Carleton Responsible Investment Committee Annual Report
January 27, 2016
Appendix A: Full 2016 Shareholder Resolution Texts

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for Resolutions Falling Under the Proxy Pre-Approval Policy

Political Contributions – Amazon.com, Inc.

WHEREAS: A majority of S&P 500 companies have webpages dedicated to disclosure of political and trade association spending

The Council of Institutional Investors, The Voice of Corporate Governance, represents more than $3 trillion in combined assets. Its Policy 2.14 states: “The board should develop and disclose publicly its guidelines for approving... political contributions [and] ...should disclose... the amounts and recipients of all... contributions made by the company... [including] expenditures earmarked for political or charitable activities that were provided to or through a third party.”

The US Securities and Exchange Commission has under consideration a disclosure rulemaking, which has received more than 1.2 million comments in support of a rulemaking – far more than ever submitted on any rulemaking petition in history.

Shareowners have a right to know whether and how their company uses resources for political purposes. Yet existing regulatory frameworks create barriers – because disclosure is either dispersed among regulatory authorities or entirely absent when spending is channeled through independent organizations exempt from naming donors.

Amazon has at times placed a brief political spending statement on its website; however, key elements are absent from the statement, such that Amazon ranks quite poorly in the CPA-Zicklin Index of Corporate Accountability and Disclosure, which ranks companies according to the quality of their reporting.

At 35.7, Amazon treads water in the 4th tier and scores well behind eBay at 85.7, Intel at 94.3, and Northwest peers Starbucks at 77.1, Boeing at 84.3, and Microsoft at 95.7 (#5 in the 2015 ranking).

Amazon could significantly elevate its rank by putting into place a handful of essential, but missing, elements. We view these steps as constituting ‘low-hanging fruit’ – straightforward measures for Amazon to take, but important for our Company’s reputation and beneficial to shareholder value.

The Board and shareholders need comprehensive disclosure to be able to fully evaluate the risks associated with Amazon’s political use of corporate assets.
**THEREFORE, BE IT RESOLVED:** Shareholders request a report, updated semiannually, that discloses Amazon’s:

(a) Policies and procedures for making political contributions and expenditures with corporate funds (both direct and indirect), including the Board’s role (if any) in that process, and

(b) Monetary and non-monetary political contributions or expenditures that cannot be deducted as an “ordinary and necessary” business expense under section 162(e) of the Internal Revenue Code (“IRC”).

This would include (but not be limited to) contributions to or expenditures on behalf of political candidates, parties, or committees, and other entities organized and operating under IRC section 501(c)(4); as well as the portion of any dues or payments that are made to any tax-exempt organization (such as a trade association) that are used in a way that, if made directly by the Company, would not be deductible under IRC section 162(e).

The initial report shall be made available within 12 months of the annual meeting and should identify recipients, as well as the amount(s) paid to each recipient from Company funds.

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**Lobbying Expenditures (Climate Policy) – Bank of America Corp.**

**WHEREAS,** we believe in full disclosure of our company’s direct and indirect lobbying activities and expenditures to assess whether our company’s lobbying is consistent with our company’s expressed goals and in the best interests of stockholders.

**RESOLVED,** the stockholders Bank of America request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.

2. Payments by Bank of America used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.

3. Description of management’s and the Board’s decision making process and oversight for making payments described in section 2 above.

For purposes of this proposal, a “grassroots lobbying communication” is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. “Indirect lobbying” is
lobbying engaged in by a trade association or other organization of which Bank of America is a member.

Both “direct and indirect lobbying” and “grassroots lobbying communications” include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on Bank of America’s website.

Supporting Statement: As stockholders, we encourage transparency and accountability in our company’s use of corporate funds to influence legislation and regulation. Bank of America spent $5.85 million in 2013 and 2014 on federal lobbying (opensecrets.org). These figures do not include lobbying expenditures to influence legislation in states, where Bank of America also lobbies but disclosure is uneven or absent. For example, Bank of America spent over $620,000 lobbying in California for 2013 and 2014 (http://cal-access.ss.ca.gov/). Bank of America’s lobbying on Dodd-Frank has attracted media scrutiny (“In New Congress, Wall St. Pushes to Undermine Dodd-Frank Reform,” New York Times, Jan. 13, 2015).

Bank of America is a member of the Chamber of Commerce, which spent over $124 million lobbying in 2014. Bank of America restricts its trade associations from using its payments for political contributions, but this does not cover payments used for lobbying. This leaves a serious disclosure gap, as trade associations generally spend far more on lobbying than on political contributions. Bank of America does not disclose its trade association payments or the portions used for lobbying on its website.

Absent a system of accountability and disclosure, corporate assets may be used for objectives that pose risks to the company. For example, Bank of America believes “the United States should significantly reduce its GHG emissions through economy-wide, mandatory approaches,” yet the Chamber is aggressively attacking the EPA on its new Clean Power Plan to address climate change (“Move to Fight Obama’s Climate Plan Started Early,” New York Times, Aug. 3, 2015).

We urge support for this proposal.

Gender Pay Gap – Citigroup, Inc.

WHEREAS: The median income for a woman working full time in the United States is reported to be 78 percent of that of their male counterparts. This gap has largely remained flat over the past decade.
The financial services sector is routinely found to have one of the widest gaps in pay by gender relative to other parts of the economy. Despite women making up nearly one third of the financial services workforce, women on average earn less than their male colleagues.

The persistence of gender pay disparity is evident through the numerous lawsuits brought at major financial services firms. Companies like Morgan Stanley, Wells Fargo, Bank of America, and even Citigroup have all settled gender discrimination lawsuits ranging from $32 - $46 million. These lawsuits are costly to the company and costly to shareholders. By publicly discussing and examining gender pay within the company, Citigroup can reduce its risk of gender bias problems and subsequently potentially costly lawsuits.

A large body of evidence suggests that diversity leads to better performance. Consulting firm McKinsey & Company has found companies with highly diverse executive teams had higher returns on equity and earnings performance than those with low diversity. A May 2014 study from University of Castilla La Mancha found gender diverse teams were better at driving “radical innovation”. While advancing women to executive roles is important in addressing gender diversity, compensating women fairly relative their male counterparts is also key.

Last year PricewaterhouseCoopers voluntarily released its gender pay gap in Britain. The analysis showed that most of its 15.1 percent pay disparity reflected a lack of women in senior jobs. Consequently the firm focused on whether it was promoting fairly. In 2013, the grade just below partner was 30 percent female, yet only 16 percent of those promoted to partner were women.

Companies may also face regulatory risk related to pay parity. The Paycheck Fairness Act of 2014 is pending before Congress to improve company-level transparency and strengthen penalties for equal-pay violations. President Obama has signed an executive action requiring companies who do business with the federal government to report pay data by gender and race to the Department of Labor.

The potential cost savings of closing the gender wage gap are enormous. About 20 percent of large companies now train employees to recognize unconscious bias, spending billions of dollars to try to stamp out unintentional discrimination yet performing a salary analysis is less expensive and potentially more effective. Evidence suggests that less secrecy about pay results in greater employee loyalty and lower turnover. Additionally, Citigroup may enjoy a competitive edge in hiring employees who know they will be fairly compensated regardless of their gender.

**RESOLVED:** Shareholders request Citigroup prepare a report by September 2016, omitting proprietary information and prepared at reasonable cost demonstrating the company does not have a gender pay gap.
Lobbying Expenditures Disclosure – Comcast Corp.

WHEREAS, we believe in full disclosure of Comcast’s direct and indirect lobbying activities and expenditures to assess whether Comcast’s lobbying is consistent with its expressed goals and in the best interests of shareholders.

RESOLVED, the shareholders of Comcast request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.

2. Payments by Comcast used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.

3. Comcast’s membership in and payments to any tax-exempt organization that writes and endorses model legislation.

4. Description of management’s and the Board’s decision making process and oversight for making payments described in section 2 and 3 above.

For purposes of this proposal, “grassroots lobbying communication” is communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. “Indirect lobbying” is lobbying by a trade association or other organization of which Comcast is a member.

