

Proxy-Voting Insights: BlackRock, Vanguard, State Street

How differently do the Big Three vote on ESG resolutions?

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Executive Summary

Attention on proxy-voting decisions has never been higher. Voting outcomes on key shareholder resolutions are an important input to the decisions the largest U.S. companies choose to make on environmental and social themes. Voting decisions on these resolutions by the Big Three, primarily passive, asset managers—BlackRock, Vanguard, and State Street—also clearly indicate the issues the firms are prepared to make a stand on regarding environmental and social themes. This is useful to investors in passive funds who may wish to select a manager whose voting record aligns most closely to their own sustainability priorities.

Scrutiny on voting decisions by the Big Three has been especially high, given their outsize position in U.S. equity markets. Although the ongoing rollout of "pass-through voting"¹ will allow fund investors more choice in how their equity investments in funds are voted, millions of fund investors will continue to rely on their fund manager to make proxy-voting decisions on their behalf. And whether those investors place their capital in a high-intention sustainable fund or a broad index tracker, investors' thirst for knowledge about how well aligned a manager's voting decisions are with their own environmental and social priorities will only continue to grow. With that in mind, we have compiled this research paper analyzing how the Big Three voted on 100 key environmental and social resolutions in the two years to March 2023, to help investors assess that level of alignment.

Key Takeaways

- ▶ BlackRock and State Street supported the majority of the key resolutions in this analysis (55% and 60%, respectively), in line with average support levels by independent shareholders and commensurate with the firms' [Morningstar ESG Commitment Level](#) of Basic. Vanguard—consistent with the firm's record of low backing for social and environmental shareholder resolutions—supported only 28% of the proposals.
- ▶ The three firms made different decisions on more than two thirds of the 100 resolutions. When State Street cast a minority vote among the three, it tended to vote "For" a resolution that the other two firms voted "Against." In Vanguard's case, the firm tended to vote "Against" a resolution that the other two firms voted "For." Only 7% of the time did BlackRock make a voting decision that the other two firms disagreed with—in these cases, the firm usually voted "For" the proposal.

¹ Pass-through voting refers to the ways in which asset managers employ new systems and processes that allow investors greater influence over proxy-voting decisions that would previously have been made solely at the manager's discretion. See Page 3 for further information.

- ▶ BlackRock showed a high level of support (above 70%) for resolutions on civil rights and racial equity, while State Street showed its highest level of support (above 90%) for resolutions addressing human rights and ethical use of technology. Vanguard voted "Against" all of the key resolutions on civil rights and racial equity and on environment-related issues other than climate.
- ▶ All three firms showed a medium level of support (between 40% and 70%) for key resolutions addressing climate change and workplace equity issues.
- ▶ BlackRock published voting rationales for 97 of the 100 voting decisions, compared with only 45 and 28 for Vanguard and State Street, respectively. Voting rationales are essential to help investors assess the level of alignment between a manager's decisions and their own environmental and social objectives.

Key Findings

Review of the Big Three's Voting Decisions on 100 Key Resolutions

Attention on proxy-voting decisions has never been higher. Voting outcomes on key shareholder resolutions are an important input to the decisions the largest U.S. companies choose to make on environmental and social themes. Voting decisions on these resolutions by the Big Three, primarily passive, asset managers—BlackRock, State Street, and Vanguard—also clearly indicate the issues the firms are prepared to make a stand on regarding environmental and social themes. This is useful to investors in passive funds who may wish to select a manager whose voting record aligns most closely to their own sustainability priorities. Scrutiny on voting decisions by the Big Three has been especially high, given their outsize position in U.S. equity markets. According to Morningstar Direct, the Big Three represented 43% of the U.S. funds market, with USD 10.3 trillion of assets as of April 30, 2023. Most of this investor capital is held in USD 8.9 trillion of passive funds.

Until recently, all those shareholdings were voted in line with the manager's own proxy-voting policy. However, now all three managers are in the process of implementing "pass-through voting"—new systems and processes that allow fund investors to make choices about whether and how they would prefer fund managers to cast votes on their behalf. [BlackRock](#), [Vanguard](#), and [State Street](#) are each taking different approaches to implementing pass-through voting. To be clear, investors are not suddenly being asked to make thousands of individual voting decisions per year. Instead, they will be able to choose a policy that best fits their own stance on environmental, social, and governance themes from a range of options.

Still, even after a full rollout of pass-through voting options to investors, millions of fund investors will continue to rely on their fund manager to make proxy-voting decisions on their behalf. And whether those investors place their capital in a [sustainable fund](#) or a broad index tracker, investors' thirst for knowledge about how well aligned a manager's voting decisions are with their own environmental and social priorities will only continue to grow. We've compiled this research paper analyzing how the Big Three voted on 100 key resolutions in the last two years to help investors assess that level of alignment.

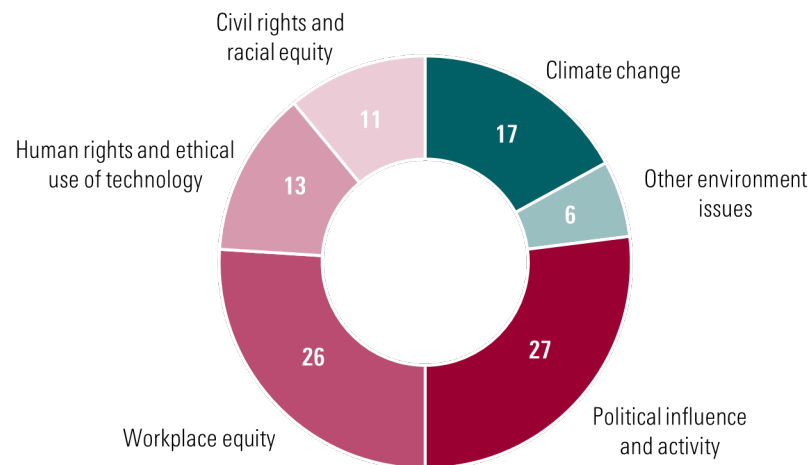
100 Key Resolutions: Topics Addressed and Levels of Support

For this paper, we looked at the Big Three's voting record on a selection of 100 key ESG shareholder resolutions.² The 100 resolutions were all:

- ▶ Filed at a U.S. large-cap company (that is, a current S&P 100 constituent),
- ▶ Voted on by the company's shareholders during the two years ended March 31, 2023,³
- ▶ Supported by between 40% and 85% of the company's independent shareholders (that is, excluding votes attributable to shares owned by management, company founders, and strategic investors).⁴

The 100 resolutions were filed at 39 companies representing over 60% of the market cap of the S&P 100 index (or over 40% of the S&P 500, the main market index). The list includes tech giants like Google-owner Alphabet GOOGL, Amazon.com AMZN, Apple AAPL, Microsoft MSFT, and Facebook-owner Meta META; energy companies such as Chevron CVX, ConocoPhillips COP, Duke Energy DUK, and Exxon Mobil XOM; financials like Berkshire Hathaway BRK.B, JPMorgan Chase JPM, and Goldman Sachs GS; as well as large consumer companies like Altria Group MO, Home Depot HD, McDonald's MCD, and Tesla TSLA.

Exhibit 1 Topics Addressed by 100 Key Resolutions at U.S. Large-Cap Companies in the Two Years to March 31, 2023



Source: Morningstar proxy-voting database, Morningstar research. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

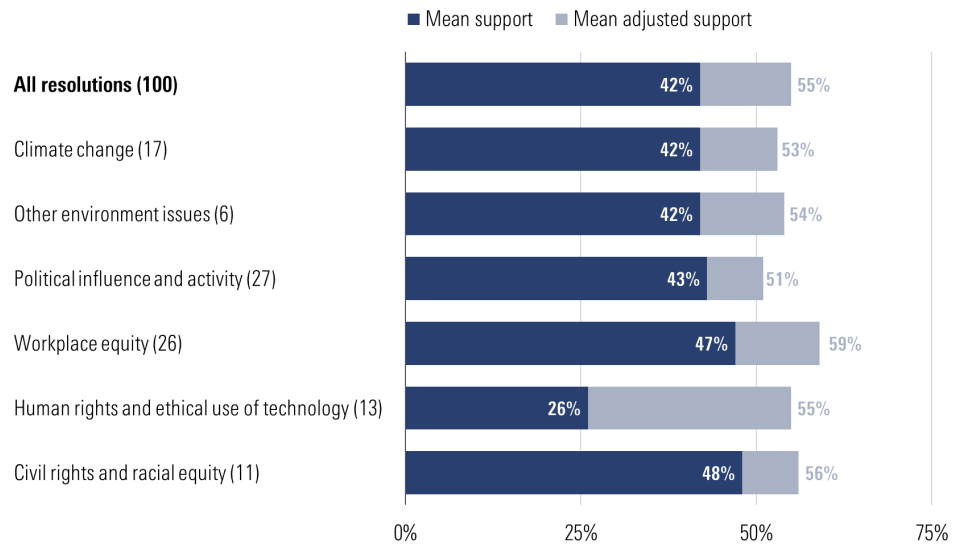
² Morningstar defines "key" resolutions as shareholder resolutions that are supported by at least 40% of a company's independent shareholders (which we also refer to as "adjusted support"). Adjusted support calculations exclude votes attributable to shareholdings of management, founders, and strategic investors who are unlikely to defy board recommendations by supporting shareholder resolutions. For more information, see Page 5 of our January 2023 research paper [Proxy-Voting Insights: 2022 in Review](#).

³ We note that this time period excludes the ongoing April to June proxy season, which we will analyze in a future paper once all of the voting data becomes available.

⁴ We applied the 85% cap for this study because shareholder resolutions that are this well-supported are not especially useful for analyzing differences between major firms' voting decisions. In several cases, these resolutions are also supported (or at least unopposed) by company boards. This makes them similar to management resolutions and is part of the reason why they achieve such high percentage support.

The 100 key resolutions primarily address social issues, as shown in Exhibit 1. There are 77 such resolutions that we have divided into four topics: political influence and activity (27 resolutions), workplace equity (26), human rights and ethical use of technology (13), and civil rights and racial equity (11). The remaining 23 proposals target environmental themes, of which 17 focus on climate change. The other six are on more diverse issues such as deforestation, water risk, and use of plastics. Overall, these 100 resolutions were supported by 42% of company shareholders on average. The figure rises to 54% on an adjusted basis, including only a company's independent shareholders (see Exhibit 2 below).⁵ All the topic groups achieved an average adjusted shareholder support of above 50%. Both environment-related topics matched the overall average for shareholder support at 42%, also achieving similar average adjusted support levels (climate change: 53%; other environment issues: 54%).

Exhibit 2 100 Key Resolutions: Average Shareholder Support Levels by Topic



Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Among the social topics, political influence and activity resolutions—the largest topic group—also achieved similar support levels. The 27 resolutions gained an average 43% shareholder support, or 51% on an adjusted basis.

Workplace equity resolutions formed the second-largest topic group, with 26 resolutions. The topic covers several matters that asset managers often refer to as "human capital" issues—these include shareholder requests for reporting and policies on workers' rights; workforce composition; diversity,

⁵ In the two-year period, there were 173 key shareholder resolutions in total (including the 100 resolutions for U.S. large-cap companies in this study), according to Morningstar's proxy-voting database. The average shareholder support for all 173 resolutions was higher than for the large caps only at 47%, or 58% on an adjusted basis.

equity, and inclusion; gender and/or racial pay gaps; and workplace antiharassment and discrimination measures. This group of workplace equity resolutions was well-supported, achieving an average 47% shareholder support, or 59% on an adjusted basis.

The 13 proposals on human rights and ethical use of technology are dominated by three large technology companies: Alphabet, Amazon, and Meta. All except one of the resolutions in this group is from one of those three companies, the exception being a 2021 request for a human rights impact assessment in Nike's *NKE* cotton supply chain. The issues raised at the three Big Tech companies range from the human rights impacts of data center siting and facial recognition concerns to measures aimed at preventing both online misinformation and disinformation and abusive content.

The 26% average shareholder support for the 13 resolutions on human rights and ethical use of technology stands out for being the lowest of all the groups by some margin. However, this is primarily because company founders own sizable stakes in all four companies covered in this topic group, which pushes down the average. Furthermore, two of the three Big Tech companies use multiple-class share schemes that give their founders considerably more voting power than other shareholders, which exacerbates the effect.

At Alphabet, Larry Page and Sergey Brin control 51% of the voting rights with their 6% shareholding in the company. Mark Zuckerberg controls 61% of the voting rights at Meta with his 14% shareholding. We calculate that the average (unadjusted) shareholder support for this topic group would be 44% on a one-share-one-vote basis — 18 percentage points higher and well in line with the other topic groups. On an adjusted basis, excluding these founders' stakes, average shareholder support for these 13 resolutions stands at 55%.

The final topic group of social shareholder resolutions is the smallest but also has the highest average shareholder support (unadjusted). An average 48% of shareholders — or 56% on an adjusted basis — supported the 11 resolutions on civil rights and racial equity that we have analyzed in this study.

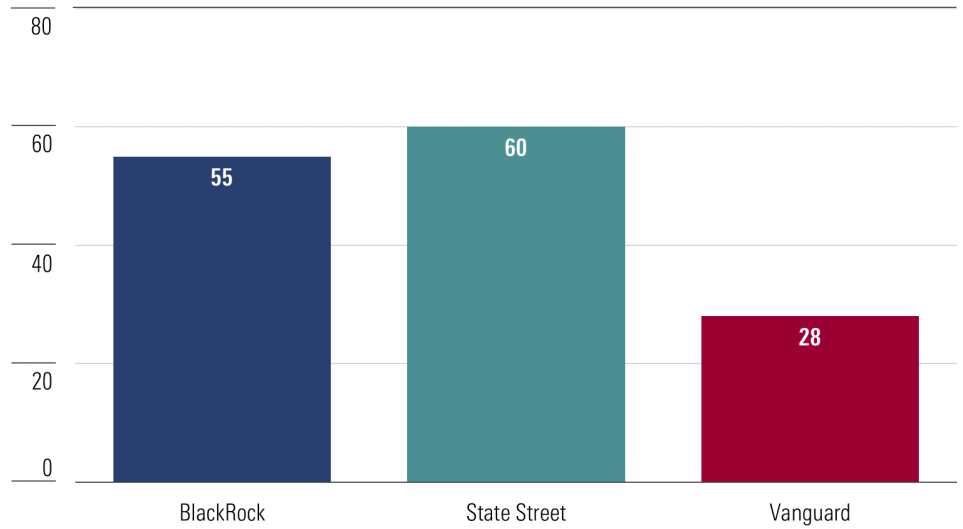
How the Big Three Firms Voted on the 100 Key Resolutions

Low Support From Vanguard — Only Half That of BlackRock and State Street

The headline finding from this analysis of the Big Three's voting records is that Vanguard's level of support for key resolutions is only half that of BlackRock and State Street, as Exhibits 3 and 4 show. BlackRock supported 55 of the 100 key resolutions, while State Street — the most frequent backer of key resolutions among the three — supported 60 of them. Vanguard supported 28 of these resolutions.

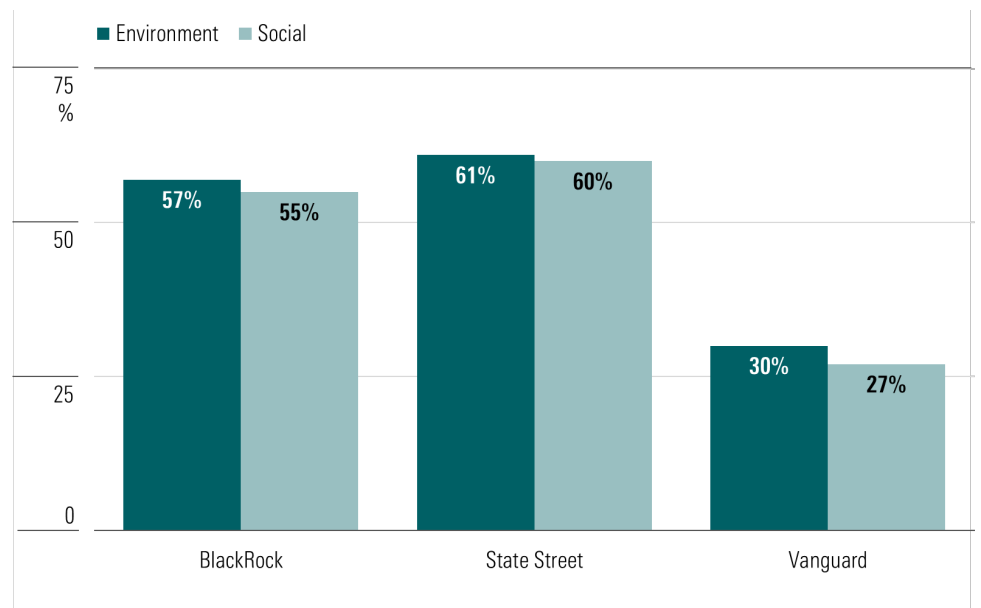
This overall trend still holds if we split the resolutions by environmental or social theme (as shown on Exhibits 4–6). Vanguard supported seven out of 23 key environmental proposals (30%); BlackRock and State Street supported 13 and 14, respectively (57% and 61%). On social topics, both BlackRock and State Street supported 42 and 46 of the 77 proposals (55% and 60%, respectively); Vanguard supported 21 such proposals (27%).

Exhibit 3 100 Key Resolutions: Number of Proposals Supported by Big Three Firms



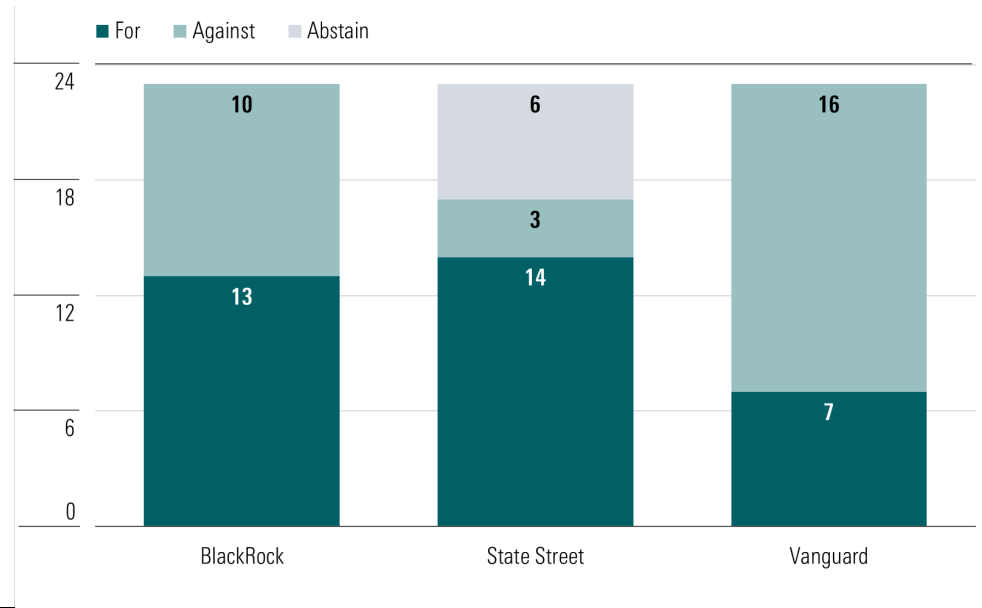
Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Exhibit 4 100 Key Resolutions: Percentage of Environmental and Social Resolutions Supported by Big Three Firms



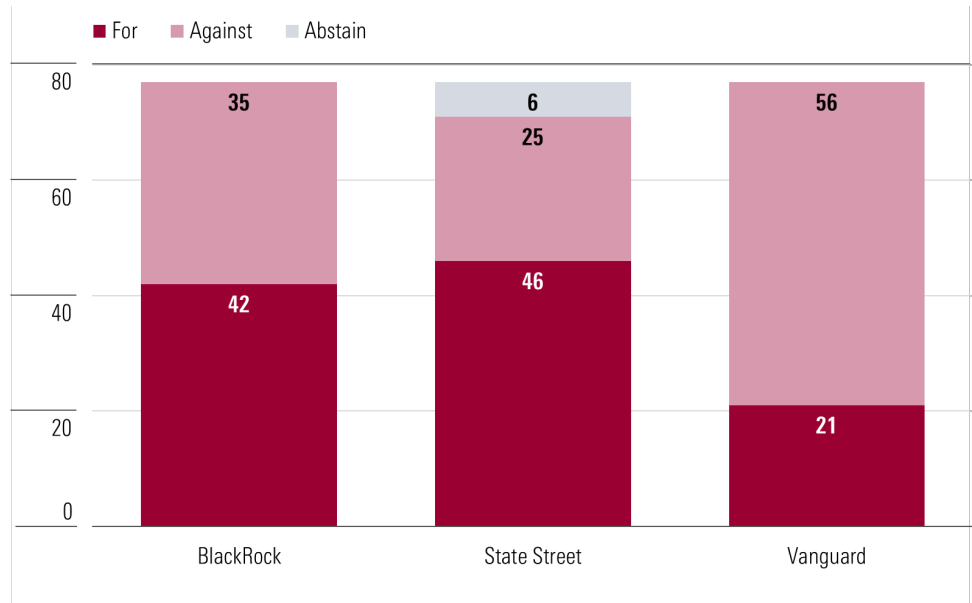
Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Exhibit 5 100 Key Resolutions: Voting Decisions on 23 Environmental Proposals by Big Three Firms



Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Exhibit 6 100 Key Resolutions: Voting Decisions on 77 Social Proposals by Big Three Firms

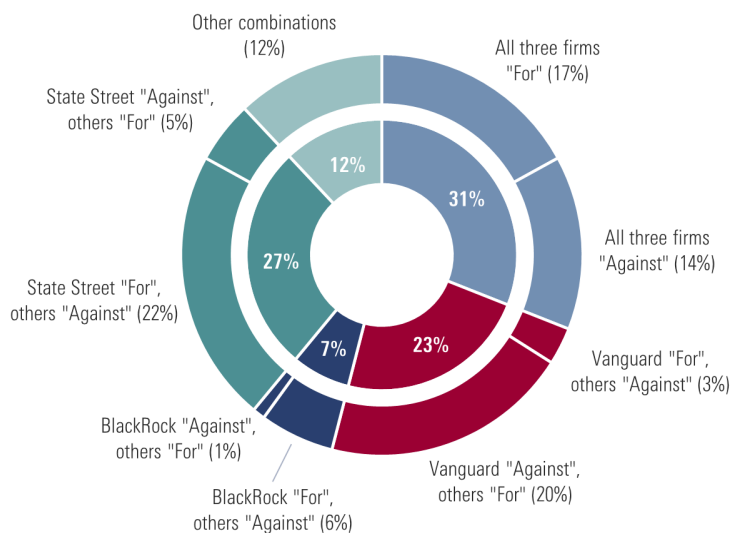


Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Big Three Make Unanimous Decisions on 31 of the 100 Resolutions

Exhibit 7 shows how often the Big Three made unanimous voting decisions on the 100 resolutions and how often there was a 2-to-1 split (where one of the three firms voted "For" a resolution and the other two voted "Against," or vice versa).

