievesbrian@gmail.com">grievesbrian@gmail.com</a></p> <p>Byron- Burma <a href="mailto:byronrushing@comcast.net">byronrushing@comcast.net</a></p> <p>John- China <a href="mailto:jtaylor@ladiocese.org">jtaylor@ladiocese.org</a></p> <p>Bill <a href="mailto:wbm@cherubim.net">wbm@cherubim.net</a></p>	<p>ABB Group (electrical equipment) (Foreign) D Bookings (travel) (12/25/20) D Booz Allen Hamilton (management consulting) (3/1/21) D Chevron (Noble) (integrated oil &amp; gas) (12/8/20) D, R Cisco Systems (technology) (6/24/20) D Expedia Group (travel) (12/30/20) D General Mills (food production) (4/12/21) D HeidelbergCement (cement) (Foreign) D Siemens (technology) (Foreign) D Trip Advisor (travel) (12/25/20) D, R</p>
<p>TEC Policy</p> <ul style="list-style-type: none"> <li>- General Convention Resolutions: <ul style="list-style-type: none"> <li>○ 2018-B016 Join ELCA and Develop Human Rights Screen in Israel/Palestine conflict</li> <li>○ 2018-D068 Develop Procedures for deciding to engage or establish No Buy List (divest) from companies</li> <li>○ 2003-D008 Urge Israel to End Policy of Demolition of Palestinian Homes</li> <li>○ 2003-D081 Oppose Construction of the Israeli Security Wall</li> <li>○ 1997-A107 Recognize Jerusalem as the Capital of Both Israel and Palestine</li> </ul> </li> </ul> <p>1994-D065 Recognize Illegality of Israeli Settlements in Gaza and the West Bank</p>			

**Issue: Immigration/Refugees/Migration**

Objectives	2020 Company Engagements	2021 Company Engagements
❖ Engage companies that employ migrant workers (documented and undocumented) or in their supply chain, based on issues such as fair treatment, adequate health care, wage theft, job training, child labor or other labor/human rights issues in companies and/or their supply chains.	Sign on letters as appropriate, company letters and dialogues with companies to be determined	Sign on letters as appropriate, company letters and dialogues with companies to be determined
❖ Divest from private prisons with immigrant facilities on human rights policies, implementation, and disclosure with implementation metrics.	Sign on letters as appropriate	Sign on letters as appropriate
❖ Engage companies on advocating for just immigration reform in the United States.	Sign on letters as appropriate	Sign on letters as appropriate
<p>TEC Policy: Immigration and Refugees</p> <ul style="list-style-type: none"> <li>- Resolutions: <ul style="list-style-type: none"> <li>o 2012-A012 Urge Governments to Follow Principles in Adopting Trade Policies: “every human being’s right to the basic necessities of life, as well as a right to work, to receive just wages and benefits, to experience decent and just working conditions, and to organize and join labor associations”</li> <li>o 2015-C048 Support Living Wage and Increase in the Minimum Wage</li> <li>o 2015-D067 Divest from Private Corporations in the Prison Business</li> <li>o 2009-B006 Advocate for Immigration Reform</li> <li>o EXC102014.34 Instructions for Shareholder Resolutions: Executive Council opposing private prisons: “the Executive Council of The Episcopal Church declare its opposition to for-profit prisons and detention centers, which often set occupancy or “bed” quotas, capitalizing on the criminal, civil, or immigration incarceration of individuals” and “the Executive Council of The Episcopal Church directs the Treasurer to avoid investment in companies that own and operate for-profit prisons and detention centers.”</li> <li>o 2018 General Convention A178 Halt the Intensification and Implementation of Immigration Policies and Practices that are Harmful to Migrant Women, Parents and Children</li> </ul> </li> </ul> <p>2018 General Convention D009 Christian Principles for Responding to Human Migration</p>		

