



AS YOU SOW

30 YEARS 1992 – 2022

**UNITED
NATIONS
GLOBAL
COMPACT
COMMUNICATION
ON ENGAGEMENT
MAY
2022**



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By advocating on behalf of shareholders, *As You Sow* is utilizing the single most powerful path for creating positive, lasting change to achieve our mission and realize a more sustainable world.

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which is available online at www.asyousow.org.*

A letter from our CEO

Thank you for reading *As You Sow's* United Nations Global Compact (UNGC) Communication on Engagement (CoE) report. I'm excited to share our work with you.

In May 2018, *As You Sow* became a signatory to the UNGC because our core work maps closely onto the UNGC principles; we set the goal of working more intentionally toward aligning our programmatic initiatives with the Ten Principles of the UNGC as well as with the UN Sustainable Development Goals (SDGs). We live these principles as an organization, and we advocate for corporations to fulfill them as well.

As You Sow is a non-profit 501c3 organization that, since 1992, has been a leader in moving corporations to become more responsible on a range of environmental and social issues. Corporate power has become the most dominant force on the planet. To achieve our vision of a safe, just, and sustainable world, we must work with companies, encouraging them to integrate the Ten Principles and SDGs into their policies and practices. By advocating on behalf of shareholders, *As You Sow* utilizes a powerful force for creating positive, lasting corporate change, achieving our mission, and realizing a more sustainable world.

We empower shareholders to change corporations for good. The impacts of increased corporate accountability are felt by investors, customers, at-risk communities, and people of all walks of life as the effects of improved corporate practices ripple through entire supply chains and spread across industries. I am proud of our record of success and the clear ways in which our work aligns with the Ten Principles and the 17 SDGs.

We produce this CoE report as part of our own governance, particularly because we ask so many corporations to produce reports disclosing material issues. *As You Sow* exercises the same rigor internally as we ask others to do. As environmental, social, and human rights advocates, it is critically important that we walk the walk.

I have worked in many sectors before finding my home at this non-profit advocacy organization. As an environmental activist in my private life, I've seen that the ability of individuals to speak their truth to power and to find win-win solutions that incentivizes real change over the long-term is an achievable goal and benefits all stakeholders – including the planet.

As You Sow is committed to producing an annual UNGC CoE. I welcome feedback on our inaugural report. We hope to use our expertise on many critical issues to help the UNGC achieve its goals – truly, all of our goals – for a safe, just, and sustainable world.



Andrew Behar
CEO



About As You Sow

As You Sow is the United States' non-profit leader in shareholder advocacy. Founded in 1992, we harness shareholder power to create lasting change that benefits people, planet, and profit.

We change corporations for good.

Our mission is to promote environmental and social corporate responsibility through shareholder advocacy, coalition building, innovative legal strategies, and online mutual fund transparency tools.

Our vision is a safe, just, and sustainable world in which protecting the environment and human rights is central to corporate decision making.

Corporations are responsible for most of the pressing social and environmental problems we face today. We believe corporations must be a willing part of creating solutions if the solutions are to be effective. We make that happen. As shareholder advocates, we directly engage corporate CEOs, senior management, and institutional investors to change corporations from the inside out.

Shareholders are a powerful force for creating positive, lasting change in corporate behavior.

When corporations focus on the short term and ignore the wider impact of their policies and actions, they create risk for all stakeholders: their employees, customers, communities where they operate, supply chain, and shareholders as well as themselves. As shareholder advocates, we press corporations to understand this broader risk. We work directly with corporate executives to collaboratively develop business policies and practices that reduce risk, benefit brand reputation, and increase the bottom line, while bringing positive environmental and social change.

Ultimately, companies that view the world in years, decades, and generations reduce their risk and improve success. Shareholder advocacy works.

How the UNGC Principles Inform Our Work

In this report we explain our priorities and processes as a civil society (non-profit) organization (CSO) as they relate to the UNGC, as well as specific actions and activities from May 15, 2020 to May 14, 2022.

The UNGC's Ten Principles are central to our work. Our theory of change holds them as a True North on our compass.