Both “direct and indirect lobbying” and “grassroots lobbying communications” include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on Comcast’s website.

Supporting Statement: As shareholders, we encourage transparency and accountability in the use of corporate funds to influence legislation and regulation. According to OpenSecrets.org, Comcast spent $35.83 million on federal lobbying in 2013 and 2014, more than any other company. This does not include lobbying expenditures in states, where Comcast also lobbies but disclosure is uneven or absent. For example, Comcast reportedly lobbies in 39 states with “a powerful, experienced army of local lobbyists and trade groups” (“Comcast Ties to Cities, States Run Deep, Could Help Sell Megadeal,” Politico, March 24, 2014).

Comcast serves on the board of the National Cable & Telecommunications Association, which spent $37.33 million lobbying in 2013 and 2014. However, Comcast does not disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying. Comcast
will disclose its non-deductible trade association payments used for political contributions, but this does not cover payments used for lobbying. This leaves a serious disclosure gap, as trade associations generally spend far more on lobbying than on political contributions.

Nor does Comcast disclose its membership in tax-exempt organizations that write and endorse model legislation, such as its membership in the American Legislative Exchange Council (ALEC). Comcast’s ALEC membership has drawn press scrutiny (“BP and Google Leave ALEC: Are Companies Finally Taking Climate Change Seriously?” The Guardian, March 25, 2015). More than 100 companies, including 3M, Intel, Merck and Sprint, have publicly left ALEC.

Transparent reporting would reveal whether company assets are being used for objectives contrary to Comcast’s long-term interests.

Lobbying Expenditures Disclosure – Devon Energy

WHEREAS, we believe in full disclosure of Devon’s direct and indirect lobbying activities and expenditures to assess whether Devon’s lobbying is consistent with its expressed goals and in the best interests of stockholders.

RESOLVED, the stockholders of Devon Energy Corporation (“Devon”) request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.

2. Payments by Devon used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.

3. Devon’s membership in and payments to any tax-exempt organization that writes and endorses model legislation.

4. Description of the decision making process and oversight by management and the Board for making payments described in section 2 and 3 above.

For purposes of this proposal, a “grassroots lobbying communication” is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation, and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. “Indirect lobbying” is lobbying engaged in by a trade association or other organization of which Devon is a member.

Both “direct and indirect lobbying” and “grassroots lobbying communications” include efforts at the local, state, and federal levels.
The report shall be presented to the Audit Committee or other relevant oversight committees and posted on Devon’s website.

**Supporting Statement:** As stockholders, we encourage transparency and accountability in the use of staff time and corporate funds to influence legislation and regulation. Devon spent $3.78 million in 2013 and 2014 on direct federal lobbying activities (opensecrets.org). This figure does not include lobbying expenditures in states, where Devon also lobbies but disclosure requirements are uneven or absent. Devon’s lobbying of state attorneys general over federal emission standards attracted attention ("Energy Firms in Secretive Alliance with Attorneys General," New York Times, Dec, 6, 2014), as has its lobbying over Oklahoma earthquakes ("Who’s at Fault? How the State’s Stance Linking Injection Wells and Seismicity Changed," Enid News, Sept. 27, 2015).

Devon is on the board of the National Association of Manufacturers and a member of the American Petroleum Institute, which together spent over $38 million lobbying in 2013 and 2014. However, Devon does not disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying. Nor does Devon disclose membership in or contributions to tax-exempt organizations that write and endorse model legislation, such as its membership in the American Legislative Exchange Council (ALEC). Devon’s ALEC membership has drawn press scrutiny ("Documents: Cheniere Fuels ALEC’s New Push for Fracked Gas Exports," Huffington Post, July 31, 2014). More than 100 companies, including Ameren, Occidental Petroleum, and Xcel Energy, have publicly left ALEC.

Transparent reporting would reveal whether company assets are being used for objectives contrary to Devon’s long-term interests.

**Review Public Policy Advocacy – Devon Energy**

**WHEREAS:** The Intergovernmental Panel on Climate Change (IPCC), the world’s leading scientific authority on climate change, confirmed in 2013 that warming of the climate is unequivocal and human influence is the dominant cause. Extreme weather events have caused significant loss of life and billions of dollars of damage. Many investors are deeply concerned about existing and future effects of climate change on society, business and our economy.

The IPCC estimates that a 50% reduction in greenhouse gas emissions globally is needed by 2050 (from 1990 levels) to stabilize global temperatures, requiring a U.S. target reduction of 80%.

Urgent action is needed to achieve the required emissions reductions. We believe the U.S. Congress, Administration as well as States and cities, must enact and enforce strong legislation
and regulations to mitigate and adapt to climate change, reduce our use of fossil fuels and move us to a renewable energy future.

Accordingly, we urge companies in the energy sector to review and update their public policy positions on climate.

Investor concern about climate lobbying is growing. The Principles for Responsible Investment (PRI) published a set of Investor Expectations on climate lobbying endorsed by investors with $4 Trillion in AUM calling on companies to insure their public policy advocacy supported efforts to mitigate and adapt to climate change.

The public perception is that oil and gas companies often oppose laws and regulations addressing climate change or renewable energy.

Consequently, company political spending and lobbying on climate or energy policy, including through third parties, are increasingly scrutinized. For example, investors question companies’ public policy advocacy through the U.S. Chamber of Commerce, which often obstructs progress on climate-related legislation and in October sued the EPA challenging its climate change initiative, the Clean Power Plan.

In contrast, in October 2015 ten of the world’s oil companies, including BP and Shell, called for strong global climate goals and supported reducing their Greenhouse Gas emissions.

RESOLVED: Shareholders request that the Board commission a comprehensive review of Devon’s positions, oversight and processes related to public policy advocacy on energy policy and climate change. This would include an analysis of political advocacy and lobbying activities, including indirect support through trade associations, think tanks and other nonprofit organizations. Shareholders also request that Devon prepare (at reasonable cost and omitting confidential information) a report describing the completed review made available by September 2016.

Supporting Statement:

We recommend that this review include:

* Whether Devon’s current company positions on climate legislation and regulation are consistent with the reductions deemed necessary by the IPCC;

* Board oversight of the company’s public policy advocacy on climate;

* Direct and indirect expenditures (including dues and special payments) for issue ads designed to influence elections, ballot initiatives or legislation related to climate changes;

* Engagement with climate scientists and other stakeholders involved in climate policy discussions;
* Proposed actions to be taken as a result of the review.

**Board Diversity – Discovery Communications**

**WHEREAS:** Discovery Communications does not have any women on its Board of Directors.

Yet, in 2012, Discovery Communications amended its Corporate Governance Guidelines to include a commitment to diversity inclusive of gender, race, and ethnicity in its nomination criteria.

We believe that diversity, inclusive of gender and race, is a critical attribute of a well-functioning board and a measure of sound corporate governance.

Research confirms the strong business case for diversity on corporate boards. For example, the August 2012 Credit-Suisse Research Report Gender Diversity and Corporate Performance links board diversity to better stock market and financial performance (higher return on equity, lower leverage, higher price/book ratios and improved growth prospects). It suggests several explanations for this better performance including a stronger mix of leadership skills, improved understanding of consumer preferences (women control more than two-thirds of U.S. consumer spending), a larger candidate pool from which to pick top talent, and more attention to risk. In 2014, Credit-Suisse updated its research and observed similar results. Additionally, numerous studies suggest a critical mass of at least three women directors strengthens corporate governance.

An October 2014 PwC survey of institutional investors representing more than $11 trillion in assets observed that “Nine out of 10 investors believe boards should be revisiting their director diversity policies, and 85% believe doing so will require addressing underlying impediments…” This is consistent with growing investor engagement with companies on board diversity, as evidenced by state and city pension funds such as CalSTRs and pension funds of Connecticut, New York City and New York State.

Investment firms are responding to growing interest from investors by directing capital to higher performing companies. In 2014, U.K.-based Barclays launched an exchange-traded note based on an index of companies with female CEOs or directors. In the U.S., Bank of America, Morgan Stanley, and Pax World Investments offer similar investment vehicles.