Exhibit 7 100 Key Resolutions: Analysis of Big Three Firms' Aggregated Voting Decisions



Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

The Big Three firms made unanimous decisions on 31 of the 100 key resolutions we analyzed for this paper. All three firms voted "For" 17 resolutions. On 14 resolutions, all three firms voted "Against." There was a 2-to-1 split in the Big Three's voting on 57 of the 100 resolutions—State Street was most often in the minority, on 27 resolutions; followed by Vanguard on 23 resolutions.

On this analysis, BlackRock is the least likely of the three firms to have made a voting decision that the other two firms disagreed with. This happened on seven resolutions. Only once did BlackRock vote "Against" a resolution that State Street and Vanguard both supported—a proposal requesting a report on lobbying activities at Meta in 2022. The other six times, BlackRock supported resolutions that the other two voted against.

In contrast, State Street is the most likely of the three firms to cast a vote that the other two firms disagreed with, which it did on 27 of the 100 resolutions we analyzed. When State Street is in the minority among the three, it is more likely to vote "For" the resolution, which it did on 22 out of the 27 such proposals. Furthermore, the 12 "other combinations" of voting decisions shown in Exhibit 7 above, are all resolutions on which State Street decided to "Abstain." BlackRock voted "For" seven of these resolutions; Vanguard voted "For" only two of them.

State Street uses the "Abstain" option much more often than the other two firms (and most firms generally) because of a significant difference in its voting policy. It is rare that BlackRock or Vanguard would make an "Abstain" decision on a resolution that they were eligible to vote on—the two firms did not "Abstain" on any of the 100 resolutions covered in this paper. However, State Street does decide to "Abstain" in cases "when [the firm] support[s] some elements of a proposal's request, or recognize[s] a company's commitment to implement related disclosure and/or oversight practices" on environmental or social topics.⁶ By contrast, in these circumstances, the other two firms would normally make a decision to vote "For" or "Against" the proposal based on its overall merits.⁷

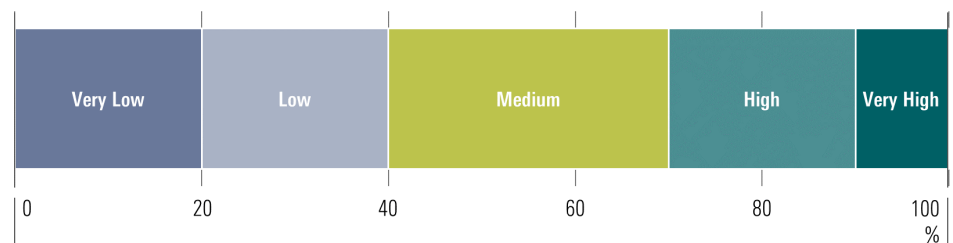
Of the three firms, Vanguard is the most likely to vote "Against" a resolution that the other two firms supported, which it did on 20 of the 100 resolutions. However, Vanguard supported three resolutions that BlackRock and State Street opposed, all on workplace equity topics. These were a proposal for a report on diversity and inclusion efforts at Nike in 2021 and proposals for reports on the use of concealment clauses at IBM IBM and Meta in 2022.

Analysis of Each Firm's Voting Record

Medium Support for Key Resolutions at BlackRock and State Street

When evaluating asset managers' support for key resolutions, we assess support levels of 70% or above as high, with 90% representing a very high level (see Exhibit 8). Anything from 40% up to 70% is considered a medium level of support, with anything below 40% considered low (or very low, below 20%). The banding we have used skews slightly high, reflecting the fact that key resolutions are, by definition, well supported by asset managers. Our [January 2023 research paper](#) revealed that the three-year median support for key resolutions by the top 20 U.S. asset managers was 59%.

Exhibit 8 How We Describe Asset Managers' Levels of Support for Key Resolutions



Source: Morningstar research.

⁶ State Street Global Advisors' Global Proxy Voting and Engagement Guidelines for Environmental and Social Factors, June 2023

https://www.ssga.com/uk/en_gb/institutional/ic/library-content/pdfs/asr-library/proxy-voting-and-engagement-guideline-environmental.pdf

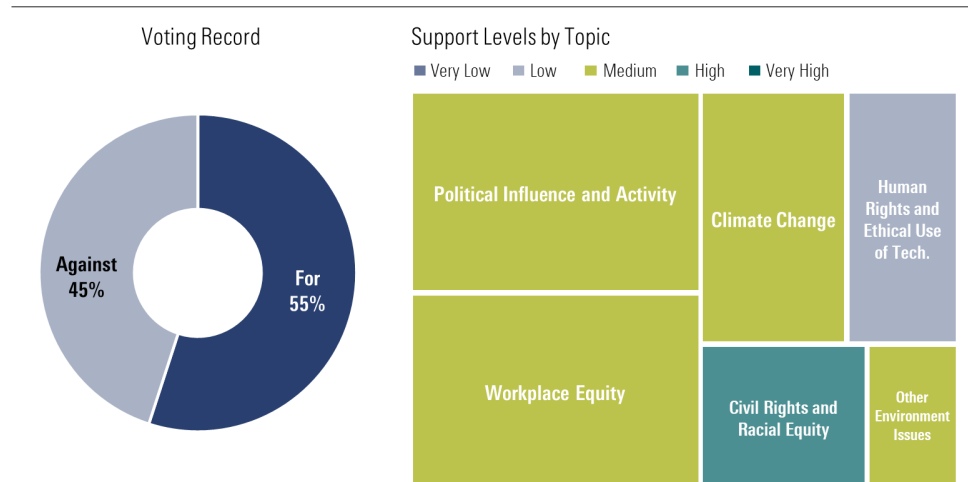
⁷ We identified at least two clear examples of this: 1) a resolution requesting a report on climate-related lobbying at Alphabet in 2022; 2) a resolution requesting a report on climate scenario analysis at Exxon Mobil in 2022.

By this assessment, Vanguard's support for the 100 key resolutions is objectively low, with support by BlackRock and State Street close to the three-year median. There follows an analysis of each manager's voting record on the 100 key resolutions in greater detail. We examine voting decisions on key resolutions, and the managers' rationales behind those decisions, in more detail on Pages 15–48.

BlackRock

BlackRock's voting record shows a medium level of support for the 100 key resolutions overall, which is commensurate with the firm's [Morningstar ESG Commitment Level](#) of Basic. The firm also supported a medium proportion of key resolutions across four of the six topics we cover in this paper: climate change, other environment issues, political influence and activity, and workplace equity.

Exhibit 9 100 Key Resolutions: BlackRock Voting Record and Support Levels by Topic

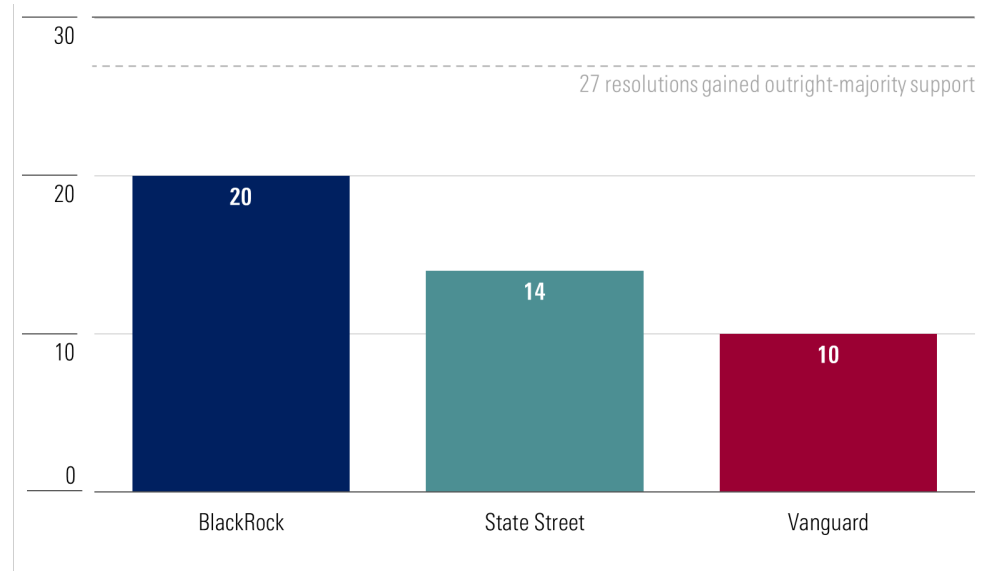


Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

BlackRock's support for the 13 key proposals in our selection addressing human rights and the ethical use of technology was low. The firm supported only four (31%) of these resolutions. In contrast, BlackRock showed a high level of support for the 11 key resolutions on civil rights and racial equity, and it was the only firm among the Big Three to do so. The firm supported eight (73%) out of the 11 key resolutions in our selection that addressed this topic.

Given that BlackRock is the largest manager to support a majority of the 100 key resolutions, the firm's voting decision has some predictive value in determining whether a resolution will achieve outright majority support. Of the 27 resolutions supported by an outright majority of shareholders, BlackRock voted "For" 20 of them (74%).

Exhibit 10 100 Key Resolutions: Majority-Supported Proposals That the Big Three Firms Voted "For"

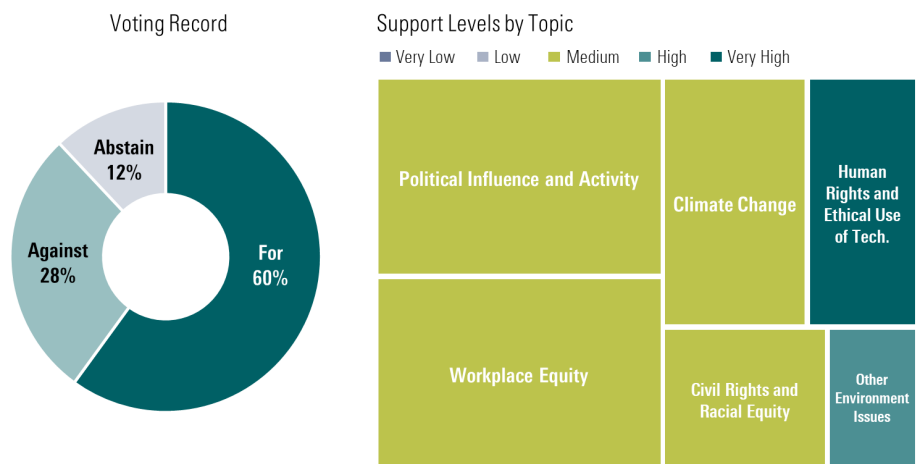


Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

State Street

State Street voted "For" 60 of the 100 resolutions in this study, making it the strongest supporter of these resolutions. The firm's support for key resolutions was at a medium level across four topics: climate change, political influence and activity, workplace equity, and civil rights and racial equity.

Exhibit 11 100 Key Resolutions: State Street Voting Record and Support Levels by Topic



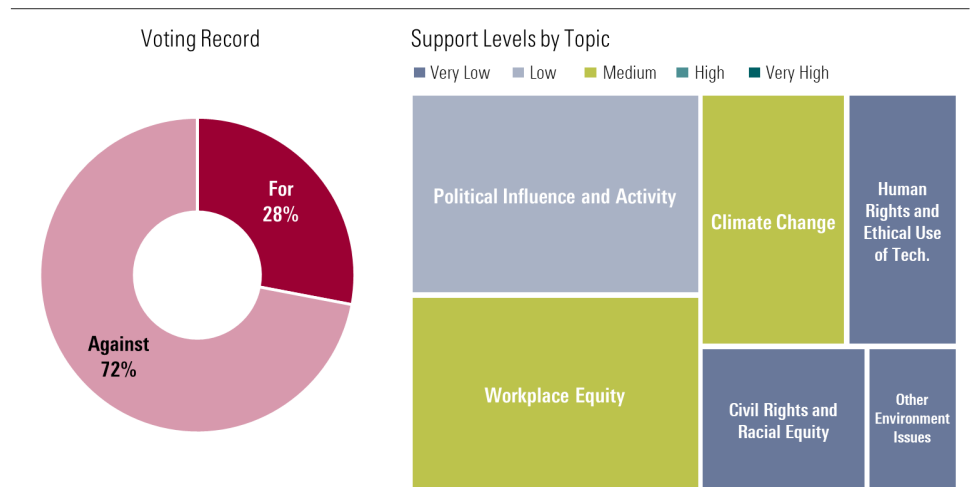
Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

On environment-related issues other than climate, State Street showed a high level of support, voting "For" five out of the six resolutions on this topic. On human rights and ethical use of technology, the firm exhibited a very high support level, voting "For" all but one of the 13 resolutions (92%). Also notable is State Street's willingness to use the "Abstain" decision when voting, which most other firms, including BlackRock and Vanguard, avoid (see Page 9). The firm abstained on 12 of the 100 proposals.

Vanguard

Vanguard's level of support for the 100 key resolutions we analyzed is markedly different from the other two firms in the Big Three. The firm supported 28% of these resolutions—a low level overall.

Exhibit 12 100 Key Resolutions: Vanguard Voting Record and Support Levels by Topic



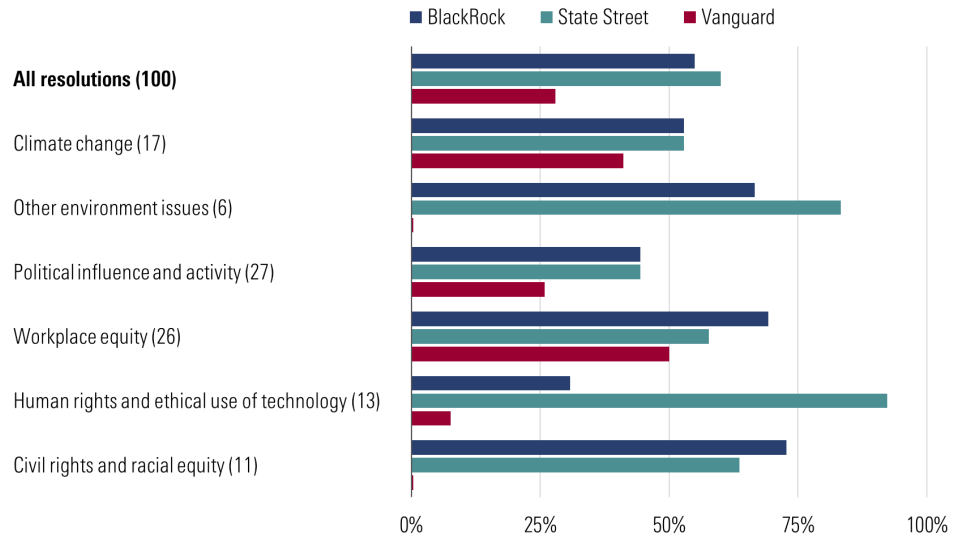
Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Vanguard's support for key resolutions in three of the six topics we assessed is very low—that is, less than 20%. Notably, Vanguard voted "Against" all of the six resolutions on environment issues other than climate and also voted "Against" all 13 resolutions on civil rights and racial equity. The firm supported only one (8%) of the 13 resolutions addressing human rights and ethical use of technology.

Vanguard's support for resolutions on political influence and activity was slightly higher than for those three topics but still low overall. The firm supported seven (26%) of the 27 resolutions addressing this topic.

Vanguard's support for resolutions on climate change and workplace equity issues was at a medium level but still lower than BlackRock and State Street (see Exhibit 13). Vanguard voted "For" seven (41%) of the 17 climate change resolutions we analyzed and voted "For" 13 (50%) of the 26 workplace equity resolutions. This means that climate change and workplace equity were the only two topics in which all three firms supported at least 40% of the key resolutions we evaluated.

Exhibit 13 100 Key Resolutions: Percentage of Resolutions Supported by the Big Three Firms



Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023. The number of resolutions on each topic is shown in parentheses.

We found publicly disclosed voting rationales for 170 (57%) of the 300 voting decisions the three managers made,⁸ which we evaluate in the following sections of this paper. For BlackRock, we found published voting rationales for 97 of the 100 voting decisions. We found 45 published voting rationales for Vanguard and 28 for State Street.

We consider these rationales increasingly important as they help investors understand the context and contributing factors that underlie a voting decision, which can often be nuanced. Knowing the rationale helps an investor assess the level of alignment between a manager's voting policy and decision-making and the investor's own environmental and social objectives and priorities.

⁸ A full list of sources for the firms' vote rationales can be found in Appendix 2.

Climate Change

Analysis

Seventeen of the 100 key resolutions we analyzed are on issues related to climate change. Twelve (71%) of these resolutions were filed at just five companies during the two-year period: three each at Exxon Mobil and Berkshire Hathaway, and two each at Alphabet, Charter Communications CHTR, and ConocoPhillips.

The proposals generally request either reporting and disclosure on greenhouse gas emissions and climate-related risks and strategies or reporting on climate-related lobbying activities. On average, the 17 proposals were supported by 53% of independent shareholders.

Exhibit 14 Big Three Voting Decisions on 17 Key Resolutions on Climate Change



Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

This topic group is one of only two where support for key resolutions exceeds 40% for all the Big Three managers. As shown on Exhibit 14, Vanguard voted "For" seven (41%) of the 17 resolutions, while BlackRock and State Street supported nine (53%) of the resolutions each. State Street decided to abstain on six resolutions.

