

## RESEARCH MEMORANDUM

To: Interested Parties

From: American Accountability Foundation Research Team

Date: April 30, 2024

Re: The Funds of the Virginia Retirement System (VRS) Are Being Used to Push a Woke Agenda

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RESEARCH IMPACT: The research report below details the impact of ESG advocacy using Virginia retirees' pension funds. The research reveals that VRS, under the advice of proxy advisory firm ISS and through its asset managers Ballie Gifford, Jackson Square, and Lansdowne Partners, are promoting:

- Efforts to reduce the effectiveness of the advocacy efforts of major defense contractors headquartered in Virginia.
- Decarbonization policies that would hurt Virginia consumers.
- Divisive reports on gender and racial pay gaps that would stigmatize and disadvantage white men, Asians, Jews, and other groups who are disfavored by left wing groups.
- Efforts to defund conservative groups and candidates that represent small businesses and mainstream Virginia.

All told, this report identifies 74 votes cast by VRS or its managers over the past two years at the annual shareholder meetings of public companies that push a woke agenda.

## HOW THE ESG MOVEMENT USES VIRGINIA PENSION FUNDS TO PUSH A WOKE AGENDA

If you are wondering why corporate America went so woke, so quickly, the answer to that question is simple – the ESG Movement – with “ESG” standing for environmental, social, and governance. The ESG Movement is comprised of a network of left-wing groups that have allied with seemingly mainstream Wall Street investment firms and proxy advisors.

This unlikely alliance of progressive activist groups and mainstream Wall Street firms and proxy advisors has culminated in a multi-year effort to force corporations across America to adopt woke policies. Whether it is DEI initiatives, climate alarmism, or efforts to defund conservative and pro-business organizations, the ESG Movement has been at the forefront of pushing these changes in recent years.

The primary tool used by ESG Movement to advance their left-wing agenda in corporate America is the shareholder resolution. Each year at the annual shareholder meetings of public companies, shareholders can put forward resolutions to force action by corporate boards and management. While shareholder resolutions have

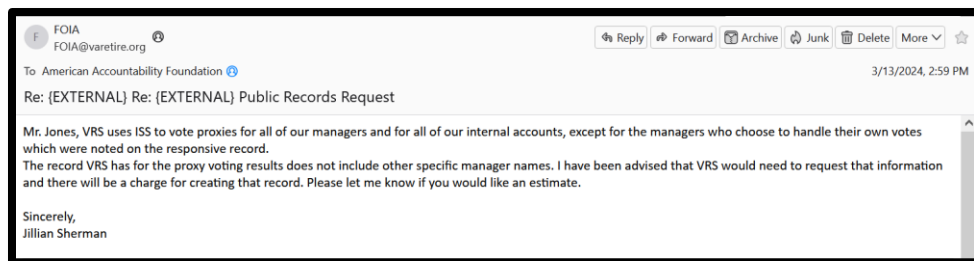


typically been used to further good corporate governance practices and to maximize returns for shareholders, the ESG Movement has co-opted the shareholder resolution process to force companies to implement DEI, anti-oil and gas climate policy, and other radical social policy.

The mechanism is simple, liberal groups such as left-wing non-profits, unions, progressive state treasurers, and individual liberal activists purchase a de minimis number of shares in a public company for the purpose of qualifying to put forward a pro-ESG shareholder resolution. Large investment management firms and other institutional investors such as pension funds – often advised by proxy advisory firms such as ISS and Glass Lewis – then use the stock holdings in the large funds they manage to vote in favor of the ESG shareholder resolutions.

Importantly, the Virginia Retirement System (VRS) employs proxy advisory and asset management firms that endorse the ESG agenda. These firms include Institutional Shareholder Services (commonly known as ISS), Baillie Gifford, Lansdowne Partners, and Jackson Square.

In an email in response to our public records request, VRS confirmed that “VRS uses ISS to vote proxies for all of our managers and for all of our internal accounts, except for the managers who choose to handle their own votes”.