Discovery Communications has committed to promoting equal opportunity and diversity within the firm, as evidenced by its comprehensive non-discrimination policy and its corporate inclusion initiatives; and several women hold executive management positions. Yet, the company noticeably lags its peers on board diversity. Scripps Networks Interactive, Yahoo!, and Netflix each have more than two woman directors on their boards. Ninety-two percent of S&P 500 boards include at least one woman; the average is two women directors (2014 ISS Board
Practices Study). Furthermore the company’s portfolio of brands looks to capture female market share (for example OWN and TLC), however this customer base is not represented at the board level.

**RESOLVED:** Shareholders request that the Board of Directors prepare a report by September 2016, at reasonable expense and omitting proprietary information, on steps Discovery Communications is taking to foster greater diversity on the Board over time including but not limited to the following:

1. The inclusion of women and minority candidates in every pool from which Board nominees are chosen and our company’s plans to advance Board diversity;

**Greenhouse Gas Reduction – Dominion Resources, Inc.**

**WHEREAS:** Electric Utilities are facing unprecedented changes to their business model due to climate change driven growth in low-carbon sources of electric power, and increased energy efficiency which is reducing demand for electricity. These trends are accelerating and our company’s response has not been commensurate with the pace of the changes.

Distributed generation, including residential rooftop solar paired with energy storage, is expanding rapidly as costs decrease and companies such as Solar City and First Solar build their businesses. More energy efficient manufacturing, heating, cooling and lighting systems are reducing electricity demand.

To control costs by hedging against energy price volatility and in response to climate change, corporations such as Apple, Google, Wal-Mart, and IKEA are aggressively increasing their investments in energy efficiency and their production and use of renewable energy, thereby reducing the electricity they are purchasing from electric utilities. Fifty major companies globally have committed to using 100 percent renewable energy, because of concerns about climate change and for financial reasons.

Non-utility companies are entering the market of providing energy efficiency services. Google recently purchased Nest, which provides products and services to reduce residential electricity use. Comcast now provides an EcoSaver service to help customers save money on energy bills. General Electric has created a new company Current, to provide products and services in energy efficiency, renewable generation and storage to large customers like hospitals, universities, retail stores and cities.

According to PricewaterhouseCoopers “In defining future business models, utilities need to understand and challenge their company’s purpose and positioning in tomorrow’s markets. In
the past, operating an integrated utility from generation through customer supply was well understood. Now, unbundling opportunities are extending deeper into the value chain and enabling greater participation by specialists. As a result, electric companies will need to rethink not just their roles and business models, but also their service and product offerings and approaches to customer engagement.”

Shareholders of Dominion Resources are concerned about the accelerating impact climate change driven technology including distributed energy generation and energy efficiency could have on our company’s revenue. They are also concerned that our company’s generating facilities – both current and planned – may not be able to be used to full capacity in the future due to decreased demand. This has the potential to significantly adversely affect shareholder value.

Shareholders are also concerned that business opportunities for our company – both in distributed generation and in energy efficiency – face increasing competition from major national corporations.

RESOLVED: Shareholders request that a committee of the Board of Directors oversee a study of the potential future threats and opportunities presented by climate change driven technology changes in the electric utility industry, and prepare a report to shareholders that includes the company’s plan to meet these challenges, protect shareholder value, and reduce the company’s substantial carbon emissions. The report to shareholders should be prepared at reasonable cost and omit proprietary information and be completed by September 1st, 2016.

Board Diversity – Ecolab, Inc.

WHEREAS: Ecolab has no meaningful policy on diversity for the Board of Directors, with only a brief mention in its proxy that “a continuing effort is made to seek well-qualified women and minority group members for the Board, but these persons must be sought out and evaluated as individuals rather than as representatives of specific groups”;

The Proponent believes that it is crucial for the Company’s Board of Directors to reflect the diversity of its customers and product end-users;

Our Company’s products are primarily used in the cleaning/janitorial and food service industries. According to the Bureau of Labor Statistics (2014), 88.6% of maids and housekeepers are female, while 66.1% are Asian, Black, or Latino; of janitors, 52.4% are minority. In the food service industry, 55.1% are female, and 45.5% are non-white;

Yet Ecolab has only 6% minority and 25% female representation on the Board of Directors. In contrast, Praxair, another basic materials company, has at least 20% ethnically/rationally diverse members on its Board of Directors;
A recent article published on the Harvard Law School Forum on Corporate Governance and Financial Regulation stated that “a diverse board signals that women’s and minorities’ perspectives are important to the organization, and that the organization is committed to inclusion not only in principle but also in practice. Further, corporations with a commitment to diversity have access to a wider pool of talent and a broader mix of leadership skills than corporations that lack such a commitment.”

RESOLVED: Shareholders recommend that the Board of Directors, consistent with their fiduciary duties, adopt a diversity policy in which the Board publicly commits to:

- Ensuring that women and minority candidates are routinely sought as part of each Board search;
- Expanding director searches to include nominees beyond the executive suite, from non-traditional environments such as government, academia, and non-profit organizations; and
- Reviewing Board composition to ensure that the Board reflects the knowledge, experience, skills, and diversity required for the Board to fulfill its duties.

Supporting Statement: We believe that in an increasingly complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to a company's success. Further, director and nominee diversity helps to ensure that different perspectives are brought to bear on issues, while enhancing the likelihood that proposed solutions will be nuanced and comprehensive.

We believe our company's lack of board diversity policies and disclosures limit the company's definition and understanding of diversity, and do not sufficiently address the growing investor demand and interest in this critical corporate governance matter.

In our view, companies combining competitive financial performance with high standards of corporate governance, including board diversity, are better positioned to generate long-term value for their shareholders. As such, we urge the Board to broaden its pool of candidates and publicly commit to taking steps to establish an inclusive board.

Shale Energy Operations (Quantitative Risk Management) – Freeport-McMoRan Copper and Gold, Inc.

WHEREAS: Hydraulic fracturing, acidizing, and similar enhanced oil recovery operations (“oil operations”), are highly controversial extraction methods whose potential to create public health hazards and environmental harm has resulted in bans both domestically and internationally. In California, bans and moratoriums on various oil operations have already been established in 4 counties and 3 cities.
Oil operations have the potential to contaminate water supplies, release toxic fumes, and harm communities. A Physicians for Social Responsibility study reports that 90% of compounds used in hydraulic fracturing cause adverse health effects. Acidizing, for instance, uses hydrofluoric acid and other chemicals that cause severe respiratory problems. From June 2013 to June 2014 – in the Los Angeles Basin alone – oil companies used 45 million pounds of air-polluting chemicals, including 44 known toxic substances. (Center for Biological Diversity, June 2014).

Freeport, one of the largest oil producers in California, has substantial oil operations in and around Los Angeles County. In Jefferson Park, for instance, Freeport uses hazardous chemicals at sites located as close as 85 feet from homes and schools. Freeport also uses hydraulic fracturing and other “enhanced” recovery methods in the Inglewood Oil Field, which is in the midst of a community of 300,000 people. At 1,100 acres, the Inglewood Oil Field is the largest urban oil field in the United States.

Freeport’s California operations face significant resistance from adjacent communities that have suffered health problems and endured chemical odors related to Freeport’s oil operations. Freeport faces stiff opposition in the West Adams neighborhood, Inglewood Oil Field, Jefferson Park, and other locations. Residents of San Luis Obispo County have protested Freeport’s application for an aquifer exemption for wastewater injection, citing contamination of local water supplies.

Impacted communities have submitted official comments that allege Freeport violated local zoning ordinances “with a reckless regard” for the community. (Los Angeles Planning Department, Public Comment Case No: ZA 17528(PA4), September 2013).

Freeport does not publicly disclose its practices, if any, to manage, reduce, or avoid the risks of its oil operations to populations in these urban centers. This lack of key disclosure metrics denies investors the information they need to assess the reputational, legal, and financial risks that arise from the Company’s urban drilling operations in California.

