

## Proxy Season 2022 Yields Two Majority Votes

First Affirmative filed nine proposals this year, and we are pleased to report significant outcomes. Of the four proposals that went to a shareholder vote, two achieved majority support and two garnered over 30%. We were also able to withdraw three proposals after productive dialogues with companies.

The highlights:

### Travelers Insurance

A shareholder proposal we lead filed at Travelers Insurance asking for enhanced lobbying disclosures received 52.7% support at the May 2022 annual meeting. We have been in dialogue with Travelers for about five years and filed two previous lobbying shareholder proposals during that time on this issue, both achieving in excess of 40% support. The company made significant improvements during this dialogue in disclosing lobbying done directly by their own staff but remained steadfast in their refusal to disclose trade association membership and spending.

Although the company is not obligated to respond to a majority vote, few companies ignore them, as the issue will continue to surface. Investors have now clearly demonstrated that they consider lobbying delegated to trade association and other organizations to be a key aspect of lobbying disclosure that cannot be dismissed by companies as insignificant.

We also co- filed two more lobbying proposals, at Walt Disney and at UPS, where the request was specific to how UPS's climate lobbying aligns with a 1.5° climate scenario. Both achieved well over 30% support.



*Investment Advisor Harry Moran, center, presented our Travelers Insurance proposal. Andrea Ranger, left, of Green Century and Hyewon Han, right, of Trillium Asset Management, who often partner with us in advocacy, also presented at the annual meeting.*

### Johnson & Johnson

62.6% of shareholders voted in favor of a proposal that we co-filed with Mercy Investment Services asking the company to conduct a civil rights audit. Although the company urged shareholders to vote against the proposal, subsequent dialogue with the company indicates that the company is now investigating how best to conduct an audit and determining its timeline. Johnson & Johnson has faced ongoing publicity and legal action with regard to marketing practices that target minority and overweight women for their talcum powder campaigns in the face of growing concerns of asbestos contamination in their product. Although Johnson & Johnson has discontinued selling talcum powder in the United States, it continues to market the product in targeted international markets, including India and Africa.



## Successful Withdrawals

High votes on proposals give us leverage to make progress with companies on critical issues, but continuing engagement is where most progress is made—and that work increasingly happens without the need to take a shareholder proposal to a vote. In 2022, engagement with three companies led to agreements that enabled us to withdraw the proposals from the ballot:

### Citi

We co-filed with Green Century asking for improvements in the Company's financing policies for companies in high-risk areas that drive deforestation. The company made some new commitments after our dialogue that allowed us to withdraw the proposal.

Citi agreed to adopt no-deforestation standards for soy clients operating in high-risk regions, develop a no-deforestation approach for high-risk beef clients, and improve its existing standards for palm oil and forestry clients to align with best practices.

While Citi still has work to do to ensure that its clients are not driving deforestation, we are encouraged by the steps that the bank is taking to address these risks.

### Kroger

We joined a coalition of investors to file a proposal with Kroger asking them report on if and how the company is measuring and curtailing the use of pesticides in its agricultural supply chains. Our conversations with the company led to a withdrawal agreement, as the company made significant commitments to work with experts in sustainable agriculture that will help them to develop a meaningful commitment that is to be shared with the public in 2023. This will involve developing a process to engage produce suppliers, increase awareness internally with regard to pesticide and pollinator risks, and developing tracking methods.

### Tractor Supply

We reported the details of our engagement last quarter. We were able to withdraw this proposal very early in the season as the company agreed to expanded climate reporting in accordance with Task Force for Climate Related Disclosure (TCFD) recommendations and agreed to setting significant goals to reduce emissions. Will continue our engagement as they refine and add to their goals and report on progress.

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