## Issue: Rights of Indigenous Cultures and Communities

Objectives	2020 Company Engagements and DFMS Contact Name and email	2021 Company Engagements
<ul style="list-style-type: none"> <li>❖ Improve transparency and reporting on current practices, implementation of best practices and industry standards, human rights impact assessments and community development and impacts.</li> <li>❖ Assess company risks related to conflict minerals, and the environmental and public health impacts.</li> <li>❖ Ensure community impact of company operations on socio-economic-environmental concerns are assessed (especially in water-stressed areas), including impact on the most vulnerable such as: women, indigenous persons, and people who are impoverished.</li> </ul>	Sign on letters as appropriate	Sign on letters as appropriate
<ul style="list-style-type: none"> <li>❖ Engage pipeline companies to ensure free prior informed consent (FPIC) is used in siting projects, and obtaining community consent during entire project with a special focus on indigenous communities.</li> </ul>	Sign on letters as appropriate  Brian <a href="mailto:grievesbrian@gmail.com">grievesbrian@gmail.com</a>	Sign on letters as appropriate
<ul style="list-style-type: none"> <li>❖ Engage financial institutions to ensure policies address socioeconomic and environmental concerns, particularly climate and fresh water resources, as well as pipeline financing in their lending practices. In addition, engage asset managers on their proxy voting practices.</li> </ul>	Sign on letters as appropriate Bill <a href="mailto:wbm@cherubim.net">wbm@cherubim.net</a>	Sign on letters as appropriate
<p>TEC Policy: Human Rights</p> <ul style="list-style-type: none"> <li>○ 1994-D015 Reaffirm Support for Human Rights: “civil rights and political freedom are the universal bedrock of any meaningful scheme of human rights”</li> <li>○ 2012-A012 Urge Governments to Follow Principles in Adopting Trade Policies: “That trade should respect and enrich rather than undermine local economies, cultures and peoples”.</li> <li>○ 2012-A131 Express Solidarity with Indigenous Peoples: “make protection of the rights of Indigenous Peoples a high priority in its advocacy about United States foreign policy, including advocacy about trade agreements, human rights advocacy, and international environmental protection”</li> <li>○ 2018-B026 Embracing the United Nations Sustainable Development Goals</li> </ul> <p>TEC Policy: Environmental Protection of local communities, including Indigenous peoples</p> <ul style="list-style-type: none"> <li>- Resolutions:               <ul style="list-style-type: none"> <li>○ 2012-B023 Seek Environmental Justice</li> <li>○ 2015-C013 Oppose Environmental Racism</li> </ul> </li> <li>- The Executive Council resolutions on the Dakota Access pipeline relate to support for the protest – I don’t know if this covers the broader question of pipelines.               <ul style="list-style-type: none"> <li>○ EXC102016.29 Support for Peaceful Protest at Standing Rock Sioux Reservation</li> </ul> </li> </ul> <p>2015-C013 Oppose Environmental Racism</p>		

**Category: Health and Health Care**

**Issue: Opioid Epidemic**

Objectives	2020 Company Engagements	2021 Company Engagements
<ul style="list-style-type: none"> <li>❖ Engage opioid manufacturers and distributors about their corporate policies on the marketing or promotion of drugs that lead to addiction and how the company takes responsibility for these practices.</li>   <li>❖ Engage pharmaceutical companies that manufacture antidotes to opioids about their pricing practices.</li> </ul>	<p>Sign on letters as appropriate                      D when possible                      R when advisable</p>	<p>Johnson &amp; Johnson (pharma) (11/11/20)                      D, R                      Walgreens-(retailer) (8/12/20)                      D, R</p> <p>AbbVie, (pharma) (11/25/20)                      D                      Viatris (f/k/a Mylan) (pharma) (2/8/21)                      D</p>
<p>TEC policy: Health Care in the U.S.</p> <ul style="list-style-type: none"> <li>- Resolutions                             <ul style="list-style-type: none"> <li>o 2018-C037 Response to Opioid Epidemic</li> <li>o <i>2017 That the Executive Council of the Episcopal Church meeting in San Juan, Puerto Rico June 9-11, 2017 urges strong action to combat the epidemic of prescription opioid drug abuse, heroin use, and overdose deaths in the United States; and be it further Resolved, That the Executive Council acknowledges the role that prescription opioids play in leading to heroin addiction and the abuse of other synthetic opioids and calls on Episcopalians to advocate for a coordinated public health, law enforcement, and legislative response to eradicate opioid abuse and care for those affected by the disease of addiction; and be it further Resolved, That the Executive Council calls for the decriminalization of addiction and recognizes that prior efforts of criminalizing drug addiction has had profound impacts on incarceration, particularly of persons of color.</i></li> </ul> </li> </ul>		