THEREFORE, BE IT RESOLVED: Shareholders request that the Board of Directors report on company actions being taken (excluding actions taken to comply with law) to reduce and mitigate potential health harms, environmental harms, and negative community impacts that arise from Freeport’s enhanced oil recovery operations (such as hydraulic fracturing, steam injection, gravel packing, and acidizing) in urban areas of California. This report should be prepared at reasonable cost, omitting confidential information, by November 30, 2016.
Greenhouse Gas Reduction (Science-based Targets) – MasterCard Incorporated

RESOLVED: Shareholders request that MasterCard, Inc. adopt, company-wide, specific, quantitative and time-bound goals, taking into consideration the Intergovernmental Panel on Climate Change’s (“IPCC”) recommendations, to reduce operational greenhouse gas (GHG) emissions, and to report by November 2016, at reasonable cost and omitting proprietary information, its plans to achieve those goals, and any relevant performance metrics.

Supporting Statement: The rationale for companies to reduce emissions is compelling. First, the ability to generate reliable financial returns for shareholders while meaningfully reducing carbon emissions is well-proven. A report published by WWF, CDP, and McKinsey & Company, found that companies with GHG targets achieved an average of 9% better return on investment than companies without targets. As a result, setting GHG emission targets is widespread among U.S. companies. According to Power Forward 2.0, a report by WWF, Ceres, Calvert Investments and David Gardiner and Associates, 60 percent of Fortune 100 companies have GHG reduction commitments and renewable energy commitments, as of 2013. Further, Power Forward 2.0 finds that the 53 Fortune 100 companies that report climate and energy targets to the CDP are saving $1.1 billion annually by reducing emissions and procuring renewable energy.

Second, consumers increasingly expect companies to reduce their carbon footprint. Therefore, mitigating this potential reputational risk has become a key driver of corporate action. This is especially crucial in the wake of the recent COP 21 agreement that not only magnifies public attention, but also increases the likelihood of further regulatory action.

Lastly, in its Fifth Assessment Report (AR5), the IPCC stated that GHG emissions in 2050 must be 40% to 70% lower than 2010 levels in order to stabilize global temperatures. Given the range and extent of the risks associated with failing to do so, all companies, including MasterCard, must play a role in reducing emissions.

Investors are increasingly monitoring how corporations are reducing their climate impacts and risks. 1,380 institutional investors managing more than $59 trillion have joined The Principles for Responsible Investment (UNPRI), including 7 out of MasterCard’s 10 largest shareholders acknowledging that ESG issues can affect the performance of investment portfolios.

In its 2015 CDP response, MasterCard indicates that its facilities and core data centers account for a majority of its GHG emissions impact. Although MasterCard has achieved LEED certification for several facilities, it has yet to set targets to reduce energy use or emissions, which may cost the company reputationally and financially. This is especially troubling because in its fiscal year ended 2014, the Company’s emissions increased 19.3% from fiscal 2013, outpacing revenue growth of 13.5% over the same period.
To ensure it is meeting investor and consumer expectations, MasterCard should demonstrate it has a strategy and executive-level commitment to address its carbon footprint and adopt GHG reduction goals. Further, we recommend that MasterCard consider renewable energy procurement as a strategy to achieve its emission reduction goals.

**Review Public Policy Advocacy – Occidental Petroleum Corporation**

Occidental Petroleum is going through a major transition, having spun off its California oil and gas business. In an October 2014 press release, the company emphasizes Occidental Petroleum is “committed to safeguarding the environment, protecting the safety and health of employees and neighboring communities and upholding high standards of social responsibility in all of the company’s worldwide operations.”

We believe any public policy advocacy by Occidental should be carefully scrutinized to assess the impact on the environment as well as our company’s reputation. Also this is a natural time to insure that our company’s lobbying and political spending is consistent with our environmental and social standards. Occidental spent over $22 million on lobbying from 2012-2014.

We commend Occidental Petroleum for its decision to withdraw from the American Legislative Exchange Council (ALEC) which is aggressively campaigning against renewable energy regulation at the state level. Renewable energy is a very important tool to combat climate change.

However, Occidental is a prominent member of the U.S. Chamber of Commerce which has sued the EPA for its climate leadership and is actively campaigning against the new EPA Clean Power Plan. Occidental is also a member of the Western States Petroleum Association (WSPA) which actively opposed California climate legislation urging climate change solutions and reduction of use of fossil fuels. The WSPA is one of the major lobbyists against climate regulations spending $27 million from 2009-14.

Investor concern about climate lobbying is growing. The Principles for Responsible Investment (PRI) published a set of Investor Expectations on climate lobbying endorsed by investors with $4 Trillion in AUM calling on companies to insure their public policy advocacy supported efforts to mitigate and adapt to climate change.

The public perception is that oil and gas companies, including Occidental, often oppose laws and regulations addressing climate change or renewable energy. Thus we are urging this review.

**RESOLVED:** Shareholders request that the Board of Directors initiate a review and assessment of organizations in which Occidental Petroleum is a member or otherwise supports financially
for lobbying on legislation at federal, state, or local levels. A summary report of this review, prepared at reasonable cost and omitting proprietary information, should be reviewed by the Board Governance Committee and provided to shareholders.

Supporting Statement: We propose the review should:

1. Examine the philosophy, major objectives and actions taken by the organization supported;

2. Assess the consistency between our company’s stated policies, principles, and Code of Conduct with those of the organization supported;

3. Determine if the relationship carries reputational or business risk with a potential negative impact on the company and its shareholders;

4. Evaluate management’s rationale for its direct involvement in, or financial support of, the organization to determine if the support is in the long-term best interests of the company and its stakeholders;

5. Assess oversight governing the use of corporate assets for political and lobbying purposes.

Lobbying Expenditures Disclosure – Raytheon Company

WHEREAS, we believe in full disclosure of Raytheon’s direct and indirect lobbying activities and expenditures to assess whether Raytheon’s lobbying is consistent with Raytheon’s expressed goals and in the best interests of shareholders.

RESOLVED, the shareholders of Raytheon request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.

2. Payments by Raytheon used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.

3. Raytheon’s membership in and payments to any tax-exempt organization that writes and endorses model legislation.

4. Description of management’s and the Board’s decision making process and oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a “grassroots lobbying communication” is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the
communication to take action with respect to the legislation or regulation. “Indirect lobbying” is lobbying engaged in by a trade association or other organization of which Raytheon is a member.

Both “direct and indirect lobbying” and “grassroots lobbying communications” include efforts at the local, state and federal levels. Neither “lobbying” nor “grassroots lobbying communications” include efforts to participate or intervene in any political campaign or to influence the general public or any segment thereof with respect to an election or referendum.

The report shall be presented to the Audit Committee or other relevant committees and posted on Raytheon’s website.

Supporting Statement: As shareholders, we encourage transparency and accountability in the use of corporate funds to influence legislation and regulation. Raytheon spent $13.94 million in 2013 and 2014 on direct federal lobbying activities (opensecrets.org). These figures do not include lobbying expenditures to influence legislation in states, where Raytheon also lobbies but disclosure requirements are uneven or absent. For example, Raytheon spent $135,676 lobbying in Massachusetts for 2013 and 2014 (http://www.sec.state.ma.us/pre/). Raytheon’s lobbying on blimp radar systems has attracted media scrutiny (“How a $2.7 Billion Air-defense System Became a ‘Zombie’ Program,” Los Angeles Times, Sept. 24, 2015).

Raytheon belongs to the Aerospace Industries Association, which spent over $3.1 million on lobbying in 2013 and 2014, and to the California Manufacturers & Technology Association, which spent $3,414,424 on lobbying in California for 2013 and 2014. Raytheon does not disclose its memberships in, or payments to, trade associations, or the portions of such amounts used for lobbying. And Raytheon does not disclose payments to tax-exempt organizations that write and endorse model legislation, such as the American Legislative Exchange Council. Transparent reporting would reveal whether company assets are being used for objectives contrary to Raytheon’s long-term interests.

We urge support for this proposal.

