

Shareholders Spur Action On Climate Change: Company Commitments From the 2014 & 2015 Proxy Seasons

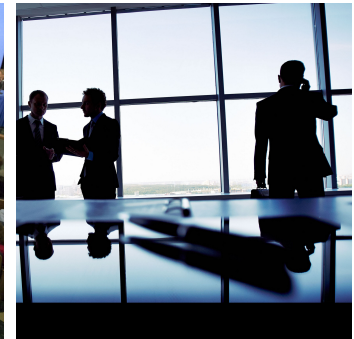


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About Ceres and INCR

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The information contained in this report is directly reported by investors and does not necessarily reflect the views of Ceres.

Acknowledgements

We wish to thank all of the investors who added their commitments to the report. Additionally, we would like to thank our Ceres colleagues Nate Van Cleve and Julia Lennon, whose work on the data tables forms the backbone of this report.

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Foreword

Chris Davis, Senior Director, Investor Programs, Ceres



Long-term investors—from socially responsible and religious funds to major pension funds—are increasingly focused on the economic, environmental, social and governance factors that build value in a company. These institutional investors view sustainability as central to building a trusted brand, managing essential energy and water inputs, having a committed workforce, and creating a reliable and responsible supply chain—all of which can directly affect financial performance.

To ensure that the companies in their portfolio are capturing sustainability value and avoiding material ESG risks, investors engage with corporate management and boards.¹ They do so through two primary methods: shareholder resolutions and informal dialogues. Shareholder resolutions are a formal recommendation to the company that all shareholders vote on at the company's annual meeting, though the vote is non-binding. Many of these proposals are withdrawn and not voted on because the company agrees to address the issue of concern.² In the case of dialogues, investors reach out through an individual or group letter to companies in their portfolio, and then meet to discuss sustainability issues relevant to the company.

Whether asking a company to reduce greenhouse gas emissions from energy use, source sustainable agricultural commodities, or report broadly on sustainability issues, one thing is clear: shareholders are being heard.

This report tells the story of positive impacts from investor engagements. Whether asking a company to reduce greenhouse gas emissions from energy use, source sustainable agricultural commodities, or report broadly on sustainability issues, one point is clear: shareholders are being heard. Among other examples in this report, you'll read how investors helped persuade Archers Daniel Midland to source deforestation-free palm oil and soy, 3M to set ambitious renewable energy goals and PNC Financial to eliminate financing for mountaintop removal mining.

While this report tracks engagement outcomes from 2014-2015, it is important to recognize that successful strategies today are built on decades of work. Beginning with the efforts of the Interfaith Center for Corporate Responsibility in the 1970's, and socially responsible investors in the 1990's, the number of engagements on climate change has skyrocketed. In 2001, Ceres tracked fewer than 10 shareholder resolutions related to climate change. By 2015, there were 167—and that figure doesn't include the increase in informal dialogues between investors and companies over this period or the resolutions on other key sustainability issues.

Yet, despite these achievements, investors remain deeply concerned about the escalating risks that climate change poses to the global economy, society, ecosystems and companies they own. To reduce these risks, they will continue to act as leading advocates for low-carbon, sustainable business practices that are an essential part of global efforts to reduce climate-changing greenhouse gas emissions.

¹ For more information on engagement, please see the "[21st Century Engagement Guide](#)", published by Ceres and Blackrock, which features engagement techniques and advice from leading institutional investors.

² From 2011 through 2015, 39% of climate-related resolutions tracked by Ceres were withdrawn by the filer in response to a commitment by a company—resulting in 245 commitments.

Executive Summary

This report tracks the implementation of climate change-related corporate commitments made in response to shareholder proposals and dialogues in 2014 and 2015.

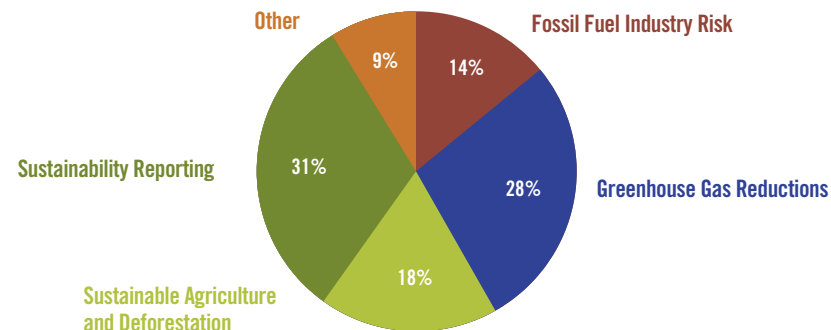
Tracking such information has numerous benefits. It helps investors communicate the impact of shareholder engagement to a broader audience. It also provides an accountability framework to help investors track how companies are following through on commitments they make. As shareholder engagement evolves on climate issues, it is critical to have meaningful data that can inform future engagements.

To prepare this report, Ceres provided the framework within which engagements are tracked. The investors provided the content directly. Thus, the report contains only information shareholders chose to include. In addition to a description and link to the company's commitment, investors provide a brief assessment of "completeness"—the extent to which a company met its stated commitment to the investor.

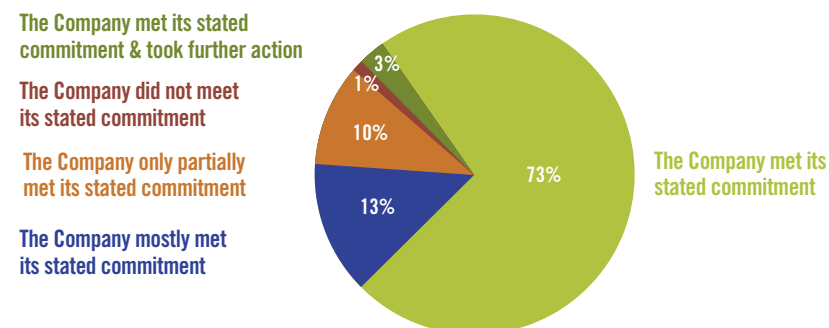
The report illustrates the power of shareholder engagement to build value by improving the sustainability performance of companies. Out of the 101 corporate commitments described in this report, 73% of companies fully "met" their stated commitment, 13% "mostly met" the commitment, and only 11% either "only partially" or "did not" meet their commitment. The report covers 31 commitments on sustainability reporting, 28 commitments on greenhouse gas (GHG) reductions, 18 on sustainable agriculture and deforestation, 15 on risks to the fossil fuel industry, and 9 on other climate-related topics including governance, water management and political involvement.

Through compelling case studies, the report highlights how investors are changing company practices on a broad array of climate fronts—from methane emissions to deforestation, from board-level management to sustainability reporting. The examples—including diverse companies such as Archer Daniels Midland, Hess, Marathon Oil and Colgate-Palmolive—show the considerable impact of the growing shareholder engagement movement and the enormous opportunity for achieving bigger impacts in the future.

Commitments by Topic

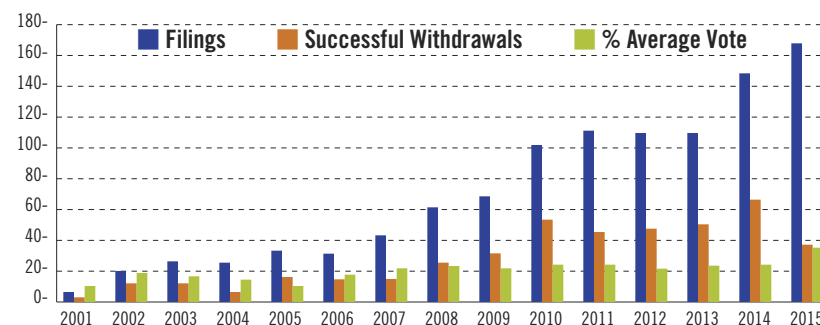


Commitments by Implementation Status



Note: For 24 additional commitments the deadline by which implementation is expected has not passed and for one commitment the completeness was not specified. These were not included in this graph.