As You Sow's Theory of Change

Over the past century, corporate power has become the most dominant force on the planet. According to the World Bank's 2016 report, of the 100 largest economic entities in the world, 69 are corporations and only 31 are countries. Walmart is sandwiched between Canada and Spain at number 10. This concentration of financial resources gives companies vast power and influence over our lives, the environment, civil society, and the state of our planet. We believe that:

- **All companies must be transparent, providing material information to shareholders and all stakeholders including customers, employees, supply chain, and the communities where they operate.**
- **All companies must have policies and practices to not “dump on the commons,” externalizing the costs of their pollution and negative supply chain impacts. Instead, companies must internalize these costs onto their balance sheets and reflect these costs in the prices of their products.**
- **It is critical for corporate leaders to address the impact of their policies and actions over the long term; not in months and quarters, but in years and decades. By ignoring their long-term impact, companies create risk for themselves and for all stakeholders.**

As shareholder advocates, we communicate directly with corporate executives to collaboratively develop and implement business models that reduce risk, benefit brand reputation, and increase the bottom line, while simultaneously aligning with the Ten Principles to bring positive environmental and social change.

Why shareholder advocacy?

Shareholder advocacy leverages the power of stock ownership in publicly traded companies to promote positive environmental, social, and governance change from within. It provides an avenue through which companies can align their work with the UNGC Ten Principles. Direct engagement and its escalation to filing shareholder resolutions are a powerful way to encourage corporate responsibility and discourage practices that are unsustainable or unethical, or that increase companies' exposure to risk. Shareholder resolutions enable a formal communication channel between investors and management that often results in the withdrawal of the resolution through a negotiated dialogue. If agreement is not reached, the resolution is placed on the company's proxy statement, and voted on by all stockholders. Shareholder resolutions are rarely binding, except for when they are specific to limited governance issues, but management is wise to pay attention when a significant number of shareholders express concern by voting “yes” on a resolution.

As You Sow's success in creating positive change through shareholder advocacy for the past 30 years is part of a larger body of work by a broad range of organizations. It is now amply demonstrated that companies with strong environmental, social, and governance (ESG) principles tend to be, in general, more profitable over the long-term. The ESG field includes screening investments with an ESG lens, a practice that collectively overturned Milton Friedman's nearly universally held belief that profit must be the sole focus of companies and that corporate social responsibility adversely affects a firm's financial performance. In late 2019 and early 2020, both the Business Roundtable and the World Economic Forum have issued statements affirming the transition of their underlying frameworks to agree with the basic principles of Stakeholder Capitalism. Shareholder advocacy work is one of the main drivers of this unprecedented paradigm shift in the behavior of both shareholders and company management creating a new economy based on justice and sustainability. The Forum for Sustainable and Responsible Investment (US SIF) reported in 2020 that over \$17.1 trillion now is invested using ESG criteria, shareholder advocacy, and community investing strategies – that's nearly 1 of every 3 investment dollars under professional management.

Bringing the Ten Principles home

Shareholders, strategically working with allies, build a powerful impetus for positive, lasting change in corporate behavior – change that ripples through supply chains and creates lasting systemic change on environmental, social, and governance issues. Twenty-eight years of success gives us confidence that our theory of change is effective and will lead to a just, safe, and sustainable world.

UNGC Principle

Communication on Engagement

Human Rights

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

The [Responsible Sourcing Network \(RSN\)](#), which was our in-house Human Right program since 2007 has been spun off as an independent 501c3 non-profit organization. We still work closely with them on a range of issues related to human rights and slavery in the supply chains of corporations using conflict minerals and cotton.

In May, 2020 *As You Sow* created the [Racial Justice Initiative](#) to hold corporations accountable on racial justice. This began by analyzing the statements issued in response to George Floyd's murder and the national uprising demanding eradication of systemic racism. Corporate public statements of support for Black communities were released quickly, some as vague and noncommittal as the corporate actions that followed. Other companies expressed profound commitments to sustained efforts to eliminate systemic racism and are actively working on promoting racial justice. The purpose of the Initiative is to monitor these corporate responses and follow up with companies to ensure that the statements of support for racial justice are translated into concrete actions that truly promote equity thereby helping them on the path to end corporate complicity in systemic racism.