## **VRS AND ITS ASSET MANAGERS SUPPORT DEI INITIATIVES, ANTI-OIL & GAS CLIMATE POLICIES, POLITICAL DISCLOSURES THAT TARGET CONSERVATIVES, AND PRO-ABORTION PROPOSALS**

The American Accountability Foundation sent a Virginia Public Records Act request to VRS requesting all reports of proxy votes cast by VRS or its asset managers since 2022. AAF reviewed these files for votes cast in support of woke corporate policies. All told we found 74 votes supporting policies such as racial and gender pay gap reports, efforts to defund conservative candidates and pro-business trade associations, radical climate policy, and pro-abortion initiatives.

While reviewing all 74 problematic votes would be redundant, our research identified that the problematic votes primarily fall into four categories: "racial and gender pay



gap reports," political contributions reports targeting conservatives, championing abortion rights, and anti-oil and gas or "net zero" resolutions. In this report will highlight some of the most problematic resolutions in these categories.

## VRS SUPPORTED PROPOSALS TO EXPOSE POLITICAL SPENDING OF MAJOR DEFENSE CONTRACTORS HEADQUARTERED IN VIRGINIA

### Leidos

At the April 2023 annual shareholder meeting of Leidos, VRS, advised by ISS, voted in favor of a resolution that called for a "report on political expenditures congruence" at the company.<sup>1</sup>

The resolution stated that "Leidos' politically focused expenditures appear to be misaligned with its public statements on Company values, vision, and operational practices" and criticized the company for making contributions to "politicians and political organizations working to weaken women's access to reproductive health care," for being a member of the US Chamber of Commerce, and for contributing to "candidates who voted against certifying the 2020 election and continue to promote the 'big lie' that the election was stolen":<sup>2</sup>

*WHEREAS: Leidos Holdings, Inc. sponsors a federal political action committee (PAC) whose decisions are based on Leidos' publicly expressed goals and the best interests of the company, the employees, and the shareholders.*

*Leidos states: Everything we do is built on a commitment to do the right thing for our customers, our people, and our community. Leidos makes the world safer, healthier, and more efficient through technology, engineering, and science. We strengthen our communities through volunteerism, sustainable operations, and the advancement of equality. The Leidos core values are integrity, inclusion, innovation, agility, collaboration, and commitment.*

*However, Leidos' politically focused expenditures appear to be misaligned with its public statements on Company values, vision, and operational practices. As examples, Leidos states:*

► *We are committed to a culture that provides equitable access to opportunities and resources for everyone, yet Proponent estimates that in the 2021-2022 election cycles, Leidos and its employee PAC made political donations totaling at least \$460,500 to politicians and political organizations working to weaken women's access to reproductive health care.*

<sup>1</sup> [VRS Proxy Votes](#), Obtained by VA Public Records Act Request (Page 124)

<sup>2</sup> SEC EDGAR, [Leidos 2023 Proxy Statement](#)



► We seek to advance environmental sustainability by doing our part to preserve natural resources, reduce emissions and limit waste, yet Leidos is a member of the U.S. Chamber of Commerce which has consistently lobbied to roll back climate regulations and slow the transition toward a low carbon energy mix.

► We are building a workplace that cultivates opportunity, advances equality, and is free from discrimination, inequity and maltreatment, yet Leidos is receiving negative media attention for PAC contributions to candidates who are making discriminatory statements against a protected class. Integrity is a core value, yet the Leidos PAC has contributed \$144,000, to 33 candidates who voted against certifying the 2020 election and continue to promote the “big lie” that the election was stolen.

**BE IT RESOLVED:** Shareholders request that Leidos publish a report, at reasonable expense, analyzing the congruence of the Company’s political and electioneering expenditures during the preceding year against publicly stated company values and policies, listing and explaining any instances of incongruent expenditures, and stating whether the Company has made, or plans to make, changes in contributions or communications to recipients as a result of identified incongruencies.