North American Shareholder Resolutions Related to Climate Change 2001-2015



Methodology

CATEGORY DEFINITIONS:

Company	Topic	Investor Engagement	Company Commitment	Implementation Date	Company Implementation Description	Completeness
This column identifies the company engaged	Each investor engagement aims to encourage the company to address a specific climate-related issue	Shareholder resolutions and/or dialogues that contributed to a company commitment. Multiple engagements can occur with the same company on the same topic.	As part of a dialogue or resolution withdrawal agreement, companies make a commitment to the investors to address the “topic.”	The date by which the company set to follow through on its commitment.	Actions the company took to implement its commitment.	Investors evaluate the extent to which the company met its stated commitment (See below for a more detailed description.)

DEFINITION OF “COMPLETENESS”

In the completeness column, investors judge the extent to which a company did what it said it would do in its commitment. This report does not evaluate the quality of the company’s action, only the completeness. In instances where comments on the quality of the company’s implementation were particularly important, investors added a footnote.

Generally, if a company committed to set a goal or adopt a new policy, this column evaluates the extent to which the company met that promise, but does not evaluate whether the company enforced the policy it adopted or fulfilled the goal that it set. In some engagements, the company implemented the commitment while dialogue with investors was ongoing, in which case, investors generally evaluate the commitment as “met”.

Investors evaluated “completeness” using the following statements:

- The Company met its stated commitment and took further action.
- The Company met its stated commitment.
- The Company mostly met its stated commitment.
- The Company only partially met its stated commitment.
- The Company did not meet its stated commitment.
- The deadline for meeting the commitment has not yet arrived.

DATA SOURCE: INVESTORS

The investor who led a dialogue with a company or who was the lead filer of a shareholder resolution provides a summary of the company’s commitment and assess the extent to which the company’s implementation fulfills its stated commitment.

REPORT SCOPE

This report covers climate-related or climate-motivated engagements from the 2014 and 2015 proxy seasons. All information is updated as of August 2015. Data is based on responses from investors to a voluntary survey and may not fully represent all company commitments from shareholder engagement on climate-related topics.

ATTRIBUTION OF ENGAGEMENT IMPACT

Companies operate in complex social, political, and economic environments, and, as such, their actions are influenced by a wide array of internal and external factors. Therefore, the shareholder engagement cases listed in this report should be interpreted as one of several factors involved in company action.

Fossil Fuel Industry Risk

A growing number of investors are concerned that fossil fuel exploration and production companies are making risky investments in high-cost, high-carbon reserves that may become stranded in scenarios with significantly lower global demand for fossil fuels. Through shareholder resolutions, letters and direct dialogues, investor engagements focus on pushing fossil fuel companies to avoid unnecessary risks, including investing in costlier resources such as the Arctic, Canadian oil sands and ultra deep water drilling. Investors are also pushing to have the right to nominate board directors who can advance carbon risk issues internally, also known as proxy access. Since its launch, the Carbon Asset Risk Initiative has directly spurred or helped accelerate several major shifts in how investors and major oil companies, especially the European majors, are approaching low-carbon global scenarios. However, industry steps taken to date are still inadequate.

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Investors are also concerned with risky and wasteful practices in natural gas production. In July 2015, investors representing \$1.5 trillion voiced support for a strong federal standard to reduce methane emissions from such production.³ Widespread methane leaks from natural gas production and distribution cause lost revenue and dramatically increase the climate impact of natural gas production, which could adversely affect the treatment of natural gas production in climate regulations. Additionally, hydraulic fracturing, a common technique for producing natural gas and oil, increases the risk of negative community impacts, including earthquakes and water pollution.

Spotlight: Methane—Opening the Door for Change



Natasha Lamb, Director of Equity Research & Shareholder Engagement, Arjuna Capital

A recent analysis estimates that the oil and gas industry's failure to capture methane leaking from wells, pipelines and other infrastructure resulted in \$30 billion in lost revenue in 2012, or 3% of global natural gas production.⁴ Even without considering the climate impact, these financial losses are reason enough for investors to stand up and take note.

And investors are not the only ones calling for more efficient (and therefore profitable) operations. Regulators are also keenly aware that methane is a far more potent greenhouse gas than carbon dioxide, which is why the U.S. Environmental Protection Agency recently issued a proposed rule to reduce methane leaks. When more than 3% of methane leaks, the climate takes a big hit. In fact, it's bigger than that from burning coal.

So, three years ago investors started asking natural gas companies for stronger disclosure on a very simple question: Given methane leaks, does your natural gas production really have a better climate profile than coal?

This year, as part of our continued campaign, Arjuna Capital withdrew two shareholder resolutions following productive dialogues and negotiations. In exchange for the withdrawals, **Hess** and **Southwestern** became the first U.S. companies to publically commit to set company-specific methane reduction targets. (Domini Social Investments co-filed the proposal at Southwestern.)

The question of whether natural gas is currently better than coal remains unanswered. Some studies measuring climate impact are troubling. But there are simple and profitable ways to neutralize this risk. Fortunately, natural gas companies are showing a willingness to open the door for a more honest and constructive conversation with investors. And in the case of Hess and Southwestern, committing to action.

³ "Investor Statement in Support of the White House's January 14, 2015 Announcement on Methane Emissions Regulations." Ceres, 1 July 2015. <http://www.ceres.org/files/investor-files/investor-statement-on-methane-regulations>

⁴ "Rhodium Group Report on Global Oil & Gas Methane Emissions." Environmental Defense Fund. <http://www.edf.org/climate/rhodium-group-report-global-oil-gas-methane-emissions>

Spotlight: A Landmark Year for Proxy Access with Fossil Fuel Companies



**Michael Garland, Assistant Comptroller,
Corporate Governance & Responsible Investment,
Office of New York City Comptroller Scott M. Stringer.**

For long-term investors like the New York City pension funds, climate change poses major risks and opportunities across the portfolio. Those risks are especially acute for companies that extract or burn carbon. As Lord Browne, the former CEO of BP, said in a speech last year: Extractive industries need to take climate change more seriously, or face “an existential threat to their business.”

The challenge is exacerbated by the concern that, at best, current management is focused on the next three to five years. They won't be rewarded for major investments and strategic choices today whose payoff, no matter how substantial, is further down the road. And they won't be held accountable for decisions locking in emissions and consequences decades from now. To ensure that boards focus on long-term sustainable

value creation, it's essential that we have the right directors in the room.

In November 2014, New York City Comptroller Scott Stringer and the New York City Pension Funds launched the Boardroom Accountability Project, a major initiative to grant long-term shareowners the right to nominate directors using the company's proxy statement, known as “proxy access”.

As a first step, the NYC Funds submitted shareowner proposals seeking proxy access at 75 companies for the 2015 proxy season, including 33 of the most carbon-intensive energy companies in the portfolio. Because most of the energy companies strongly opposed the proposals, the NYC Funds reached only one negotiated settlement, with **Whiting Petroleum**, which agreed to enact a proxy access by-law. Investor support for the 32 proposals that went to vote in the 2015 proxy season was overwhelming, averaging 58% of votes cast. While the votes are non-binding, at press time for this report several energy companies have already responded to the votes by enacting meaningful proxy access by-laws.

With meaningful proxy access, we believe investors will be better positioned to have productive engagements with energy companies around board quality and composition in the context of growing climate change risks.