Exhibit 15 Big Three Voting Decisions on 17 Key Resolutions on Climate Change, Individual Resolutions

Company, Year	Description (With Item Number)	Support	Adjusted Support	Voting Decision		
				BlackRock	State Street	Vanguard
Alphabet, 2022	6. Report on Climate-Related Lobbying Activities	19%	53%	Against	Abstain	Against
Alphabet, 2022	7. Report on Climate Risk Management	18%	48%	Against	For	Against
Berkshire Hathaway, 2021	2. Report on Climate Risk Management	28%	57%	For	For	For
Berkshire Hathaway, 2022	3. Report on Climate Risk Management	27%	50%	For	For	For
Berkshire Hathaway, 2022	4. Report on Greenhouse Gas Emissions Reduction Initiatives	27%	50%	For	For	For
Booking Holdings, 2021	7. Annual Climate Transition Report	56%	56%	Against	For	Against
Caterpillar, 2021	4. Report on Climate Policy	48%	48%	Against	For	Against
Charter Communications, 2021	6. Disclosure of Greenhouse Gas Emissions	39%	58%	For	Abstain	For
Charter Communications, 2022	6. Disclosure of Greenhouse Gas Emissions	37%	54%	Against	Abstain	Against
Chevron, 2021	5. Report on Impacts of Net Zero 2050 Scenario	48%	48%	Against	Against	Against
ConocoPhillips, 2021	5. Set Emission Reduction Targets	59%	59%	For	Against	For
ConocoPhillips, 2022	7. Set Greenhouse Gas Emissions Targets	42%	42%	Against	Abstain	Against
Costco Wholesale, 2022	5. Set Greenhouse Gas Emissions Targets	70%	70%	Against	Abstain	For
ExxonMobil, 2021	6. Report on IEA Net Zero 2050 Scenario Analysis	49%	49%	For	For	Against
ExxonMobil, 2021	10. Report on Climate-Related Lobbying Activities	64%	64%	For	For	For
ExxonMobil, 2022	8. Report on Climate Scenario Analysis	51%	51%	For	Abstain	Against
Tesla, 2022	10. Report on Climate-Related Lobbying Activities	35%	49%	For	For	Against

Source: Morningstar proxy-voting database, asset managers' stewardship disclosures, SEC filings. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Vote Rationales**BlackRock**

BlackRock voted "For" nine of the 17 climate change resolutions above and "Against" eight. On almost all of the eight resolutions the firm voted "Against," its rationale was that "the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures."

The only exception was the 2022 proposal requesting that ConocoPhillips set greenhouse gas emissions targets, where BlackRock states that the "proposal is not in shareholders' best economic interests at this time." This followed a similar proposal at the company the previous year requesting emissions reduction targets. BlackRock supported this proposal, which was less specific in its asks. On this proposal, the firm explained:

"We recognize the company's efforts to date, but believe that supporting the proposal may accelerate the company's progress on climate risk management and oversight."

A similar rationale to the above was offered for the proposal at Charter Communications in 2021 requesting disclosure of greenhouse gas emissions, which BlackRock also supported. On three other resolutions at Berkshire Hathaway and one at Tesla that BlackRock voted "For," the firm's rationale was that "the company does not meet our aspirations for disclosure," either regarding the company's planned transition to a low-carbon economy or on lobbying and political activities.

BlackRock's only detailed rationale among the 17 resolutions in this topic group was on the 2022 resolution requesting a report on climate scenario analysis at Exxon Mobil. The firm supported this resolution, explaining:

"BIS supported this shareholder proposal because we believe shareholders would benefit from more fulsome information on the company's scenario planning in relation to a range of pathways of the global energy transition... A similar proposal received nearly 50% shareholder support at the 2021 AGM, including from BlackRock. In response, Exxon updated their disclosure, Advancing Climate Solutions, to include an analysis of the company's business and investment portfolio under the International Energy Agency's Net Zero by 2050 (IEA NZE 2050) scenario, including existing operations and future opportunities across its business in oil, natural gas, fuels, lubricants, chemicals, lower-emission fuels, hydrogen, and carbon capture and storage. The analysis found that the company 'could continue to grow cash flows over time through reduced investments in oil and natural gas and increased investment in accretive projects in chemicals, carbon capture and storage, low emissions fuels, and hydrogen.' Exxon states that this analysis was reviewed in a third-party quality assurance audit.

"While we recognize Exxon's efforts to date, we nonetheless believe their disclosure could be reasonably augmented to better allow shareholders to understand how they are managing and mitigating risks that may arise from the global energy transition... We acknowledge that the IEA NZE 2050 scenario is one possible scenario and open to change and interpretation, as is typical of any long-term scenario planning exercise. However, thorough analysis and robust disclosure of this analysis is useful for investors to shed light on a company's preparedness and general position to mitigate the risks and capture opportunities from the energy transition — which supports the long-term shareholder value creation on which our clients, the asset owners, depend to meet their financial goals. It is for these reasons that we voted in favor of the proposal."

State Street

While State Street supported nine (52%) of the 17 resolutions on climate change, we only found one stated rationale for the firm's support of these resolutions. This was for the 2022 proposal at Alphabet requesting a report on climate risk management. On this vote, State Street concluded that "investors would benefit from additional information on the company's approach to assessing and responding to physical climate-related risks including any mitigation actions or plans."

Uniquely among the Big Three managers, State Street decided to abstain on six of the resolutions in this topic group. On two of these resolutions, the firm published a vote rationale.

One such resolution was the 2022 proposal at Alphabet requesting a report on climate-related lobbying. The firm explains:

"We abstained as Alphabet meets two of our three expectations regarding trade association Alignment disclosure. The company discloses board oversight of trade associations and a list of memberships. However, it could provide more detail on a formal climate lobbying gap analysis. The company's CDP response indicates their stated position on climate is consistent with the 15 trade associations listed. Investors would benefit from further detail on what parameters were used for the assessment and process for addressing any potential misalignment."

Similar to BlackRock, State Street also published its reasoning on the resolution requesting a report on climate scenario analysis at Exxon Mobil in 2022. The firm notes:

"The 'Report on Scenario Analysis Consistent with IEA's Net Zero by 2050' proposal contains three central expectations 1) conduct an IEA NZE 2050 scenario analysis 2) obtain an audit of the report and 3) report on how the scenario would affect assumptions and estimates underlying financial statements including carbon pricing, asset valuations and retirements, capex, etc. Through our research and engagement, we found that Exxon has substantially fulfilled the first two expectations. . . We view the disclosure of climate risk in financial statements as an emerging topic and recognize that consistent standards for reporting such information is not yet available. Regarding carbon pricing, Exxon fails to meet our expectation to disclose the average or range of carbon price assumptions used for project/business decisions."

Here, State Street's decision appears to be consistent with its policy of abstaining on votes where a company has fulfilled some but not all of a shareholder proposal's asks (see Page 10).

Vanguard

Although the firm supported fewer key resolutions on climate change than the other two firms, it is on this topic that Vanguard provides the most detail on the reasoning that led to its voting decisions.

Vanguard published detailed rationales for all three of the key resolutions on climate at Berkshire Hathaway in 2021 and 2022, giving important context into how the firm considers climate resolutions. The firm supported all three proposals. Regarding the 2021 request for a report on climate risk management, the firm wrote:

"Ahead of the company's 2021 annual meeting, we engaged with leaders of Berkshire Hathaway, a U.S. diversified holding company. This was our first opportunity in recent years to engage directly with company leaders and our discussion focused on two shareholder proposals requesting that the board produce reports on the company's climate and DEI efforts. . . We also analyzed a climate proposal that requested that Berkshire Hathaway publish an annual report prior to its 2022 annual meeting that outlines how the company manages climate-related risks and opportunities. Our analysis indicated that there were opportunities to enhance the company's climate disclosures to address a material risk to the company's operations. . . The Vanguard funds voted to support both shareholder proposals. While the proposals did not pass, they did receive strong support considering the company's dual-share-class structure. The

shareholder proposals provided management and the board significant flexibility to report on the material issues relevant to the company. We also believe that shareholders would benefit from more meaningful disclosure on these topics. We were encouraged by company leaders' willingness to engage with shareholders to better appreciate shareholders' expectations and feedback."

The following year, shareholders also voted on resolutions at Berkshire Hathaway requesting further reporting on climate risk management and greenhouse gas reduction initiatives. Here's what Vanguard had to say about both proposals.

"Two of this year's shareholder proposals called for increased reporting on climate-related risks... We recognize Berkshire's board has taken steps to improve disclosure in the past year. In its most recent annual report, the company published enhanced climate-related disclosures related to two carbon-intensive operating companies. Certain of Berkshire's operating companies have also made net GHG emissions commitments. Berkshire disclosed, and our engagement highlighted, the Sustainability Leadership Council that Berkshire has established to help share best practices and facilitate data collection across operating companies. While our engagement affirmed the efforts in place, company disclosures and our engagement—which did not include members of the board—provided only limited insight into the board's assessment and oversight of these matters.

"We believe investors would benefit from further disclosure of the materiality of climate risk to Berkshire's business as well as disclosure of board oversight of material risks. We recognize the decentralized, conglomerate nature of Berkshire's business and that the company's corporate structure can make it challenging for investors to determine the materiality of climate risk to Berkshire's business. As with all potential risks, we look to boards to disclose how they assess the materiality of risks across their business and provide appropriate oversight. Berkshire's existing disclosures provide limited insights detailing how the board assesses the materiality of climate risk. After our engagement and analysis, we determined that the two climate-related proposals were reasonable and provided sufficient flexibility for the board to determine how to address the requests for increased disclosure. In particular, we noted that the second proposal asked Berkshire to describe 'if and how' the company plans to address GHG emissions; it did not specify a particular target or goal. As a result, the Vanguard funds supported the two proposals, consistent with their support of a similar proposal at Berkshire's 2021 annual meeting."

Vanguard also supported a resolution at Costco COST in 2022 requesting that the company set greenhouse gas emissions targets. The firm noted:

"We identified gaps in the company's disclosures about Scope 3 emissions, which are likely its largest source of emissions per Costco's previous disclosures on this topic. In our engagement, we sought clarification on a timeline for disclosures about Scope 3 emissions. We view such emissions as material if these sources generate more than 40% of a company's total emissions.

We observe that several of Costco's peers are further along on their climate journeys, including on Scope 3 disclosures and targets, suggesting that those peers provide better oversight and mitigation of material risks. . . . Our independent analysis determined that the proposal was addressing a material risk, and that the proposal language gave Costco's management flexibility in implementation and appropriate discretion. We determined that the proposed actions would add clarity for shareholders on Costco's exposure to and mitigation plans for climate risk throughout its business. They would also help the market understand the resiliency of Costco's business in a low-carbon world. The proposal requested near-term emissions reductions for 2030. We believe that timeline is reasonable and does not encroach on management's ability to execute its strategic plans. Because the proposal addressed a gap in disclosures related to a material risk and gave management flexibility on implementation over a reasonable time period, the Vanguard funds supported the proposal."

Vanguard also voted "For" a resolution at Charter Communications in 2021 requesting disclosure of greenhouse gas emissions, stating that the proposal "addresses material risk(s) and an oversight or disclosure gap, is not overly prescriptive, and is determined to be in the best long-term interest of shareholders."

On several of the proposals that Vanguard voted "Against," the firm noted either that "sufficient action or change has been implemented" (for example, at Booking Holdings BKNG and Chevron in 2021), or that the proposal "addresses material risk, but [the] company is on track" (Caterpillar CAT 2021). The firm provided much more detail on its vote "For" the 2021 resolution at ConocoPhillips requesting that management set emissions reduction targets. The firm notes:

"We have held meaningful discussions with members of the ConocoPhillips board over many years. Our engagement in the second half of 2020 covered ConocoPhillips' climate strategy and the company's net zero ambitions by 2050. We were encouraged by the company's near-term commitments in setting net zero emissions targets for its operations, as well as by its ability to set a Paris-aligned intensity target by 2030. (Intensity targets compare a company's emissions to a type of economic output. Companies may also set absolute targets that aim to reduce certain emissions by a set amount.) The company also shared more about how its recent acquisition of Concho Resources would benefit its climate strategy.

"We engaged with ConocoPhillips again leading up to its annual meeting. In both conversations, the management team and board highlighted how they advocated for public policy advancements across the sector in ways that seek to bring about sensible policies and frameworks related to climate risk. ConocoPhillips believes it brings the unique perspective of an upstream exploration and production company, which faces different challenges in its energy transition strategy than its global peers do. We view having an active role in public policy as an important element of a company's strategy to better understand and anticipate regulatory risks associated with the energy transition. For example, we recognize the leadership role

ConocoPhillips has assumed in helping to develop carbon pricing policy options, among other key initiatives that it believes will benefit long-term shareholders.

"In addition to ConocoPhillips' investment in public policy, we expected to hear more from the company about its investments in emerging and renewable technologies. We have observed that the company's peers are investing in innovative solutions, and we did not see evidence — from either our engagements or publicly available disclosures — that ConocoPhillips was aligned with its peers in this regard. We have encouraged the company to consider how its internally facing strategies complement the work it is doing in the public policy sphere to best position the company for success throughout the energy transition.

"In our assessment, the shareholder request that ConocoPhillips set a companywide emission reduction target across Scope 1, 2, and 3 emissions will appropriately encourage the company to prioritize options beyond public policy advocacy to prepare for and mitigate the transition risks associated with climate change. Accordingly, the Vanguard funds supported the proposal."

Notably, Vanguard opposed a similar resolution at ConocoPhillips the following year, which suggests that the firm believes that management is on track with implementation.

At Exxon Mobil in 2021, Vanguard voted "For" a resolution requesting a report on climate-related lobbying activities but "Against" a report on net-zero scenario analysis. On the former, the firm had this to say.

"The Vanguard funds voted in support of two shareholder proposals, one calling for a report on lobbying payments and policies and the other for a climate lobbying report aligned with the Paris Agreement goals. Exxon has acknowledged that its lobbying efforts present a material risk. Although the company discloses details about its lobbying activities, its disclosure does not clearly explain how the company's lobbying efforts align with its strategy and publicly stated positions."

Regarding the "Against" vote on scenario analysis at Exxon Mobil, Vanguard explained:

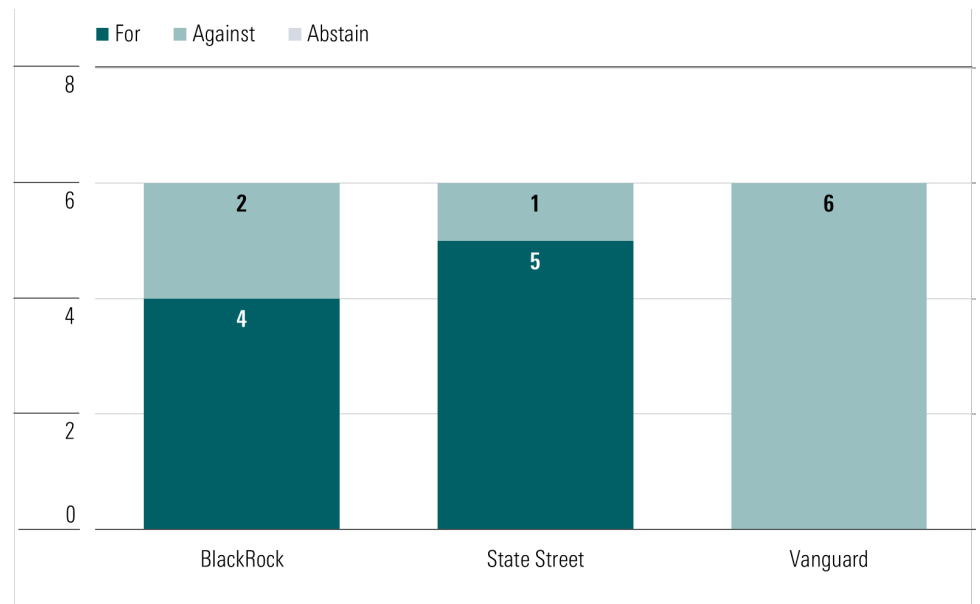
"The Vanguard funds did not support a shareholder proposal that requested an audited report of the financial effects of the Net Zero by 2050 Scenario of the International Energy Agency (IEA). Our research found that Exxon's current reporting includes more than 70 scenarios from reputable sources, including the IEA and the Intergovernmental Panel on Climate Change. The company indicated that its relevant subject matter experts were reviewing the IEA's Net Zero by 2050 Roadmap that was released in mid-May 2021 and were considering including the IEA's scenario in their next Energy and Carbon Summary. Given the recency of the IEA's scenario release, Exxon's current scenario analysis disclosure, and the company's stated plans to review the scenario and the roadmap, we concluded that this shareholder proposal did not warrant the Vanguard funds' support at this time."

Other Environment Issues

Analysis

Six of the 100 key resolutions we analyzed address environment-related issues other than climate change. Three of these proposals requested reporting on companies' efforts to reduce plastic use—two proposals in 2021 and 2022 at Amazon and one in 2022 at McDonald's. Two proposals requested disclosures on water-related risks—one at Alphabet and one at Tesla, both in 2022. One resolution, in 2022, requested Home Depot to report on deforestation. On average, these proposals were supported by 54% of independent shareholders.

Exhibit 16 Big Three Voting Decisions on Six Key Resolutions on Other Environment Issues



Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Both BlackRock and State Street supported the majority of these proposals. BlackRock voted "For" four (67%) of the six resolutions, while State Street supported five (83%). This topic group was one of two in which Vanguard voted against all of the resolutions in our selection (the other being civil rights and racial equity).

Exhibit 17 Big Three Voting Decisions on Six Key Resolutions on Other Environment Issues, Individual Resolutions

Company, Year	Description (With Item Number)	Support	Adjusted Support	Voting Decision		
				BlackRock	State Street	Vanguard
Alphabet, 2022	8. Report on Water Management Risks	23%	62%	For	For	Against
Amazon, 2021	8. Report on Packaging Materials	36%	44%	Against	For	Against
Amazon, 2022	8. Report on Packaging Materials	49%	59%	For	For	Against
Home Depot, 2022	9. Report on Deforestation	65%	65%	For	For	Against
McDonald's, 2022	5. Report on Reducing Plastics Use	42%	42%	Against	Against	Against
Tesla, 2022	13. Additional Reporting on Water Risk	35%	50%	For	For	Against

Source: Morningstar proxy-voting database, asset managers' stewardship disclosures, SEC filings. Data as of May 31, 2023.

Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Vote Rationales**BlackRock**

BlackRock voted "Against" two of the six resolutions on environment issues other than climate—the 2021 proposal at Amazon requesting a report on packaging materials and the 2022 proposal at McDonald's requesting a report on reducing plastics use.

For both resolutions, BlackRock's voting rationale was that "the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures." The firm offered additional detail on its reasoning behind the vote "Against" the proposal at McDonald's, stating:

"While BIS believes that plastics pollution is a material risk for the company, in our view, McDonald's existing disclosure provides sufficient information, outlining the company's clear policies and targets that are in place to reduce the use of plastics across their operations. We also note that McDonald's is contributing to the development of frameworks and standards to address plastic waste in the context of their sector, which we believe should help accelerate progress across the market."

Interestingly, BlackRock decided to support the resolution at Amazon in 2022, having voted "Against" it in 2021. There was a significant change in the wording of the resolution in 2022. The 2022 resolution made less-specific asks, which—in our opinion—may have contributed to BlackRock's change of heart. However, the firm also explains:

"In our view, plastics pollution is a material risk for the company. Amazon currently discloses efforts to increase the recycled content used in their packaging, which in 2021 increased from 25% to 50% for their plastic film bags, and from 15% to over 40% for their plastic padded bags. Amazon's 2023 goal is to reduce single-use plastics in their device packaging, with the intent to make this packaging 100% curbside recyclable. While we believe that the company's goals in relation to plastic recycling are clear, Amazon does not explicitly disclose the total amount of plastic used; therefore, it is difficult for stakeholders to determine how effectively the company is

managing this material risk and their progress year over year. As a result, we supported this shareholder proposal, as we believe it is in the best economic interests of our clients for Amazon to enhance their disclosure on this material long-term business risk."

BlackRock also supported both of the proposals addressing water risk; these were at Alphabet and Tesla. Each time the firm explained that it believes "it is in the best interests of shareholders to have access to greater disclosure on this issue." BlackRock offered a more detailed explanation for its vote at Alphabet:

"BIS believes that water management is a material risk for Alphabet given the significant volumes of water used to cool data centers. The company recently enhanced their water metrics disclosure to include three water indicators (total water withdrawal, consumption, and discharge), in line with industry standards. Alphabet has a goal to replenish more water than the company consumes by 2030 and is focusing water stewardship efforts in three main areas: 1) enhancing stewardship of water resources across Google office campuses and data centers; 2) replenishing 120% of the average amount of water they consume across their offices and data centers, and improving watershed health and ecosystems in water-stressed communities; and, 3) sharing technology and tools that help everyone predict, prevent, and recover from water stress.

"However, the company does not explicitly disclose annual water use or other risk metrics by location; therefore, it is difficult for stakeholders to determine the company's regional approach, localized water stress trends and risks, as well as possible progress year over year. Notably, Alphabet's peers provide this level of information. For these reasons, we supported this shareholder proposal as we believe it is in the best economic interests of our clients for Alphabet to enhance their disclosure on this material long-term business risk."

The firm also supported the proposal on deforestation reporting at Home Depot, stating that "the company does not meet our aspirations for disclosure of natural capital policies and/or risk."

State Street

State Street only voted "Against" one of the six resolutions on environment issues other than climate—the proposal on reducing plastics use at McDonald's in 2022. We found no publicly disclosed rationale for this decision.

However, the firm did comment publicly on its decisions to support the resolution on plastic packaging at Amazon and the resolution on water management risks at Alphabet, both in 2022. On the vote at Amazon, State Street explained its reasons for supporting the resolution as follows.