**SUPPORTING STATEMENT:** Proponents recommend, at Board and management discretion, that the report also include management’s analysis of risks to the Company brand, reputation, or shareholder value associated with expenditures in conflict with its publicly stated company values. Expenditures for electioneering communications means spending, from corporate treasury and from the PACs, directly or through a third party, at any time during the year, on printed, internet, or broadcast communications, which are reasonably susceptible to interpretation as being in support of or opposition to a specific candidate.

## Northrop Grumman

At the May 2023 annual shareholder meeting of Northrop Grumman, VRS, advised by ISS, voted for a resolution calling for a “report on congruency of political spending with company stated values on human rights” from Northrop Grumman.<sup>3</sup>

The resolution claimed that “Northrop’s political activities suggest it actively lobbies, makes political contributions, and otherwise pushes for government sales of its defense products and services to customers linked to irremediable human rights impacts.” The resolution continued on to claim that the company lacks transparency in its lobbying activities and that “Northrop’s significant contributions to think tanks, such as the Center for a New American Security, lack transparency”:<sup>4</sup>

*Resolved: Shareholders request the Board of Directors annually conduct an evaluation and issue a Public report, at reasonable cost and omitting proprietary information, describing the alignment of its political activities (including direct and indirect lobbying and political and electioneering expenditures) with its Human Rights Policy. The report should:*

<sup>3</sup> [VRS Proxy Votes](#), Obtained by VA Public Records Act Request (Page 156)

<sup>4</sup> SEC EDGAR, [Northrop Grumman 2023 Proxy Statement](#)



*list and explain instances of misalignment, and state whether and how the identified incongruencies have or will be addressed.*

*Whereas: Northrop Grumman (Northrop), in its Human Rights Policy, states its “deep respect for Individuals and human rights” and recognizes the UN Guiding Principles on Business and Human Rights as important guidance for companies to meet their human rights responsibilities. However, Northrop’s political activities suggest it actively lobbies, makes political contributions, and otherwise pushes for government sales of its defense products and services to customers linked to Irremediable human rights impacts, especially in conflict-affected and high-risk areas. Shareholders lack sufficient disclosure to analyze whether there is alignment with the Company’s Stated policies.*

*Northrop has high-risk business activities in the areas of controversial arm trade, military training, nuclear weapons, and border militarization.<sup>1</sup> Investors lack assurance Northrop’s lobbying activities are not encouraging weak regulation of its sales and products that present significant human rights risks. For example, the Air Force awarded Northrop a \$13.3 billion nuclear missile contract in 2020.<sup>2</sup> Nuclear weapons are illegal under international law due to their indiscriminate and disproportionate impacts on civilians.<sup>3</sup> Before the contract was approved, Northrop lobbied against an amendment which would have required the Pentagon explore alternatives to these missiles.<sup>4</sup>*

*Research organizations have recorded defense manufacturers exerting “deep influence through Money in politics.”<sup>5</sup> In 2022, Northrop has spent \$8,690,000 on federal lobbying, much of which Focused on defense appropriations, export control reform, and foreign military sales.<sup>6</sup> Investors lack disclosure on these lobbying activities, particularly how they align with the Company’s Human Rights Policy.<sup>7</sup> Additionally, Northrop’s significant contributions to think tanks, such as the Center for a New American Security, lack transparency.<sup>8</sup>*

*Although Northrop commits to declining business opportunities with clients, “regardless whether it is legally permissible,” if human rights risks are “unacceptable,”<sup>9</sup> its political activities appear misaligned with its human rights commitments. For example, in 2020, a notable lobbyist allegedly lobbied for Northrop while simultaneously contacting congressional and State Department officials on behalf of the United Arab Emirates (UAE) regarding arms sales for use in Yemen.<sup>10</sup> Northrop has long-standing arms and services dealings with the UAE and Saudi Arabia, who have repeatedly targeted civilians as part of their military operations in Yemen, and are complicit in a wide range of gross human rights violations.<sup>11</sup>*

*Shareholders have an interest in ensuring Northrop’s political activities are aligned with its stated human rights commitments. Establishing clear policies and reporting on misalignment can help mitigate material risks that harm shareholders value.*

The American Accountability Foundation revealed in a [report](#) last summer that these reports on political and lobbying expenditures are used for the purpose of bullying companies into ceasing contributions to conservative candidates and organizations, as well as to trade associations and other pro-business groups. As our report stated, the intent of these resolutions is “to force companies to **name** trade associations, think



tanks, other nonprofits, political committees, and candidates they support, so the woke mob can later **shame** companies for supporting them.” This resolution at Northrop Grumman appears to fit that mold.