**Issue: Gun Safety**

Objectives	2020 Company Engagements	DFMS Contact Name and email	2021 Company Engagements
<ul style="list-style-type: none"> <li>❖ As a public health issue, engage gun manufacturers to adopt more smart technologies for weapons and retailers to restrict which weapons they sell and under what conditions; engage both to adopt the Sandy Hook Principles, which protect the rights of gun ownership and the rights of citizens to be safe and secure; and to report on their lobbying activities and expenses for gun rights.</li> <li>❖ Determine when to invest in gun manufacturers to change corporate behavior</li> <li>❖ Engage industries such as credit card companies, shipping companies, and financial institutions on their impact on the epidemic of gun violence in the U.S</li> </ul>	<p>American Outdoor Brands (4/16/20) R (now Called Smith and Wesson)            Dicks (1/2/20) D  <b>Olin- (11/12/19) DR</b>            Sturm Ruger (11/28/19) R</p>	<p>Doug  <a href="mailto:dfisher@diocesewma.org">dfisher@diocesewma.org</a>             Bill <a href="mailto:wbm@cherubim.net">wbm@cherubim.net</a>            Brian  <a href="mailto:grievesbrian@gmail.com">grievesbrian@gmail.com</a></p>	<p><b>Olin</b> (ammunition) (11/27/20)            D            Sturm Ruger (firearms) (12/4/20)            D, R            Smith &amp; Wesson (AOBC) (firearms) (TBD)            D</p> <p>UPS (shipping) (11/20/20)            D            Visa (credit cards) (8/7/20)            D            Mastercard (credit cards) (12/30/20)            D</p>
<p><i>TEC Policy:</i>            2018 B007 <i>Ethical investing in gun manufacturers Resolved</i>, the House of Bishops concurring, That the 79th General Convention direct the Executive Council Committee on Corporate Social Responsibility to develop and implement a shareholder engagement plan by which dioceses, church organizations, and individual Episcopalians investing in the publicly traded stock of gun manufacturers and retailers could act to effect change in these companies through the practices of shareholder advocacy to do everything in their power to minimize lethal and criminal uses of their products, and be it further  <i>Resolved</i>, That the 79th General Convention commend to the church the Mosbacher-Bennett Principles for Investors in the Gun Industry developed by Do Not Stand Idly By.            2015 C005 – Implement Laws to Decrease Gun Violence            2000 B007 – Request removal of handguns and assault weapons            1997 D033 - Urge Legislation on the Safe Manufacture of Domestic Hand Guns            1976 C052 - Urge Congress to Adopt Effective Hand Gun Control Legislation</p>			

## Category: Care of Creation

### Issue: Climate Change/Sustainability (*Place Holder for C021*)

Objectives – Water and healthy communities	2020 Company Engagements	DFMS Contact Name and email	2021 Company Engagements
❖ Engage companies on science-based water stewardship targets and the human right to water, in their operations and their supply chains.	Bayer (TBD) D Coke (11/8/19) D Corteva (TBD) D	Kirsten <a href="mailto:kss@well.com">kss@well.com</a>  Bill <a href="mailto:wbm@cherubim.net">wbm@cherubim.net</a>	Campbells (food) (6/6/20) D Constellation.(alcohol) (2/5/21) D Coca-Cola (food & bev) (12/23/20) D
Past Actions: Water and healthy communities - Resolutions: o 2015-C053 Support Subsistence Rights of Indigenous Cultures 2018-B026 Embracing the United Nations Sustainable Development Goals			