"We saw an opportunity for Amazon to improve disclosure on plastics and packaging (e.g. total plastics footprint; goals to reduce virgin plastic use; board oversight of plastics/packaging strategy; manufacturer engagement/education). While we recognize Amazon does not have

direct control over their manufacturers' plastics/packaging footprint, a similar proposal last year received over 35% support, and we did not believe Amazon has been sufficiently responsive to investors' interests."

On the resolution at Alphabet, State Street noted:

"While the company has published a Water Stewardship report and adopted water-related goals, investors would benefit from additional information on the company's strategy for addressing risks in water-stressed regions."

Vanguard

Vanguard supported none of the six resolutions on environment issues other than climate. We found no publicly disclosed rationales by the firm for these six voting decisions.

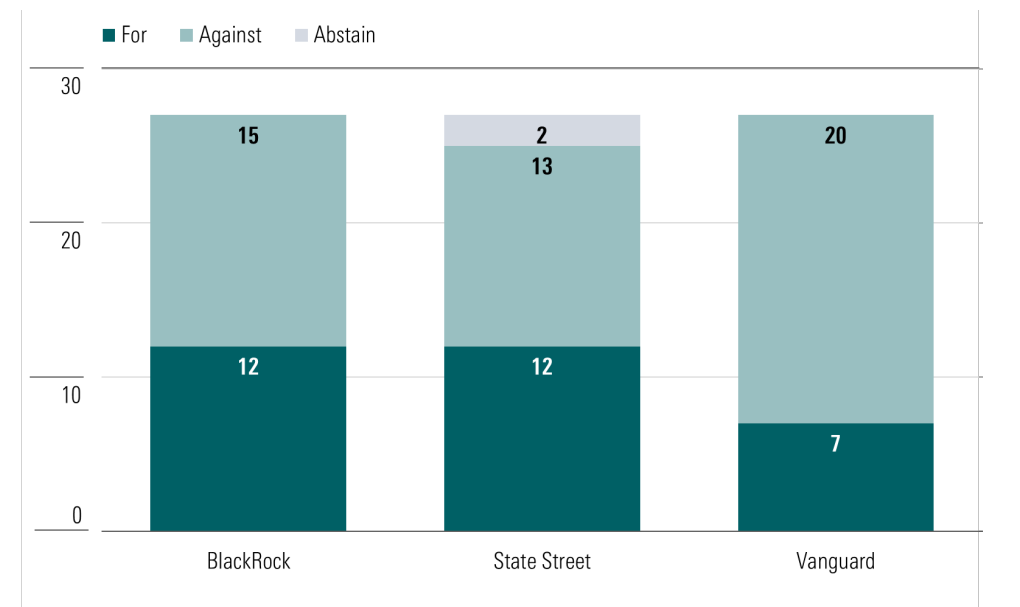
Political Influence and Activity

Analysis

Out of the 100 key resolutions we analyzed in this paper, 27 request further disclosure on companies' political activity and spending. These proposals cover a broad cross-section of the U.S. market; however, the media, energy, industrials, and pharmaceuticals sectors are heavily represented.

The proposals commonly request additional disclosure from companies on policies and expenditure relating to political activity and lobbying. Some also request an analysis of how well the company's political spending is aligned with its stated values. On average, these 27 resolutions were supported by 51% of independent shareholders.

Exhibit 18 Big Three Voting Decisions on 27 Key Resolutions on Political Influence and Activity



Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

As Exhibit 18 shows, BlackRock and State Street both supported 12 (44%) of the 27 resolutions in this topic group. State Street decided to abstain on two resolutions on congruence of political spending at FedEx *FDX* and Pfizer *PFE* in 2021. As with most other topics, Vanguard's support for these resolutions was lower than the other two firms'. Vanguard voted "For" only seven (26%) of the 27 resolutions.

Exhibit 19 Big Three Voting Decisions on 27 Key Resolutions on Political Influence and Activity, Individual Resolutions

Company, Year	Description (With Item Number)	Support	Adjusted Support	Voting Decision		
				BlackRock	State Street	Vanguard
Alphabet, 2022	5. Lobbying Activities Report	19%	52%	Against	Against	Against
Amazon, 2021	13. Lobbying Activities Report	35%	43%	Against	For	Against
Amazon, 2022	14. Lobbying Activities Report	47%	57%	For	For	Against
AT&T, 2022	6. Report on Congruence of Political Spending	44%	44%	Against	Against	Against
Boeing, 2022	5. Lobbying Activities Report	41%	41%	Against	Against	Against
Caterpillar, 2022	5. Lobbying Activities Report	45%	45%	Against	Against	Against
Charles Schwab, 2021	4. Lobbying Activities Report	44%	48%	For	Against	Against
Charter Communications, 2021	3. Lobbying Activities Report	36%	53%	For	For	For
Charter Communications, 2022	3. Lobbying Activities Report	39%	56%	For	For	For
Charter Communications, 2022	5. Report on Congruence of Political Spending	30%	43%	Against	For	Against
Chevron, 2021	7. Lobbying Activities Report	48%	48%	Against	Against	Against
Duke Energy, 2021	6. Political Spending Disclosure	52%	52%	For	Against	Against
Eli Lilly and Co, 2021	6. Lobbying Activities Report	48%	56%	For	For	For
Eli Lilly and Co, 2022	8. Lobbying Activities Report	37%	43%	Against	Against	Against
ExxonMobil, 2021	9. Lobbying Activities Report	56%	56%	For	Against	For
FedEx, 2021	5. Report on Congruence of Political Spending	39%	43%	Against	Abstain	Against
FedEx, 2021	6. Lobbying Activities Report	62%	69%	For	For	For
FedEx, 2022	6. Report on Congruence of Political Spending	36%	40%	Against	Against	Against
Gilead Sciences, 2022	8. Lobbying Activities Report	50%	50%	Against	Against	Against
Home Depot, 2022	7. Report on Congruence of Political Spending	43%	43%	Against	Against	Against
Johnson & Johnson, 2022	12. Lobbying Activities Report on Universal Health Coverage	43%	43%	Against	For	Against
Meta Platforms, 2022	13. Lobbying Activities Report	21%	67%	Against	For	For
Netflix, 2021	4. Political Spending Disclosure	81%	81%	For	For	For
Netflix, 2022	8. Lobbying Activities Report	60%	60%	For	For	Against
Nike, 2021	4. Political Spending Disclosure	31%	52%	Against	Against	Against
Pfizer, 2021	5. Report on Congruence of Political Spending	47%	47%	For	Abstain	Against
Walmart, 2021	5. Lobbying Activities Report	22%	54%	For	For	Against

Source: Morningstar proxy-voting database, asset managers' stewardship disclosures, SEC filings. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Vote Rationales**BlackRock**

BlackRock voted "Against" the majority (15) of the 27 proposals on political influence and activity. Where the firm took this decision, it usually noted that "the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures."

On the occasions when BlackRock supported resolutions on political influence and activity (Charter Communications, Duke Energy, Eli Lilly LLY, Pfizer, and Walmart WMT in 2021; Charter Communications in 2022), the firm expressed that it "believe[s] it is in the best interests of shareholders to have access to greater disclosure on this issue" or used similar wording.

On two other occasions (Charles Schwab SCHW and Netflix NFLX in 2021), BlackRock supported the resolution on the grounds that it "recognizes the Company's efforts to date, but believe that supporting the proposal may accelerate company's progress on material political activities/lobbying issues."

The firm provided a similar but more detailed rationale on its vote "For" the 2022 request for a report on lobbying activities at Amazon, stating:

"While Amazon's political activities disclosure is robust, BIS supported this proposal because we believe they could make the current disclosure more accessible, which would better enable stakeholders to assess the information provided... Currently, Amazon discloses U.S. federal lobbying activities on a quarterly basis. While BIS appreciates the level of reporting already provided by Amazon, we believe that the information remains challenging for stakeholders to readily assess... As a result, BIS supported this shareholder proposal as, in our view, enhanced disclosure of political activities would aid understanding of Amazon's approach to this business risk, which is aligned with the economic interests of our clients."

State Street

State Street, similar to BlackRock, voted "Against" a slim majority of the resolutions in this topic group (13 out of 25 resolutions voted) and decided to "Abstain" on two resolutions. We did not find any publicly disclosed vote rationales on these decisions.

We found vote rationales for two of the 12 resolutions of political influence and activity that State Street supported—both at Big Tech companies. On the 2022 proposal for a report on lobbying activities at Amazon, the firm explained:

"We supported a similar proposal last year, given our concerns with the company's relatively limited disclosures on this topic in proportion to its political expenditures. Given there had been no significant improvement to the company's disclosures, we continued to support this proposal."

On a similar proposal in the same year at Meta, State Street mentioned:

"The company's disclosures are not aligned with our expectations on this topic, and as such, we were supportive of the proposal. Specifically, we expect greater disclosure of the board's oversight of lobbying activities and trade association memberships, as well as a comprehensive (vs. representative) list of trade associations to which the company belongs and pays dues of over \$50,000."

Vanguard

Vanguard voted "Against" almost three fourths (20) of the 27 resolutions on political influence and activity we analyzed. We found no publicly disclosed rationales for most of these votes. However, on three occasions (Duke Energy, Pfizer, and Nike in 2021), the firm stated that the proposal in question "addresses material risk, but company is on track... company has already taken sufficient actions, made sufficient progress, and/or has related actions pending to address proponent request."

On four occasions when the firm voted "For" a resolution on this topic (Charter Communications, Eli Lilly, Exxon Mobil, and Netflix in 2021), Vanguard's rationale was that the proposal "addresses material risk(s) and an oversight or disclosure gap, is not overly prescriptive, and is determined to be in the best long-term interest of shareholders."

On this topic, the firm published detailed rationales on resolutions related to political activity at FedEx in both 2021 and 2022, so it serves as a useful case study on the firm's thinking on this topic.

In both years, there were resolutions requesting reports on lobbying activities and congruence of political spending. Vanguard voted "Against" both proposals on congruence. However, it supported the proposal requesting a report on lobbying activities in 2021, then voted "Against" a similar request in 2022. (The latter proposal is not included in our analysis as it did not gain the support of more than 40% of independent shareholders.)

Vanguard's rationale for supporting the 2021 request for a report on lobbying activities at FedEx mentioned its updated policies and engagement with company management.

"Our review of the company's lobbying-related reporting revealed gaps in disclosure of its oversight processes and spending. FedEx's disclosures also lagged those of industry peers that regularly publish reports of their lobbying policies, expenditures, and trade association memberships.

"This year, Vanguard updated our views on shareholder proposals regarding CPA [corporate political activity] to account for the growing potential scope of risks emerging from lobbying... Where material, Vanguard expects companies to disclose their board oversight policies, CPA expenditures, and memberships in a manner consistent with industry peers and market norms. Given FedEx's role as one of the world's largest logistics and delivery companies, its past lobbying expenditures, and its participation in industry groups, shareholders could benefit from sufficient disclosures that show the alignment between strategy and the potential risks stemming from CPA that affect long-term shareholder value.

"In our engagement with FedEx, company leaders described their efforts to strengthen board oversight practices of corporate political activity to ensure alignment with long-term strategy in support of shareholder value. We believe FedEx can better share this information by enhancing its current lobbying-related disclosure to meet evolving market norms. The funds therefore supported this proposal."

It's clear that, by the following year, Vanguard was satisfied with FedEx's progress on this matter.

"In our 2022 engagements, company leaders described efforts to strengthen board oversight of corporate political activity, make new disclosures related to its participation in the political process, and provide greater disclosure of trade association payments. Recognizing that FedEx

had made progress in enhancing its current board oversight and lobbying-related disclosure, the funds did not support the proposal requesting additional disclosure at the 2022 annual meeting."

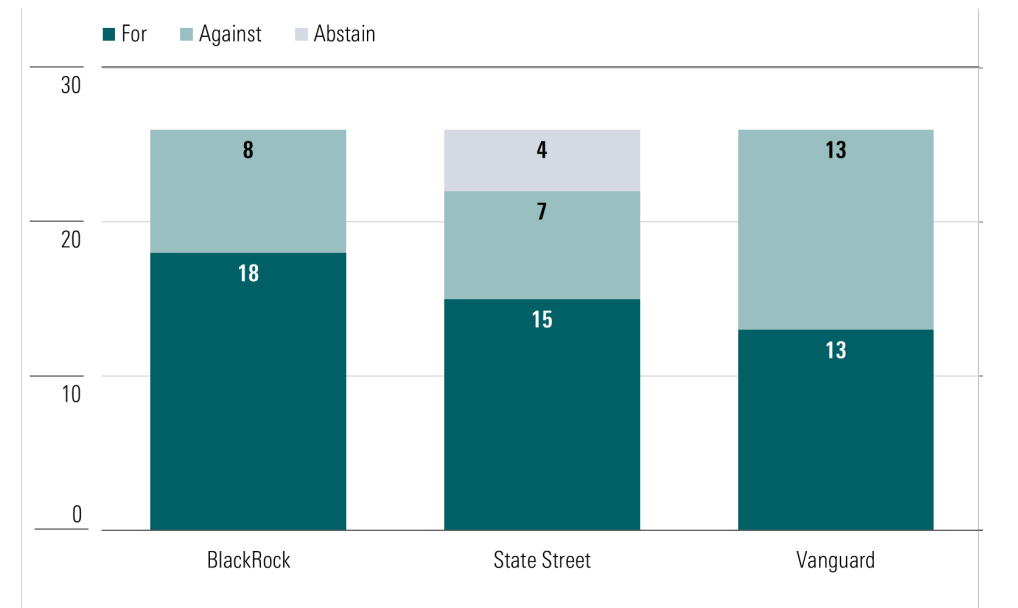
On the 2021 proposal on congruence, Vanguard noted the following, also suggesting that the firm considered its engagement with FedEx management a success.

"Our review of the company's reporting of corporate political activity (CPA) revealed gaps in disclosure of the company's policy priorities and processes to ensure alignment with strategy and values. During our engagement, FedEx leaders described their policies and processes to ensure alignment with long-term company strategy. The company was receptive to our feedback that shareholders would benefit from additional disclosure on the board's approach to ensuring strategy alignment and addressing potential misalignment."

Workplace Equity

Twenty-six of the 100 key resolutions we analyzed target topics addressing equity in the workplace,⁹ including workers' rights, pay equity reporting, antiharassment and discrimination measures, and workforce diversity, equity, and inclusion reporting.¹⁰ Asset managers often refer to these matters as human capital management issues. Out of the six topic groups we cover, workplace equity had the highest average support from independent shareholders, at 59%.

Exhibit 20 Big Three Voting Decisions on 26 Key Resolutions on Workplace Equity



Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

⁹ For this research paper, we have included the 2021 resolution at Tesla requesting a board-level committee on human capital management in the "Workplace Equity" topic group. It was included in the "Multiple Themes" group in our January 2021 research paper, as it cuts across both social and governance themes. We have recategorized the proposal for this paper because it concerns workplace equity issues affecting the company and to avoid having only one resolution in the "Multiple Themes" group.

¹⁰ Note that this topic group does not include resolutions requesting civil rights audits or racial equity audits, which seek to assess a company's impacts on wider society, not just the workplace. We have covered these resolutions in a separate topic group (see Page 44).

BlackRock was the strongest supporter of workplace equity resolutions among the Big Three, voting "For" 18 (69%) of the 26 resolutions. State Street supported 15 (57%) of these resolutions and decided to abstain on four (15%) of them.

Workplace equity is the topic on which Vanguard showed its highest level of support among the six topic groups, although the firm's support for these proposals still lagged that of BlackRock and State Street. Vanguard supported 13 (50%) of the 26 resolutions on this topic.

Exhibit 21 Big Three Voting Decisions on 26 Key Resolutions on Workplace Equity, Individual Resolutions

Company, Year	Description (With Item Number)	Support	Adjusted Support	Voting Decision		
				BlackRock	State Street	Vanguard
Amazon, 2022	13. Reporting on Freedom of Association	39%	47%	Against	For	Against
Amazon, 2022	16. Report on Warehouse Working Conditions	44%	53%	Against	For	Against
American Express, 2021	5. Report on Diversity and Inclusion Efforts	60%	60%	For	Against	For
Apple, 2022	10. Report on Concealment Clauses	50%	50%	Against	For	Against
Berkshire Hathaway, 2021	3. Reports on Diversity, Equity and Inclusion	27%	55%	For	For	For
Berkshire Hathaway, 2022	5. Reports on Diversity, Equity and Inclusion	26%	49%	For	For	For
Charter Communications, 2021	5. Report on Diversity and Inclusion Efforts	41%	60%	For	For	For
Charter Communications, 2021	7. Publish EEO-1 Report ¹¹	41%	59%	For	For	For
Charter Communications, 2022	7. Publish EEO-1 Report	45%	65%	For	For	For
Charter Communications, 2022	8. Reports on Diversity, Equity and Inclusion	45%	64%	For	For	For
Goldman Sachs Group, 2021	6. Report on Mandatory Arbitration of Employment-Related Claims	53%	53%	For	Abstain	Against
IBM, 2022	6. Report on Concealment Clauses	65%	65%	Against	Against	For
Lowe's Companies, 2022	5. Report on Racial and Gender Pay Gaps	58%	58%	For	Abstain	Against
Meta Platforms, 2022	6. Report on Concealment Clauses	19%	62%	Against	Against	For
Microsoft, 2021	5. Pay Equity Report	40%	40%	Against	Against	Against
Microsoft, 2021	6. Report on Effectiveness of Sexual Harassment Policies	78%	78%	For	Against	For
Nike, 2021	7. Report on Diversity and Inclusion Efforts	36%	61%	Against	Against	For
Starbucks, 2023	8. Assessment of Worker Rights Commitments	52%	54%	Against	For	Against
Tesla, 2021	6. Annual Reporting on Diversity and Inclusion Efforts	57%	83%	For	For	For
Tesla, 2021	7. Report on Mandatory Arbitration of Employment-Related Claims	46%	67%	For	For	Against
Tesla, 2021	8. Board-Level Committee on Human Capital Management	34%	49%	For	Abstain	Against
Tesla, 2022	7. Annual Reporting on Anti-Harassment and Discrimination	47%	67%	For	For	Against
Tesla, 2022	9. Reporting on Employee Arbitration	38%	54%	For	For	Against
Tesla, 2022	11. Adopt Freedom of Association and Collective Bargaining Policy	33%	48%	For	Abstain	Against
Union Pacific, 2021	7. Annual Reporting on Diversity and Inclusion Efforts	81%	81%	For	Against	For
Walt Disney, 2022	7. Pay Equity Report	60%	60%	For	For	Against

Source: Morningstar proxy-voting database, asset managers' stewardship disclosures, SEC filings. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Vote Rationales

BlackRock

BlackRock provided vote rationales for all 26 voting decisions on workplace equity resolutions. However, unlike the other topics, we found only brief vote rationales from the firm on this topic that were often applied across several decisions.

¹¹ EEO-1 refers to the mandatory annual reporting on workforce demographic data required by the U.S. Equal Employment Opportunity Commission. The report must be submitted to the EEOC each year by private sector employers and federal contractors, but public disclosure is not required.

The unique rationales provided when the firm voted "Against" the resolution are as follows.

- ▶ Report on concealment clauses (Apple, 2022): *"Apple has a business conduct policy that provides for the right for employees to speak freely."*
- ▶ Assessment of worker rights commitments (Starbucks SBUX, 2023): *"Proposal is not in shareholders' best interests."*

On the other resolutions BlackRock opposed, the firm's rationale was either that "the company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies;" or "the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures."

For the proposals that BlackRock supported, we observed four distinct groups of rationales.¹²

- ▶ Resolutions addressing workforce DEI reporting (four resolutions at Berkshire Hathaway, Charter Communications, and Union Pacific UNP): *"Shareholders would benefit from greater disclosure on how the company is considering policies and/ or risk related to diversity, equity, and inclusion" or "The company does not meet our expectations for disclosure of material diversity, equity, and inclusion policies and/or risks."*
- ▶ Resolutions on pay equity, employee arbitration, and antiharassment and discrimination efforts (four resolutions at Microsoft, Tesla, and Walt Disney DIS): *"We believe it is in the best interests of shareholders to have access to greater disclosure on this issue."*
- ▶ Resolutions on workers' rights, DEI reporting and governance (four resolutions, all at Tesla): *"We consider this to be in the best interests of shareholders. The Company does not meet our expectations for disclosure of material diversity, equity, and inclusion policies and/or risks."*
- ▶ Resolutions on DEI initiatives and reporting, and employee arbitration (five resolutions at American Express AXP, Charter Communications, and Goldman Sachs): *"We recognize the Company's efforts to date, but believe that supporting the proposal may accelerate company's progress on material social issues."*

State Street

We found vote rationale disclosures for four of the 26 voting decisions that State Street made on workplace equity resolutions in our selection.