Despite the well-documented material benefits that companies gain through diversification, they have been slow to realize the critical role they play in perpetuating systemic racism. First steps have been taken by many companies in acknowledging the inequities that exist and expressing a willingness to change. Our role, as shareholder advocates, is to educate companies so they can examine the implicit biases built into their systems that serve to perpetuate racial inequities. The Racial Justice Initiative helps companies achieve an antiracist perspective to enhance their business models and create a direct positive impact on the lives of all stakeholders.

Principle 1 (continued)

To this end we have developed 26 Key Performance Indicators (KPIs) and created a scorecard for the Russell 1000. This combined with the 31 KPIS on Diversity, Equity, & Inclusion gives us the ability to rate an rank 1000 companies on 57 KPIs on these issues. We update the scores quarterly and post the data through a data visualization tool online.

As an employer of full-time staff and contractors, *As You Sow* makes employment decisions on the basis of merit and business needs. *As You Sow* is an equal opportunity employer and abides by principles of diversity, equity, & inclusion. We actively seek to recruit and retain a diverse staff in all areas of operations. *As You Sow* does not unlawfully discriminate on the basis of race, color, religion, sex (including pregnancy, childbirth, or related medical conditions), gender identity or expression, national origin, ancestry, age, physical or mental disability, legally protected medical condition, family care status, veteran status, marital status, sexual orientation or identification, or any other basis protected by law.

Principle 2

Businesses should make sure that they are not complicit in human rights abuses.

In order to implement Principle 2, we engage with senior management at companies, then, if necessary, escalate to filing a shareholder resolution at companies that refuse to disclose information related to slavery in their supply chains, companies that do not have diversity on their board of directors, companies with egregious pay policies, and companies that score poorly in the area of gender equality.

Typically, companies that do not disclose human rights information earn very low scores on our allies' scorecards, such as [Know the Chain](#) and the [Corporate Human Rights Benchmark](#).

We cover a variety of human rights issues in our annual [Proxy Preview](#) report, such as gender and minority pay equity, working conditions, diversity in the workplace, LGBTQ rights, gun violence, conflict zones, immigration and the penal system, prison labor, human trafficking, hate speech, and content governance.

As part of *As You Sow's* Invest Your Values work, we have developed and host platforms to help investors to understand how the companies in various mutual funds are performing in the areas of [Climate Change](#), [Gender Equality](#), [Weapons](#), and [Deforestation](#), all of which include human rights impacts.

Labor

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

While this is not one of our areas of direct advocacy, we actively support allied organizations working on the freedom of association and the right to collective bargaining by publishing their actions in our annual [Proxy Preview](#) report, which we have been publishing since 2006.

We publish and regularly update the *As You Sow Employee Handbook*, in which we detail our employment policies. Employment at *As You Sow* is at will.

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labor.

As described above in our response to Principle 2, we file shareholder resolutions with companies that do not disclose their supply chain information regarding forced and compulsory labor. We challenge these companies to provide material, or relevant, disclosures and work in direct engagement with senior management to address their impact on or connection to these abuses.

Principle 5

Businesses should uphold the effective abolition of child labor.

Forced and child labor is distressingly prevalent in many countries, but nowhere has it been more organized than in Uzbekistan and Turkmenistan, where the governments collectively forced over one million children, some as young as seven years old, to labor in cotton fields every year.

Starting in 2007, RSN asked companies to use their economic leverage to push the Uzbek government to put an end to forced child labor. Today, we are pleased to say that forced child labor in Uzbekistan has almost completely been eliminated. Unfortunately, this abuse has just been transferred to the forced mobilization of adults in Uzbekistan and Turkmenistan. RSN also focuses on the Uighur territory of China.

As You Sow will not use forced or child labor in our work, we have a stated policy in our Employee handbook, and we make every effort possible to ensure that it is not used in any products that we purchase at our offices.