Objectives – Climate Change and a Healthy Environment	2020 Company Engagements	DFMS Contact Name and email	2021 Company Engagements
❖ Engage companies to adopt science-based targets for reducing greenhouse gas emissions, adopt technologies to monitor and <b>reduce methane</b> emissions, adopt new and cleaner energy technologies, promote efficiency, promote transparency in reporting, and protect consumers, particularly low-income consumers.	Delta (1/10/20) D Phillips 66 (11/30/19) D Marathon Petroleum (11/15/19) D Devon (12/26/19) D Chevron (12/17/19)D Ameren (11/20/19) D	Kirsten <a href="mailto:kss@well.com">kss@well.com</a>  Bill <a href="mailto:wbm@cherubim.net">wbm@cherubim.net</a> Paul <a href="mailto:pmneuhauser@aol.com">pmneuhauser@aol.com</a>	Delta (airline) (1/7/21) D Phillips 66 (oil & gas) (11/22/20) D, R Chevron (oil & gas) (12/8/20) D Ameren (utility) (11/27/20) D <b>Valero (utility) (11/2/20) D, R</b>
❖ Engage companies, particularly in the energy and utility sector, to improve public disclosure and transparency in reporting presented by current and future company operations and products including company plans to manage carbon asset risk and comply with a regulatory scenario that holds global temperature rise below a 1.5/2-degree Celsius threshold.	Chevron (12/17/19) D NextEra (12/7/19) D	Paul Kirsten <a href="mailto:kss@well.com">kss@well.com</a>  Bill <a href="mailto:wbm@cherubim.net">wbm@cherubim.net</a>	NextEra (energy) (12/4/20) D
❖ Engage financial institutions to ensure commercial lending and investment policies address socioeconomic			AIG (insurance) (12/1/20) D

and environmental concerns, particularly climate change, water stewardship, pipelines, financing in their lending practices.			
❖ With the Church Pension Fund, add as sustainability expert on the board to advocate for positively impacting the environment CO21			FLIR (thermal imaging) (11/11/20) D, R Chewy (pet supplies) (3/16/21) D, R General Dynamics (aerospace & defense) (11/26/20) D, R
❖ Engage companies to ensure positive community impact of company operations on society, local economy and environmental concerns are appropriately assessed and transparently reported (sustainability reports) including environmental justice concerns and the impacts on the most vulnerable such as: women, indigenous persons, and people who are impoverished.		Sign on letters as appropriate	FLIR (thermal imaging) (11/11/20) D Chewy (pet supplies) (3/16/21) D

TEC Policy: Climate Change and a Healthy Environment

- Resolutions:
  - o 2015-A170 Advocate for Safe Food Production and Farm Labor Policies: “support public policies and laws designed to protect our Earth’s natural environment and to protect humanity’s ability to produce food for generations to come, including restrictions on pesticide overuse, harmful industrial farming practices (e.g., overcrowding of livestock and mono-cropping), and carbon, methane, and nitrogen pollution throughout the food system that threaten animal and human health, damage the soil, and threaten the climate for future generations.”
  - o 2009-C011 Directs Advocacy on Renewable Energy and Environmental Stewardship
- On GMOs, there was a resolution to study GMOs, and then a resolution that was rejected in 2015 so I would urge a great deal of caution around any engagement with GMOs.
  - o 2015-B006 On the Topic of Affirming Genetic Engineering Technologies - Legislative Action Taken: Rejected
  - o The 2009 resolution urges further study, but has no recommendation: 2012-A013 Study the Impact of Genetically Modified Crops and Organisms
  - o 2018-C021 Advocate for sustainability expertise on corporate boards of directors
  - o 2018-A020 Fossil Fuel divestment and reinvestment in clean renewable energy

2018-B026 Embracing the United Nations Sustainable Development Goals



**Category: Corporate Governance and Accountability**

**Issue: Diversity on Corporate Boards of Directors**

<b>Objectives –</b>	<b>2020 Company Engagements</b>	<b>DFMS Contact Name and email</b>	<b>2021 Company Engagements</b>
❖ Engage companies to address board diversity to include women and people of color	First Cash Inc (12/18/19 - R) World Fuel Services Corp (12/14/19 – R)	Paul <a href="mailto:pmneuhauser@aol.com">pmneuhauser@aol.com</a>  Bill <a href="mailto:wbm@cherubim.net">wbm@cherubim.net</a>	Sketchers (footwear) (12/10/20) D,R
<p>TEC Policy: General Convention:            2009-D042 Renew Support for Passage of the Equal Rights Amendment            ○ 2018-B026 Embracing the United Nations Sustainable Development Goals – see goals 5 and 10</p>			