Executive Pay: Incorporate Diversity Metrics – TJX Companies, Inc.

WHEREAS: In an increasingly complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to a company's success;

The Proponent believes that diversity in senior management helps ensure that different perspectives are brought to bear on issues, while enhancing the likelihood that proposed solutions will be nuanced and comprehensive;

In early 2015, McKinsey Research found that companies in the top quartile for ethnic diversity were 35% more likely to outperform those in the bottom quartile;
Furthermore, research indicates that companies in the MSCI World Index with strong female leadership generated a Return on Equity of 10.1% per year versus 7.4% for those without, as of September 9, 2015;

Shareholders believe that it is crucial for the Company’s senior management to reflect the diversity of its employees and customers. According to Forbes, TJX’s customer profile is a 25 to 44 year old female customer with middle to upper-middle income, while labor force statistics indicate that 49.8% of retail employees are female and 33.1% are minorities;

Unfortunately in the past 5 years, TJX’s senior management team has remained 0% minority and merely 16% female. Of the six executive officers currently comprising senior management, the one female (current CEO Carol Meyrowitz) will leave her position in 2016, leaving the executive offices filled entirely with white men. Given the primarily female customer base, this shift in the executive team is particularly alarming;

A recent article published on the Harvard Law School Forum on Corporate Governance and Financial Regulation indicated that management-level diversity “signals that women’s and minorities’ perspectives are important to the organization, and that the organization is committed to inclusion not only in principle but also in practice. Further, corporations with a commitment to diversity have access to a wider pool of talent and a broader mix of leadership skills than corporations that lack such a commitment”;

McKinsey Research (2015) reinforces the need for diversity in management, noting that “in the United States, there is a linear relationship between racial and ethnic diversity and better financial performance: for every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rise 0.8 percent”;

Shareholders are concerned that TJX’s dearth of senior management diversity may be adversely affecting shareholder value and believe that adding diversity in senior level management as a clear metric in our CEO’s compensation package creates an incentive to strive for excellence in this area just as our financial metrics incent performance.

**RESOLVED:** Shareholders request that the Board’s Compensation Committee, when setting CEO compensation, include metrics regarding diversity among senior executives as one of the performance measures for the CEO under the Company’s annual and/or long-term incentive plans. For the purposes of this proposal, “diversity” is defined as gender, racial, and ethnic diversity.
Renewable Energy Goals – TJX Companies Inc.

RESOLVED: Shareholders request The TJX Companies, Inc. (TJX) senior management, with oversight from the Board of Directors, set company-wide quantitative targets by November 2016 to increase renewable energy sourcing and/or production.

WHEREAS: By setting goals to source renewable energy, our company would demonstrate a proactive approach to: reducing exposure to volatile energy prices; enhancing U.S. energy security; creating jobs in the United States; enhancing TJX’s reputation; and meeting the global need for cleaner energy.

In order to limit the average global temperature increase to 2 degrees Centigrade, a goal shared by nearly every nation, the Intergovernmental Panel on Climate Change (IPCC) estimates that the United States needs to reduce annual GHG emissions approximately 80 percent. This will involve a significant shift to renewable energy.

Fortunately, the costs of generating electricity from sources such as wind and solar have been declining rapidly and are now cheaper in some regions than fossil fuel-based energy.

In 2015, Berkshire Hathaway’s NV Energy secured a power purchase agreement (PPA) price of 3.87 cents per kWh for electricity generated by a 100 Megawatt First Solar project.

The average price paid by all types of end users of electricity nationwide in 2014 was 10.45 cents per kWh according to the U.S. Energy Information Administration (EIA).

The average price of wind energy installed in 2014 was 2.5 cents per kWh according to Lawrence Berkeley National Laboratory. In 2013 David Sparby, President of Xcel Energy’s Northern States Power stated: “Wind prices are extremely competitive right now, offering lower costs than other possible resources, like natural gas plants. These projects offer a great hedge against rising and often volatile fuel prices."

The New York Times reported in September 2015 that new members of coalition called RE100 that encourages companies to switch to 100% renewable energy include Johnson & Johnson, Procter & Gamble, Starbucks, Walmart and Goldman Sachs.

Eric Schmidt of Alphabet stated: “Much of corporate America is buying renewable energy in some form or another, not just to be sustainable, because it makes business sense, helping companies diversify their power supply, hedge against fuel risks, and support innovation in an increasingly cost-competitive way.”

A report by CDP found that four out of five companies earn a higher return on carbon reduction investments than on their overall corporate capital expenditures. We are concerned TJX may be lagging behind peers with renewable energy goals like Kohl’s Department Stores that currently has a target to outfit 200 of its stores with rooftop solar by the end of 2015 and that
bought solar credits and installed solar projects that together add up to 105% of the electricity it uses annually.

Companies are increasingly turning to renewable energy to power their operations. According to EPA, 78 Fortune 500 companies are purchasing renewable energy. By setting renewable energy commitments, the company can strengthen its current climate change strategy, reduce the company’s exposure to fluctuating energy prices and move it closer to achieving GHG reductions.

**Lobbying Expenditures Disclosure – Wells Fargo & Co.**

**WHEREAS,** Lobbying exposes Wells Fargo & Company (“WFC”) to risks that could affect its goals, objectives, and ultimately shareholder value, and

We rely on information provided by WFC to evaluate goals and objectives, and therefore have a strong interest in full disclosure of its lobbying to assess whether its lobbying is consistent with its expressed goals and in the best interests of shareholders and long-term value.

**RESOLVED,** shareholders request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.

2. Payments by WFC used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.

3. WFC’s membership in and payments to any tax-exempt organization that writes and endorses model legislation.

4. Description of the decision making process and oversight by management and the Board for making payments described in sections 2 and 3 above.

For purposes of this proposal, “grassroots lobbying communication” is communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. “Indirect lobbying” is lobbying engaged in by a trade association or other organization of which WFC is a member. Both “direct and indirect lobbying” and “grassroots lobbying communications” include efforts at the local, state and federal levels. The report should be presented to the Audit Committee or other relevant Board committees and posted on WFC’s website.

**Supporting Statement:** As shareholders, we encourage transparency and accountability in the use of corporate funds to influence legislation and regulation both directly and indirectly. Absent
a system of accountability, company assets could be used for objectives contrary to WFC’s long-term interests.

WFC spent $12.5 million in 2014 and 2015 on direct federal lobbying activities (Senate and House Reports). These figures do not include lobbying expenditures to influence legislation in states, where WFC also lobbies but disclosure is uneven or absent. WFC has drawn attention for its lobbying (“Wells Fargo: No. 4 in assets, No. 1 in lobbying,” Charlotte Observer, May 8, 2015).

WFC does not disclose its payments to trade associations, but Fifth Third, Genworth and Prudential do. Wells Fargo does not disclose its trade association payments that are used for lobbying, but Capitol One, Fifth Third, Genworth, KeyCorp, Metlife, Prudential and USBancorp do. And WFC does not disclose membership in or payments to tax-exempt organizations that write and endorse model legislation, such as its $5,000 contribution to the 2013 annual meeting of the American Legislative Exchange Council.

The International Corporate Governance Network, representing institutional investors with more than $18 trillion in assets, supports lobbying disclosure as best practice, and supports disclosure of any amounts over $10,000, including trade association payments.
List Health Consequences of Additives in Products – Altria Group, Inc.

WHEREAS: The United States Department of Health and Human Services’ website, “The Real Cost,” outlines the devastating impact of tobacco on people’s health. After showing how people become addicted and the health consequences of smoking, the highest number of pictorial examples (nine) show the harm resulting from use of tobacco products because of the chemicals used in them. “Do you know,” it asks: “More than 7,000 chemicals are found in a single puff of cigarette smoke;” “A menthol cigarette is still a cigarette with all the toxic chemicals;” “More than 70 chemicals in cigarette smoke can cause cancer;” “Carbon in car exhaust and cigarette smoke;” “Lead: once used in paint and found in cigarette smoke;” “Cadmium: found in batteries and cigarette smoke;” “Formaldehyde: used to preserve dead bodies and found in cigarette smoke;” “Nicotine, the addictive chemical occurs naturally in the tobacco plant;” and “At least 28 chemicals in smokeless tobacco are linked to cancer.”