State Street was the only Big Three firm to vote "For" the 2022 resolution requesting a report on concealment clauses at Apple. The firm explained:

"We appreciate the reputational and regulatory risks associated with using concealment clauses that do not contain a carveout for harassment and discrimination. Thus, we recognize Apple's commitment to adding relevant language into its concealment clauses. However, we supported this proposal to signal our desire to see this change implemented swiftly and comprehensively,

¹² The exact wording may vary slightly in each case mentioned here.

and to affirm our support of mechanism that enable employees to speak out about adverse work environments. This is an especially material concern for Apple shareholders given the #AppleToo movement and the lack of clarity around the company's use of non-disclosure agreements."

State Street also supported the resolutions at Amazon in 2022 requesting reporting on freedom of association and warehouse working conditions.¹³ The firm's rationale for its decision on the freedom of association vote was:

"While Amazon affirms the right of workers to unionize, the company has been exposed to criticism and concern from investors, employees, and regulators regarding its alleged infringement on collective bargaining rights. Shareholders would benefit from additional context on how the company's stated respect for the freedom of association manifests in practice, and the requested report is one possible way that the company could disclose this information."

On the warehouse working conditions vote, State Street reasoned:

"Amazon provides various disclosures about its health and safety practices, and these disclosures have improved in recent years. However, workers and other stakeholders continue to articulate concerns about the company's practices in warehouses, some of which are not reflected in current disclosures (e.g. concerns with quotas and 'time off tasks' warnings.) Given this context and the reputational, legal, and regulatory risks associated with the company's approach to human capital management, an independent assessment of the company's practices would be beneficial to shareholders."

We found no rationales for the resolutions on which State Street abstained. However, a rationale was provided for the firm's vote "Against" the 2021 resolution at Union Pacific requesting annual reporting on the company's diversity and inclusion efforts.

"Our previous engagements with the company focused on shareholder proposals, including "Say on Climate," and on Union Pacific's diversity and inclusion disclosure practices. We supported management on both topics due to their company's ongoing disclosure practices and firm commitment to publish strengthened TCFD-aligned reporting and complete EEO-1 workforce data in 2021. During our engagement, we also identified several SASB-aligned areas of disclosure and best practice the company can focus on in its ongoing reporting efforts."¹⁴

Vanguard

Workplace equity was the topic group with the highest level of support for key resolutions by Vanguard, but it was also a topic on which the firm provided considerable transparency on its vote rationales.

¹³ Both topics were voted on a second time at Amazon in May 2023. The Big Three's voting decisions for the current quarter are not available at the time of writing.

¹⁴ TCFD (Taskforce for Climate-related Financial Disclosures) and SASB (Sustainability Accounting Standards Board) are organizations responsible for two ESG reporting frameworks that are commonly used by asset managers to evaluate sustainability risks and opportunities.

Similar to BlackRock, it is possible to group some of the common brief rationales provided by the firm:

- ▶ Resolutions Vanguard voted "For" across a range of topics (five resolutions at Charter Communications, IBM, Microsoft, and Union Pacific): "*[Resolution] addresses material risk(s) and an oversight or disclosure gap, is not overly prescriptive, and is determined to be in the best long-term interest of shareholders.*"
- ▶ Resolutions Vanguard voted "Against" on pay equity and mandatory arbitration (two resolutions at Microsoft and Tesla, respectively): "*Addresses material risk, but company is on track. Company has already taken sufficient actions, made sufficient progress, and/or has related actions pending to address proponent request.*"
- ▶ Resolutions Vanguard voted "Against" on mandatory arbitration and antiharassment and discrimination (two resolutions at Goldman Sachs and Tesla, respectively): "*Overly prescriptive terms.*"

Vanguard provided more-detailed vote rationales for key resolutions at seven companies: Amazon, American Express, Apple, Berkshire Hathaway, Nike, Starbucks, and Tesla.

The firm's rationale for opposing two proposals on freedom of association and warehouse working conditions at Amazon in 2022 is as follows:

"Our independent research and analysis of the proposals on the ballot included engagements with several proponents. . . . Their points echoed those of several shareholder proposals and supporting statements outlined in Amazon's proxy. Engagement with the Office of the New York City Comptroller raised similar points. Vanguard views many of the topics addressed by the human capital-related shareholder proposals— workplace and worker safety, non-competitive wage practices, and freedom of association—as material risks to Amazon. In our research, we found that Amazon addresses each of these matters in existing disclosures. The disclosures describe how the board oversees these risks and identifies an appropriate set of peers for comparison. Given these disclosures, we did not see evidence to support the proposals. HCM [human capital management] risks could have an adverse effect on long-term shareholder value. Therefore, the Investment Stewardship team will continue to monitor these areas and engage with Amazon to understand its ongoing risk mitigation plans."

Vanguard supported the 2021 proposal requesting reporting on diversity and inclusion efforts at American Express. The firm explained:

"Our analysis found that American Express already provides robust quantitative and qualitative disclosures about its DEI programs. However, the shareholder proposal under consideration focused on a specific gap in the company's disclosures: the board's role in overseeing American Express's DEI strategy and its process for measuring the outcomes of the company's diversity programs. We believe shareholders could benefit from clarity on this important oversight responsibility and therefore voted to support the proposal. Vanguard has held meaningful discussions with members of the American Express board over many years, and the company

has routinely been attentive to DEI risks and receptive to shareholder feedback... The Vanguard funds' vote in favor of the proposal should be interpreted as support for the company's stated direction, not an expression of concern about oversight failure or a lack of confidence in the board."

At Apple in 2022, Vanguard voted "Against" the resolution requesting reporting on the use of concealment clauses, which limit what employees can say about the company publicly. Its rationale for this voting decision mentions:

"Given Apple's clear disclosure in its proxy statement that it does not use concealment clauses in the context of discrimination, harassment, and other unlawful acts, and the fact that the company is actively contemplating incorporating more disclosure on this topic in future reporting, we did not believe that additional reporting on Apple's use of concealment clauses would be beneficial for shareholders at this time. The Vanguard funds thus did not support the proposal. We will continue to engage with the company on further disclosure of the board's attentiveness to this matter."

Vanguard supported the 2022 shareholder resolution requesting DEI and workforce composition reporting at Berkshire Hathaway (also mentioning the firm's support for a similar proposal at the same company the previous year), explaining:

"The Vanguard funds supported this proposal due to Berkshire's lack of disclosure of DEI statistics and program effectiveness at the enterprise and operating company levels, as well as the lack of transparency into board oversight of DEI risks. The funds' support of this proposal is consistent with their support of a similar 2021 shareholder proposal and reflects our conviction that additional disclosure on human capital issues from Berkshire, including disclosure of how the board oversees and monitors DEI matters, would be beneficial for long-term shareholder value."

All of the Big Three firms supported both of these DEI-related proposals at Berkshire Hathaway. In contrast, Vanguard was the only supporter among the Big Three of the 2021 resolution at Nike requesting a report on diversity and inclusion efforts. Vanguard explained the nuances of this decision as follows.

"We reviewed NIKE's latest reporting on its DEI program and wanted to better understand how reasonable and helpful for investors it would be for the company to enhance its annual report as requested. NIKE provided helpful examples of how its board is engaged on DEI issues and noted that in some areas, its current reporting already goes beyond what was sought in the shareholder proposal. NIKE said it aspires to disclose some of this information in the most appropriate way for the company, particularly as it relates to metrics on recruitment, retention, and promotion. It appeared that NIKE's planned path forward — inclusive of a commitment to publish U.S. Equal Employment Opportunity Commission EEO-1 compliance survey data

beginning in 2022—was very much aligned with the spirit of the proposal. The request focused on measuring DEI program efficacy and seeking reasonable qualitative and quantitative disclosures that are materially relevant to investors. We agree that these are areas where NIKE could enhance existing disclosures; therefore, the funds supported the proposal."

Vanguard voted "Against" the resolution at Starbucks in April of this year requesting a report on the company's commitments to protecting workers' rights to unionize. This resolution was supported by a majority of the company's shareholders. In Vanguard's rationale for opposing the proposal, the firm explained:

"Although we assess workers' rights as a material risk at Starbucks, the funds ultimately did not support the shareholder proposal because of the company's commitment to engage independent third parties to conduct a human rights impact assessment, inclusive of workers' rights. That fact, combined with our assessment that the board appeared to be taking appropriate steps to remediate and address the risks, gave us comfort that the board was appropriately acting upon the issues identified by the shareholder proposal. In circumstances such as this, where a company has committed to substantially address the actions requested by a shareholder proposal, we look to the board and company management team to determine and execute the appropriate methods for that particular company to address a material risk. The proposal received 52% support from shareholders. In the coming months, we will continue to engage with the company to understand how the board is composed and positioned to oversee the risks inherent in a retail environment, including related to the specific legal and reputational risks associated with workers' rights. We also look forward to the completion of Starbucks's human rights impact assessment and the action taken to support further risk mitigation."

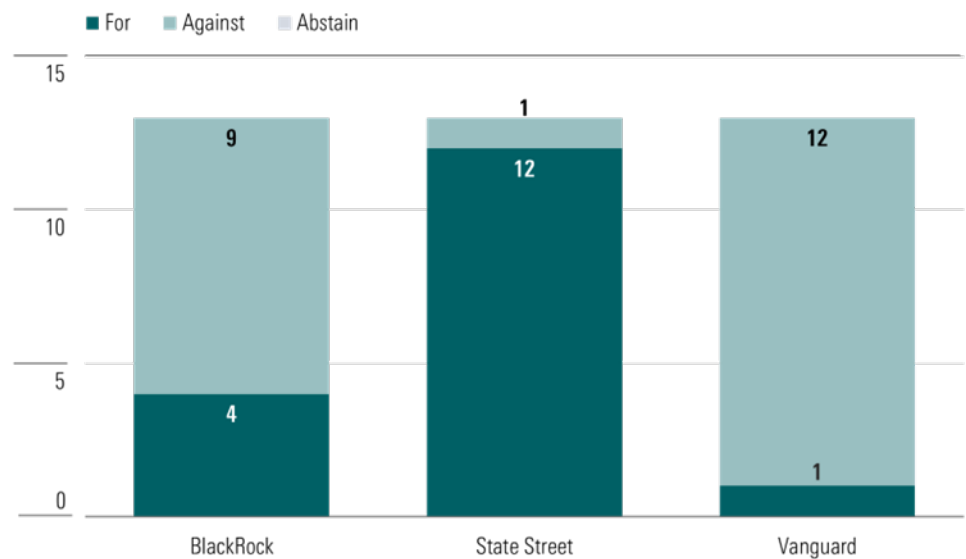
At Tesla in 2022, Vanguard supported a request for annual reporting on diversity and inclusion efforts, which was also supported by a majority of the company's independent shareholders. The firm explains:

"Tesla published its inaugural DEI impact report in 2020 and has disclosed plans to regularly publish an integrated report containing this information... This first report is a promising start to disclosing workforce diversity information. We would like to see Tesla continue to prioritize qualitative and quantitative disclosures on workforce diversity, including the incorporation of EEO-1 data into future reports. In our assessment, the shareholder proposal requesting that Tesla provide additional reporting on its diversity and inclusion efforts addressed a gap in Tesla's existing disclosures. We believe that it is helpful for companies to disclose relevant information on how they measure the success of their DEI-related efforts and provide the pertinent quantitative disclosures in the form of EEO-1 data — in addition to any customized workforce data — in order for investors to have a more complete view of the state of the workforce. Therefore, the Vanguard funds supported the proposal seeking enhanced DEI reporting."

Human Rights and Ethical Use of Technology

Among the 100 resolutions in our selection, 13 address human rights and ethical use of technology.¹⁵ Three well-known Big Tech companies—Alphabet, Amazon, and Meta Platforms—account for 12 of these resolutions. (The remaining resolution was filed at Nike.) As a result, most of these resolutions request further information from companies on the risks their systems and practices might pose to human rights, civil liberties, or the democratic process. On average, these 13 resolutions were supported by 55% of independent shareholders.

Exhibit 22 Big Three Voting Decisions on 13 Key Resolutions on Human Rights and Ethical Use of Technology



Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

As shown in Exhibit 22, these resolutions on human rights and ethical technology practices are another area in which the voting decisions of the Big Three differ greatly. (It's worth noting that the concentration of these resolutions across just four companies is likely to have contributed to this spread of voting outcomes.)

¹⁵ In our [January 2023 research paper](#), these two subtopics were included in the "other social" category of resolutions.

State Street—the strongest backer of these resolutions among the three—voted "For" 12 of these resolutions and "Against" one of them. Vanguard did the opposite, voting "Against" 12 resolutions and supporting just one. BlackRock's voting record sits between these two extremes, but the firm voted "Against" a considerable majority of these resolutions. Exhibit 23 shows each of the three firms' voting decisions on these 13 resolutions.

Exhibit 23 Big Three Voting Decisions on 13 Key Resolutions on Human Rights and Ethical Use of Technology, Individual Resolutions

Company, Year	Description (With Item Number)	Support	Adjusted Support	Voting Decision		
				BlackRock	State Street	Vanguard
Alphabet, 2022	13. Human Rights Impact Assessment of Data Center Siting	17%	46%	Against	For	Against
Alphabet, 2022	15. Enhance Disclosures on Algorithmic Systems	20%	53%	Against	For	Against
Alphabet, 2022	16. Third Party Assessment on Misinformation and Disinformation	23%	63%	For	For	Against
Amazon, 2021	4. Report on Customer Use of Surveillance Technologies	35%	44%	Against	For	Against
Amazon, 2021	14. Independent Study on Facial Recognition and Human Rights	34%	43%	Against	For	Against
Amazon, 2022	6. Third Party Report on Customer Due Diligence	40%	49%	Against	For	Against
Amazon, 2022	19. Study on Facial Recognition and Human Rights	41%	49%	Against	For	Against
Meta Platforms, 2021	6. Report on Online Child Exploitation Risks	17%	56%	Against	For	Against
Meta Platforms, 2021	8. Report on Platform Misuse/Misinformation	20%	63%	Against	For	Against
Meta Platforms, 2022	8. Report on Community Standards Enforcement	19%	63%	For	For	Against
Meta Platforms, 2022	10. Human Rights Impact Assessment on Targeted Advertising	24%	78%	For	For	For
Meta Platforms, 2022	11. Report on Online Child Exploitation Risks	17%	57%	Against	For	Against
Nike, 2021	5. Human Rights Impact Assessment on Cotton Sourcing	28%	47%	For	Against	Against

Source: Morningstar proxy-voting database, asset managers' stewardship disclosures, SEC filings. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Vote Rationales

BlackRock

In most cases where BlackRock has voted "Against" these resolutions, the firm's rationale is that "the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures" or that "the company already has policies in place to address the request being made."

BlackRock supported the proposal for a human rights impact assessment at Nike, stating that "the company does not meet our expectations for disclosure of material social policies and/or risks." For the three resolutions BlackRock supported at Alphabet and Meta, the firm provided more-detailed vote bulletins explaining its decisions. Each time, BlackRock stated the firm's belief that "it is in the best interests of shareholders to have access to greater disclosure," while recognizing the efforts the two companies had made to date to address the issues raised in the proposal.

Regarding its vote in support of the proposal at Alphabet in 2022 requesting a third-party assessment on misinformation and disinformation, BlackRock explains:

"In 2020, the Global Network Initiative (GNI)—an NGO aimed at bringing together information and communications technology (ICT) companies with other stakeholders to protect the freedom

of expression and privacy online—released its third assessment, The GNI Principles at Work, which confirmed that Google was making good-faith efforts to implement the GNI Principles with improvement over time. However, given that Alphabet is a member of the GNI, and the significance of this issue to the company's ability to operate, BIS [BlackRock Investment Stewardship] believes that an independent assessment by a truly independent third-party without membership ties would provide shareholders, and others interested in the company's approach to this material business risk, greater assurance about the company's human rights policies and practices. As a result, we supported this shareholder proposal."

On its vote supporting the proposal at Meta in 2022 for a human rights impact assessment on targeted advertising, the firm states:

"Meta has joined the United Nations Global Compact and adopted a corporate human rights policy which, among other elements, commits to human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPR). The company publishes third-party human rights assessments on specific business segments through an independent Human Rights Impact Assessment (HRIA), however, they have not publicly communicated plans to publish a comprehensive third-party human rights assessment for Facebook across their advertising platform. In our view, a third-party assessment would help investors and other stakeholders better understand how Facebook's advertising practices may create material business risks and would provide a holistic view as to how the company is addressing and/or plans to address human rights impacts in their business model."

On its vote "For" the resolution at Meta in 2022 for a report on community standards enforcement, BlackRock states:

"We believe that more information on the processes, systems and plans in place to minimize harmful content would be beneficial to shareholders. Particularly as content on child endangerment and sexual exploitation across Meta's platforms remains highly active, with approximately 16.5 million instances in Q1 2022. The platform also continues to experience a significant level of hate speech, misinformation and harassment. This content poses a material risk to the company's business model, as well as their reputation and ability to attract new users and advertisers, and thus to generate long-term value. Given the significant regulatory, operational and reputational risks that malicious content across Meta's platforms could pose for the company, BIS believes Meta's content management practices could be enhanced, as could the board's oversight of these issues. We therefore believe it is in our clients' interests for the company to publish a report on the effectiveness of the program to ensure the safety and security of platform content."

State Street

We found public disclosures of voting rationales for eight of the 12 resolutions that State Street supported on this topic.

On the three relevant shareholder proposals at Alphabet in 2022, the firm highlights that "investors would benefit from greater transparency regarding the company's approach to managing risks" relating to misinformation and disinformation, its use of algorithms, and "the company's due diligence process when entering markets with outsized human rights-related risks."

Regarding its support for the proposals at Amazon in 2022 on human-rights due diligence and facial recognition technology risks, the firm explains:

"While the company provides various disclosures on its policies and practices related to human rights, especially in the supply chain, there is limited disclosure on processes to identify and manage human rights risks related to the use of its products. In our engagement, the board and management were unable to articulate specific digital and human rights risks associated with the company's products. Shareholders would benefit from additional insight into this topic, and the requested report reflects a possible approach the company could take to enhancing relevant disclosures."

State Street also indicated its belief that shareholders would benefit from improved disclosures at Meta on risks related to community standards enforcement, targeted advertising, and online child exploitation—all of which were put to a vote in 2022.

"Shareholders would benefit from additional context on how the company's standards are enforced. While the company signaled that relevant trends have been improving, the company stated that there have been no changes made to enforcement practices in response to a similar proposal at last year's AGM. Additionally, the company was unable to respond to inquiries about how these standards are enforced on specific platforms (e.g., WhatsApp)."

"While we appreciate the company's commitment to conduct a third-party human rights risk assessment, we supported the request for more transparency regarding the potential discriminatory impact of targeted advertisements on the platform. Shareholders would benefit from additional information on this topic either in the context of the forthcoming human rights risk assessment or in separate reporting."

"Given the risks related to relevant content on Meta's platforms, we believe shareholders would benefit from additional reporting in this area, especially since the company stated that there had been no changes to their practices on this topic in response to a similar proposal at last year's AGM."

Vanguard

We found public disclosure from Vanguard on its voting rationale for only one of the 13 resolutions: the human rights impact assessment at Nike. The firm evaluated that the resolution "addresses material risk,

but [the] company is on track. [The] company has already taken sufficient actions, made sufficient progress, and/or has related actions pending to address [the] proponent[']s request."

Vanguard supported the proposal on targeted advertising at Meta in 2022. We found no publicly disclosed rationale for this decision. However, in general, when the firm supports a shareholder resolution addressing a societal matter, Vanguard deems that it "addresses material risk(s) and an oversight or disclosure gap, is not overly prescriptive, and is determined to be in the best long-term interest of shareholders." In our opinion, it is reasonable to assume that this explanation applies in this case.