## **Appendix 2: Shareholder Resolution Texts**

*Note: All shareholder resolutions approved by Executive Council are subject to review by the Securities Exchange Commission (SEC) in accordance with SEC standards developed from time to time, if the company requests such review. Accordingly, any resolution approving a text will include language such as “such text or its substantive equivalent” in order to accommodate adjustments to the text necessary to meet any SEC requirements in any instance after such review. Further, some resolution texts are refined after consultation with ecumenical partners in the Interfaith Center for Corporate Responsibility (ICCR) prior to the filing deadlines. These refinements are not substantive, but pertinent to the particular targeted companies.*

## Human Rights Risk Assessment

**WHEREAS**, recent Global Estimates found that 16 million people<sup>1</sup> are trapped in conditions of forced labor in the extended supply chains of the private sector, generating over \$150 billion in profits for illegal labor recruiters and employers through underpayment of wages<sup>2</sup>. The 2016 Global Slavery Index estimated that 45.8 million people are in some form of modern slavery in 167 countries.<sup>3</sup> According to the *UN Guiding Principles on Business and Human Rights*, companies have the ‘corporate responsibility’ to respect human rights within their operations and supply chains. *ILO Convention 181* and the *Dhaka Principles for Migration with Dignity* established clear “no fees” principles. As a retail company dependent upon extended supply chains in many countries, Bed Bath & Beyond Inc. must assess if workers are being recruited into debt bondage, forced labor and, ultimately, slavery.

There is a growing awareness of the role of unscrupulous labor recruiters in the exploitation of workers and job seekers through charging fees, withholding personal papers/passports and failing to provide written contracts spelling out the terms of employment. Failure to put proactive policies and procedures in place exposes the company to significant risks, including legal action and media reports that negatively impact reputation.

The [State of California](#) and the [United Kingdom](#) have passed laws requiring companies to report on their actions to eradicate human trafficking and slavery.

Xxx Code of Conduct prohibits the use of forced or involuntary labor and use of fraudulent recruitment practices. However, xxx. does not specify how it verifies compliance with this policy.

xxx.’s policy on Involuntary Labor and its lack of disclosure on tracking risk assessment associated with recruitment practices and managerial accountability in implementing the policy, gives investors insufficient information to gauge how well the company is addressing this serious risk to workers and to the company.

A number of companies including Coca Cola<sup>4</sup>, Unilever<sup>5</sup> and HP<sup>6</sup> report on the implementation of their ethical recruitment policy throughout their supply chains.

**RESOLVED**, Shareholders request that the Company adopt a Human Rights Risk Assessment based on the UN Guiding Principles on Business and Human Rights, including a section on ethical recruitment and issue a report, at reasonable cost, omitting proprietary information, detailing its approach to assessing and implementing its ethical recruitment policy and remedial efforts taken to ensure that its global supply chains are free of forced or bonded labor by December 2018.

Supporting Statement: The ethical recruitment provisions should include company operations and its supply chains, prohibition of payment of recruitment fees by job-seekers and confiscation of worker’s personal documents and the requirement of written contracts for workers in their native language at the point of recruitment.

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<sup>1</sup> [International Labor Organization ILO](#)

<sup>2</sup> [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/publication/wcms\\_243391.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_243391.pdf)

<sup>3</sup> <http://www.globalslaveryindex.org/findings/>

<sup>4</sup> <http://www.coca-colacompany.com/stories/2016-human-and-workplace-rights>

<sup>5</sup> [https://www.unilever.com/Images/unilever-human-rights-report-2015\\_tcm244-437226\\_en.pdf](https://www.unilever.com/Images/unilever-human-rights-report-2015_tcm244-437226_en.pdf)

<sup>6</sup> <http://www8.hp.com/us/en/hp-information/global-citizenship/governance/humanrights.html>

## Report on Human Rights Risks in Conflict-Affected Areas

WHEREAS, XXX Company operates in “conflict-affected areas”<sup>1</sup> (including occupied territories), such as Democratic Republic of Congo, Iraq, Myanmar, and the Occupied Palestinian Territory; Conflict-affected areas are characterized by widespread human rights abuses. Companies with business activities in such areas may contribute to violations of national and/or international law, or fail to uphold voluntary corporate commitments, resulting in heightened risks. For example, eighteen European Union (E.U.) member states have issued business advisories warning of the legal, financial, and reputational consequences of dealings with Israeli settlement entities;<sup>2</sup> To mitigate the business risks associated with operations in conflict-affected areas, many companies adopt human rights policies based on international frameworks, such as the United Nations’ Guiding Principles on Business and Human Rights. Shareholders would benefit from a better understanding of the company’s approach to assessing human rights-related risks.