While the U.S. tobacco companies provided the government a list of 599 ingredients used in cigarettes (1994), they did not describe the 4,000+ chemical compounds created from burning a cigarette (69 known to create cancer) nor other adverse pharmacological effects.

While many consumers of our Company’s tobacco products, ranging from cigarettes to smokeless tobacco to e-cigarettes, are aware of their potentially addictive power from nicotine, few are cognizant of the serious harm that results from chemicals and additives contained in these products when they use them. Oftentimes typical testing is not sensitive enough to detect truly harmful levels, such as two chemicals known to cause permanent and sometimes fatal lung disease: diacetyl and its chemical cousin, 2,3-pentanedione.

In a front-page feature article, “Inhaling Dangerous Chemicals,” The Milwaukee Journal Sentinel stated (10.21.15): “There are no requirements that manufacturers test their e-liquids [the juices found in e-cigarettes], nor are there any standards to meet. What testing is done is driven largely by the desire of e-liquid makers to market the safety of their products.” However, the article immediately continues: “the Journal Sentinel’s testing led to yet another discovery: The method typically used to analyze e-liquids for the industry is not sensitive enough to detect levels that could be harmful. As a result e-liquid makers across the country claim their formulas are diacetyl free when sometimes they are not.”

In response, a spokesman for the U.S. Food and Drug Administration admitted: “We’re at a point where these are not regulated by anyone,” warning, “It’s a ‘Buyer Beware’ market.”
To enable all users of our tobacco products an awareness of the dangers of such liquids, additives and chemicals. . .

**RESOLVED:** shareholders request Altria Group, Inc. undertake a thorough analysis, engaging chemical and pharmacological experts as needed, of all the harmful liquids, additives and chemicals and their potential health consequences when each brand of our tobacco products is used as intended by consumers and report the results of the analysis on the Company’s website.

### Reduce E-Waste – Amazon.com, Inc.

**WHEREAS:** Amazon.com Inc. is one of the largest retailers of consumer electronics with annual sales of $25 billion, and such devices contain toxic materials such as lead, mercury, cadmium, brominated flame retardants, polyvinyl chloride, and are difficult to recycle.

Less than half of discarded electronics are collected for recycling, according to the U.S. Environmental Protection Agency. Electronic waste is the fastest growing and most hazardous component of the municipal waste stream, with more than two million tons ready for end-of-life management annually.

Improper disposal of electronics can result in serious public health and environmental impacts. Analog TV sets and monitors with cathode ray tubes contain large amounts of lead, flat screen monitors contain mercury switches, and computer batteries contain cadmium, which can be harmful to human health if released to the environment.

The company offers recycling for its Kindle and Fire brands, but not for myriad other kinds of electronics it sells. The company website says “we're constantly looking for ways to further reduce our environmental impact,” but provides no option for consumers who have end-of-life electronics to safely and conveniently recycle them through Amazon.com.

By contrast Dell Inc., another large online electronics retailer, provides shipping labels and offers free recycling for all products it sells. Also, anyone may also drop off any brand of computer equipment at more than 2,000 Goodwill stores. Electronics retailer Best Buy takes back a wide variety of electronics for free. Best Buy, Dell and other responsible electronics retailers are collecting trash generated by Amazon and others and absorbing the processing cost. Best Buy has recycled 300 million pounds of electronics in the last three years. The proponent believes that since the company is one of the U.S. largest retailers of consumer electronics, it should provide a take back program as well.

Once collected, electronics are often shipped to developing countries where they can endanger human health and the environment. News reports from China and parts of Africa have revealed that thousands of workers break apart and process old electronic equipment under appalling conditions. The proponent believes electronics collected by our company should be
recycled or refurbished by responsible electronics recyclers who are independently verified to meet a leading certification standard such as the e-Stewards standard. Better recycling and reclamation of metals could also take pressure off of conflict mineral zones where mining takes place under inhumane and forced labor conditions.

**RESOLVED:** Shareholders request that Amazon.com’s Board of Directors prepare a report, at reasonable cost and excluding confidential information, on the company's policy options to reduce potential pollution and public health problems from electronic waste generated as a result of its sales to consumers, and to increase the safe recycling of such wastes.

**Supporting Statement:** The proponent believes such a report should consider, but not necessarily be limited to, support for internal or external strategies to facilitate effective management of consumers' electronic wastes and to prevent improper export of hazardous electronic waste.

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**Climate Risk Disclosure – Anadarko Petroleum Corp.**

**WHEREAS:** Investors require information on how Anadarko Petroleum is preparing for the likelihood that demand for oil and gas may be significantly reduced due to regulation or other climate-associated drivers, increasing risk for stranding some portion of its reserves.

Recognizing the severe risks associated with a warming climate, global governments have agreed that increases in global temperature should be held below 2 degrees Celsius. (Cancun). To achieve this goal, the International Energy Agency states that “No more than one-third of proven reserves of fossil fuels can be consumed prior to 2050 . . . .” (2012). HSBC notes that the equity valuation of oil producers could drop by 40 to 60 percent under such a low carbon consumption scenario. (2013). The Bank of England’s Governor has also recognized carbon asset risk and the potential for 2 degree climate regulation to “render the vast majority of reserves ‘stranded.’” (2015).

In addition to the increasing likelihood of global carbon agreements or treaties, demand for oil is being effected by carbon-related fuel economy standards, air quality policies, competition from renewables, and technology substitution as highlighted, for instance, by China’s electric vehicle policy.

Further, global oil demand growth is projected to slow in 2016. (IEA Oil Market Report 2015). The International Energy Agency also forecasts global oil demand will peak by 2020 under a 2 degree scenario. (November, 2014).

Anadarko’s investments in high cost projects, including a range of deep and ultra-deepwater projects, make its reserves increasingly less competitive and at higher risk of stranding in a carbon-constrained market. Of note, BlackRock warns that fossil fuel reserves are
at risk of being devalued through climate risks and that it is “cautious on companies with high-cost reserves.” (Price of Climate Change, 2015).

Given the likelihood of increased carbon regulation and associated demand reduction, Anadarko’s investments in high cost projects are increasingly at risk of stranding, especially in an over-supplied world market. Investors are concerned that Anadarko is not adequately accounting for these risks, while competitors such as BHP Billiton have begun acknowledging the potential for stranded assets. Investors require additional information on whether and how the company is preparing for these changing market conditions.

**THEREFORE BE IT RESOLVED:** Shareholders request Anadarko to prepare and publish a scenario analysis report by September 2015, omitting proprietary information, describing how the Company will address the risk of stranded assets presented by global climate change and associated demand reductions for oil and gas, including analysis of long and short term financial and operational risks to the company.

**Supporting Statement:** We recommend the report:

- Evaluate a range of low-carbon, low-demand scenarios, including a scenario where two thirds of current reserves cannot be monetized before 2050;
- Provide a range of capital allocation strategies for such low-demand scenarios, including diversifying capital investment or returning capital to shareholders;
- Provide information on carbon price and crude oil price assumptions used in each scenario.

**Climate Risk Disclosure – Noble Energy, Inc.**

**WHEREAS:** Recognizing the risks of climate change, nearly all nations signed the Cancun Agreement proclaiming, “the increase in global temperature should be below 2 degrees Celsius.” In light of this goal, the International Energy Agency (IEA) has developed scenarios to help policymakers and market participants understand potential energy demand futures. Oil demand would need to begin to decline starting in 2020 under IEA’s 450 scenario (referring to 450 parts per million of CO2 in the atmosphere) consistent with policymakers’ 2 degree target. According to HSBC, the equity valuation of oil producers could drop by 40-60 percent under such a low emissions scenario.