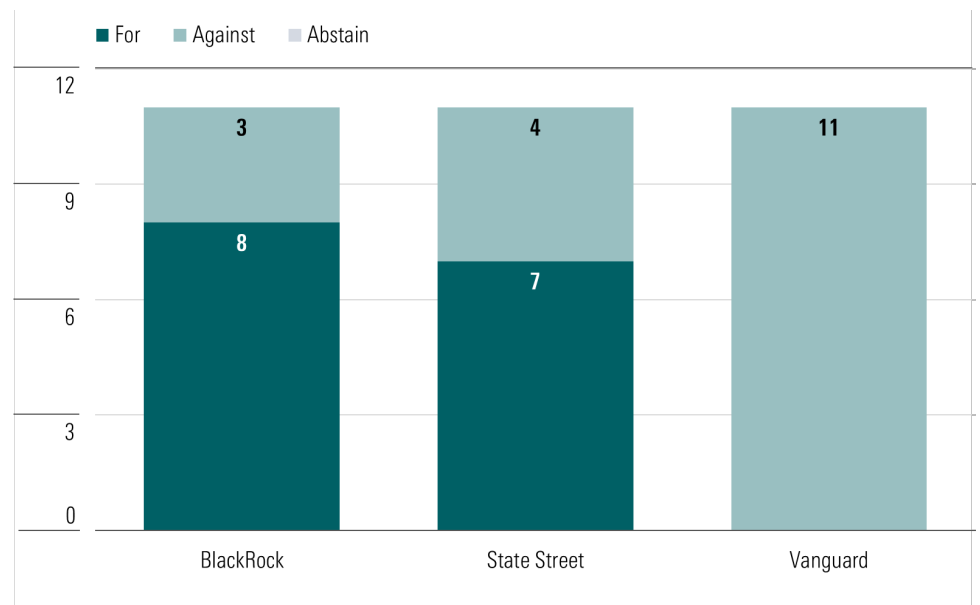
Civil Rights and Racial Equity

By number of resolutions, civil rights and racial equity is the smallest of the four social topics we examine in this study, but it's also the fastest growing topic. In this paper, we examine the Big Three's voting record on 11 such resolutions that were backed by 56% of independent shareholders on average.

These proposals request that companies commission third-party audits of:

- ▶ The "adverse impact of [the company's] policies and practices on the civil rights of company stakeholders" (Apple, McDonald's),
- ▶ "Adverse impacts on nonwhite stakeholders and communities of color" (Home Depot, JPMorgan), or
- ▶ "Adverse impacts on BIPOC (Black, Indigenous, and people of color) and Latinx/a/o/e communities" (Alphabet, Altria Group).

Exhibit 24 Big Three Voting Decisions on 11 Key Resolutions on Civil Rights and Racial Equity



Source: Morningstar proxy-voting database, asset managers' stewardship disclosures. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Exhibit 24 above illustrates a key finding: Although BlackRock and State Street have taken very similar decisions on these 11 resolutions, Vanguard has taken a very different line. BlackRock shows the highest

level of support among the three, voting "For" eight of the 11 resolutions. State Street is close behind, having voted "For" seven of the 11 resolutions. Vanguard voted against all 11 proposals. Exhibit 25 shows each of the three firms' voting decisions on these resolutions.

Exhibit 25 Big Three Voting Decisions on 11 Key Resolutions on Civil Rights and Racial Equity, Individual Resolutions

Company, Year	Description (With Item Number)	Support	Adjusted Support	Voting Decision		
				BlackRock	State Street	Vanguard
Alphabet, 2022	9. Racial Equity Audit	22%	61%	For	Against	Against
Altria Group, 2022	4. Civil Rights Audit	62%	62%	For	For	Against
Amazon, 2021	9. Civil Rights, Equity, Diversity and Inclusion Audit	44%	55%	For	For	Against
Apple, 2022	9. Civil Rights Audit	54%	54%	For	For	Against
Chevron, 2022	9. Racial Equity Audit	47%	48%	Against	For	Against
Home Depot, 2022	10. Racial Equity Audit	63%	63%	For	Against	Against
Johnson & Johnson, 2022	7. Racial Equity Audit	63%	63%	For	For	Against
JPMorgan Chase, 2021	6. Racial Equity Audit	41%	41%	For	Against	Against
McDonald's, 2022	8. Civil Rights Audit	56%	56%	Against	For	Against
Mondelez International, 2022	4. Racial Equity Audit	49%	49%	Against	Against	Against
Oracle, 2021	5. Racial Equity Audit	32%	67%	For	For	Against

Source: Morningstar proxy-voting database, asset managers' stewardship disclosures, SEC filings. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Vote Rationales

BlackRock

Among the Big Three, BlackRock showed the highest level of support for the resolutions requesting civil rights and racial equity audits. The firm voted "For" eight of the 11 resolutions. For the majority of the resolutions BlackRock supported, the firm simply states the rationale that it believes "it is in the best interests of shareholders to have access to greater disclosure on this issue."

However, the firm explains its thinking at greater length for resolutions filed at some of the Big Tech companies: Alphabet, Amazon, and Apple. For the proposal at Amazon, the firm states that it "recognize[s] the Company's efforts to date, but [we] believe that supporting the proposal may accelerate company's progress on material social issues."

Regarding the proposal at Apple, BlackRock's investment stewardship team opines that "a third-party audit would strengthen the company's actions on this topic." BlackRock expressed a similar opinion on the proposal at Alphabet, but published a more detailed reasoning on the issue:

"Alphabet's current reporting is clear and robust, including their racial equity commitments and internal DEI efforts. As part of their racial equity commitments, Alphabet set a goal to improve leadership representation of Black+, Latinx+ and Native American+ Googlers in the U.S. by 30% by 2025. In 2020, the Board agreed on a series of industry-leading principles and improvements that incorporated input from both Googlers and stockholders, including the creation of a DEI Advisory Council comprised of senior executives and external DEI experts. . . While the company

has enhanced their work and program development as it relates to DEI, we believe that a third-party audit would better enable shareholders to assess the effectiveness and outcomes of the company's stated policies and track progress against their stated goals. As a result, we supported this shareholder proposal."

On the three occasions when BlackRock voted "Against" proposals for civil rights and/or racial equity audits—at Chevron, McDonald's and Mondelez MDLZ—BlackRock expressed the opinion that the companies' existing policies and disclosures or ongoing efforts to implement them were sufficient (at McDonald's and Mondelez) or that the proposal was not in shareholders' best interests (at Chevron).

The firm's detailed rationale for the vote at McDonald's states:

"While we acknowledge that racial equity audits can be beneficial for companies in addressing material risks and opportunities, BIS did not support this shareholder proposal because, in our assessment, McDonald's current disclosure provides clear, fulsome information to enable stakeholders to track the effectiveness of the company's diversity, equity and inclusion (DEI) efforts, and their stated goals provide insight into the company's ongoing priorities."

At Chevron, BlackRock's concerns appear to rest on the specific nature of the requests made by the proposal. The firm's rationale explains:

"BIS did not support this shareholder proposal because on our analysis, the language and intent appear to be inconsistent. As a result, in our view, support for the proposal is not in the best long-term economic interests of shareholders... While we acknowledge that racial equity audits can be beneficial for companies in addressing material risks and opportunities, and have been largely supportive of them, we were concerned about the nature of this request. The supporting statement for the shareholder proposal includes claims and assertions that appear to be unsubstantiated and potentially inaccurate. These factors undermine the request for a racial equity audit and distract from the purpose of such a report."

State Street

State Street's level of support for these resolutions was slightly behind BlackRock—the firm voted "For" seven of the 11 resolutions. We found publicly disclosed rationales for eight of the 11 voting decisions the firm made on this topic.

The stated reasons for State Street's support of civil rights and racial equity resolutions included the following:

"The need for more transparency on the company's plan to achieve its goal to address racial inequity, especially given the potential adverse impacts of its products on underrepresented racial and/or ethnic communities."—State Street vote rationale for Item 4 at the Altria Group 2022 shareholder meeting

"The company did not completely meet our disclosure expectations, specifically regarding managing risks related to the potential adverse impacts of its products and services on marginalized communities. While the company undertook a human rights risk assessment, there was limited focus on civil rights. We were pleased that the company subsequently announced that it would undertake a civil rights audit."—State Street vote rationale for Item 9 at the Apple 2022 shareholder meeting

"We supported this proposal to encourage greater oversight and management of racial equity-related risks. The company was not fully aligned with our diversity disclosure expectations, most notably the lack of diversity, equity, and inclusion-related goals."—State Street vote rationale for Item 9 at the Chevron 2022 shareholder meeting

"In reviewing the company's disclosures and practices regarding diversity, equity, and inclusion, we believed there is room for improvement. Specifically, we expect greater disclosure on risk management efforts related to potential racial inequity in the company's marketing efforts and the potential adverse impacts of its products on underrepresented racial and/or ethnic communities."—State Street vote rationale for Item 7 at the Johnson & Johnson 2022 shareholder meeting

"We believed investors would benefit from additional insight into how the company manages civil rights-related risks, especially given the reputational risks associated with the scale of the company's franchise business model."—State Street vote rationale for Item 8 at the McDonald's 2022 shareholder meeting

On two resolutions—at Alphabet and Home Depot in 2022—State Street voted "Against" the proposal, stating that the companies' existing disclosures and oversight met their expectations. State Street also voted against the proposal at Mondelez in 2022, explaining:

"While the company's disclosures related to the impact of their products and services on underrepresented racial and/or ethnic communities could be enhanced, we voted against this proposal given our engagement with the company. During our discussion, we learned more about efforts to manage specific racial equity-related risks throughout the company's operations, and do not believe a racial equity audit is necessary at this time."

Vanguard

Although Vanguard voted "Against" all of the 11 resolutions on civil rights and racial equity, the firm has regularly shared its thinking behind its decisions. The firm's rationales indicate that Vanguard assesses financial materiality in this matter in a very different way from BlackRock and State Street.

On several civil rights and racial equity audit proposals (including some less well-supported resolutions and those at mid-cap companies that are not on the list above), Vanguard often offers the rationale that

the proposal "addresses material risk, but proposal is overly prescriptive and [the] company is on track." On the resolution at JPMorgan, Vanguard further explained that "sufficient action or change has been implemented."

For the proposals at Amazon in 2021 and Apple in 2022, Vanguard provided lengthier explanations of the thinking behind its decisions.

At Amazon, referring to findings from the firm's previous engagement, Vanguard explains:

"In our assessment, Amazon provides robust disclosure on material DEI risks, including its workforce diversity and global pay disparity data. We determined that its board has proactively identified workforce DEI and human capital management as important matters to the company. The board's actions demonstrate that it is taking appropriate steps to enhance its strategy and risk oversight in these areas and improve Amazon's workforce culture. We believe that Amazon's recent human rights assessment—evaluating the company's impact on civil rights, diversity, equity, and inclusion and the impact of its business—along with its intent to disclose the results appropriately addressed any gaps in its practices or disclosures suggested by the shareholder proposal. The Vanguard funds therefore did not support the proposal."

On the resolution at Apple, Vanguard indicates that the proposal did not pass its threshold for financial materiality when assessing proposals of this nature.

"Upon reviewing these factors and others, we lacked conviction that an independent audit of Apple's civil rights impacts was warranted. The request suggests that the audit should include 'recommendations for improving the company's civil rights impact' as well as input from 'civil rights organizations, employees and consumers.' Although this may include financially material risks—especially those related to employees and consumers—the proposal did not state that the audit would prioritize or be limited to financially material impacts on long-term shareholder value. The proponent, furthermore, did not highlight compelling evidence that Apple's strategy and business model are exposing the company to significant risks of infringing on stakeholders' civil rights. In evaluating the company's business model, we found that although adverse impacts on its employees' civil rights could be material to long-term shareholder value—and we expect the board to oversee such risks—we did not find persuasive the proponent's argument that a third-party audit of all impacts to all company stakeholders, as the proposal requested, was in shareholders' interest."



Appendix 1: Index of Analyzed Resolutions

Exhibit 26 shows a list (in alphabetical order by company and year) of the 100 key shareholder resolutions we analyzed in this study, with shareholder support levels calculated for each resolution. To allow comparison of each proposal's specific asks, transcripts of the resolved clauses for each proposal follow.

Exhibit 26 100 Key Resolutions at U.S. Large-Cap Companies, Two Years to March 31, 2023 (Resolutions 1–30, Alphabet to Boeing)

Company, Year	Description (With Item Number)	Support	Adjusted Support
Alphabet, 2022	5. Lobbying Activities Report	19%	52%
Alphabet, 2022	6. Report on Climate-Related Lobbying Activities	19%	53%
Alphabet, 2022	7. Report on Climate Risk Management	18%	48%
Alphabet, 2022	8. Report on Water Management Risks	23%	62%
Alphabet, 2022	9. Racial Equity Audit	22%	61%
Alphabet, 2022	13. Human Rights Impact Assessment of Data Center Siting	17%	46%
Alphabet, 2022	15. Enhance Disclosures on Algorithmic Systems	20%	53%
Alphabet, 2022	16. Third Party Assessment on Misinformation and Disinformation	23%	63%
Altria Group, 2022	4. Civil Rights Audit	62%	62%
Amazon, 2021	4. Report on Customer Use of Surveillance Technologies	35%	44%
Amazon, 2021	8. Report on Packaging Materials	36%	44%
Amazon, 2021	9. Civil Rights, Equity, Diversity and Inclusion Audit	44%	55%
Amazon, 2021	13. Lobbying Activities Report	35%	43%
Amazon, 2021	14. Independent Study on Facial Recognition and Human Rights	34%	43%
Amazon, 2022	6. Third Party Report on Customer Due Diligence	40%	49%
Amazon, 2022	8. Report on Packaging Materials	49%	59%
Amazon, 2022	13. Reporting on Freedom of Association	39%	47%
Amazon, 2022	14. Lobbying Activities Report	47%	57%
Amazon, 2022	16. Report on Warehouse Working Conditions	44%	53%
Amazon, 2022	19. Study on Facial Recognition and Human Rights	41%	49%
American Express, 2021	5. Report on Diversity and Inclusion Efforts	60%	60%
Apple, 2022	9. Civil Rights Audit	54%	54%
Apple, 2022	10. Report on Concealment Clauses	50%	50%
AT&T, 2022	6. Report on Congruence of Political Spending	44%	44%
Berkshire Hathaway, 2021	2. Report on Climate Risk Management	28%	57%
Berkshire Hathaway, 2021	3. Reports on Diversity, Equity and Inclusion	27%	55%
Berkshire Hathaway, 2022	3. Report on Climate Risk Management	27%	50%
Berkshire Hathaway, 2022	4. Report on Greenhouse Gas Emissions Reduction Initiatives	27%	50%
Berkshire Hathaway, 2022	5. Reports on Diversity, Equity and Inclusion	26%	49%
Boeing, 2022	5. Lobbying Activities Report	41%	41%

Source: Morningstar proxy-voting database, SEC filings. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Exhibit 26 (cont.) 100 Key Resolutions at U.S. Large-Cap Companies, Two Years to March 31, 2023 (Resolutions 31–70, Booking Holdings to McDonald's)

Company, Year	Description (With Item Number)	Support	Adjusted Support
Booking Holdings, 2021	7. Annual Climate Transition Report	56%	56%
Caterpillar, 2021	4. Report on Climate Policy	48%	48%
Caterpillar, 2022	5. Lobbying Activities Report	45%	45%
Charles Schwab, 2021	4. Lobbying Activities Report	44%	48%
Charter Communications, 2021	3. Lobbying Activities Report	36%	53%
Charter Communications, 2021	5. Report on Diversity and Inclusion Efforts	41%	60%
Charter Communications, 2021	6. Disclosure of Greenhouse Gas Emissions	39%	58%
Charter Communications, 2021	7. Publish EEO-1 Report	41%	59%
Charter Communications, 2022	3. Lobbying Activities Report	39%	56%
Charter Communications, 2022	5. Report on Congruence of Political Spending	30%	43%
Charter Communications, 2022	6. Disclosure of Greenhouse Gas Emissions	37%	54%
Charter Communications, 2022	7. Publish EEO-1 Report	45%	65%
Charter Communications, 2022	8. Reports on Diversity, Equity and Inclusion	45%	64%
Chevron, 2021	5. Report on Impacts of Net Zero 2050 Scenario	48%	48%
Chevron, 2021	7. Lobbying Activities Report	48%	48%
Chevron, 2022	9. Racial Equity Audit	47%	48%
ConocoPhillips, 2021	5. Set Emission Reduction Targets	59%	59%
ConocoPhillips, 2022	7. Set Greenhouse Gas Emissions Targets	42%	42%
Costco Wholesale, 2022	5. Set Greenhouse Gas Emissions Targets	70%	70%
Duke Energy, 2021	6. Political Spending Disclosure	52%	52%
Eli Lilly and Co, 2021	6. Lobbying Activities Report	48%	56%
Eli Lilly and Co, 2022	8. Lobbying Activities Report	37%	43%
ExxonMobil, 2021	6. Report on IEA Net Zero 2050 Scenario Analysis	49%	49%
ExxonMobil, 2021	9. Lobbying Activities Report	56%	56%
ExxonMobil, 2021	10. Report on Climate-Related Lobbying Activities	64%	64%
ExxonMobil, 2022	8. Report on Climate Scenario Analysis	51%	51%
FedEx, 2021	5. Report on Congruence of Political Spending	39%	43%
FedEx, 2021	6. Lobbying Activities Report	62%	69%
FedEx, 2022	6. Report on Congruence of Political Spending	36%	40%
Gilead Sciences, 2022	8. Lobbying Activities Report	50%	50%
Goldman Sachs Group, 2021	6. Report on Mandatory Arbitration of Employment-Related Claims	53%	53%
Home Depot, 2022	7. Report on Congruence of Political Spending	43%	43%
Home Depot, 2022	9. Report on Deforestation	65%	65%
Home Depot, 2022	10. Racial Equity Audit	63%	63%
IBM, 2022	6. Report on Concealment Clauses	65%	65%
Johnson & Johnson, 2022	7. Racial Equity Audit	63%	63%
Johnson & Johnson, 2022	12. Lobbying Activities Report on Universal Health Coverage	43%	43%
JPMorgan Chase, 2021	6. Racial Equity Audit	41%	41%
Lowe's Companies, 2022	5. Report on Racial and Gender Pay Gaps	58%	58%
McDonald's, 2022	5. Report on Reducing Plastics Use	42%	42%

Source: Morningstar proxy-voting database, SEC filings. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Exhibit 26 (cont.) 100 Key Resolutions at U.S. Large-Cap Companies, Two Years to March 31, 2023 (Resolutions 71–100, McDonald's to Walt Disney)

Company, Year	Description (With Item Number)	Support	Adjusted Support
McDonald's, 2022	8. Civil Rights Audit	56%	56%
Meta Platforms, 2021	6. Report on Online Child Exploitation Risks	17%	56%
Meta Platforms, 2021	8. Report on Platform Misuse/Misinformation	20%	63%
Meta Platforms, 2022	6. Report on Concealment Clauses	19%	62%
Meta Platforms, 2022	8. Report on Community Standards Enforcement	19%	63%
Meta Platforms, 2022	10. Human Rights Impact Assessment on Targeted Advertising	24%	78%
Meta Platforms, 2022	11. Report on Online Child Exploitation Risks	17%	57%
Meta Platforms, 2022	13. Lobbying Activities Report	21%	67%
Microsoft, 2021	5. Pay Equity Report	40%	40%
Microsoft, 2021	6. Report on Effectiveness of Sexual Harassment Policies	78%	78%
Mondelez International, 2022	4. Racial Equity Audit	49%	49%
Netflix, 2021	4. Political Spending Disclosure	81%	81%
Netflix, 2022	8. Lobbying Activities Report	60%	60%
Nike, 2021	4. Political Spending Disclosure	31%	52%
Nike, 2021	5. Human Rights Impact Assessment on Cotton Sourcing	28%	47%
Nike, 2021	7. Report on Diversity and Inclusion Efforts	36%	61%
Oracle, 2021	5. Racial Equity Audit	32%	67%
Pfizer, 2021	5. Report on Congruence of Political Spending	47%	47%
Starbucks, 2023	8. Assessment of Worker Rights Commitments	52%	54%
Tesla, 2021	6. Annual Reporting on Diversity and Inclusion Efforts	57%	83%
Tesla, 2021	7. Report on Mandatory Arbitration of Employment-Related Claims	46%	67%
Tesla, 2021	8. Board-Level Committee on Human Capital Management	34%	49%
Tesla, 2022	7. Annual Reporting on Anti-Harassment and Discrimination Clauses	47%	67%
Tesla, 2022	9. Reporting on Employee Arbitration	38%	54%
Tesla, 2022	10. Report on Climate-Related Lobbying Activities	35%	49%
Tesla, 2022	11. Adopt a Freedom of Association and Collective Bargaining Policy	33%	48%
Tesla, 2022	13. Additional Reporting on Water Risk	35%	50%
Union Pacific, 2021	7. Annual Reporting on Diversity and Inclusion Efforts	81%	81%
Walmart, 2021	5. Lobbying Activities Report	22%	54%
Walt Disney, 2022	7. Pay Equity Report	60%	60%

Source: Morningstar proxy-voting database, SEC filings. Data as of May 31, 2023. Note: Data based on a selection of voting decisions on 100 key resolutions at S&P 100 companies in the two years ended March 31, 2023.

Transcripts of Resolved Clauses

Alphabet, 2022 GOOG, GOOGL

5. Lobbying Activities Report

"Stockholders 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 Alphabet 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 sections 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 Alphabet 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 and posted on Alphabet's website."