## VRS SUPPORTED RACIAL AND GENDER PAY GAP REPORT AT AMAZON

On May 24, 2023, VRS, advised by proxy advisor ISS, voted for proposal 13 at Amazon, which called for additional reporting on gender and racial pay gaps at the company.<sup>5</sup>

The proposal, brought forward by Arjuna Capital, chastised Amazon for “alleged unfair pay and working conditions” and claimed that “diversity in leadership is linked to superior stock performance and return on equity.” The proposal noted that “minorities represent 70 percent of Amazon’s workforce and 34 percent of leadership. Women represent 45 percent of the workforce and 23 percent of leadership”:<sup>6</sup>

*Beginning of Shareholder Proposal and Statement of Support:*

*Racial and Gender Pay Gaps*

Whereas: **Amazon is under public scrutiny for alleged unfair pay and working conditions.** On Black Friday, workers went on a mass strike demanding fair wages. The campaign Make Amazon Pay states, “Amazon squeezes workers,” alleging real wages decreased while Amazon achieved record revenue in the second quarter of 2022.<sup>1</sup>

**Pay inequities pose substantial risks to companies and society, as they persist across race and gender.** Black workers’ hourly median earnings represent 64 percent of white wages. The median income for women working full time is 83 percent that of men. Intersecting race, Black women earn 63 percent, Native women 60 percent, and Latina women 55 percent. At the current rate, women will not reach pay equity until 2059, Black women in 2130, and Latina women in 2224. Citigroup estimates closing minority and gender wage gaps 20 years ago could have generated 12 trillion dollars in additional national income.<sup>2</sup>

**Actively managing pay equity is associated with improved representation. Diversity in leadership is linked to superior stock performance and return on equity.<sup>3</sup> Minorities represent 70 percent of Amazon’s workforce and 34 percent of leadership. Women represent 45 percent of the workforce and 23 percent of leadership.<sup>4</sup>**

*Best practice pay equity reporting consists of two parts:*

*1. unadjusted median pay gaps, assessing equal opportunity to high paying roles,*

<sup>5</sup> [VRS Proxy Votes](#), Obtained by VA Public Records Act Request (Page 12)

<sup>6</sup> SEC EDGAR, [Amazon 2023 Proxy Statement](#)



2. statistically adjusted gaps, assessing whether minorities and non-minorities, men and women, are paid the same for similar roles.

Amazon reports statistically adjusted gaps but ignores unadjusted gaps, which address structural bias women and minorities face regarding job opportunity and pay, particularly when men hold most higher paying jobs. While Amazon reports diversity data, median pay gaps show, quite literally, how Amazon assigns value to employees through the roles they inhabit and pay they receive. Median gap reporting also provides a digestible and comparable data point to determine progress over time.

Racial and gender median pay gaps are accepted as the valid way of measuring pay inequity by the United States Census Bureau, Department of Labor, Organization for Economic Cooperation and Development (OECD), and International Labor Organization. The United Kingdom and Ireland mandate disclosure of median gender pay gaps.

Resolved: Shareholders request Amazon report on median pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information.