Oil demand is already being affected by policies related to air quality, fuel efficiency, and lower-carbon energy. Analysts from Citi, Deutsche Bank and Statoil, among others, predict that global oil demand could peak in the next 10-15 years. Any global action to address climate change will only accelerate these trends.
Industry production costs have risen significantly in recent years, leaving many companies vulnerable to any downturn in demand. Carbon Tracker estimates that projects with economic breakevens exceeding $95/barrel are clearly in excess of the requirements for global fossil fuel investment in a 2 degree scenario, and that there is an estimated $1.1 trillion of capex earmarked for high cost projects out to 2025 needing a price of over $95 to generate an economic return, raising the risk of stranded, or unprofitable, resources.

We recognize the importance of the oil and gas sector in providing future energy needs. However, we are concerned that Noble Energy’s current business strategy may not be sufficiently sustainable given the changing nature of demand, emerging technologies, and policy interventions aimed at limiting global temperatures.

Investors require additional information on how Noble is preparing for market conditions in which demand growth for oil and gas is reduced due to a combination of factors.

**RESOLVED:** Shareholders request that Noble Energy prepare a report by September 2016, omitting proprietary information and prepared at reasonable cost, on whether the company’s short- and long-term business plans align with the global goal of limiting global warming to below 2 degrees, including an analysis of the impact that such a policy would have upon demand for and pricing of the company’s products and options for aligning company goals with such policy, demand, and pricing trends.

**Supporting Statement:** We recommend the report include:

- A discussion of how the global goal of limiting warming to no more than 2 degrees is factored into the company’s business planning;
- A scenario analysis that considers a range of low-carbon and low-demand scenarios; including the IEA’s 450 Scenario;
- An assessment of different capital allocation strategies in the face of low-demand scenarios.
- The Board of Directors’ role in overseeing capital allocation and climate risk reduction strategies.

**Carbon Legislation Impact Assessment – Occidental Petroleum Corporation**

**RESOLVED:** Shareholders request that commencing in 2016 Occidental Petroleum Corporation (Occidental), with board oversight, publishes an annual assessment of long-term portfolio impacts of public climate change policies, at reasonable cost and omitting proprietary information. The report should explain how current capital planning processes and business strategies incorporate analyses of the short- and long-term financial risks of a lower carbon economy. Specifically, the report should outline how the company is evaluating the impacts of
fluctuating demand and price scenarios on the company’s existing reserves and resource portfolio - including the International Energy Agency’s “450 Scenario,” which sets out an energy pathway consistent with the internationally recognized goal of limiting the global increase in temperature to 2 degrees Celsius.

Supporting Statement: Long-term Occidental investors expect the company to generate continued improvement in shareholder value as energy policies evolve. Climate change, and actions to mitigate and adapt to it, will meaningfully affect the demand for, and costs associated with, finding, extracting, refining and selling carbon-based fuels.

Recognizing the severe and pervasive economic and societal risks associated with a warming climate, 193 governments agreed that they should take action to limit the increase in global temperature to 2 degrees Celsius (Cancun Agreements). In 2014, the United States and China agreed to policy and regulatory actions to reduce greenhouse gas emissions and re-affirmed and expanded those actions in 2015. Pursuant to the Durban Platform, over 150 parties submitted plans to reduce greenhouse gas emissions in advance of the 21st Conference of the Parties in Paris.

The company has recognized in its Securities and Exchange Commission filings that policies, regulations, and actions that place a price on carbon can have a significant impact on its business. In its 2015 earnings presentations, Occidental disclosed to investors that capital expenditures in several of its major projects may require a break-even oil price considerably higher than the 2015 average price (through October). However, the company has not presented analyses of how it would expect its portfolio to perform under carbon-constrained scenarios. This contrasts with Occidental’s competitors, including:

- Ten oil and gas companies announcing their shared ambition to limit the global average temperature rise to 2 degrees Celsius (Oil and Gas Climate Initiative);
- Shell, BP, and Statoil endorsing the “Strategic Resilience for 2035 and Beyond” shareholder resolutions that received almost unanimous investor support in 2015;
- BHP Billiton releasing its “Climate Change: Portfolio Analysis” evaluating the impacts of multiple 2 degree pathways on its assets, and;
- ConocoPhillips testing its capital planning decisions against four carbon-constrained scenarios.

Publication of the report requested in this resolution will demonstrate to shareholders that Occidental is strategically planning to remain competitive in a carbon-constrained future.
Executive Compensation: No Oil/Gas Reserve Addition Metric – Devon Energy

BE IT RESOLVED: Shareholders of Devon Energy request that, to help ensure the Company responds appropriately to climate-change induced market changes, the Compensation Committee adopt a policy to not use “oil and gas reserve addition” metrics to determine the amount of senior executive’s incentive compensation.

SUPPORTING STATEMENT: As long-term shareholders, we believe that incentive compensation metrics should promote the creation of sustainable value. The recent Paris agreement by 195 nations, to accelerate global greenhouse gas emissions reductions, underscores the challenges faced by the oil and gas industry in maintaining value as the need to limit global climate change becomes more urgent.

Climate change has prompted investors and analysts to consider scenarios in which climate change regulations significantly diminish oil demand. In an article entitled “What a Carbon-Constrained Future Could Mean for Oil Companies’ Creditworthiness” (March 1, 2013), Standard and Poor’s notes that under a low price “stress scenario” associated with declining demand, the speed with which companies react and modify their strategies, including their investments, would be an important potential rating consideration.

The recent volatility in oil and gas prices has heightened the importance of evaluating breakeven costs of producing oil and gas in a carbon constrained environment rather than simply amassing additional reserves and resources. Devon however continues to use reserves additions as one of the metrics to determine named executive compensation, without reference to the economic viability of those reserves at varying cost and price levels.

We are concerned that basing executive compensation on reserves growth may encourage the addition of reserves that are so costly to produce that projects may be cancelled or impairments taken if prices fall due to low demand associated with climate change factors.

Accordingly, we believe that severing the link between reserves growth and executive compensation would better reflect increasing uncertainty over climate regulation and future oil and gas demand and would more closely align senior executives’ and long-term shareholders’ interests.

Report on Packaging – Mondelez International

WHEREAS: Mondelēz International’s environmental policy states the company “is committed to reducing the environmental impact of our activities, preventing pollution and promoting the sustainability of the natural resources upon which we depend…” yet a significant amount of
brand product packaging is not recyclable and new studies suggest plastic packaging that reaches the ocean is toxic to marine animals and potentially to humans.

Mondelēz’ iconic brands like Oreo and Chips Ahoy are increasingly packaged in flexible film or other plastic packaging, such as pouches, that are not recyclable. Using non-recyclable packaging when recyclable alternatives are available wastes valuable resources that could be recycled many times over. Instead, many billions of discarded package wrappers and pouches representing significant amounts of embedded energy are incinerated or lie buried in landfills. Many of these brands could be sold in recyclable fiber or plastic packaging.

Non-recyclable packaging is more likely to be littered and carried into waterways. Millions of plastic wrappers are swept into waterways annually. A recent assessment of marine debris by a panel of the Global Environment Facility concluded that an underlying cause of debris entering oceans is unsustainable production and consumption patterns including “design and marketing of products internationally without appropriate regard to their environmental fate or ability to be recycled in the locations where sold…”

California spends nearly $500 million annually preventing trash, much of it packaging, from polluting beaches, rivers, and oceanfront. In the marine environment, plastics break down into small indigestible particles that birds and marine mammals mistake for food, resulting in illness and death. McDonald’s Corp. is replacing plastic foam beverage cups with degradable paper cups due to such concerns.

Further, studies by U.S. Environmental Protection Agency Region 9 suggest a synergistic effect between persistent, bioaccumulative, toxic chemicals and plastic debris. Plastics concentrate and transfer toxic chemicals such as polychlorinated biphenyls and dioxins from the ocean into the marine food web and potentially to human diets, essentially forming a “toxic cocktail” increasing the risk of adverse effects to wildlife and humans. One study of fish from various parts of the North Pacific found one or more plastic chemicals in all fish tested, independent of location and species.