6. Report on Climate-Related Lobbying Activities

"Shareholders request the Alphabet Inc. Board of Directors within the next year conduct an evaluation and issue a report (at reasonable cost, omitting proprietary information) describing if, and how, its lobbying activities (directly and indirectly through trade associations and social welfare and nonprofit organizations) align with the Paris Agreement's ultimate goal to limit average global warming to 1.5 C. The report should also address Alphabet's plans to mitigate the risks presented by any misalignment."

7. Report on Climate Risk Management

"Shareowners request that Alphabet (the Company) publish a regular periodic assessment of resilience to the physical risks of climate change, including description of short-, medium-, and long-term measures that the Company is taking to mitigate physical risks, including threats to its headquarters and other key assets from sea level rise and flooding. The report should be completed at reasonable cost and omit proprietary information."

8. Report on Water Management Risks

"Shareholders request that Google annually report, at reasonable cost, quantitative water-related metrics by location, including data centers, and for each location, practices implemented to reduce climate-related water risk."

9. Racial Equity Audit

"Shareholders urge the Board of Directors to commission a third-party, independent racial equity audit analyzing Alphabet Inc.'s adverse impacts on Black, Indigenous and People of Color (BIPOC)

communities. Input from racial justice and civil rights organizations and employees, temporary vendors, and contractors should be considered in determining specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential and proprietary information, should be published on Alphabet's website."

13. Human Rights Impact Assessment of Data Center Siting

"Shareholders request the Board of Directors commission a report assessing the siting of Google Cloud Data Centers in countries of significant human rights concern, and the Company's strategies for mitigating the related impacts. The report, prepared at reasonable cost and omitting confidential and proprietary information, should be published on the Company's website within six months of the 2022 shareholders meeting."

15. Enhance Disclosures on Algorithmic Systems

"Shareholders request Alphabet go above and beyond its existing disclosures and provide more quantitative and qualitative information on its algorithmic systems. Exact disclosures are within management's discretion, but suggestions include, how Alphabet uses algorithmic systems to target and deliver ads, error rates, and the impact these systems had on user speech and experiences. Management also has the discretion to consider using the recommendations and technical standards for algorithm and ad transparency put forward by the Mozilla Foundation and researchers at New York University."

16. Third Party Assessment on Misinformation and Disinformation

"Stockholders request the Audit and Compliance Committee commission an independent Human Rights Impact Assessment report (the Report), conducted by a reputable third party at reasonable cost, evaluating the efficacy of Alphabet's existing policies and practices to address the human rights impacts of its content management policies to address misinformation and disinformation across its platforms. A summary of its findings should be published, omitting confidential, proprietary, or legally privileged information, or admissions relevant to pending litigation."

Altria Group, 2022 MO

4. Civil Rights Audit

"Shareholders of Altria, Inc. (Altria) request that the Board of Directors commission a third-party civil rights equity audit to review its corporate policies, practices, products and services, above legal and regulatory matters; to assess the impact of the Company's policies, practices, products and services on BIPOC (Black, Indigenous and people of color) and Latinx/a/o/e communities, including youth. Input from civil rights organizations, employees, customers, and communities in which Altria operates and other stakeholders should be considered. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on Altria's website."

Amazon, 2021 AMZN**4. Report on Customer Use of Surveillance Technologies**

"Shareholders request the Board of Directors commission an independent third-party report, at reasonable cost and omitting proprietary information, assessing Amazon's process for customer due diligence, to determine whether customers' use of its products or services with surveillance or computer vision capabilities or cloud products contributes to human rights violations."

8. Report on Packaging Materials

"Shareholders request that the board of directors issue a report by December 2021 on plastic packaging, estimating the amount of plastics released to the environment due to plastic packaging attributable to all Amazon operations, and beginning with the manufacture of the plastic source materials, through disposal or recycling, and describing any company strategies or goals to reduce the use of plastic packaging to reduce these impacts."

9. Civil Rights, Equity, Diversity and Inclusion Audit

"Shareholders of Amazon.com, Inc. (Amazon) request that the Board of Directors commission a racial equity audit analyzing Amazon's impacts on civil rights, equity, diversity and inclusion, and the impacts of those issues on Amazon's business. The audit may, in the board's discretion, be conducted by an independent third party with input from civil rights organizations, employees, communities in which Amazon operates and other stakeholders. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on Amazon's website."

13. Lobbying Activities Report

"Shareholders request the preparation of an annual report to disclose Amazon's:

1. Policies and procedures that govern lobbying (both direct and indirect) and grassroots lobbying communications.
2. Payments used for: (A) direct or indirect lobbying, and (B) grassroots lobbying communications – in each case including the amount of payment and recipient.
3. Board and management decision-making processes, and manner of oversight for making the payments described above.

For these purposes, a grassroots lobbying communication is one directed to the general public that:

- ▶ Refers to specific legislation or regulation,
- ▶ Reflects a view on legislation or regulation,
- ▶ Encourages the recipient to take action regarding legislation or regulation.
- ▶ Indirect lobbying is lobbying conducted by trade associations or other organizations to which Amazon belongs.

Reporting on both types of lobbying should disclose efforts at the local, state, and federal levels. This report shall be presented to the Audit Committee and posted on Amazon's website."

14. Independent Study on Facial Recognition and Human Rights

"Shareholders request the Board of Directors commission an independent study of *Recognition* and report to shareholders regarding:

- ▶ The extent to which such technology may endanger, threaten or violate privacy and/or civil rights, and unfairly or disproportionately target or surveil people of color, immigrants and activists in the United States;
- ▶ The extent to which such technologies may be marketed and sold to authoritarian or repressive governments, including those identified by the United States Department of State Country Reports on Human Rights Practices;
- ▶ The potential loss of good will and other financial risks associated with these human rights issues;
- ▶ The report should be produced at reasonable expense, exclude proprietary or legally privileged information, and be published no later than September 1st, 2021."

Amazon, 2022 AMZN

6. Third Party Report on Customer Due Diligence

"Shareholders request the Board of Directors commission an independent third-party report, at reasonable cost and omitting proprietary information, assessing Amazon's customer due diligence process to determine whether customers' use of its products and services with surveillance, computer vision, or cloud storage capabilities contributes to human rights violations."

8. Report on Packaging Materials

"Shareholders request that the Amazon Board issue a report, at reasonable expense and excluding proprietary information, describing how the company could reduce its plastics use in alignment with the 1/3 reduction findings of the Pew Report, or other authoritative sources, to reduce the majority of ocean pollution."

13. Reporting on Freedom of Association

"Shareholders of Amazon Inc. (Amazon) urge the Board of Directors to produce a report analyzing how Amazon's current human rights policies and practices protect the rightful application of the fundamental rights of freedom of association and collective bargaining as guaranteed by the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights. The report should include information on whether, and if so how, input from affected stakeholders was taken into account. The report, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on the Company's website."

14. Lobbying Activities Report

"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 Amazon 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 sections 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 Amazon 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 and posted on Amazon's website."

16. Report on Warehouse Working Conditions

"Shareholders of Amazon.com, Inc. (Amazon) request that the Board of Directors commission an independent audit and report of the working conditions and treatment that Amazon warehouse workers face, including the impact of its policies, management, performance metrics, and targets. This audit and report should be prepared at reasonable cost and omit proprietary information."

19. Study on Facial Recognition and Human Rights

"Shareholders request the Board of Directors commission an independent study of *Recognition* and report to shareholders regarding:

- ▶ The extent to which such technology may endanger, threaten or violate privacy and/or civil rights, and unfairly or disproportionately target or surveil people of color, immigrants and activists in the United States;
- ▶ The extent to which such technologies may be marketed and sold to authoritarian or repressive governments, including those identified by the United States Department of State Country Reports on Human Rights Practices;
- ▶ The potential loss of good will and other financial risks associated with these human rights issues;

The report should be produced at reasonable expense, exclude proprietary or legally privileged information and be published no later than September 1st, 2022."

American Express, 2021 AXP

5. Report on Diversity and Inclusion Efforts

"Shareholders request that American Express Company (American Express) publish annually a report assessing the Company's diversity and inclusion efforts, at reasonable expense and excluding proprietary information. At a minimum the report should include:

- ▶ the process that the Board follows for assessing the effectiveness of its diversity, equity and inclusion programs,
- ▶ the Board's assessment of program effectiveness, as reflected in any goals, metrics, and trends related to its promotion, recruitment and retention of protected classes of employees."

Apple, 2022 AAPL**9. Civil Rights Audit**

"Shareholders of Apple Inc. (Apple) urge the Board of Directors to oversee a third-party audit analyzing the adverse impact of Apple's policies and practices on the civil rights of company stakeholders, above and beyond legal and regulatory matters, and to provide recommendations for improving the company's civil rights impact. Input from civil rights organizations, employees, and customers should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on Apple's website."

10. Report on Concealment Clauses

"Shareholders of Apple Inc. (Apple) ask that the Board of Directors prepare a public report assessing the potential risks to the company associated with its use of concealment clauses in the context of harassment, discrimination and other unlawful acts. The report should be prepared at reasonable cost and omit proprietary and personal information."

AT&T, 2022 T**6. Report on Congruence of Political Spending**

"Shareholders request that AT&T publish a report, at reasonable expense, analyzing the congruence of the Company's political and electioneering expenditures during the preceding year against publicly stated company values and policies, listing and explaining any instances of incongruent expenditures, and stating whether the Company has made, or plans to make, changes in contributions or communications to candidates as a result of identified incongruencies."

Berkshire Hathaway, 2021 BRK.A, BRK.B**2. Report on Climate Risk Management**

"In order to promote the long-term success of Berkshire Hathaway Inc. (the Company) and so investors can understand and manage risk more effectively, shareowners request that the board of the Company publish an annual assessment addressing how the Company manages physical and transitional climate-related risks and opportunities, commencing prior to its 2022 annual shareholders' meeting. At the board's discretion, shareholders recommend that the report also includes:

1. Summaries of risks and opportunities for each of the Company's subsidiaries and investee organizations that the board believes could be materially impacted by, or significantly contribute to, climate change;
2. An explanation of how the board oversees and manages climate-related risks and opportunities; and,
3. An examination of the feasibility of the Company establishing science-based, greenhouse gas (GHG) reduction targets, consistent with limiting climate change to well-below 2C.

The disclosure ought to include the details of any scenarios used, along with any material assumptions for determining physical and transitional risks for the Company's subsidiaries and investee organizations which are deemed by the Company to be materially impacted by climate change and the energy transition. The assessment may be a stand-alone report or incorporated into existing reporting, and may

cover topics such as governance, strategy, risk management, and metrics & targets. The assessment should be prepared at reasonable cost and omit proprietary information."

3. Reports on Diversity, Equity and Inclusion

"Shareholders request that Berkshire Hathaway Inc.'s (Berkshire Hathaway) holding companies annually publish reports assessing their diversity and inclusion efforts, at reasonable expense and excluding proprietary information. At a minimum the report should include:

- ▶ the process that the Board follows for assessing the effectiveness of diversity, equity and inclusion programs,
- ▶ the Board's assessment of program effectiveness, as reflected in any goals, metrics, and trends related to its promotion, recruitment and retention of protected classes of employees."

Berkshire Hathaway, 2022 BRK.A, BRK.B

3. Report on Climate Risk Management

"In the interest of the long-term success of Berkshire Hathaway Inc. (the Company) and so investors can manage risk more effectively, shareowners request the board of the Company publish an annual assessment addressing how the Company manages physical and transitional climate-related risks and opportunities, commencing prior to its 2023 annual shareholder's meeting. Shareowners recommend the assessment address:

1. Summaries of risks and opportunities at the parent Company level and for only those Company subsidiaries and investee organizations that the board believes could be materially impacted by climate change, disclosed in accordance with the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations,
2. The board's oversight of climate related risks and opportunities, and
3. The feasibility of establishing company-wide science-based, greenhouse gas (GHG) reduction targets.

The Assessment may be a stand-alone report or incorporated into existing reporting, be prepared at a reasonable cost, and omit proprietary information."

4. Report on Greenhouse Gas Emissions Reduction Initiatives

"Shareholders request that Berkshire issue a report, at reasonable cost and omitting proprietary information, addressing if and how it intends to measure, disclose, and reduce the GHG emissions associated with its underwriting, insuring, and investment activities, in alignment with the Paris Agreement's 1.5C goal, requiring net zero emissions."

5. Reports on Diversity, Equity and Inclusion

"Shareholders request that Berkshire Hathaway or its holding companies report to shareholders on the outcomes of their diversity, equity, and inclusion efforts by publishing quantitative data on workforce composition, and recruitment, retention, and promotion rates of employees by gender, race, and ethnicity. The reporting should be done at reasonable expense and exclude proprietary information."

Boeing, 2022 BA**5. Lobbying Activities Report**

"Shareholders of Boeing 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 Boeing 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. Boeing'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 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 Boeing 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 Boeing's website."

Booking Holdings, 2021 BKNG**7. Annual Climate Transition Report**

"Shareholders request that the Board of Directors issue a climate transition report, at least 120 days prior to the next annual meeting, and updated annually, that addresses the scale and pace of its responsive measures associated with climate change."

Caterpillar, 2021 CAT**4. Report on Climate Policy**

"Shareholders request that the Board of Directors issues a report, at reasonable expense and excluding confidential information, disclosing the Company's climate policies, performance, and improvement targets, if any, responsive to each of the indicators set forth in the Net Zero Benchmark, or any rationale for failure to adopt such metrics."

Caterpillar, 2022 CAT**5. Lobbying Activities Report**

"Stockholders 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 Caterpillar 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. Caterpillar'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 regulations, (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 Caterpillar is a member. Both direct and indirect lobbying and grassroots lobbying communications include local, state, and federal efforts. The report shall be presented to the Public Policy and Governance Committee and posted on Caterpillar's website."

Charles Schwab, 2021 SCHW

4. Lobbying Activities Report

"Stockholders of Schwab 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 Schwab 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 Schwab 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 Schwab's website."

Charter Communications, 2021 CHTR

3. Lobbying Activities Report

"Stockholders of Charter 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 Charter 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. Charter's membership in and payments to any tax-exempt organization that writes and endorses model legislation.

4. Description of management's decision-making process and the Board's 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 Charter 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 Charter's website."

5. Report on Diversity and Inclusion Efforts

"Shareholders request that Charter Communications, Inc. (Spectrum), publish annually a report assessing the Company's diversity and inclusion efforts, at reasonable expense and excluding proprietary information. At a minimum the report should include:

- ▶ The process that the Board follows for assessing the effectiveness of its diversity, equity and inclusion programs,
- ▶ The Board's assessment of program effectiveness, as reflected in any goals, metrics, and trends related to its promotion, recruitment and retention of protected classes of employees."

6. Disclosure of Greenhouse Gas Emissions

"Shareholders of Charter Communications, Inc. (Charter or the Company) request that the Board of Directors of Charter disclose at each annual meeting of shareholders, beginning with the next annual meeting of shareholders, a report disclosing the Company's greenhouse gas emission levels (the Emissions) in a manner consistent with the Task Force on Climate-related Financial Disclosure recommendations as well as any strategy that the Company may have adopted or will adopt to reduce the Emissions in the future, including any Emissions' progress made year over year (the Reduction Plan), and provide shareholders with the opportunity, at each such annual meeting, to express non-binding advisory approval or disapproval of the Reduction Plan."

7. Publish EEO-1 Report

"Shareholders request that the Board of Directors adopt a policy requiring Charter Communications to disclose on its website the annual Consolidated EEO-1 Report. The company shall disclose its EEO-1 Report no later than 60 days after the date of its submission to the EEOC."

Charter Communications, 2022 CHTR

3. Lobbying Activities Report

"Stockholders 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 Charter 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. Charter's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's decision-making process and the Board's oversight for making payments described in sections 2 and 3 above."

5. Report on Congruence of Political Spending

"Shareholders request that Charter publish an annual report, at reasonable expense, analyzing the congruence of political, lobbying, and electioneering expenditures during the preceding year against publicly stated organizational priorities, listing and explaining any instances of incongruent expenditures, and stating whether the identified incongruencies have led to a change in future expenditures or contributions."

6. Disclosure of Greenhouse Gas Emissions

"Shareholders of Charter Communications, Inc. (the Company) request the Board of Directors of the Company disclose as soon as reasonably practicable but no later than 150 days after each annual meeting of shareholders of the Company (beginning with the 2022 annual meeting of shareholders), a climate-related financial risk report (the Climate Action Plan) consistent with the recommendations of the Task Force on Climate-related Financial Disclosures. The Climate Action Plan should disclose the Company's greenhouse gas emissions and its plan to reduce them and whether, how and to what extent such plans align with or vary from the ten Disclosure Indicators set forth in the Climate Action 100+ Net-Zero Company Benchmark (as outlined in the supporting statement below)."

7. Publish EEO-1 Report

"Shareholders request that the Board of Directors adopt a policy requiring Charter Communications to disclose annually on its website the Consolidated EEO-1 Report that it is required to submit to the U.S. Equal Employment Opportunity Commission (EEOC)."

8. Reports on Diversity, Equity and Inclusion

"Shareholders request that Spectrum report to shareholders on the outcomes of the Company's diversity, equity, and inclusion efforts by publishing quantitative data on workforce composition, and recruitment, retention, and promotion rates of employees by gender, race, and ethnicity. The reporting should be done at reasonable expense and exclude proprietary information."

Chevron, 2021 CVX

5. Report on Impacts of Net Zero 2050 Scenario

"Shareholders request that Chevron's Board of Directors issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions. The Board should summarize its findings to shareholders by January 31, 2022, and the report should be completed at reasonable cost and omitting proprietary information."

7. Lobbying Activities Report

"Stockholders of Chevron 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 Chevron 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. Chevron'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 Chevron 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 Public Policy Committee and posted on Chevron's website."

Chevron, 2022 CVX

9. Racial Equity Audit

"Shareholders request that the Board of Directors commission and publicly disclose the findings of an independent racial equity audit, analyzing if, and how, Chevron's policies and practices discriminate against or disparately impact communities of color. The report should clearly identify, and recommend steps to eliminate, business activities that further systemic racism, environmental injustice, threaten civil rights, or present barriers to diversity, equity, and inclusion (DEI). Input from impacted workers, community members, customers, or other relevant stakeholders should inform the audit and report. The report should exclude confidential and proprietary information, as well as information relevant to any pending legal proceeding or threatened proceeding of which Chevron has notice."

ConocoPhillips, 2021 COP

5. Set Emission Reduction Targets

"Shareholders request the company to address the risks and opportunities presented by the global transition towards a lower emissions energy system by setting emission reduction targets covering the greenhouse gas (GHG) emissions of the company's operations as well as their energy products (Scope 1, 2, and 3)."

ConocoPhillips, 2022 COP

7. Set Greenhouse Gas Emissions Targets

"Shareholders request the Company to set and publish short-, medium- and long-term targets to reduce the greenhouse gas (GHG) of the Company's operations and energy products (Scope 1, 2, and 3)

consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5C."

Costco Wholesale, 2022 COST

5. Set Greenhouse Gas Emissions Targets

"Shareholders request that Costco adopt short, medium, and long-term science-based greenhouse gas emissions reduction targets, inclusive of emissions from its full value chain, in order to achieve net-zero emissions by 2050 or sooner and to effectuate appropriate emissions reductions prior to 2030."

Duke Energy, 2021 DUK

6. Political Spending Disclosure

"Shareholders of Duke Energy Corporation (Duke or Company) hereby request the Company to prepare and semiannually update a report, which shall be presented to the pertinent board of directors committee and posted on the Company's website, that discloses the Company's:

(a) Policies and procedures for making electoral contributions and expenditures (direct and indirect) with corporate funds, including the board's role (if any) in that process; and

(b) Monetary and non-monetary contributions or expenditures that could not be deducted as an ordinary and necessary business expense under section 162(e)(1)(B) of the Internal Revenue Code, including (but not limited to) contributions or expenditures on behalf of candidates, parties, and committees and entities organized and operating under section 501(c)(4) of the Internal Revenue Code, as well as the portion of any dues or payments made to any tax-exempt organization (such as a trade association) used for an expenditure or contribution that, if made directly by the Company, would not be deductible under section 162(e)(1)(B) of the Internal Revenue Code.

The report shall be made available within 12 months of the annual meeting and identify all recipients and the amount paid to each recipient from Company funds. This proposal does not encompass lobbying spending."

Eli Lilly and Co, 2021 LLY

6. Lobbying Activities Report

"Shareholders of Lilly 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 Lilly 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. Lilly'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 Lilly 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 Public Policy and Compliance Committee and posted on Lilly's website."