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Our [Racial Justice](#) and [DEI scorecards](#) focus on Russell 1000 companies efforts to eradicate systemic racism and to increase diversity, equity, and inclusion. We update scores quarterly as well as engage companies in direct dialogue often escalating to file shareholder resolutions. In 2022 we had 27 engagement and all companies agreed to our terms to expand their work in these areas with date-certain milestones.

Our annual [Proxy Preview](#) report highlights the work of our allies focused on employment discrimination. We address this issue directly in several ways. Our [Gender Equality Funds](#) website specifically examines 3,000 companies' policies and practices on gender equality. This research includes equal pay for equal work, sexual harassment, gender discrimination in recruiting and training, and a host of other key performance indicators.

At *As You Sow*, we have a strong policy for hiring at our organization. We recently undertook Diversity, Equity, and Inclusion (DEI) training, which evolved into an active Equity committee setting strategic goals and coordinating ongoing training and programming for staff and board members.

We document our commitment to non-discrimination in employment in our Employee Handbook, most recently updated in April 2022 and scheduled for another update annually.

Our policy prohibiting discrimination, harassment, and retaliation ensures that we strictly prohibit discrimination and harassment of any kind, including discrimination and harassment on the basis of race, color, religion, citizenship, political activity or affiliation, marital status, age, national origin, ancestry, physical or mental disability, medical condition (as defined under California law), veteran status, sexual orientation, sex or gender (which includes harassment and discrimination based on gender identity, pregnancy, childbirth, or related medical conditions), taking or requesting statutorily protected leave, or any other characteristics protected under federal, state, or local laws. In particular, we call attention to verbal, physical, and visual harassment, as well as two distinct forms of sexual harassment: quid pro quo and a hostile environment. We provide clear reporting and investigation procedures to all employees.



Racial Justice

To end systemic racism, it is necessary to understand that it extends beyond corporate boardrooms and offices and permeates the entire environment. The problem of polluted Black communities is not a new phenomenon. Historically, toxic dumping and the location of locally unwanted land uses have followed the path of least resistance, meaning Black and poor communities have been disproportionately burdened with these types of externalities. More than half of the people who live within 1.86 miles of toxic waste facilities in the United States are people of color.

The key to ending systemic racism is acknowledging this disproportionate harm and working together to resolve the problem. Tracking environmental injustice at a corporate level is difficult. There is no single scorecard to hold the responsible parties accountable for their actions and self-congratulatory corporate ESG statements can mask harmful practices. By incorporating environmental justice into the conversation on corporate complacency on systemic racism, we are alerting companies to their hypocrisy. If they say they are in favor of racial justice, then acknowledging and incorporating an environmental justice framework into their business models and corporate cultures is vital. *As You Sow* recognizes the critical importance of incorporating an environmental justice framework into our racial justice work and into our ESG research at large.

Environment

Principle 7

Businesses should support a precautionary approach to environmental challenges.

As You Sow's core philosophy supports the precautionary principle. It underlies nearly all our initiatives. Examples include our work on [nanomaterials in food](#), [antibiotics in factory farms](#), and [pesticide reduction](#).

Our report "[Pesticides in the Pantry](#)" documents corporate policies and practices to shift from industrial agriculture to regenerative farming. The change between the 2019 report to the 2021 report shows a major shift away from pesticide-intensive agriculture that has become the default for how food is grown in the United States. Over one billion pounds of conventional pesticides¹ are used in the U.S. each year. In the most recent year of data, Americans spent almost \$9 billion on pesticides for agricultural use.

This widespread use causes widespread exposure. Farmworkers face the most acute exposures when applying pesticides. Due to regular exposure to pesticides and acute poisonings, farmworkers face the most chemical-related illnesses of any occupation in the U.S. and suffer between 10,000 and 20,000 pesticide poisonings per year.² Communities near farms can also be exposed due to pesticide drift. In particular, those living, working, or attending school near larger farms using elevated spraying equipment or crop-dusting planes that apply chemicals to crops and fields face exposure. Children are especially vulnerable to these airborne pesticides, given that their young bodies are still growing and developing.

