WHEREAS: Without aggressive mitigation, climate change will have significant, deleterious consequences for the global economy. Without action, climate change can be expected to shave 11 percent to 14 percent off global economic output by 2050.[1] By comparison, if countries hold average global temperature increase to less than two degrees Celsius Paris Goal, global GDP would decline only 4.2%.[2]

The serious economic effects of climate change will have a particularly significant impact on workers saving for retirement. Retirement plan beneficiaries have long investment horizons, and "[t]he longer term the investment horizon, the more likely it is that climate will not only be a material risk, but the most material risk."[3] Such climate portfolio risk to retirement plans will be difficult to mitigate. An International Finance Corporation report concluded that "the traditional way of managing risk through a shift in asset allocation into increased holdings of more conservative, lower risk, lower return, asset classes may do little to offset climate risks."[4]

While our Company has taken actions to address its operational greenhouse gas emissions,[5] it has not acted to meaningfully address the emissions generated by its retirement plan investments. The plan's "default" investment option — into which participants are automatically enrolled if they do not affirmatively select another option — is the Vanguard Target Retirement fund series. The funds in this series account for 40% of plan assets.[6] These funds invest heavily in high-carbon companies and companies contributing to deforestation.[7]

Investments in high-carbon and deforestation-risk companies help fuel the climate crisis and make worst-case economic scenarios more likely.[8] To effectively mitigate the climate crisis and keep temperature increases within manageable ranges, the world has a limited "carbon budget."[9] Emissions today deplete that budget and, together with investments in new sources of emissions, "lock in" future temperature increases.[10]

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[1] https://www.nytimes.com/2021/04/22/climate/climate-change-economy.html
[2] https://www.nytimes.com/2021/04/22/climate/climate-change-economy.html
[3] https://www.plansponsor.com/in-depth/climate-change-benchmarking-risk-retirement-plans/
[4] https://www.ifc.org/wps/wcm/connect/6544b84f-e183-4e45-9fdf-ec54ff611498/IFC_Brief_Mercer_web.pdf?MOD=AJPERES&CVID=jqeEzmy, p. 3
[5] https://www.campbellsoupcompany.com/our-impact/healthy-environment/
[6] https://investyourvalues.org/retirement-plans/campbell-soup
[7] https://investyourvalues.org/retirement-plans/campbell-soup
[8] https://www.bloomberg.com/news/features/2022-10-20/how-to-purge-fossil-fuel-investments-from-your-401-k-or-ira#xj4y7vzkg
[9] https://www.ipcc.ch/sr15/chapter/chapter-2/
[10] https://www.carbonbrief.org/guest-post-what-the-tiny-remaining-1-5c-carbon-budget-means-for-climate-policy/

High-carbon and deforestation-risk retirement plan investments thereby contribute to systemic climate risk in beneficiaries' portfolios, endangering workers' life savings. These investments are especially perverse when made automatically on behalf of younger workers with long investment time horizons. The Company's climate-unsafe retirement plan may also contribute to difficulty in worker recruitment and retention, as polling indicates employee demand for responsible retirement options.[11]

Federal law requires that retirement plan fiduciaries act in beneficiaries' best interests and ensure prudence of the plan's investments. Recent regulatory amendments have confirmed that managing material climate risk is an appropriate consideration for retirement plan fiduciaries.[12] The Company can best ensure that it is meeting its obligations to employees — especially younger employees — by appropriately mitigating climate risk in its retirement plan investments.

BE IT RESOLVED: Shareholders request Campbell's publish a report disclosing how the Company is protecting plan beneficiaries — especially those with a longer investment time horizon — from increased future portfolio risk created by present-day investments in high-carbon companies.

[11] https://www.benefitnews.com/news/employees-want-retirement-plans-to-include-esg-investing
[12] https://www.federalregister.gov/documents/2022/12/01/2022-25783/prudence-and-loyalty-in-selecting-plan-investments-and-exercising-shareholder-rights