Fossil Fuel Industry Risk						
Company	Topic	Investor Engagement	Company Commitment	Implementation Date	Company Implementation	Completeness
ExxonMobil Corporation	Carbon Asset Risk	Arjuna Capital and As You Sow (Resolution)	Issue a report on Carbon Asset Risk, including how Exxon assesses the risk of a low carbon scenario, other than placing a price on carbon.	March 2014	Exxon Report on Energy and Carbon Risks	The Company mostly met its stated commitment*
Peabody Energy	Carbon Asset Risk	Connecticut State Retirement Plans and Trust Funds (Resolution)	Report on goals and plans to address global concerns regarding fossil fuels and their contribution to climate change, including the deployment of Carbon Capture and Storage (CCS) in the context of a low carbon scenario.	September 2014	21st Century Coal's Role in the Future of Energy	The Company met its stated commitment
Occidental Petroleum Corporation	Fracking Impacts	As You Sow (Resolution)	Expand social responsibility section of website to include: qualitative and quantitative reporting on well stimulation techniques, additives in hydraulic fracturing fluids, water use, waste management, and community engagement.	December 2014	Disclosure on Hydraulic Fracturing Impacts, Including Water and Communities	The Company mostly met its stated commitment

* Investor Note: Exxon issued a report in response to the resolution, essentially denying carbon asset risk presents a business risk to the company. See press release for investor comments: <http://arjuna-capital.com/sites/default/files/Arjuna%20XOM%20Shareholder%20Report%20March%2030%202014.pdf>

Fossil Fuel Industry Risk: Company Commitment Implementation Tracker

Company	Topic	Investor Engagement	Company Commitment	Implementation Date	Company Implementation	Completeness
EQT Corporation	Fracking Impacts	Green Century Funds (Resolution)	Start measuring and disclosing methane leakage, which previously went unreported by the company. Report on progress being made to minimize risks to ground and surface water through increased recycling and proper storage of waste water.	2014	2014 Sustainability Report (p.15-20)	The Company mostly met its stated commitment
National Fuel Gas Company	Fracking Impacts	Miller/Howard Investments (Resolution)	Disclose updates on air emissions, water recycling/sourcing, closed loop system/fluid containment, pre-drilling testing, well integrity, and additional details regarding drilling practices.	March 2015	Environment Disclosures Including Hydraulic Fracturing Impacts	The Company met its stated commitment
ExxonMobil Corporation	Fracking Risk Management Report	As You Sow (Resolution)	Communicate unconventional resource development (URD) risks and how the company assesses and manages risk.	Not Specified	Unconventional Resources Development- Managing the Risks Report 2014	The Company mostly met its stated commitment
Southwestern Energy Company	Methane Emissions	Arjuna Capital and Domini Social Investments (Resolution)	Expand methane emission disclosures, and adopt sector/company-specific methane targets toward broader One Future Coalition goal of methane leakage less than 1% of gross annual natural gas production. Post language on "commitments" page of website and in the first sustainability report.	2015 (Website posting) 2016-2018 (Emission target) July 2015 (1st sustainability report)	Participation in ONE Future Coalition and Methane Emission Studies, Corporate Responsibility Report (p. 2, 4-5)	The Company met its stated commitment
Consolidated Edison	Methane Emissions	As You Sow (Dialogue)	Replace gas mains in order to reduce methane leakage, and include in all future sustainability reports data on main replacement, gas leakage, and total methane reductions.	2015	Environmental Performance Direct Emissions	The Company met its stated commitment
Kinder Morgan, Inc.	Methane Emissions	Miller/Howard Investments (Resolution)	Company stated it will adopt an Environmental, Health & Safety committee to address environmental issues.	Not Specified		The deadline for meeting the commitment has not yet arrived
Energen Corp.	Methane Emissions	Miller/Howard Investments, Domini Social Investments, Clean Yield Asset Management	Company will make emissions disclosure updates and will consider responding to CDP Climate Change.	Not Specified	Company made additional updates to website, but did not include quantitative data.	The Company only partially met its stated commitment
Marathon Oil Corporation	Methane Emissions	Nathan Cummings Foundation and the Domestic and Foreign Missionary Society of the Episcopal Church (Resolution)	Disclose methane leakage rate on a company-wide and asset-by-asset basis. Disclose information about leak detection programs used in North America in its 2014 CSR Report.	Summer 2015	2014 Corporate Responsibility Report Including Methane Disclosure (p.36-41)	The Company met its stated commitment
Hess Corporation	Methane Emissions	Arjuna Capital (Resolution)	Expand methane emission disclosures, and publish a goal to reduce methane emissions in 2014 sustainability report, working in collaboration with the One Future Coalition.	July 2015	Sustainability Report Including Methane Emissions Disclosure (p.5, 42-43)	The Company mostly met its stated commitment

Fossil Fuel Industry Risk: Company Commitment Implementation Tracker

Company	Topic	Investor Engagement	Company Commitment	Implementation Date	Company Implementation	Completeness
PNC Financial Services Group	Mountaintop Removal	Boston Common Asset Management, Domini Social Investments and other investors (Dialogue)	Enhance its Mountaintop Removal (MTR) framework, adopt a coal-fired power plant policy, and enhance due diligence in high-risk sectors such as Coal, Minerals, Utilities, and Oil & Gas. Under the Boston Common lead engagement, “Financing Climate Change”, the company commits to additional action and disclosure.	March 2015	2014 Corporate Sustainability Report (p. 39-41)	The Company met its stated commitment
ExxonMobil Corporation	Strategic Planning for Climate Change	Christopher Reynolds Foundation (Resolution)	Issue a report to shareholders on strategic planning the context of climate change	2014	Report on energy and climate	The Company only partially met its stated commitment*
Whiting Petroleum Corporation	Proxy Access with Fossil Fuel Companies	New York City Office of the Comptroller and Philadelphia Public Employees Retirement System (Resolution)	Whiting’s Board would adopt a proxy access bylaw amendment that it would submit and recommend for stockholder approval at the Whiting’s 2016 annual meeting of Stockholders. The eligibility will include the threshold of holding 3 % or more of Whiting’s outstanding common stock for at least three years and the group size of stockholders would be limited to no more than 25 stockholders.	2016	Announced plan to adopt a proxy access bylaw amendment	The deadline for meeting the commitment has not yet arrived

* Investor Note: Exxon has not provided meaningful or substantial information on its repeated statements by CEO Tillerson that we needed a Plan B based on invention and technology to battle climate change.

Sustainable Agriculture and Deforestation

Companies sourcing food products face a unique set of risks and opportunities. First, these companies are sensitive to the rapidly growing consumer demand for more sustainable products. Second, securing a reliable and affordable commodity supply chain is dependent on prudent use of critical natural resources, such as forests and water. Third, climate change is already undermining global food supplies, and impacts will likely worsen. And, finally, land-use changes, primarily from cropland expansion into carbon-rich forests or peatlands accounts for approximately 17% of annual global greenhouse gas (GHG) emissions, making it a leading contributor to climate change.⁵ When forests and peatlands are cleared to make room for palm oil plantations and other food commodities, huge amounts of greenhouse gasses are released into the air. Motivated by reputational and operational risks associated with unsustainable agricultural practices, many investors are filing resolutions and dialoguing with companies in an effort to ensure that key commodities are sourced more sustainably, especially with regard to deforestation and human rights issues.

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Spotlight: Top Agricultural Supplier Archer Daniels Midland Makes No-Deforestation Commitment



**Lucia Von Reusner, Shareholder Advocate,
Green Century Capital Management Inc.**

In 2015, agribusiness giant **Archer Daniels Midland** (ADM) issued a precedent-setting policy to end deforestation across its global supply chains [in response to](#) a shareholder proposal and negotiations with Green Century Capital Management and the New York State Common Retirement Fund.

The rapid clearing of forests around the world has become a leading driver of climate change, contributing GHG emissions equivalent to the entire transportation sector each year. Expansion of agriculture is the primary driver of deforestation, which also contributes significantly to: biodiversity loss; soil erosion; declines in local rainfall; and conflicts with local communities over land rights. Responding to growing public and investor concern about how these controversial impacts are being managed, major consumer-facing companies including Kellogg's, Smucker's, General Mills, and more have recently adopted no-deforestation sourcing policies for purchasing key ingredients like palm oil. Many of these companies have signed a declaration to use entirely deforestation-free products by 2030.