Pesticide exposure also affects consumers. Pesticide residues have been found in drinking water, soil, rainwater, and a wide range of food products, making human exposure to these chemicals almost unavoidable. Increasingly of concern to consumers, food products that contain pesticide residues can be found across the supermarket; they include many produce items from spinach to cherries, cereal and oatmeal, grains, beans, and even flours and cooking oils.

We also use the precautionary principle in our litigation practice. When we find carcinogens and reproductive toxicants in consumer products, we file notices under California's Proposition 65, the Safe Drinking Water and Toxic Enforcement Act. These cases lead to reformulation or labeling for foods and everyday products like cosmetics and cleaning supplies.

We also apply the precautionary principle to our work on climate change. We filed the first-ever shareholder resolution on Carbon Asset Risk, through which we asked companies to evaluate and publicly provide a risk assessment to shareholders on the potential that the oil and gas reserves on their balance sheet might become stranded if climate change forced them to keep these reserves underground and to address the regulatory and consumer risks of a rapidly decarbonizing economy.

Principle 7 (continued)

The precautionary principle applies to our work on antibiotics in factory farms, the pre-harvest use of pesticides like glyphosate that are everywhere in our food system, and the obscene use of plastics in packaging that are choking our waterways and destroying our ocean ecosystems.

We believe that the precautionary principle should be adopted by U.S. regulators, as it is in the EU. It will increase public safety and put the burden of proof that a product is safe on the manufacturer prior to release to the general public.

Eliminating Ocean Plastics

Our work on ocean plastics has resulted in several major achievements. Single-use plastics like product packaging, straws, and beverage containers are the major source of ocean plastics. Since 2018 we have secured major victories:

- Coca-Cola agreed to world's largest corporate goal on reusable packaging after engagement with *As You Sow* in 2022, pledging to serve 25% of global sales in reusable, refillable or package-free formats by 2030.
- PepsiCo also committed to announce by late 2022 a new goal to increase use of refillable packaging after engagement with *As You Sow*.
- Since 2021, seven major companies have announced new goals to reduce use of virgin plastic packaging use after engagement with *As You Sow*: KraftHeinz, Church & Dwight, PepsiCo, Walmart, Target, Keurig Dr Pepper, and Mondelez International. Cumulatively, reduction in use of virgin plastic from these agreements is likely to total more than 700,000 tons.
- In response to a resolution filed by *As You Sow*, which encouraged Microsoft to respond to the growing "right to repair movement, the company agreed to increase consumers' options to repair their electronic devices by the end of 2022.
- *As You Sow* organized 151 members of the investment community, representing nearly \$5.5 trillion in collective assets under management, to call on United Nations Member States to lay groundwork for a global treaty to eradicate plastic pollution at the UN Environment Assembly in February-March 2022.
- In a record-high vote on an environmentally oriented shareholder proposal opposed by management, a whopping 81% of investors at DuPont supported an *As You Sow* shareholder resolution asking the company to report on spills of plastic pellets that are released into the environment.
- Starbucks Corp. agreed to move away from single use beverage cups and to transition customers and employees to accept reusable and refillable alternatives for its beverages.



Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

Our commitment to encourage businesses to promote greater environmental responsibility is at the core of our work. In 2021 we engaged 188 companies on a range of related issues.

Many of our engagements with corporations escalate to a shareholder resolution filing that formalizes the process and brings the issue to the attention of other shareholders, management, boards, and the public. The proposal process also brings media attention and can ensure that an issue comes to a vote at the company's annual meeting. Examples of what we have asked for through shareholder resolutions includes:

- increased transparency on all material environmental issues;
- commitments to Paris compliant net zero targets including a 5% emission reduction per year over the next 10 years
- the elimination of single-use plastic and non-recyclable packaging;
- the elimination of antibiotics in meat;
- the end of pre-harvest desiccants on crops;
- a transition of power utilities away from coal to renewables;
- and attention to the potential harms of hydraulic fracturing to groundwater, communities, natural habitat, and the atmosphere into which companies emit fugitive methane and other greenhouse gases.

