



Zevin Asset Management

IMPACT UPDATE



PAT MIGUEL TOMAINO, DIRECTOR OF SOCIALLY RESPONSIBLE INVESTING

At Zevin Asset Management, we build responsible investment portfolios for our clients. We then address risks and create positive social impact by engaging with portfolio companies. As 2020 draws to a close, it is clearer than ever that three of the most pressing environmental, social, and governance (ESG) issues facing companies (and society) are COVID-19, racial injustice, and climate change. Our advocacy helped to move companies toward better practice in each of these areas.

PUSHING BACK ON COVID CAPITALISM

COVID-19 has tested large employers' willingness and ability to protect workers. We believe that pro-worker policies like paid sick leave benefits, hazard pay, and strong health and safety protocols can decrease turnover and help ensure that "essential workers" are available when companies need them. Many of the companies we contacted on this issue in the early part of the pandemic (including Kroger, Starbucks, CVS Health, UPS, Home Depot, and TJX Companies) have developed temporary benefits and responses to the COVID-19 crisis. Now, in partnership with our allies in the Interfaith Center for Corporate Responsibility (ICCR), we are using shareholder proposals to urge large employers to make enhanced paid sick leave benefits permanent. Local sick leave policies in the United States are all over the map, and companies stand to gain a healthier workforce, more confident customers, and easier benefits administration by strengthening their policies. We are [taking the lead](#) with a new shareholder proposal on this topic at Kroger.

As the global pharmaceutical industry races to provide COVID-19 vaccines and therapies, affordability and equal access to those treatments are equally pressing challenges for the sector. Earlier this year, we joined with several fellow impact investors and pension funds in Europe to challenge big pharma companies to prioritize equity in their COVID-19 drug development. Our [group letter](#) urged companies to prioritize international cooperation to ensure fair access and avoid poor practices like unreasonable patent enforcement, extended market exclusivity, and excessive price setting. Pandemic-related risks have also shaped our ongoing engagement with the pharma giant AbbVie: our shareholder proposal on lobbying oversight now presses the company to

account for how its dues helped the U.S. Chamber of Commerce lobby against invoking the Defense Production Act to produce protective equipment.

CAN COMPANIES RESPOND TO #BLACKLIVESMATTER?

As we wrote to you last quarter, many companies have a gap between their rhetoric and their practices on racial justice. For instance, Home Depot pledged a \$1 million donation to the Lawyers' Committee for Civil Rights Under Law in June. However, after years of concerns about Home Depot's approach to diversity and inclusion, the company still refuses to publicly disclose the entirety of the EEO-1 workforce composition form that it submits every year to federal regulators. This is an essential good practice for large employers, and this quarter we joined the New York City Pension Funds in a shareholder proposal demanding public disclosure of this key information.

There is growing evidence that investor pressure can force sunlight on racial justice issues in the workplace. Coca-Cola, AT&T and Target all announced this quarter that they will begin publishing their EEO-1 submissions. After we engaged repeatedly with Starbucks on racial justice over the last three years, the company published its EEO-1 report for the first time last quarter. Even more significantly, Starbucks set new targets for at least 30% of its U.S. corporate employees — and 40% of its U.S. retail and manufacturing employees — to be people of color by 2025. The goals will be tied to executive compensation, which has been a major priority of our advocacy around inclusion.

CLIMATE CHANGE OVER THE HORIZON

Companies cannot forsake the long-term risk of climate change even as they try to address the problems above. In fact, climate change disproportionately affects people of color around the world, and it is associated with many of the [preconditions of pandemic](#): loss of biodiversity, habitat destruction, and warming temperatures. Expeditors International is a global logistics platform that placed more than 1 billion pounds of air freight and 1 million ocean freight containers last year. While Expeditors does not own those planes and ships, it nevertheless faces second-order climate change risks related to customer operations, increasingly stringent climate change regulations, and fluctuating fuel prices.

We met executives this quarter who emphasized that many clients are looking for lower-carbon shipping options, but supply is still unreliable, slower, and more expensive. We encouraged efforts to cooperate with shippers and clients to make more options available and urged the company to do more to manage its own direct footprint in the interim. Expeditors had targets for reducing emissions in the past; however, those goals lapsed and were not replaced as of the end of 2020. We filed a shareholder proposal urging Expeditors to set a “science-based” greenhouse gas target in line with the Paris Climate Agreement, and we are actively engaging with executives toward a resolution.

We are also continuing to engage with UPS, another logistics company with a larger direct footprint due to its airline. We re-submitted a shareholder proposal challenging the company to match its science-based greenhouse gas target for ground travel and buildings with a similarly rigorous approach to its airline.

IN OTHER NEWS

- In a win, Costco published a new Forest Conservation Commitment and Climate Action Plan. We had co-sponsored a shareholder proposal urging a more rigorous approach to deforestation in specific supply chains. There is more work to do, but now the retailer is more specific about how much pulp and paper it procures from various sustainable certifications.
- Around the November election, we wrote to several US companies urging them to publicly express support for free and fair elections and condemn voter suppression.
- We joined with other investors in a call-to-action urging apparel brands to stop sourcing from the Uyghur Region due to the near certainty of forced labor and other human rights risks.

Thanks for reading and sharing. For more on this work and our broader advocacy, join us on our [website](#), [Twitter](#), and [LinkedIn](#). And please don't hesitate to contact Pat Miguel Tomaino (pat@zevin.com) with your questions, thoughts, and suggestions.

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