Green Century and the New York State Common Retirement Fund engaged ADM due to its key position as one of the world's top three suppliers of agricultural commodities globally. The company is a top provider of raw ingredients to many companies with recent no-deforestation sourcing commitments. After months of discussions with investors, ADM ultimately adopted a no-deforestation sourcing policy for its global supply chains. With this policy, ADM became the first major supplier to begin implementing a no-deforestation policy for both soy and palm oil production, which are leading drivers of deforestation across Latin America and Southeast Asia.

⁵ "Global Greenhouse Gas Emission Data." United States Environmental Protection Agency. <http://www.epa.gov/climatechange/ghgemissions/global.html>

Sustainable Agriculture & Deforestation: Company Commitment Implementation Tracker

Company	Topic	Investor Engagement	Company Commitment	Implementation Date	Company Implementation	Completeness
Archer Daniels Midland Company	Forest & Human Rights Protection Goals	New York State Common Retirement Fund and Green Century Funds (Resolution)	Agreed to adopt and begin implementing this year (2015) a policy requiring that all palm oil and soy it sources will not come from areas associated with clearing of high Conservation value (hCv), high Carbon Stock (hCS), or peatland areas, or exploitation of workers and local communities.	2015	Commitment to no deforestation, no exploitation	The Company met its stated commitment
The J.M. Smucker Company	Forestry Policy	Clean Yield Asset Management & Green Century Funds (Resolution)	Update palm oil policies to go beyond RSPO standards.	2014	Palm Oil Policy	The Company met its stated commitment
PepsiCo Inc.	Forestry Policy	Domini Social Investments LLC and Clean Yield (Resolution)	Publish forestry and palm oil policies	2014	Palm Oil Commitments, Forestry Stewardship Policy	The Company met its stated commitment
Mondelēz International, Inc.	Forestry Policy	Domini Social Investments LLC and Green Century Funds (Resolution)	Announce Palm Oil policy and implementation plan	Not Specified	Palm Oil Action Plan	The Company met its stated commitment
Avon Products Inc.	Palm Oil	Domini Social Investments LLC and Appleseed Fund (Resolution)	Review and revise palm oil policies, including commitments relating to derivatives suppliers and human rights.	Not Specified	Avon Palm Oil Promise	The Company mostly met its stated commitment
Kellogg's	Palm Oil	Green Century Funds (Resolution)	Adopt policy requiring palm oil suppliers to provide fully traceable palm oil back to plantations independently verified as protecting High Carbon Stock, High Conservation Value, peatlands, and human rights, by Dec 31, 2015	Spring 2014	Global Commitment To Fully Traceable Sourcing Of Palm Oil	The Company met its stated commitment
ConAgra Foods, Inc.	Palm Oil	Green Century Funds and New York State Common Retirement Fund (Resolution)	Adopted sourcing policy requiring that, by Dec 31 2015, 100% of its palm oil will come from suppliers verified as not contributing to clearing of HCS, HCV, or peatland areas, or engaging in worker or community exploitation.	December 2015	Sourcing policy of 100% palm oil from responsible and sustainable sources by Dec. 2015	The Company met its stated commitment
Panera Bread	Palm Oil	Seventh Generation Interfaith Coalition for Responsible Investment (Resolution)	Plans to establish Palm Oil Sourcing Policy by Sept 2015 and report progress in annual sustainability report. Policy commits to meet a certification as rigorous as the principles and criteria of Roundtable on Sustainable Palm Oil (RSPO) by the end of 2015 and meet increased RSPO standards in future years.	December 2015		The deadline for meeting the commitment has not yet arrived
Target Corp.	Palm Oil	New York State Common Retirement Fund (Resolution) Trillium Asset Management, Seventh Generation Interfaith Coalition for Responsible Investment (ICCR Member)(Dialogue)	Adopt sustainable palm oil commitment	2015	Sustainable Palm Oil Goal in Corporate Social Responsibility Report (pg. 59)	The Company met its stated commitment

Sustainable Agriculture & Deforestation: Company Commitment Implementation Tracker

Company	Topic	Investor Engagement	Company Commitment	Implementation Date	Company Implementation	Completeness
Mead Johnson Nutrition Company	Palm Oil	Seventh Generation Interfaith Coalition for Responsible Investment (ICCR Member) (Resolution)	Reach 2nd tier traceability by the end of 2016, and carry out multi-year effort to dramatically strengthen certification level and traceability of palm oil.	December 2016		The deadline for meeting the commitment has not yet arrived
Sysco Corporation	Palm Oil	Seventh Generation Interfaith Coalition for Responsible Investment (ICCR Member), Clean Yield Asset Management and Walden Asset Management (Resolution)	Plans to establish Palm Oil Sourcing Policy, including prohibitions on deforestation and exploitation, RSPO certification, and penalties for non-compliant suppliers. Report in annual sustainability report on implementation.	2015		The deadline for meeting the commitment has not yet arrived
Yum! Brands, Inc.	Palm Oil	Trillium Asset Management and First Affirmative Financial Network (Resolution)	Source 100% of its frier palm oil from responsible and sustainable sources by 2017	2015, Annual reporting thereafter	Palm Oil Policy Including Implementation Timeline of 2017	The Company mostly met its stated commitment
International Flavors & Fragrances Inc.	Palm Oil	Walden Asset Management and Calvert Investments, Inc. (Resolution)	The company will update its existing palm oil sourcing policy, specifically strengthening it to include commitments related to high conservation value, high carbon stock forests, and human rights issues. It also commits to publicly reporting progress to implement its policy through the RSPO and its own sustainability report.	Spring 2015/ Fall 2015	IFF Sustainable Palm Oil Policy	The Company met its stated commitment
Wal-Mart Stores, Inc.	Palm Oil	Seventh Generation Interfaith Coalition for Responsible Investment (ICCR Member) (Resolution)	Plans to update Palm Oil Sourcing Policy by fall 2015. Committed to source palm oil used in Walmart private brand products globally in accordance with RSPO principles and encourage branded suppliers to improve their palm oil sourcing practices in accordance with the RSPO. Committed to advocate strengthening RSPO standards.	December 2015		The deadline for meeting the commitment has not yet arrived
Post Holdings Inc.	Palm Oil	Seventh Generation Interfaith Coalition for Responsible Investment (ICCR Member) (Resolution)	Plans to establish Palm Oil Sourcing Policy, including joining RSPO and sourcing 100% RSPO certified sustainable palm oil by December 31, 2016.	December 2016		The deadline for meeting the commitment has not yet arrived
General Mills, Inc.	Report (annually) climate impact of supply chain	Oxfam America, Green Century Funds, OMI USA, Trinity Health, and Zevin Asset Management (Resolution)	Measure, disclose, and act on climate risks in agricultural supply chain, and advocate for climate policy.	Not Specified	General Mills Climate Policy	The Company met its stated commitment
Archer Daniels Midland Company	Sustainable Agriculture and Respect Human Rights Policy	Tri-State Coalition and Sisters of St. Dominic of Caldwell, NJ; American Baptist Home Mission Society; Christian Brothers Investment Services; Friends Fiduciary Corporation; School Sisters of Notre Dame Cooperative Investment Fund; Mercy Investment Services Dignity Health (Resolution)	Disclose GHG emissions to CDP and set reduction goals. Adopt a comprehensive Human Rights Policy Report on plans to respond to sustainability commitments from customers.	May 2014	Commitment to Respect Human Rights document, Corporate Responsibility Report 2014 (p. 17-22)	The Company mostly met its stated commitment
Dean Foods	Water Risk in Supply Chain	Calvert Investments, Inc. (Resolution)	The company will update reporting on sustainability issues by Q4 2015.	Q4 2015		The deadline for meeting the commitment has not yet arrived

Greenhouse Gas Emission Reductions

Companies that measure and set targets for greenhouse gas emissions, renewable energy procurement and energy efficiency, build customer and employee loyalty, save on energy costs, and position themselves to better manage volatile fossil fuel energy prices and climate-related regulations. For many companies, evaluating, disclosing, and setting targets related to energy use reveals profitable opportunities for investments in renewable energy and energy efficiency that benefit both society and the company's bottom line. For example, 53 Fortune 100 companies reporting on climate and energy targets have collectively saved \$1.1 billion annually and decreased their annual CO₂ emissions by approximately 58.3 million metric tons—the equivalent of retiring 15 coal-fired power plants.⁶ For these reasons, investors are elevating these engagements with companies to improve their management and procurement of energy.