### RESOLVED:

Shareholders request that XXX Company assess and report to shareholders, at reasonable expense and excluding proprietary information, on the company’s policies and procedures to address the human rights-related risks associated with business activities in conflict-affected areas, including occupied territories.

### SUPPORTING STATEMENT

The report should:

- Discuss the company’s process for identifying, assessing and mitigating business risks in conflict-affected areas with human rights violations;
- Describe the company’s due diligence process for monitoring the enforcement of its existing policies;
- Assess whether the company should adopt additional policies to avoid unintentionally contributing to violations of human rights in conflict-affected areas by facilitating discriminatory rental practices or property rentals on land that has been unlawfully appropriated.

Shareholders believe that it is in Booking Holdings’ best interest, advancing its corporate reputation and mitigating potential risks, to establish policies and procedures that would be applicable to any conflict-affected area in which the company and its and subsidiaries operate.

<sup>1</sup> OECD, “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas,” 2013, <https://www.oecd.org/corporate/mne/GuidanceEdition2.pdf> (accessed on November 26, 2018)

<sup>2</sup> Lovatt, Hugh, “EU member state business advisories on Israeli settlements,” *European Council on Foreign Relations*, November 2, 2016, [https://www.ecfr.eu/article/eu\\_member\\_state\\_business\\_advisories\\_on\\_israel\\_settlements](https://www.ecfr.eu/article/eu_member_state_business_advisories_on_israel_settlements) (accessed on November 26, 2018)

<sup>3</sup> “A look at Booking Holdings’ Projected Growth”, *Forbes*, March 22, 2018, <https://www.forbes.com/sites/greatspeculations/2018/03/22/a-look-at-booking-holdings-projected-growth/#6f0198c925f6> (accessed on November 26, 2018)

<sup>4</sup> “Crimean tourism won’t be affected by Booking.com exit – region head,” *RT*, July 23, 2018, <https://www.rt.com/business/434007-russia-crimea-tourism-booking/> (accessed on November 26, 2018)

<sup>5</sup> These, Eugen, “Despite EU sanctions, hotel rooms available in Crimea,” *DW*, July 19, 2018, <https://www.dw.com/en/despite-eu-sanctions-hotel-rooms-available-in-crimea/a-44751747> (accessed on November 26, 2018)

## **Develop a Human Rights Policy XYZ Inc.**

**RESOLVED:** Shareholders request that the Board of Directors of XYZ Inc. adopt a comprehensive policy articulating our company’s commitment to respect human rights, and which includes a description of proposed due diligence processes to identify, assess, prevent and mitigate actual and potential adverse human rights impacts.

### **WHEREAS,**

The UN Guiding Principles on Business and Human Rights (hereinafter UNGPs), state:

*The responsibility to respect human rights requires that business enterprises: (a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; [and] (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.*<sup>i</sup>

*In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including . . . [a] policy commitment to meet their responsibility to respect human rights.*<sup>ii</sup>

As investors, we seek to identify and assess human rights risks and impacts in portfolio companies as they have direct implications for shareholder value and, depending on whether and how they are managed, are a bellwether for a company’s long-term viability.

Given the lethality of firearms products and the potential for their misuse, in direct contradiction with the company’s stated objective of providing “next-generation guns for sport, recreation, protection and personal use”, the risk of adverse human rights impacts is especially elevated for all gun manufacturers, including American Outdoor Brands.

Companies exposed to human rights risks may incur significant legal, reputational and financial costs that are material to investors. A public-facing human rights policy that includes a human rights due diligence process is essential to managing these risks. For this reason, hundreds of global corporations have adopted human rights policies, including British American Tobacco, Exxon and Walmart.<sup>iii</sup>

While American Outdoor Brands has a number of corporate policies, including a Code of Ethics, the information available for review on its web site does not mention a public commitment to respect human rights.