## **VRS SUPPORTED REPORT ON DATA PRIVACY RELATING TO “REPRODUCTIVE HEALTHCARE” AT META PLATFORMS**

On May 31, 2023, VRS, advised by ISS, voted in favor of a resolution at Meta Platforms. The resolution called for a "report on data privacy regarding reproductive healthcare."<sup>7</sup>

This shareholder resolution derided the Supreme Court’s 2022 *Dobbs* decision as “the revocation of the constitutional right to an abortion” and requested that Meta “issue a public report assessing the feasibility of diminishing the extent that the Company will be a target of abortion-related law enforcement requests”:<sup>8</sup>

*Proposal Nine: Shareholder Proposal Regarding Report on Reproductive Rights and Data Privacy*

*The proponent of this resolution is Arjuna Capital on behalf of Frank Konhaus and Ellen Cassilly.*

*Reproductive Rights and Data Privacy*

*WHEREAS: Following the revocation of the constitutional right to an abortion in June 2022, federal policymakers and legislators are concerned about the use of personal digital data for the enforcement of state laws that ban or restrict abortion access.*

<sup>7</sup> [VRS Proxy Votes](#), Obtained by VA Public Records Act Request (Page 139)

<sup>8</sup> SEC EDGAR, META [2023 Proxy Statement](#)



Law enforcement may demand data seeking evidence of consumer acts that were legal in the state where they occurred, but illegal in the consumer's state of residence, such as purchasing abortifacients. Experts on reproductive rights and privacy have also "documented how police and prosecutors wield laws and data" to camouflage that their data demands are for abortion-related criminal charges.<sup>1</sup>

In one example from 2022, Meta satisfied a Nebraska police warrant demanding access to private Facebook messages from a mother facing felony charges for allegedly helping her daughter terminate a pregnancy.<sup>2</sup> Meta received significant negative press, responding, in part, that the Company had "received valid legal warrants from local law enforcement . . . [that] did not mention abortion at all."<sup>3</sup>

Law enforcement's reliance on digital consumer data is increasingly common. In the first half of 2022 alone, Meta received 69,363 U.S.-based government requests, most involving criminal matters. The Company at least partially complied with about 88 percent of those requests,<sup>4</sup> stressing that even careful scrutiny of law enforcement data demands by Meta may still expose consumers involved in abortion-related acts to criminal prosecutions. To protect consumers and the Company's reputation, Meta would need to decrease the potentially personal sensitive information it collects and retains from users.

Meta already complies with "deletion rights" under California law, wherein consumers may request the Company delete personal data it is not legally required to retain.<sup>5</sup> Facebook, WhatsApp and Instagram further offer the option of using end-to-end encryption in personal messages as a method of secure communication that prevents third parties from easily accessing data. Despite these efforts, and although Meta conducts periodic privacy risk assessments,<sup>6</sup> the Company has not disclosed whether there are privacy risks concerning abortion-related law enforcement data demands.

**RESOLVED:** Shareholders request our Board issue a public report assessing the feasibility of diminishing the extent that the Company will be a target of abortion-related law enforcement requests by expanding consumer privacy protections and controls over sensitive personal Meta user data. The report should be produced at reasonable expense, exclude proprietary or legally privileged information, and be published within one year of the annual meeting.

**SUPPORTING STATEMENT:** Shareholders recommend the Board receive input from reproductive rights and civil liberties organizations, and the report include, at board discretion:

(1) An assessment of the implementation of a global, nationwide, or regionally based, data privacy policy wherein consumers would have "deletion rights;"

(2) An evaluation of the related risks and benefits of establishing a default policy enabling end-to-end encryption on all Facebook Messenger chats.

Vote YES on this proposal to support consumer privacy expectations as well as the Company's brand and goodwill.

## **VRS AND ITS MANAGERS VOTED FOR INITIATIVES IN SUPPORT OF CLIMATE ALARMISM**





## Shell PLC

At the May 2022 annual shareholder meeting of supermajor oil and gas company, Shell PLC, VRS' investment manager, Lansdowne Partners, voted for<sup>9</sup> a resolution calling for Shell to set and publish emissions targets in line with the Paris Climate Agreement.

The resolution requested that Shell adopt emissions reduction targets that apply not only to the company's operations, **but also to the end use of its energy products** (Scope 3 emissions).<sup>10</sup>

### SHAREHOLDER RESOLUTION AND SUPPORTING STATEMENT

Shareholders support the company to set and publish targets that are consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

These quantitative targets should cover the short-, medium-, and long-term greenhouse gas (GHG) emissions of the company's operations and the use of its energy products (Scope 1, 2, and 3).