Spotlight: 3M Makes Bold Renewable Energy Commitment



**Brianna Murphy, Vice President,
Shareholder Advocacy, Trillium Asset Management**

3M was an early leader in reducing its greenhouse gas reductions, having achieved a 64% absolute reduction between 2002 and 2014. In 2015, following conversations with Trillium Asset Management, 3M committed to increase its use of renewable energy. 3M's goal to source 25% of its electricity needs from renewable sources by 2025 means the company will add nearly 800,000 megawatt hours of renewable energy globally—primarily from wind and solar. In addition to reducing the company's carbon emissions, it will also diversify its energy sources, thus reducing the company's exposure to volatile fossil fuel energy prices.

Spotlight: Colgate-Palmolive Strengthens Bottom Line with Greenhouse Gas Goal



**Aaron Ziulkowski, Senior ESG Analyst,
Walden Asset Management**

In 2014, after discussions with Walden Asset Management, consumer products giant **Colgate-Palmolive** agreed to reduce greenhouse gas emissions (GHG) by 25 percent by 2020 and 50 percent by 2050, in line with what climate scientists have identified as necessary to avoid the worst impacts of climate change. Colgate noted the important contribution of external stakeholders, including Walden, in developing the new goal.

Reducing GHG emissions has strengthened Colgate-Palmolive's bottom line. Since 2003, Colgate says it has avoided over \$400 million in energy costs from its energy efficiency efforts, and since 2013, through energy "treasure hunts", the company has identified an additional \$14 million in potential energy savings. Setting such goals establishes Colgate as a leader with a long-term commitment to sustainable growth. It also contributes in meaningful ways to creating an engaged and productive workforce. In 2015, Fortune named Colgate one of the World's Most Admired Companies.

For many companies, evaluating, disclosing, and setting targets related to energy use reveals profitable opportunities for investments in renewable energy and energy efficiency that benefit both society and the company's bottom line.

⁶ "Power Forward 2.0: How American Companies are Setting Clean Energy Targets and Capturing Greater Business Value." Ceres. 2014. <http://www.ceres.org/press/press-releases/new-analysis-america2019s-largest-companies-are-jumping-on-clean-energy-bandwagon-and-saving-more-than-1-billion-a-year>

Greenhouse Gas Emission Reductions: Company Commitment Implementation Tracker						
Company	Topic	Investor Engagement	Company Commitment	Implementation Date	Company Implementation	Completeness
CMS Energy	Distributed Generation/Renewables	New York State Common Retirement Fund and Calvert Investments, Inc. (Resolution)	Report on policies the company could adopt to reduce GHG emissions consistent with national reduction goals.	2014	2014 Accountability Report (p. 10-11)	The Company met its stated commitment
American Tower Corporation	Energy Efficiency	California State Teachers Retirement System (Dialogue)	Improve disclosure on energy efficiency.	2015	Reducing our Energy Demands	The Company met its stated commitment and took further action
Annaly Capital Management Inc.	Energy Efficiency	California State Teachers Retirement System (Resolution)	Enhance disclosure of energy efficiency efforts through the company's website.	February 2015	Annaly Corporate Office Energy Efficiency Initiatives	The Company met its stated commitment
CF Industries Holdings, Inc.	Energy Efficiency	California State Teachers Retirement System (Resolution)	Not Disclosed	2014	2013 Sustainability Report including GHG Emissions Disclosure (p. 9)	The Company met its stated commitment
EOG Resources Inc.	Energy Efficiency	California State Teachers Retirement System (Resolution)	Not Disclosed	2014	Energy Efficiency and Conservation Measures	The Company met its stated commitment
Essex Property Trust, Inc.	Energy Efficiency	California State Teachers Retirement System (Resolution)	Enhance disclosure of energy efficiency efforts through the company's website	Summer 2015	Disclosure on improved energy efficiency programs	The Company met its stated commitment and took further action
Federal Realty Investment Trust	Energy Efficiency	California State Teachers Retirement System (Resolution)	Update website with enhanced disclosures on energy efficiency.	September 2015	Energy Conservation Disclosure in Foundations of Sustainability	The deadline for meeting the commitment has not yet arrived
HollyFrontier Corporation	Energy Efficiency	California State Teachers Retirement System (Resolution)	Company to provide energy efficiency disclosure on website.	2014	Energy efficiency disclosure including quantitative metrics	The Company met its stated commitment
Phillips 66	Energy Efficiency	California State Teachers Retirement System (Resolution)	Not Disclosed	2014	Sustainability Disclosure Including Quantitative GHG Emissions	The Company met its stated commitment
PepsiCo Inc.	Energy Efficiency - Vehicle Fleet	Green Century Funds (Resolution)	Update disclosure around efforts to increase fuel efficiency and reduce carbon intensity of trucking fleet	Summer 2014	Greenhouse Gas Reduction Strategy	The Company met its stated commitment
PACCAR Inc.	GHG and Renewable Energy Goals	Calvert Investments, Inc. and Mercy Investment Services (Resolution)	PACCAR committed to join CDP and include their response to CDP goals and targets for greenhouse gas emissions.	January 2017	2014 CDP Climate Change Disclosure, score of 94	The Company met its stated commitment
BorgWarner Inc.	GHG and Renewable Energy Goals	Mercy Investment Services (Resolution)	Make public announcement of measuring GHG emissions enterprise-wide that will drive the setting of GHG reduction targets and goals. Seek to assess its broader environmental impacts to include other waste streams. Expand disclosure in the company's future sustainability reporting	Not Specified	Not Found	The Company did not meet its stated commitment

