

WOMEN’S INCLUSION PROJECT

Shareholder Advocacy Update – July 11, 2019

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 increase *board gender diversity*, expand the number of *women in senior management*, eliminate *gender pay disparities*, and stop online *child sexual exploitation*.

This is done through shareholder advocacy strategies including investor letters, corporate dialogues, shareholder resolutions, speaking at annual shareholder meetings, participating in investor networks, producing reports and educational materials, and media outreach.

WIP is currently engaging 12 companies and has filed nine shareholder resolutions with 38 different WIP co-filers including clients of the Aperio Group, Veris Wealth Management, Wetherby Asset Management and members of the Boston Women’s Group. WIP also co-files with institutional investors.

Women’s Inclusion Project Shareholder Engagement - Spring 2019

COMPANY	ISSUE	STATUS
Alphabet (Google)	Gender Pay Gap	Shareholder Vote 11%
Analog Devices	Gender Pay Gap	Shareholder Resolution Withdrawn
Cigna	Gender Pay Gap	Shareholder Vote 36%
Microsoft	Gender Pay Gap	Shareholder Vote Pending: Dec. TBD
Pfizer	Gender Pay Gap	Shareholder Resolution Withdrawn
TJX	Gender Pay Gap	Shareholder Vote 18%
Digital Realty	Board Gender Diversity	Shareholder Resolution Withdrawn
Home Depot	Workplace Diversity / EEO	Shareholder Vote 33%
Apple	Child Sexual Exploitation Online	Company Dialogue
AT&T	Child Sexual Exploitation Online	Investor Letter Sent
Sprint	Child Sexual Exploitation Online	Shareholder Vote Pending: Aug. TBD
Verizon	Child Sexual Exploitation Online	Shareholder Vote 34%

Gender Pay Gap

The median income for women working full time in the U.S. is 80% of that of their male counterparts. This can equal nearly \$500,000 over a career. The gap for African America and Latina women is 60% and 55%. At the current rate, women will not reach pay parity until 2059.

- We are asking companies to:
 - Close any gender pay gap.
 - Report the percentage pay gap between male and female employees across 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:
 - We withdrew our resolution at Pfizer when the company agreed to provide adjusted and median data on its gender pay gap for its global operations and racial pay gap data for U.S. operations. This is a significant commitment, as Pfizer is only the second U.S. company (after Citigroup) to agree to conduct and disclose this level of analysis.
 - Our shareholder resolutions at Cigna received a strong 36% vote. (most gender pay resolutions average about a 15% vote). Resolutions also went to a vote at TJX (18%) and Alphabet / Google (11%). The 11% vote at Alphabet represents 36% of the vote not controlled by management. This is the fourth year we have filed at Alphabet, and while company disclosure has improved, we still find it insufficient. Alphabet is facing lawsuits from its female employees and the U.S. Dept. of Labor for gender pay discrimination.
 - We co-filed a resolution at Microsoft with a vote pending in December.

- Our annual [Gender Pay Scorecard](#), done in collaboration with Arjuna Capital, was released on April 2, Equal Pay Day. It ranks 46 of the largest U.S. companies by their pay gap disclosure and commitments to close any pay gap. Only one company received an “A” while half got “F”s.

Board Gender Diversity

Research shows that companies with a higher number of women on their boards outperform those with fewer or no women. Yet women hold only 19% of the board seats at the 1000 largest U.S. public companies while smaller and newer companies are even less diverse.

- We are asking companies to:
 - Have a minimum of 30% female board members.
 - Embed board gender and racial diversity in its Charter and / or Governance Principles.
 - Include women candidates in every pool from which board nominees are chosen.
 - Expand director searches to include nominees from both corporate positions and non-traditional environments including government, academia and non-profit organizations.
- Action:
 - We withdrew our resolution at Digital Realty when it agreed to include a commitment to board diversity in its charter and the inclusion of women in all director searches. We requested that the board be expanded to allow for more women to be added sooner.

Women 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 and company practices need to change if women are to advance into business leadership positions.

- We are asking companies to:
 - Publically release their 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 co-filed a resolution at Home Depot asking it to provide EEO data and report on policies and programs to increase workplace diversity and leadership opportunities. Home Depot improved its policy disclosure but, for the 18th year, has refused shareholder’s requests for EEO data despite fines and lawsuits regarding bias. The vote was 33% in favor of our resolution.

Child Sexual Exploitation Online

Improvements in technology are exponentially increasing the risk to children from sexual predators. Seventy-five percent of children trafficked or sold for sex are advertised online. Mobile devices have led to a dramatic increase in online child sex imagery—at least 50,000 new images are posted each year online and more than half of these are of children 10 years old or younger. Industry efforts are inadequate to protect children. WIP is part of a new shareholder campaign that aims to engage a wide variety of IT companies involved with data storage, social media, telecommunications, and device producers. (See [Verizon Proxy Memo – Child Sexual Exploitation](#))

- We are asking companies to:
 - Report on the potential sexual exploitation of children through its and services including a risk evaluation of the company’s oversight, policies and practices regarding this issue.
- Action:
 - We co-filed resolutions at Verizon and Sprint. We garnered 34% vote at Verizon represent more than \$54B in stock. There has been extensive dialogue with Verizon but no agreement. Verizon seems particularly vulnerable on this issue. Apple threatened to remove Verizon’s Tumbler app from the Apple Store after finding a significant amount of child pornography on the site. This resulted in a loss of 40% of Tumbler users and a loss of advertising income. Verizon was also fined \$5 million for allowing advertisers access to private child related data.
 - Sprint has refused to engage with shareholders and our resolution is pending.
 - We are in dialogue with Apple and met with the company June.