

Shareholder Engagement—Success Stories



Wespath has been recognized as a global leader in sustainable investment, receiving an “A+” grade for overall strategy and governance from the United National Principles for Responsible Investment. Engagement is a core tenet of Wespath’s sustainable investment activities. It is an opportunity to enter into constructive dialogue with companies and policy-makers on environmental, social and governance (ESG) issues that we believe improve shareholder value, while having a positive impact on the world around us. The following success stories are the results of engagement in action!

¹ <https://www.oxy.com/SocialResponsibility>;
<https://www.chevron.com/corporate-responsibility/climate-change>

² <http://www.climateaction100.org/>

³ *CS Gender 3000*, Credit Suisse Research, Sept. 2016.

⁴ <http://www.30percentcoalition.org/>

Environmental



Wespath has engaged companies on climate issues for over two decades. Most recently, we encouraged **Chevron** and **Occidental Petroleum** to evaluate the global shift to a low-carbon future. After multi-year engagements, both published their first-ever climate risk reports. Chevron also created emissions reductions targets and linked those targets to its executive bonus structure.¹



We magnify the shareholder voice by partnering with other likeminded investors. Through groups like **ClimateAction100+** and the **Net-Zero Asset Owner Alliance**, we engage companies, policymakers and asset managers on key climate-related issues. ClimateAction100+ efforts have led to increased support from oil and gas majors for the Paris Climate Agreement, while the Net-Zero Asset Owner Alliance is actively raising awareness of its focus among the asset owner community.

Social



Wespath encourages companies to disclose information related to the rights of employees and people affected by business operations. In an engagement with **Caterpillar**, we urged the company to address the business risks associated with the use of its products in conflict areas. In response, Caterpillar conducted human rights impact assessments across all of its units and strengthened its human rights policy.



We are members of the **Investors for Opioid & Pharmaceutical Accountability (IOPA)**, a coalition of institutional investors representing over \$3.5 trillion in AUM. The IOA engages with manufacturers, distributors, and pharmacies on the risks of opioids and other pharmaceuticals to society, the economy and shareholder value.

Governance

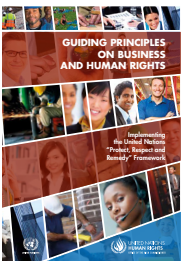


We have long felt, and the research demonstrates³, that diverse boards result in better performance. Wespath holds membership in the **30% Coalition**, which advocates for gender diversity in the board room. Since 2012, more than 400 companies have added women to their boards through the Coalition’s efforts.⁴



The coronavirus pandemic quickly became a focus of our engagement activities in 2020. We joined a group of global institutional investors in signing an Investor Statement on Coronavirus Response. The statement calls on members of the business community to take action to support the welfare of their stakeholders, including their employees, suppliers, customers and the communities in which they operate. We also encouraged our investment manager partners to sign the Investor Statement and align their investment activities accordingly.

Human Rights Engagements—Success Stories



The security of human rights is one of Wespeth's focus areas for shareholder engagement. Using the United Nations **Guiding Principles on Business and Human Rights**

(**Guiding Principles**) as our foundation, we engage companies to protect human rights, acknowledging that businesses face risks when operating in areas where the security of rights may be uncertain.

The success stories listed here represent a sample of our recent human rights engagements.

Caterpillar



Construction equipment giant **Caterpillar** is subject to human rights scrutiny because of the use of its products in conflict areas. Wespeth has maintained a years-long dialogue with management, consistently seeking that the company develop effective risk mitigation and impact assessment policies.

These discussions have resulted in several positive developments. Notably, Caterpillar has strengthened and improved disclosures relating to its human rights policies, including conducting assessments in alignment with the **Guiding Principles**. Caterpillar also applied that policy beyond its direct operations to include its suppliers and dealers.

Booking Holdings



Booking Holdings is one of the world's largest—and fastest growing—online travel agencies. Wespeth noticed that its rapid growth included expansion into conflict-affected territories and wanted to ensure the company was implementing best practices. We eventually filed a shareholder resolution that requested information on Booking's policies and procedures to address human rights-related business risks.

The company responded to the resolution by agreeing to conduct a risk assessment and continue our dialogue. We withdrew our resolution following this commitment—as we often do when companies make noticeable progress on issues of shareholder interest.

Collaborative Highlight: Heartland Initiative



The **Heartland Initiative** is a practice-oriented, not-for-profit research organization focused on promoting the rights of people around the world.

Recently, Wespeth worked with the group to develop a more comprehensive framework to identify “high-risk operating areas” with regard to human rights. This partnership helped us add several new territories to our “conflicted-affected areas” list and improved our ability to address human rights-related risks within the funds that we offer.