Greenhouse Gas Emission Reductions: Company Commitment Implementation Tracker

Company	Topic	Investor Engagement	Company Commitment	Implementation Date	Company Implementation	Completeness
Ameren Corporation	GHG and Renewable Energy Goals	New York State Common Retirement Fund (Resolution)	Incorporate material from Integrated Resource Plan into 2013 CSR Report	2014	2014 CSR supplement (p. 15, 29)	The Company met its stated commitment
Cabot Oil & Gas Corporation	GHG and Renewable Energy Goals	Walden Asset Management (Resolution)	Increase disclosure of overall approach to managing climate risk and provide updates to investors through website, investor presentations and other appropriate means. Annually identify goals and targets it intends to achieve related to climate risk.	2014	Reports emissions to the EPA, no disclosure on website	The Company mostly met its stated commitment
Lincoln Electric	GHG and Renewable Energy Goals	Walden Asset Management (Resolution)	Increase sustainability reporting this year from roughly three paragraphs in the annual report to a multipage piece addressing the company's sustainability strategy and performance more holistically. The company also has plans to further augment disclosure going forward, possibly through CDP and by utilizing GRI as the guide for its reporting. The company has also agreed to set a GHG emissions reduction target.	December 2015		The deadline for meeting the commitment has not yet arrived
Great Plains Energy, Inc.	GHG Goals	As You Sow (Dialogue & Resolution)	Refiring 3 power plants with natural gas EV charging station deployment.	2015	KCP&L Announces Plans to Cease Burning Coal at Three Power Plants	The Company only partially met its stated commitment
Church & Dwight Co Inc.	GHG Goals	Trillium Asset Management (Resolution)	Set quantitative goals for the reduction of GHG emissions from the company's products and operations. Issue a report by fall 2014 on the company's plans to achieve these goals. Publish this commitment visibly and prominently on the company's website	Fall 2014	2013 Sustainability Report (p.28)	The Company met its stated commitment
Lowe's Companies, Inc.	GHG Goals	Trillium Asset Management (Resolution)	Set quantitative GHG reduction goals. Publish these goals in the sustainability report and CDP survey response	Spring 2014	2020 Goals including reduce carbon emissions 20% per square foot (tons CO₂/ft²), from 2010 baseline.	The Company met its stated commitment
Colgate-Palmolive Co	GHG Goals	Walden Asset Management (Resolution)	Company will adopt science-based GHG goals.	2014	Carbon emissions reduction goals	The Company met its stated commitment
Advance Auto Parts	GHG Goals	Walden Asset Management (Resolution)	Expand sustainability disclosure on efforts to manage energy footprint. In particular, they will discuss their work improving efficiency in transportation/logistics, as well as energy management in stores, which includes recently the installation of a large solar array at a distribution center in CT, and progress driving down energy use year-on-year throughout their stores.	Fall 2014	Environmental responsibility on website	The Company met its stated commitment
Mettler-Toledo International Inc.	GHG Goals	Walden Asset Management (Resolution)	Agreed to set a GHG emissions reduction target, respond to CDP on an annual basis going forward, and provide an annual update on key sustainability performance metrics (the full sustainability report will only be published every other year).	2014	Sustainability Report 2014 (p. 9-10), Investor CDP 2014 Information Request	The Company met its stated commitment

Greenhouse Gas Emission Reductions: Company Commitment Implementation Tracker

Company	Topic	Investor Engagement	Company Commitment	Implementation Date	Company Implementation	Completeness
H.B. Fuller	GHG Goals	Calvert Investments, Inc. (Resolution)	Not Disclosed	June 2015	2014 Global Responsibility Report Including GHG Goals (p.6)	The Company met its stated commitment
Qualcomm Incorporated	GHG Goals	Walden Asset Management and Boston Common Asset Management (Resolution)	Establish and make public targets for mitigating the company's carbon footprint in a manner appropriate to business model in 2015. Goals/Targets will be reviewed by the company sustainability leadership committee and governance committee of board of directors.	Fall 2015		The deadline for meeting the commitment has not yet arrived
Costco Wholesale Corporation	GHG Goals	Walden Asset Management, Trillium Asset Management, Boston Common Asset Management, and Calvert Asset Management Company (Resolution)	Complete 2015 CDP climate survey. Update sustainability report in 2015 with current climate-data and expand discussion of climate change, including reference to climate science and Copenhagen Accord (2 degree committment). Keep growth of GHG emissions to less than sales growth over next five years CEO & senior managers will meet with investors and renewable energy expert.	Spring/Summer 2015	Sustainability Report 2015 (p.4, 7)	The Company met its stated commitment
3M Company	Renewable Energy Targets	Trillium Asset Management (Resolution)	Set quantitative goals for the sourcing and/or production of renewable energy. Publish these goals in 3M's sustainability report by May 31, 2015	May 2015	2025 goals to increase renewable energy to 25% of total electricity use	The Company met its stated commitment
Alliant Energy Corporation	Report on GHG Reduction Scenarios	New York State Common Retirement Fund (Resolution)	Report on how company is responding to national greenhouse gas objectives in Annual Environmental Report	Fall 2015		The deadline for meeting the commitment has not yet arrived
Southern Company	Utility Business Model	As You Sow (Resolution)	Disclose existing and planned renewable and distributed generation projects, and the company's approach and efforts to make renewable and distributed generation additions to portfolio.	Prior to 2014 Shareholder Meeting	2015 Carbon Disclosure Report (p. 6-10)	The Company met its stated commitment
FirstEnergy Corporation	Utility Business Model	New York State Common Retirement Fund, As You Sow, Connecticut State	Will incorporate information on additional policies the Company could adopt and additional actions the Company could take to reduce its greenhouse gas emissions into Sustainability Report.	October 2014	Sustainability report indicates commitment to energy efficiency and renewable energy (p. 24-32)	The Company met its stated commitment

Sustainability Reporting

Investors believe stronger tracking and reporting of ESG (environmental, social, and governance) practices will make a company more competitive in the global business environment. Reporting helps companies better integrate and gain strategic value from existing sustainability efforts, identify gaps and opportunities, develop company-wide communications, recruit and retain employees, and receive feedback. It also allows investors to more accurately assess and value company management of these issues. The vast majority of studies reviewed in a Deutsche Bank meta-analysis show that companies with high ESG ratings demonstrate market-based outperformance.⁷ Corporate dialogues on ESG reporting also provide an opportunity for dialogue on the most material ESG issues for each company.

Reporting helps companies better integrate and gain strategic value from existing sustainability efforts, identify gaps and opportunities, develop company-wide communications, recruit and retain employees, and receive feedback.

Spotlight: Lincoln Financial Becomes Insurance Sector Leader in Sustainability Disclosure



Jeff Perkins, Executive Director, Friends Fiduciary

Friends Fiduciary has focused on the insurance sector for our primary shareholder advocacy for the following reasons: the insurance sector has lagged in sustainability and climate risk reporting; the sector has direct climate risk concerns both from extreme weather for property and casualty companies and from health, morbidity and mortality (e.g. asthma, heat related conditions, etc.) for health, life and annuity insurers; and we believe the entire sector has significant potential climate risk embedded in its substantial invested assets. We believe this embedded risk in their investment portfolios could hold significant potential risk for the profitability and long-term sustainability of their operations. Without proper disclosure, shareowners and other stakeholders cannot ascertain whether or how companies are assessing and managing climate risk.

From a strategy perspective, we believe the insurance sector can have a leveraging impact. To the extent that their underwriting and premiums reflect climate risk concerns, this can influence how their customers assess and mitigate climate risk in their own operations. In addition, as significant invested asset owners, assessing and addressing climate risk in their own investment portfolios can raise the issue of embedded climate risk and its implications to their investment consultants and managers.

We believe that our work with **Lincoln Financial** is making a strong company even stronger. As a result of our engagement, the company committed to: formal CDP reporting; an annual sustainability report with expanded disclosures; shareholder input to their internal sustainability advisory committee; and engaging their investment team and external managers about climate risk and investment options that potentially mitigate climate change (e.g. green bonds, cleantech, etc.). Finally, after the engagement with Lincoln Financial we are now able to use their improvements as a model for our engagements with other life and annuity insurers.

