Shareholder Engagement—Success Stories

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.

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2 http://www.climateaction100.org/
3 CS Gender 3000, Credit Suisse Research, Sept. 2016.
4 http://www.30percentcoalition.org/
Human Rights Engagements—Success Stories

Caterpillar

Construction equipment giant Caterpillar is subject to human rights scrutiny because of the use of its products in conflict areas. Wespath 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. Wespath 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, Wespath 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.

The security of human rights is one of Wespath’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.