Within *As You Sow*, we are guided in our own business practices by our commitment to environmental justice and responsibility. We have strict restrictions on accepting funding from corporations; we use only second-hand or recycled furniture in our office; we make purchasing decisions to eliminate or reduce plastics; we encourage employees to bike or use public transportation to work (or drive EVs); we prohibit any employee from accepting corporate gifts from consistent violators of environmental and/or social justice laws, major producers or vendors of products that are unusually damaging to the environment, or major antagonists of environmental and social justice organizations. We also monitor and reduce, or buy credits for, travel-related greenhouse gas emissions.

Transitioning Away from Fossil Fuels

Our flagship climate change effort focuses on transitioning companies and utilities away from fossil fuels along the timeline necessary to help ensure that the Paris goals of maintaining global temperatures well below 1.5°C, and thus avoiding climate catastrophe, are achieved. We are compelling oil and gas companies, utilities, banks, and insurance companies to transition to thrive in a climate-constrained world. Our objective is to exert continuous pressure on energy and energy-supporting companies, many of which are currently the largest contributors to global warming, to take meaningful action. This transition planning evolved from our work on carbon asset risk, which helped establish in both financial and mainstream communities the concept that significant fossil fuel assets likely will be stranded as a result of climate change.

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

As You Sow publishes a report every year called [The Carbon Clean 200®](#), also known as the Clean200. The premise of the report is that there is incredible opportunity for investors to shift their capital into environmentally friendly and clean energy technologies. We analyze companies from around the world and identify the 200 top companies that are investing in or otherwise producing “green” or clean products. We published the most recent issue on February 15, 2022, measuring companies from 35 countries across a wide range of sectors. We track this index against a global benchmark.

We encourage all companies with which we engage to develop their own recycling systems appropriate for their sector. For example, we successfully encouraged Microsoft to establish the “Right to Repair” that will reduce technology obsolescence. This led to Apple adopting a similar policy. HP, Dell, Apple, and Best Buy all agreed to start electronic waste (e-waste) recycling for consumers based on our engagements. This effort has resulted in the collection of hundreds of tons of e-waste every year, stopping the leaching of toxins into water and air. We encourage utility companies to transition to renewables and pipeline companies to stop methane leaks.

Through our work to support California’s Proposition 65, the Safe Drinking Water and Toxic Enforcement Act, we also encourage companies to reduce toxins in their products by looking at their manufacturing and technology in their factories.

Responsible Antibiotic Use

We continue to drive strong commitments for responsible antibiotic use by putting pressure on the meat supply chain. Factory farm antibiotic practices are a major contributor to the rise of antibiotic-resistant superbugs. With most major manufacturers agreeing to limit or avoid the use of medically important antibiotics, and KFC, Wendy’s, and Burger King all agreeing to not buy poultry raised with medically important antibiotics, we have successfully altered the poultry industry; we are now focusing on beef and pork. In 2018:

- Sanderson Farms announced it will [eliminate the use of medically important antibiotics](#) in its poultry operations. This company vehemently denied the science; it is the third-largest chicken producer in the U.S. and the only major chicken company that had not taken action.
- McDonald’s announced a policy to [dramatically reduce the use of medically important antibiotics](#) in a large segment of the beef it uses. McDonald’s is the largest purchaser of beef in the U.S. and the first major fast food chain to take action; its commitment has transformational implications for the beef industry and for public health.

Principle 10

Businesses should work against all forms of corruption, including extortion and bribery.

We work on compelling major corporations to eliminate all political spending due to the risk to the brand. We have a [resolution filed with AT&T](#) over their support of Texas legislators running bills that will alienate a major market share of their customers. We see this as a critical shift for all corporations to remove themselves from this risk.

We feature this work in our [Proxy Preview](#) report every year and also publish an annual report, [The 100 Most Overpaid CEOs of the S&P 500](#), calling out the corrupt and egregiously out-of-balance corporate compensation system in the United States. We track 100 companies and how large asset owners vote on the CEO pay packages.

As You Sow does not engage in lobbying or make political donations.

Get in touch!

As You Sow welcomes feedback on our engagement as a signatory to the UNGC.

Please contact us at
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