⁷ [Sustainable Investing: Establishing Long-Term Value and Performance. Deutsche Bank.](#)

Sustainability Reporting: Company Commitment Implementation Tracker

Company	Topic	Investor Engagement	Company Commitment	Implementation Date	Company Implementation	Completeness
AEP Industries, Inc	Integrated Resource Plan Transparency/ Business Model	As You Sow (Dialogue)	Post IRPs transparently to website enhance coal retirement disclosure.	2015	Resource Planning and Carbon Accounting	The Company met its stated commitment
Amsurg Corp.	Sustainability Report	Calvert Investments, Inc. (Resolution)	AmSurg committed to produce a sustainability report	October 2015		The deadline for meeting the commitment has not yet arrived
B/E Aerospace, Inc.	Sustainability Report	Calvert Investments, Inc. (Resolution)	The company will publicly disclose ESG information on their website. If feasible, they will provide a sustainability report with objective quantitative indicators and goals for shareholders by May, 2015 with Calvert's input.	May 2015	Corporate Citizenship Disclosure	The Company met its stated commitment
Brookdale Senior Living	Sustainability Report	Calvert Investments, Inc. (Resolution)	Brookdale Senior Living agreed to add sustainability language to their website by December 2014, update their sustainability information by 2015, and produce a sustainability report by October 1, 2016.	October 2016		The deadline for meeting the commitment has not yet arrived
Quest Diagnostics Incorporated	Sustainability Report	Calvert Investments, Inc. (Resolution)	Improve sustainability report and increase overall high level disclosure and context of its report. Report on the progress made against benchmarks or targets and incorporate language on workplace safety.	December 2014	Sustainability report including workplace safety (p. 14-15)	The Company only partially met its stated commitment
Lincoln National Corporation	Sustainability Report	Friends Fiduciary Corporation (Resolution)	Report substantively on sustainability and corporate governance, disclosing information accessibly on LNC website.	September 2014	Corporate Responsibility and Environmental Disclosure	The Company met its stated commitment
The Home Depot	Sustainability Report	Individual Filer: David Brook (Resolution)	Will publish sustainability report starting in 2015	Spring 2015	2014 Sustainability Report	The Company met its stated commitment
Denbury Resources, Inc.	Sustainability Report	Laborers International Union of North America (Resolution)	Issue GRI-based sustainability report	Spring 2015	2014 Corporate Responsibility Report	The Company met its stated commitment
First Industrial Realty Trust, Inc.	Sustainability Report	Laborers International Union of North America (Resolution)	Will disclose information on GHG emissions	Summer 2016		The deadline for meeting the commitment has not yet arrived
The AES Corporation	Sustainability Report	Laborers International Union of North America (Resolution)	Company to issue GRI-based report, including worker safety issues.	December 2014	2013 Sustainability Report Including Information on Occupational Safety (p.40-45)	The Company met its stated commitment
Host Hotel & Resorts	Sustainability Report	New York City Office of the Comptroller (Resolution)	The company expects to conduct a gap analysis of its existing sustainability report with GRI's new G4 standard. Based on this, it will evaluate a standalone report.	Not specified		The deadline for meeting the commitment has not yet arrived
Simon Property Group	Sustainability Report	New York City Office of the Comptroller (Resolution)	Will issue preliminary sustainability report in 2014 regarding board and senior management oversight of sustainability matters and related reporting, followed by more comprehensive report in 2015 that will include historical data, a benchmark for future reports.	2015	Simon Sustainability Report 2014	The deadline for meeting the commitment has not yet arrived

Sustainability Reporting: Company Commitment Implementation Tracker

Company	Topic	Investor Engagement	Company Commitment	Implementation Date	Company Implementation	Completeness
Dillard's, Inc.	Sustainability Report	New York State Common Retirement Fund (Resolution)	Publish annual sustainability reporting, including discussions of factory safety.	Q3 2014	Social Accountability Report mentions re-evaluating factory safety protocols	The Company mostly met its stated commitment
Guess, Inc.	Sustainability Report	New York State Common Retirement Fund (Resolution)	Issue initial sustainability report in 2015, followed by a comprehensive report every two years.	December 2015		The deadline for meeting the commitment has not yet arrived
Honeywell International, Inc.	Sustainability Report	New York State Common Retirement Fund (Resolution)	Issue sustainability report, including water and GHG reduction disclosure	2014	Citizenship Report (Water and GHG disclosure, p.12)	The Company met its stated commitment
MasterCard Incorporated	Sustainability Report	Trillium Asset Management (Dialogue)	Issue Sustainability Report	2015		The deadline for meeting the commitment has not yet arrived
Panera Bread	Sustainability Report	Trillium Asset Management and Clavert Asset Management Company (Resolution)	Issue a sustainability report by December 1, 2015 that will use GRI or substantially similar format. Provide quarterly updates on the progress of the sustainability report	Fall 2015		The deadline for meeting the commitment has not yet arrived
Airgas, Inc.	Sustainability Report	Zevin Asset Management (Dialogue)	Establish an executive sustainability steering committee.	Spring 2015	Airgas Sustainability Committee, Airgas Sustainability Report	The Company met its stated commitment
Capital One Financial Corporation	Sustainability Report	Calvert Investments, Inc. (Resolution)	Publish a sustainability report and include goals for reducing environmental impacts	December 2015	Corporate Social Responsibility Report 2013 Including Greenhouse Gas Goals (pg. 37)	The Company met its stated commitment
Lowe's Companies, Inc.	Sustainability Report	Individual Filer: David Brook (Resolution)	Will publish Sustainability Report starting 2015	Spring 2015	2014 Social Responsibility Report	The Company only partially met its stated commitment
Cincinnati Financial Corporation	Sustainability Report - Insurance Climate Risk	Calvert Investments, Inc. and Walden Asset Management (Resolution)	Cincinnati Financial agreed to publish an annual sustainability report	October 2014	Environmental Stewardship Component of Corporate Governance	The Company only partially met its stated commitment
Advanced Micro Devices Inc.	Sustainability Report - Suppliers	New York City Office of the Comptroller (Resolution)	Amend supplier responsibility program to encourage its top tier suppliers to issue sustainability reports using GRI by giving additional points for GRI in supplier scorecard. Will provide training to suppliers where needed and, where permissible, will disclose these companies in its corporate responsibility report.	June 2014	2013 Corporate Sustainability Report (p. 32-39)	The Company met its stated commitment
American Eagle Outfitters	Sustainability Report - Suppliers	New York City Office of the Comptroller (Resolution)	Will publish supplier scorecard that gives extra points for sustainability reporting. Will recommend reporting guidelines that include GRI framework. Will disclose in next CSR report efforts to encourage suppliers to publicly highlight sustainability reporting.	2014	Sustainability Report—A Values-Driven Supply Chain without complete criteria for scorecard (p.31-41)	The Company met its stated commitment

Sustainability Reporting: Company Commitment Implementation Tracker

Company	Topic	Investor Engagement	Company Commitment	Implementation Date	Company Implementation	Completeness
International Business Machines Corporation	Sustainability Report - Suppliers	New York City Office of the Comptroller (Resolution)	IBM will provide links to supplier sustainability reports or CSR page on company website. Will also provide links for suppliers who do not have sustainability reports/webpages and meaningfully encourage these companies to adopt sustainability reporting. IBM will send letter of commendation to each of those suppliers that are publishing a sustainability report utilizing GRI guidelines.	June 2014	Letter from IBM Chief Procurement Officer to suppliers on supply chain and environmental responsibilities	The Company only partially met its stated commitment
Lexmark International, Inc.	Sustainability Report - Suppliers	New York City Office of the Comptroller (Resolution)	Will encourage critical suppliers to improve in all areas including environmental, social, and governance, publish sustainability reports using GRI. Will disclose in 2014 sustainability report percentage of critical suppliers doing sustainability reporting. Will audit supplier compliance with ESG requirements.	May 2014	2014 Corporate Social Responsibility Report (p.60-63)	The Company met its stated commitment
Medtronic	Sustainability Report - Suppliers	New York City Office of the Comptroller (Resolution)	Will encourage sustainability reporting among suppliers, disclose these efforts in 2015 Sustainability report. Will disclose percentage of significant suppliers who do sustainability reports. Will establish sustainable sourcing criteria to be used in its risk assessment process and will eventually consider implementing incentives for suppliers to use GRI.	August 2015	2014 Integrated Performance Report including Sustainability (p.14) and GRI Table (p.67)	The deadline for meeting the commitment has not yet arrived
Dollar General Corporation	Sustainability Report - Suppliers	New York State Common Retirement Fund (Resolution)	Improve factory safety by: 1. Increased importance of fire safety questions on audit scoring – in particular the locking of fire exits. 2. Visual inspection of the factory building for cracks or other structural damage. 3. Checking to verify that the factory has applicable business licenses.	Not specified	Factory safety standards through Workplace Conditions Assessment	The Company met its stated commitment
Wolverine World Wide, Inc.	Sustainability Report - Suppliers	Walden Asset Management, the Needmor Fund, The Swift Foundation, The Wallace Global Fund, The Sisters of Notre Dame of Toledo, OH, The Christopher Reynolds Foundation and The Tides Foundation (Resolution)	Issue ESG Report that would cover topics including: charitable giving and employee wellness key environmental and sustainability initiatives and baseline metrics to be used to develop metric-based goals factory approval, audit and training programs and specific areas of supply chain risk and Wolverine's response. Establish Executive Council on Sustainability	March 2015	Wolverine Worldwide 2014 Corporate Responsibility Report	The Company only partially met its stated commitment
Gentex Corporation	Sustainability Report Including GHG Goals	Walden Asset Management	Issue sustainability report	2014	Looking Out For You – Sustainability Update 2015	The Company met its stated commitment
BB&T Corporation	Sustainability Report Including GHG Goals	Walden Asset Management (Resolution)	Will publish a report on BBT.com. Report will cover: environmental initiatives (e.g., facilities project initiatives as well as alternative energy financing) social initiatives (e.g. community engagement, employee training, supportive policies and practices) and governance issues. Will refer to CDP and SASB provisional standards as guideposts for reporting metrics.	Summer 2016		The deadline for meeting the commitment has not yet arrived
PulteGroup, Inc.	Sustainability Reporting	Zevin Asset Management (Resolution)	Company has committed to issue a sustainability report.	Summer 2015	2015 Responsible Strategy Report	The Company met its stated commitment