Making all packaging recyclable, if possible, is the first step to reduce the threat posed by ocean debris. Companies who aspire to corporate sustainability yet use these risky materials must explain why they market non-recyclable instead of recyclable packaging. Companies must also work with recyclers and municipalities to assure that recyclable packaging actually gets collected and recycled.

RESOLVED: Shareowners of Mondelēz International request the Board to issue a report at reasonable cost, omitting confidential information, by October 1, 2016 assessing the environmental impacts of continuing to use non-recyclable brand packaging.

Supporting Statement: Proponents believe the report should include an assessment of the reputational, financial, and operational risks associated with continuing to use non-recyclable
brand packaging and, to the extent possible, goals and a timeline to phase out non-recyclable packaging.

Neonicotinoid-Containing Products & Pollinator Decline – PepsiCo.

Use of neonicotinoids (‘neonics’), a class of insecticide linked to dangerous declines in pollinators and other beneficial organisms, is growing rapidly.

More than 90 percent of corn and 30-40 percent of soybeans planted in the United States are pre-treated with neonics. Neonics are a widely used insecticide, accounting for roughly 25 percent of the global agrochemical market. Their prevalence in agriculture, compounded by their ability to persist in soils and become mobile in waterways, further magnifies the risks.

Multi-year double digit declines in pollinators in the United States and Europe pose risks to our food system. According to the United States Department of Agriculture, “bee-pollinated commodities account for $20 billion in annual United States agricultural production and $217 billion worldwide.”

The use of neonics and similar insecticides is a growing public concern. In December 2013, the European Union enacted a two-year ban on three neonics. In July 2014, the United States Fish and Wildlife Service announced plans to restrict neonic use across the National Wildlife Refuge System. In November 2015, the Environmental Protection Agency said it would cancel the registration of sulfoxaflor, a systemic insecticide known to be harmful to bees.

Questions about neonic efficacy are increasing. In October 2014, the Environmental Protection Agency reported that pre-treating soy seeds with neonics provided little or no benefit to production.

Pepsi is a major purchaser of corn, oats and potatoes -- crops routinely pre-treated with neonics.

Pepsi states that it recognizes the impact that pesticides can have on beneficial insects. The Company reports it is implementing procedures and policies to measure and address the use of pesticides, yet provides inadequate disclosure which would allow investors to assess the effectiveness of these polices.

In light of these conditions, other companies are taking action:

- Whole Foods’ Responsibly Grown Rating System reserves its “best” rating for those suppliers that prohibit the use of four neonics.
- Home Depot is working with suppliers to phase out neonics on live goods.
- Lowe’s set a time bound target to phase out products containing neonics and will work with growers to eliminate their use.
- General Mills is working with The Xerces Society for Invertebrate Conservation to minimize the impact of neonicotinoids to pollinators in its almond, tomato, corn and soy supply chains.
- Conagra’s Potato Sustainability Initiative includes criteria to protect bee habitat and reduce exposure to pesticides harmful to bees.

RESOLVE: Shareholders request that within six months of the 2016 annual meeting, the Board publish a report, at reasonable expense and omitting proprietary information on the Company’s options to minimize impacts on pollinators of neonics in its supply chain.

Supporting Statement: Proponents believe the report should include:

- Practices and measures, including technical assistance and incentives, provided to growers to reduce the harms of neonics to pollinators; and
- Metrics tracking key crops grown from seeds pre-treated with neonics.

Human Rights Policy Stressing Right to Health – Philip Morris International

WHEREAS: In 2011 the United Nations released: “Guiding Principles on Business and Human Rights.” Among peoples’ basic rights are the right to life and liberty, education and welfare, including the right to health.

Though it is a global business, it is not apparent Philip Morris International has embraced human rights as its core “guiding principle” nor that it recognizes every nation’s right and duty to protect its citizens from business practices that might harm them.


The Times noted this effort involves “a three-pronged strategy in its global campaign to advance the interests of the tobacco industry” in face of countries’ efforts to curb the use of tobacco: 1) “the chamber lobbies alongside its foreign affiliates to beat back antismoking laws;” 2) “in trade forums, the chamber pits countries against each other” (e.g., Arseniy Yatsenyuk, the Ukrainian Prime Minister, notes that “his country’s case against Australia in its efforts to promote plain packaging to reduce tobacco use was prompted by a complaint from the U.S. Chamber;”) and 3) in the widely-reported efforts of the chamber to “defend the ability of the
tobacco industry to sue under future international treaties, notably the Trans-Pacific Partnership” (TPP). As to #3 above, The Wall Street Journal reported October 3-4, 2015 that a “U.S. proposal to prevent the tobacco industry from suing foreign governments over antismoking measures” was being “strongly opposed by the tobacco industry.” More to our Company, a February 25, 2015 Washington Post piece reported that a section of the then-proposed TPP’s “Investor-State Dispute Settlement” (ISDS) was used by Philip Morris “to stop Uruguay from implementing new tobacco regulations intended to cut smoking rates.”


PMI insists on its right to protect and ensure its intellectual property rights. However, this resolution’s proponents believe any such right is secondary to human rights, especially peoples’ right to achieve a reasonable standard of health and the rights of governments to take associated steps to ensure their citizens’ health. This includes government tobacco-control efforts that have been shown by science to mitigate smoking (which PMI admits is a health hazard).

RESOLVED: that PMI’s directors create and/or review, adapt, and monitor a companywide human rights policy, including the right to health, and work to ensure that its global and national lobbying and marketing practices are not undermining the efforts of sovereign countries to protect their citizen’s health.

**Report on Pay Disparities – TJX Companies, Inc.**

WHEREAS, Recent events have increased concerns about the extraordinarily high levels of executive compensation at many U.S. corporations. Concerns about the structure of executive compensation packages have also intensified, with some suggesting compensation systems incentivize excessive risk-taking.

In a Forbes article on Wall Street pay, the director of the Program on Corporate Governance at Harvard Law School noted that “compensation policies will prove to be quite costly—excessively costly—to shareholders.” Another study by Glass Lewis & Co. declared that compensation packages for the most highly paid U.S. executives “have been so over-the-top that they have skewed the standards for what’s reasonable.” That study also found CEO pay may be high even when performance is mediocre or dismal.

On July 25, 2015, The New York Times featured an extended front-page article entitled: “Pay Gap Widening as Top Workers Reap the Raises.” Later, a September 5, 2015 article in the same paper (“Low-Income Workers See Biggest Drop in Paychecks”) showed the decline in real wages 2009-2014 for the lowest-paid quintile was -5.7% while that of the highest-paid quintile was less than half of that: -2.6%.

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A September 2015 Harvard Business Review piece noted that a recent global study found that CEO-to-worker pay ratio in most countries is “at least 50 to one,” but “in the United States it’s 354 to one.”

Commenting on “the momentum to rein in runaway pay,” a May 16, 2015 piece in The New York Times (“For the Highest-Paid C.E.O.s the Party Goes On”) commented: “Dodd-Frank introduced new say-on-pay measures, allowing shareholders to express their discontent. The Securities and Exchange Commission is developing rules that would require companies to reveal the ratio of the chief executive’s pay to that of average workers. And last month, the S.E.C. proposed requiring companies to disclose how performance affects executive pay.”

**RESOLVED:** Shareholders request the Board’s Compensation Committee initiate a review of our company’s executive compensation policies and make available, upon request, a summary report of that review by October 1, 2016 (omitting confidential information and processed at a reasonable cost). We request that the report include: 1) A comparison of the total compensation package of senior executives and our employees’ median wage (including benefits) in the United States in July 2006, July 2011 and July, 2016; 2) an analysis of changes in the relative size of the gap and an analysis and rationale justifying this trend; 3) an evaluation of whether our senior executive compensation packages (including, but not limited to, options, benefits, perks, loans and retirement agreements) should be modified to be kept within boundaries, such as that articulated in the Excessive Pay Shareholder Approval Act; and 4) an explanation of whether sizable layoffs or the level of pay of our lowest paid workers should result in an adjustment of senior executive pay to more reasonable and justifiable levels and how the Company will monitor this comparison annually in the future.