Eli Lilly and Co, 2022 LLY

8. Lobbying Activities Report

"Shareholders of Lilly request the preparation of a report, updated annually, disclosing:

1. Company policies and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Lilly 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. Lilly'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 Lilly is a member. Both direct and indirect lobbying and grassroots lobbying communications include efforts at the territory, local, state and federal levels. The report shall be presented to the Public Policy and Compliance Committee and posted on Lilly's website."

Exxon Mobil, 2021 XOM

6. Report on IEA Net Zero 2050 Scenario Analysis

"Shareholders request that ExxonMobil's Board of Directors issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions. The Board should summarize its findings to shareholders by January 31, 2022, and the report should be completed at reasonable cost and omitting proprietary information."

9. Lobbying Activities Report

"Shareholders of ExxonMobil 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 ExxonMobil used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, including in each case 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 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 ExxonMobil is a member. Both 'direct and indirect lobbying' and 'grassroots lobbying communications' include efforts at the local, state and federal levels. A lobbying activities alignment assessment is not encompassed by this proposal. The report shall be presented to the Audit Committee or other relevant oversight committees and posted on ExxonMobil's website."

10. Report on Climate-Related Lobbying Activities

"Shareholders request that the Board of Directors conduct an evaluation and issue a report within the next year (at reasonable cost, omitting proprietary information) describing if, and how, ExxonMobil's lobbying activities (direct and through trade associations) align with the goal of limiting average global warming to well below 2 degrees Celsius (the Paris Climate Agreement's goal). The report should also address the risks presented by any misaligned lobbying and the company's plans, if any, to mitigate these risks."

Exxon Mobil, 2022 XOM

8. Report on Climate Scenario Analysis

"Shareholders request that ExxonMobil's Board of Directors seek an audited report assessing how applying the assumptions of the International Energy Agency's Net Zero by 2050 pathway would affect the assumptions, costs, estimates, and valuations underlying its financial statements, including those related to long-term commodity and carbon prices, remaining asset lives, future asset retirement obligations, capital expenditures and impairments. The Board should obtain and ensure publication of the report by February 2023, at reasonable cost and omitting proprietary information."

FedEx, 2021 FDX

5. Report on Congruence of Political Spending

"Shareholders request that the Board Nominating & Governance Committee issue a report to shareholders annually at reasonable expense, excluding confidential information, consisting of a congruency analysis between company values and any political or electioneering contributions made by the company and FedExPAC. The analysis should include a list of any contributions made during the prior year which raise an issue of significant misalignment with company values, and any further relevant information, such as the rationale for maintaining such exceptions or determinations to halt contributions to the recipients."

6. Lobbying Activities Report

"Stockholders of FedEx 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 FedEx 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. FedEx'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, 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 FedEx 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 Nominating & Governance Committee and posted on FedEx's website."

FedEx, 2022 FDX

6. Report on Congruence of Political Spending

"Shareholders request that FedEx publish an annual report, at reasonable expense, disclosing whether incongruencies between political and electioneering expenditures and company values were identified during the preceding year, and disclosing or summarizing any actions taken regarding pausing or terminating support for organizations or politicians, and the types of incongruent policy advocacy triggering those decisions."

Gilead Sciences, 2022 GILD

8. Lobbying Activities Report

"Shareholders request that the Board of Directors commission and publish a third party review within the next year (at reasonable cost, omitting proprietary information) of whether Gilead Sciences, Inc. lobbying activities (direct and through trade associations) align with its Vision statement, To create a healthier world for all people and in particular its Policy Position Statement that the price of medicines should never be a barrier to access, and we work domestically and globally to ensure that patients who need our products are able to obtain them. The Board of Directors should report on how it addresses the risks presented by any misaligned lobbying and the company's plans, if any, to mitigate these risks."

Goldman Sachs Group, 2021 GS

6. Report on Mandatory Arbitration of Employment-Related Claims

"Shareholders of The Goldman Sachs Group, Inc. (Goldman Sachs) ask the Board of Directors to oversee the preparation of a public report on the impact of the use of mandatory arbitration on Goldman Sachs's employees and workplace culture. The report should evaluate the impact of Goldman Sachs's current use of arbitration on the prevalence of harassment and discrimination in its workplace and on

employees' ability to seek redress. The report should be prepared at reasonable cost and omit proprietary and personal information."

Home Depot, 2022 HD

7. Report on Congruence of Political Spending

"Shareholders request that The Home Depot publish, at least annually, a report, at reasonable expense, analyzing the congruence of political and electioneering expenditures during the preceding year against publicly stated company values and policies and disclosing or summarizing any actions taken regarding pausing or terminating support for organizations or politicians, and the types of incongruent policy advocacy triggering those decisions."

9. Report on Deforestation

"Shareholders request Home Depot issue a report assessing if and how it could increase the scale, pace, and rigor of its efforts to eliminate deforestation and the degradation of primary forests in its supply chains."

10. Racial Equity Audit

"Shareholders of The Home Depot, Inc. (Home Depot) urge the Board of Directors to oversee an independent racial equity audit analyzing Home Depot's adverse impacts on nonwhite stakeholders and communities of color. Input from civil rights organizations, employees, and customers should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential and proprietary information, as well as information regarding current litigation and claims of which Home Depot has notice, should be publicly disclosed on Home Depot's website."

IBM, 2022 IBM

6. Report on Concealment Clauses

"Shareholders of International Business Machines Corporation (IBM) ask that the Board of Directors prepare a public report assessing the potential risks to the company associated with its use of concealment clauses in the context of harassment, discrimination and other unlawful acts. The report should be prepared at reasonable cost and omit proprietary and personal information."

Johnson & Johnson, 2022 JNJ

7. Racial Equity Audit

"Shareholders urge the board of directors to oversee a third-party audit (within a reasonable time and at a reasonable cost) which assesses and produces recommendations for improving the racial impacts of its policies, practices and products, above and beyond legal and regulatory matters. Input from stakeholders, including civil rights organizations, employees, and customers, should be considered in determining the specific matters to be assessed. A report on the audit, prepared at reasonable cost and omitting confidential/proprietary information, should be published on the company's website."

12. Lobbying Activities Report on Universal Health Coverage

"Shareholders request that the Board of Directors commission and publish a third party review within the next year (at reasonable cost, omitting proprietary information) of whether Johnson & Johnson lobbying activities (direct and through trade associations) align with the company's Position on Universal Health Coverage, and in particular its provision supporting broad and timely access to our medicines at sustainable prices that aim to be locally affordable. The Board of Directors should report on how it addresses the risks presented by any misaligned lobbying and the company's plans, if any, to mitigate these risks."

JPMorgan Chase, 2021 JPM

6. Racial Equity Audit

"Shareholders of JPMorgan Chase & Co. (JPMorgan) urge the Board of Directors to oversee a racial equity audit analyzing JPMorgan's adverse impacts on nonwhite stakeholders and communities of color. Input from civil rights organizations, employees, and customers should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on JPMorgan's website."

Lowe's Companies, 2022 LOW

5. Report on Racial and Gender Pay Gaps

"Shareholders request Lowe's report on unadjusted median and adjusted pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information. Racial/gender pay gaps are defined as the difference between non-minority and minority/male and female median earnings expressed as a percentage of non-minority/male earnings (Wikipedia/OECD, respectively)."

McDonald's, 2022 MCD

5. Report on Reducing Plastics Use

"Shareholders request that the McDonald's Board issue a report, at reasonable expense and excluding proprietary information, describing how the company will reduce its plastics use in alignment with the reductions findings of the Pew Report, or other authoritative sources, to feasibly reduce ocean pollution."

8. Civil Rights Audit

"Shareholders of McDonald's urge the Board of Directors to oversee a third-party audit analyzing the adverse impact of McDonald's policies and practices on the civil rights of company stakeholders, above and beyond legal and regulatory matters, and to provide recommendations for improving the company's civil rights impact. Input from civil rights organizations, franchisees, corporate and franchise employees, suppliers, and customers should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on McDonald's website."

Meta Platforms, 2021 META**6. Report on Online Child Exploitation Risks**

"Shareholders request that the Board of Directors issue a report by February 2022 assessing the risk of increased sexual exploitation of children as the Company develops and offers additional privacy tools such as end-to-end encryption. The report should address potential adverse impacts to children (18 years and younger) and to the company's reputation or social license, assess the impact of limits to detection technologies and strategies, and be prepared at reasonable expense and excluding proprietary/confidential information."

8. Report on Platform Misuse/Misinformation

"Shareholders request that the Board prepare a report to assess the benefits and drawbacks to our Company of maintaining or restoring the type of enhanced actions put in place during the 2020 election cycle to reduce the platform's amplification of false and divisive information."

Meta Platforms, 2022 META**6. Report on Concealment Clauses**

"Shareholders of Meta Platforms, Inc. (Meta) ask that the Board of Directors prepare a public report assessing the potential risks to the company associated with its use of concealment clauses in the context of harassment, discrimination and other unlawful acts. The report should be prepared at reasonable cost and omit proprietary and personal information."

8. Report on Community Standards Enforcement

"Shareholders request the Board, at reasonable expense and excluding proprietary or legally privileged information, prepare a report analyzing why the enforcement of Community Standards as described in the Transparency Center has proven ineffective at controlling the dissemination of user content that contains or promotes hate speech, disinformation, or content that incites violence and/or harm to public health or personal safety."

10. Human Rights Impact Assessment on Targeted Advertising

"Shareholders direct the board of directors of Meta Platforms, Inc. (formerly known as Facebook, Inc) to publish an independent third-party Human Rights Impact Assessment (HRIA), examining the actual and potential human rights impacts of Facebook's targeted advertising policies and practices throughout its business operations. This HRIA should be conducted at reasonable cost; omit proprietary and confidential information, as well as information relevant to litigation or enforcement actions; and be published on the company's website by June 1, 2023."

11. Report on Online Child Exploitation Risks

"Shareholders request that the Board of Directors issue a report by February 2023 assessing the risk of increased sexual exploitation of children as the Company develops and offers additional privacy tools such as end-to-end encryption. The report should address potential adverse impacts to children (18 years and younger) and to the company's reputation or social license, assess the impact of limits to detection

technologies and strategies, and be prepared at reasonable expense and excluding proprietary/confidential information."

13. Lobbying Activities Report

"Stockholders 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 Meta 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 Meta 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 and posted on Meta's website."

Microsoft, 2021 MSFT

5. Pay Equity Report

"Shareholders request Microsoft report on median pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information. Racial/gender pay gaps are defined as the difference between non-minority and minority/male and female median earnings expressed as a percentage of non-minority/male earnings (Wikipedia/OECD, respectively)."

6. Report on Effectiveness of Sexual Harassment Policies

"Shareholders urge the Board of Directors to release a transparency report (at reasonable expense, omitting confidential or privileged information) to shareholders assessing the effectiveness of the company's workplace sexual harassment policies, including the results of any comprehensive, independent audit/investigations, analysis of policies and practices, and commitments to create a safe, inclusive work environment."

Mondelez International, 2022 MDLZ

4. Racial Equity Audit

"Shareholders request Mondelez International, Inc. (Mondelez) conduct and publish (at reasonable cost and omitting proprietary information) a third-party audit analyzing Mondelez's adverse impacts on non-white stakeholders and communities of colour. Input from civil rights organizations, employees, and customers should be considered in determining the specific matters to be analyzed."

Netflix, 2021 NFLX**4. Political Spending Disclosure**

"Shareholders of Netflix Inc (Company) hereby request that our Company provide a report, updated semiannually, disclosing the Company's:

1. Policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to (a) participate or intervene in any campaign on behalf of (or in opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum.
2. Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including: (a) The identity of the recipient as well as the amount paid to each; and (b) The title(s) of the person(s) in the Company responsible for decision-making.

The report shall be presented to the board of directors or relevant board committee and posted on the Company's website within 12 months from the date of the annual meeting. This proposal does not encompass lobbying spending."

Netflix, 2022 NFLX**8. Lobbying Activities Report**

"Stockholders 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 Netflix 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. Netflix'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 Netflix 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 and posted on Netflix's website."

Nike, 2021 NKE**4. Political Spending Disclosure**

"Shareholders of Nike, Inc. (Nike or Company) hereby request that the Company provide a report, updated semiannually, to disclose the Company's:

1. Policies and procedures for making contributions and expenditures (direct or indirect) with corporate funds or assets: (a) to participate or intervene in campaigns on behalf of or opposing any candidate for public office, or: (b) to influence any segment of the general public with respect to an election or referendum.
2. Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including: a. The identity of the recipient and the amount paid to each; b. The title(s) of the person(s) in the Company responsible for decision-making.

This report, which does not encompass expenditures on lobbying, shall be presented to the board of directors or relevant board committee and posted on the Company's website within 12 months from the date of the annual meeting."

5. Human Rights Impact Assessment on Cotton Sourcing

"Shareholders request that Nike, Inc. (Nike or the Company) publish a Human Rights Impact Assessment, at reasonable cost and omitting proprietary/confidential information, examining the actual and potential human rights impacts of its cotton sourcing practices, throughout the full supply chain."

7. Report on Diversity and Inclusion Efforts

"Shareholders request that Nike Inc. (Nike) publish, at reasonable expense and excluding proprietary information, annual reporting assessing the Company's diversity and inclusion efforts. At a minimum reporting should include:

- ▶ the Board process for assessing the effectiveness of its diversity, equity, and inclusion programs,
- ▶ the Board's assessment of program effectiveness, as reflected in any goals, metrics, and trends related to its promotion, recruitment, and retention of protected classes of employees."

Oracle, 2021 ORCL**5. Racial Equity Audit**

"Shareholders of Oracle Corporation (Oracle) urge the Board of Directors to oversee a racial equity audit analyzing Oracle's impacts on non-white stakeholders and communities of color. Input from civil rights organizations and employees should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential and proprietary information, should be publicly disclosed on Oracle's website."

Pfizer, 2021 PFE**5. Report on Congruence of Political Spending**

"Pfizer publish an annual report, at reasonable expense, analyzing the congruency of political and electioneering expenditures during the preceding year against publicly stated company values and policies."

Starbucks, 2023 SBUX**8. Assessment of Worker Rights Commitments**

"Shareholders urge the Board of Directors to commission and oversee an independent, third-party assessment of Starbucks' adherence to its stated commitment to workers' freedom of association and collective bargaining rights as contained in the International Labour Organization's Core Labor Standards and as explicitly referenced in the company's Global Human Rights Statement. The assessment should apply to Starbucks' direct and licensed operations and address management non-interference when employees exercise their right to form or join a trade union, as well as any steps to remedy practices inconsistent with Starbucks' stated commitments. The assessment, prepared at reasonable cost and omitting legally privileged, confidential, or proprietary information, should be publicly disclosed on its website."

Tesla, 2021 TSLA**6. Annual Reporting on Diversity and Inclusion Efforts**

"Shareholders request Tesla, Inc. annually publish a report fully assessing the Company's diversity and inclusion efforts, at reasonable expense and excluding proprietary information. At a minimum the report should include: the process the Board follows for assessing effectiveness of its diversity, equity and inclusion programs; the Board's assessment of program effectiveness, as reflected in any goals, metrics, and trends related to its promotion, recruitment, hiring and retention of protected classes of employees; and full EEO-1 report disclosure - a comprehensive breakdown of workforce by race and gender according to 10 employment categories each year, which is already collected and provided to the United States Equal Employment Opportunity Commission."

7. Report on Mandatory Arbitration of Employment-Related Claims

"Shareholders of Tesla, Inc. (Tesla) ask the Board of Directors to oversee the preparation of a public report on the impact of the use of mandatory arbitration on Tesla's employees and workplace culture. The report should evaluate the impact of Tesla's current use of arbitration on the prevalence of harassment and discrimination in its workplace and on employees' ability to seek redress. The report should be prepared at reasonable cost and omit proprietary and personal information."

8. Board-Level Committee on Human Capital Management

"That the Tesla, Inc. (Tesla) Board of Directors assign responsibility for strategic oversight of human capital management to an independent board-level committee. The committee's responsibilities should include:

1. Reviewing, on an ongoing basis, corporate policies and practices on principles, strategy and management of workforce-related matters, including those related to addressing workforce equity and inclusion, and compensation for employees other than executive officers;
2. Oversight of the extent to which Tesla's policies, standards and requirements are applied consistently across its operations, and;
3. Offering guidance on strategic decisions that may have an impact on the workforce."

Tesla, 2022 TSLA**7. Annual Reporting on Anti-Harassment and Discrimination Clauses**

"Shareholders request the Board of Directors of Tesla, Inc. to oversee the preparation of an annual public report describing and quantifying the effectiveness and outcomes of Company efforts to prevent harassment and discrimination against protected classes of employees, including, but not limited to, sexual harassment and racial discrimination. The report should disclose the Company's progress on relevant metrics and targets, such as:

- ▶ the total number and aggregate dollar amount of disputes settled by the company related to abuse, harassment or discrimination based on race, religion, sex, national origin, age, disability, genetic information, service member status, gender identity, or sexual orientation;
- ▶ the company's progress toward reducing the average length of time it takes to resolve sexual harassment or discrimination complaints, either through internal processes or through litigation; and
- ▶ the total number of pending harassment or discrimination complaints the company is seeking to resolve through internal processes or through litigation.

This report should not include the names of accusers or details of their settlements without their consent and should be prepared at a reasonable cost and omit any information that is proprietary, privileged, or violative of contractual obligations."

9. Reporting on Employee Arbitration

"Shareholders of Tesla, Inc. ("Tesla") ask the Board of Directors to oversee the preparation of a publicly-disclosed report on the impact of the use of mandatory arbitration on Tesla's brand, employees and workplace culture. The report should evaluate the impact of Tesla's current use of arbitration on the prevalence of harassment and discrimination in its workplace, on employees' ability to seek redress, and on consumer perceptions of Tesla as an employer. The report should be prepared at reasonable cost and omit proprietary and personal information."

10. Report on Climate-Related Lobbying Activities

"Shareholders request that the Board of Directors conduct an evaluation and issue a report (at reasonable cost, omitting proprietary information) describing if, and how, Tesla Inc.'s ("Tesla's") lobbying and policy influence activities (direct and through trade associations and social welfare and nonprofit organizations) align with the Paris Agreement's goal to limit average global warming to 1.5 degrees Celsius, and how Tesla plans to mitigate risks presented by any misalignment. The evaluation should examine underlying direct and indirect lobbying activities and not rely solely on publicly stated positions to determine alignment with the Paris Agreement."

11. Adopt a Freedom of Association and Collective Bargaining Policy

"The Board of Directors of Tesla, Inc. ("Tesla" or "the company") to adopt and publicly disclose a policy on its commitment to respect the rights to freedom of association and collective bargaining in its operations, as reflected in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work ("Fundamental Principles"). The policy should:

- ▶ Be applicable to Tesla's direct operations and subsidiaries globally;
- ▶ Include a commitment to non-interference when employees exercise their right to form or join trade unions;
- ▶ Prohibit any member of management or agent of Tesla from undermining the right to form or join trade unions or pressuring any employee from exercising this right;
- ▶ Describe the ongoing due diligence process Tesla will use to identify, prevent, mitigate and account for any violations of these rights, including how it will remedy any misaligned practices."

13. Additional Reporting on Water Risk

"Shareholders request the Board assess and report its ongoing water risk exposure, and all policies and practices to reduce this risk, from siting of facilities to preparing for water supply reductions associated with climate change, using quantitative indicators where appropriate."

Union Pacific, 2021 UNP

7. Annual Reporting on Diversity and Inclusion Efforts

"Shareholders request that Union Pacific Corporation (Union Pacific) publish annually a report, at reasonable expense and excluding proprietary information, assessing the Company's diversity and inclusion efforts. At a minimum the report should include: the process that the Board follows for assessing the effectiveness of its diversity, equity and inclusion programs, the Board's assessment of program effectiveness, as reflected in any goals, metrics, and trends related to its promotion, recruitment, and retention of protected classes of employees."

Walmart, 2021 WMT

5. Lobbying Activities Report

"Shareholders of Walmart 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 Walmart 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 decision-making process and the Board's oversight for making payments described 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 Walmart 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 Nominating and Governance Committee and posted on Walmart's website."

Walt Disney, 2022 DIS**7. Pay Equity Report**

"Shareholders request Disney report on both median and adjusted pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information. Racial/gender pay gaps are defined as the difference between non-minority and minority/male and female median earnings expressed as a percentage of non-minority/male earnings (Wikipedia/OECD, respectively)."

Appendix 2: Sources

All vote decisions and rationales published in this paper were sourced from the Big Three firms' stewardship websites between May 14 and June 8, 2023. Vote rationales were sourced from vote bulletins and periodic stewardship reports found on the firms' stewardship websites.

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Voting decisions were sourced from the firms' voting disclosure systems over the same period.

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