Additional Climate-Related Commitments

Investors have also been engaging companies on lobbying and political contributions, greenhouse gas emissions associated with lending, water management, and other pressing sustainability challenges.

Spotlight: Aligning Microsoft's Values and Climate Lobbying Activities



Tim Smith, Director of ESG Shareholder Engagement, Walden Asset Management

Investors are increasingly focusing on climate lobbying by corporations, recognizing that the business community's influence over regulation and legislation is significant. Often, companies lobby through trade associations to affect public policies. However, the lobbying activities of these associations, particularly with respect to climate change, are often inconsistent with member companies' values, public statements, and business interests. To eliminate this divide, a growing number of investors are pushing for better transparency and internal alignment to ensure that reputational and financial ties to trade associations are in the company's best long-term interests.

Shareholder engagement with **Microsoft** demonstrates the importance of public policy transparency. Walden Asset Management and the sustainability group of Loring, Wolcott & Coolidge, engaged in a dialogue with Microsoft beginning in 2013. Upon scrutinizing trade association involvement, Microsoft decided to distance itself from the climate change positions of the American Legislative Exchange Council (ALEC), a group that has been working to dismantle state-wide renewable energy policies across the country. In 2014, Microsoft left ALEC entirely. This success is part of a larger, ongoing effort that has already led to over 100 companies ending their membership or support for ALEC and many companies regularly reviewing and disclosing trade association membership and contributions.

Spotlight: PNC Financial: Addressing Carbon Risk in the Banking Sector



Lauren Compere, Director of Shareowner Engagement, Boston Common Asset Management

Banks, with their extensive lending across all parts of the economy, are uniquely vulnerable to economic and political uncertainty associated with climate change.

Investors require comprehensive disclosure on exposure and management of climate-related risks in order to assess a bank's risk profile. Many banks have not fully integrated climate risks into long-term strategic planning processes or acknowledged the implications of climate change on business operations. Among investors specific concerns are: changing regulatory environments, uncertain demand for high-carbon fuels, reputational risks, and misalignment of executive compensation incentives.

In July 2014 **PNC Financial Services Group** invited Boston Common and other investors to meet with CEO Bill Demchek and senior executives to advise PNC on strategies to embed environmental and social risk management into its overall business model. This was the result of a second-year shareholder resolution filing on climate risk disclosure. PNC subsequently committed to initiatives, including board level oversight, enhanced high-risk sector policies, client due diligence, and improved disclosure.

More recently, Boston Common, joined by Friends Fiduciary, Mercy Investment Services, Walden and others, provided comprehensive input to PNC's sustainability report and 2015 CDP carbon survey. In March 2015, the company released its 2015 Corporate Responsibility Report, outlining important progress on climate risk integration. PNC's most publicized change was the commitment to eliminate the extension of credit to coal producers with greater than 25% production from mountaintop removal (MTR) mining. PNC's MTR financing is now less than one-quarter of 1% of PNC's overall financing. The company's systematic changes also included enhanced environmental due diligence to carbon intensive sectors (coal, minerals, utilities, and oil and gas), hiring a Social and Environmental Risk Officer, and integrating environmental risk analysis into client pre-screening process and portfolio-level review. PNC also agreed to conduct environmental stress testing of its lending portfolio.

Additional Climate-Related Commitments: Company Commitment Implementation Tracker						
Company	Topic	Investor Engagement	Company Commitment	Implementation Date	Company Implementation	Completeness
Chesapeake Energy	Board Member with Environmental Expertise	Mercy Investment Services and The Sisters of St. Francis of Philadelphia and Trinity Health (Resolution)	Appoint a director with environmental expertise.	2015	Appointed director with environmental background	The Company met its stated commitment
PinnacleWest Capital	Business Model/ Lobbying	As You Sow (Resolution)	Note: Company took action during dialogue; see Company Implementation	2015	Statement Regarding Political Contributions (not including grassroots lobbying)	Not applicable*
JPMorgan Chase & Co.	Financing, Lending, and Investing Emissions	Boston Common (Resolution)	Publish environmental and social policy framework which highlights JPMC's approach to key sustainability issues such as climate change, forests, biodiversity, and human rights.	April 2014	Environmental and Social Policy Framework	The Company met its stated commitment
Visa Inc.	Lobbying Disclosure	Boston Common Asset Management (Resolution)	Improve policies and procedures such as board level oversight and an annual review of lobbying activities. Visa also committed to listing any trade associations to which they belong that write model legislation and to providing enhanced disclosure on policy and procedure changes on their website.	January 2014	Political Contributions Disclosure Company Leaves American Legislative Exchange Council (ALEC)	The Company met its stated commitment
Microsoft Corporation	Lobbying Disclosure	Sustainability Group of Loring, Wolcott & Coolidge and Walden Asset Management (Resolution)	Annually review its trade association memberships, publicly support strong renewable energy policies and distance itself from ALEC's climate-related positions.	1/1/14	Publicly supported strong climate policies, distanced itself from ALEC's climate positions and later withdrew membership from the group entirely.	The Company met its stated commitment
Hess Corporation	Political Spending Disclosure	Trillium Asset Management (Resolution)	Annual report disclosing direct and indirect political spending and policies and practices.	2014, and Annually Thereafter	2014 Corporate Sustainability Report, Political Spending Section (p.13-14)	The Company met its stated commitment
VF Corporation	Water Management	Boston Common Asset Management (Resolution)	Agreed to develop a water resource management strategy and consult with BCAM on the development of this strategy	December 2016		The deadline for meeting the commitment has not yet arrived
California Water Services Group	Water Management	Calvert Investments, Inc. (Resolution)	The company will make its climate plan publicly available.	December 2014	Climate Change Update, Drought Response Plan	The Company met its stated commitment
The TJX Companies, Inc.	Water Use and Impacts	Zevin Asset Management (Dialogue)	TJX agreed to include training on water use for their suppliers. Not Specified		Training for suppliers including water-conservation recommendations: Vendor Ethics Training, Waste Management	The Company met its stated commitment

* Company made no explicit commitment, but took action during dialogue. Policy adopted by company fails to address key issues requested in the resolution such as indirect grassroots lobbying.