

WOMEN'S INCLUSION PROJECT

Shareholder Advocacy Update – Fall 2020

The **Women's Inclusion Project (WIP)** utilizes gender lens investment strategies to support women and girls. **Proxy Impact** provides shareholder advocacy and proxy voting services for impact investors. Together we engage companies to eliminate *gender pay disparities*, increase *board gender diversity*, expand the number of *women in senior management*, and stop *online child sexual exploitation*. This is accomplished by using shareholder advocacy strategies including investor letters, corporate dialogues, shareholder resolutions, soliciting shareholder support, speaking at annual shareholder meetings, participating in investor networks, publishing reports and media outreach.

WIP is currently engaging 11 companies and filed nine shareholder resolutions on behalf of nine different co-filers including CB Wealth Generation, members of the Women's Inclusion Project New England, and clients of the Aperio Group, Veris Wealth Partners, Wetherby Asset Management, and Fiduciary Trust (formerly Athena Capital). We regularly collaborate with other gender lens, socially responsible, faith-based and impact investors.

Women's Inclusion Project Shareholder Engagement 2020

COMPANY	ISSUE	STATUS
Pfizer	Gender / Racial Pay Gap	Vote 38%
Microsoft	Gender / Racial Pay Gap	Vote 29.55%
Cigna	Gender / Racial Pay Gap	Vote 21%
Alphabet (Google)	Gender / Racial Pay Gap	Vote 5%
Wyndham Hotels	Gender / Racial Pay Gap	Shareholder Resolution Withdrawn
Dell	C-suite Diversity	Shareholder Resolution Withdrawn
Apple	Child Sexual Exploitation Online	Company Dialogue
AT&T	Child Sexual Exploitation Online	Company Dialogue
Facebook	Child Sexual Exploitation Online	12.6%
Sprint / T-Mobil	Child Sexual Exploitation Online	Shareholder Vote Postponed
Verizon	Child Sexual Exploitation Online	Shareholder Resolution Withdrawn

Gender and Racial Pay Gap

The median income for women working full time in the U.S. is 80% of that of their male counterparts. Even worse, the gap for African America and Latina women is 60% and 55%.

- We are asking companies to:
 - Close any gender or racial pay gap.
 - Annually report the percentage of any pay gap between male and female employees across race, ethnicity and job positions, including base, bonus and equity compensation; and provide adjusted and unadjusted (median) pay data (see [Gender Pay Is More Than Just Salary – It Is Also About Opportunity](#)).
- Action:
 - Of the 12 pay gap shareholder resolutions that went to a vote this year, the two filed by WIP received the largest votes. [Pfizer](#) earned 38% and Cigna 21%, while the ten other votes averaged 9.5%. This was the second year we filed at Pfizer and Cigna. Both companies improved their pay equity disclosure since last year, yet both failed to provide unadjusted median pay gap data. The Pfizer vote represented over 1.4 billion shares and nearly \$52 billion based on that day's stock value. Pfizer has since agreed to provide unadjusted pay data. The Cigna vote represented nearly 66 million shares and over \$12 billion, yet the company has

failed to provide data. Microsoft received 29.55% support of more than 1.5 billion shares valued at nearly \$237 billion, and improved disclosure. Our 4th year vote at Alphabet dropped to 5%, which in this case was a positive sign as it reflects the company's improved disclosure.

- We withdrew our resolution at Wyndham Hotels & Resorts when it became only the fifth U.S. company to agree to provide median pay gap data (joining Citigroup, MasterCard, Starbucks and Pfizer). The median pay gap is the standard used by the IRS, U.S. Department of Labor, the World Economic Forum, and is required of U.K. companies, yet few U.S. companies will provide it. We continue to engage with these companies regarding equal pay & opportunity.
- Our third annual [Gender Pay Scorecard](#), published in collaboration with Arjuna Capital, was released on March 31, Equal Pay Day. We graded 50 of the largest U.S. companies by their pay gap disclosure. Only three companies received an “A” while half got “F”s.

Women and Minorities in Senior Management

Women make up the majority of the U.S. population, earn the majority of undergraduate and master degrees, and comprise nearly half the work force; yet women account for less than 6% of CEOs and only about 25% of senior management positions. These percentages are virtually the same as in 2000.

- We are asking companies to:
 - Increase C-suite diversity and publically release Equal Employment Opportunity (EEO) data.
 - Set benchmarks for improved recruitment and hiring of women and minorities.
 - Develop mentoring and career development programs for women and minorities.
- Action:
 - We filed an Executive Leadership Diversity resolution at Dell Technologies asking it to report on its management team diversity and plans to increase gender, ethnic and racial diversity. We withdrew the resolution after dialogues with senior management and enhanced disclosure on the company's website that showed the many steps being taken to improve C-suite diversity.

Child Sexual Exploitation Online

Improvements in technology and the growing use of mobile devices by kids have exponentially increased the risk to children from sexual predators. Seventy-five percent of children trafficked or sold for sex are advertised online. Tens of millions of cases of online child sex imagery are reported annually and many are of children 10 years old or younger. WIP, along with faith-based investors, are engaging companies involved with data storage, social media, telecommunications, and device producers.

- We are asking companies to:
 - Block, remove, and report online child sexual abuse and exploitation materials and cooperate with legal authorities to stop child predators and online child sexual abuse and exploitation.
 - Report on the potential sexual exploitation of children through its products and services, as well as the company's oversight, policies and practices regarding this issue.
- Action:
 - We refilled our resolution at Verizon (our 2019 vote received 34% support representing over 940 million shares worth over \$53 billion) but withdrew it after Verizon became one of the first company's to agree to conduct a child risk assessment across its business.
 - We filed a new resolution at Facebook—as it is the largest source of online child sexual exploitation materials (CSAM), accounting for 16 million of the 17 million U.S. reports of CSAM in 2019. Facebook's plan to deploy end-to end encryption across all of its platforms will greatly exacerbate the situation (see [Facebook at Center of the Storm Over Child Sexual Exploitation](#)).
 - Our resolution received a 12.6% vote—equal to [43% support](#) of the non-management controlled stock—with 712 million shares worth over \$163 billion. We also conducted extensive [media outreach](#) and published an open letter to the Facebook advertiser led [Stop Hate For Profit](#) campaign. The offices of the U.S. Attorney General, a U.S. Senator, and the U.K. Home Office contacted us in appreciation of our efforts to stop online sexual abuse.
 - We began a new dialogue with Alphabet and continue to engage with Apple, AT&T & Verizon.
 - In June, Facebook, Alphabet, Microsoft and 15 other companies launched Project Protect a new initiative of the Technology Coalition to help combat online child sexual abuse.