A public human rights policy that articulates the company’s commitment to respect human rights and its efforts to avoid contributing to adverse human rights impacts would assure shareholders that these risks are being adequately managed.

The UNGPs establish that such a policy should:

- Refer to internationally recognized human rights<sup>iv</sup>
- Stipulate that the human rights expectations of personnel, business partners and other parties directly linked to its operations, products or services be publicly available and be communicated internally and externally to all personnel, business partners and other relevant parties;
- Apply throughout the company’s value chain and in operating environments regardless of legal framework; and,
- Be embedded throughout company functions and reflected in operational policies and procedures.

i. <https://www.business-humanrights.org/en/un-guiding-principles> (section 13)

ii. <https://www.business-humanrights.org/en/un-guiding-principles> (section 15a)

iii. <https://www.business-humanrights.org/en/company-policy-statements-on-human-rights>

iv. [https://shareholdersandinvestors.bbva.com/wp-content/uploads/2018/02/Commitment-to-Human- Rights.pdf](https://shareholdersandinvestors.bbva.com/wp-content/uploads/2018/02/Commitment-to-Human-Rights.pdf)

## **Resolution on Board Diversity XYZ International Inc.**

**WHEREAS**, XYZ Company Inc. (XYZ) has no women on its Board of Directors.

We believe that diversity, including gender, race, and ethnicity is a critical attribute of a well-functioning board and a measure of sound corporate governance. We urge the Board to enlarge its search for qualified members by casting a wider net. XYZ lags other companies with respect to the representation of women on its Board. Sixty-four percent of Russell 2000 company boards had at least one woman on their board, compared with 97% of S&P 500 companies.<sup>1</sup>

We believe strongly that diversity of judgments and perspectives, including those of women and members of minority groups, improves the quality of board deliberations and decision making, and enhances business performance. Supporting this perspective, the 2012 Credit Suisse research report on *Gender Diversity and Corporate Performance* links board diversity to better stock market and financial performance (higher return on equity, lower leverage and higher price/book ratios).<sup>2</sup> This research suggests several explanations for this better performance including: a stronger mix of leadership skills, improved understanding of consumer preferences to pick top talent, and more attention to risk. In 2014, Credit Suisse updated its research and observed similar results.<sup>3</sup> A 2015 McKinsey study of 366 companies found that corporate leadership in the top quartile for racial and ethnic diversity were 35 percent more likely to have financial returns above their national industry median.<sup>4</sup>

A recent report by the SEC’s Advisory Committee on Small and Emerging Companies explains that “board diversity has been associated with improved competitiveness and talent management, greater access to capital, more sustainable profits, and better relations with stakeholders and therefore plays an important role in capital formation for small and emerging companies.”<sup>5</sup>

CEOs, through the Business Roundtable’s 2016 Principles of Corporate Governance, identified board diversity as a driver of long-term economic value and called for women and/or minority candidates to be considered for each open board seat.<sup>6</sup>

**Resolved:** Shareholders request that the XYZ Board of Directors prepare a report by *Month*, 2020, at reasonable expense and omitting proprietary information, on steps XYZ is taking to foster greater diversity on the Board including but not limited to:

1. Strengthening its Corporate Governance Guidelines by embedding a commitment to diversity inclusive of gender, race, and ethnicity;
2. Committing to include women and underrepresented minority candidates in every pool from which Board nominees are chosen; and
3. Reporting on progress and challenges experienced.

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<sup>1</sup> <http://www.ey.com/us/en/issues/governance-and-reporting/ey-governance-trends-at-russell-2000-companies>

<sup>2</sup> <https://publications.credit-suisse.com/tasks/render/file/index.cfm?fileid=88EC32A9-83E8-EB92-9D5A40FF69E66808>

<sup>3</sup> <https://publications.credit-suisse.com/tasks/render/file/index.cfm?fileid=8128F3C0-99BC-22E6-838E2A5B1E4366DF>

<sup>4</sup> <http://www.diversitas.co.nz/Portals/25/Docs/Diversity%20Matters.pdf>

<sup>5</sup> <https://www.sec.gov/info/smallbus/acsec/acsec-recommendation-021617-corporate-board-diversity.pdf>

<sup>6</sup> <https://businessroundtable.org/sites/default/files/Principles-of-Corporate-Governance-2016.pdf>