Shareholders request that the company report on the strategy and underlying policies for reaching these targets and on the progress made, at least on an annual basis, at reasonable cost and omitting proprietary information.

You have our support.

**SUPPORTING STATEMENT**  
The oil and gas industry can make or break the goal of the Paris Climate Agreement. Therefore, shareholders support oil and gas companies to change course by aligning their targets with the goal of the Paris Climate Agreement and investing accordingly.

More and more investors understand this support to be part of their fiduciary duty to protect all their assets in the global economy from devastating climate change.

This fiduciary duty is underpinned by established scientific consensus, growing investor concern, and heightened legal risk.

**Scientific consensus**  
The science is clear. We are truly running out of time; we need deep cuts in emissions this decade.

To address the climate crisis and limit warming to 1.5°C, both the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) estimate that (net) absolute emissions must be reduced by approximately 40% by 2030. [A]

The IPCC could not be more clear: "unless there are immediate, rapid and large-scale reductions in greenhouse gas emissions, limiting warming to close to 1.5°C or even 2°C will be beyond reach". [B]

The IEA underlined that "There is no need for investment in new fossil fuel supply in our net zero pathway". [C]

**Momentum among financial institutions**  
A growing understanding has emerged among global financial institutions that climate-related risks are a source of financial risk; therefore, limiting global warming is essential to risk management and responsible stewardship of the economy.

[A] IEA Net Zero by 2050 Roadmap [https://www.iea.blob.core.windows.net/assets/dbeaf5d0c3445399d0c10b13b840027/NetZeroBy2050ARoadmapfortheGlobalEnergySector\_CORR.pdf], 2021, page 26; IPCC Sixth Assessment Report, Working Group I, Summary for Policymakers, 2021 [https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC\_AR6\_WGI\_SPM\_final.pdf], page 13, Box SPM.1 (a), scenario SSP1.9.

[B] IPCC Sixth Assessment Report Press Release [https://www.ipcc.ch/2021/08/09/ar6-wg1-20210809w/], 9 August 2021.

[C] IEA Net Zero by 2050 Roadmap [https://www.iea.blob.core.windows.net/assets/dbeaf5d0c3445399d0c10b13b840027/NetZeroBy2050ARoadmapfortheGlobalEnergySector\_CORR.pdf], 2021, page 21.

[D] IPCC Sixth Assessment Report, Working Group I, Summary for Policymakers, 2021 [https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC\_AR6\_WGI\_SPM\_final.pdf], page 29, Table SPM.2 (1.5°C with a 0.7% likelihood).

[E] Idem [https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC\_AR6\_WGI\_SPM\_final.pdf], page 13, Box SPM.1 (a).

Backing from investors that insist on targets for all emissions continues to gain momentum: 2021 saw unprecedented investor support for climate resolutions. In the US, three climate resolutions passed with a historic majority. In Europe, support for climate resolutions continues to build, despite the companies' boards rejecting the climate resolutions by claiming their existing climate targets are sufficient:

	2016	2017	2018	2019	2020	2021
Shell	2.7%	6.3%	5.5%	[A]	14%	30%
BP				8.4%	[A]	21%
Equinor				12% [B]	27% [B]	39% [B]
Total [C]					17%	

[A] resolution withdrawn  
[B] percentage of non-governmental votes  
[C] filed by institutional investors

Evidently, a growing group of investors insists on unambiguous Paris-consistent targets for all emissions, especially across the energy sector.

**Legal risks**  
There has been a marked increase in climate-based litigation; courts will be more likely to hold those who have made the most significant contributions to climate change to account.

In 2021, a Dutch court ordered Shell to reduce their worldwide emissions (Scope 1, 2, and 3) by 45% by 2030. This indicates that oil and gas companies may have an individual legal responsibility to reduce emissions to address climate change and confirms the risk of liability, including liability for human rights violations.

As such, climate litigation constitutes a significant material risk for the company and its investors; taking the necessary steps now will mitigate this risk and limit future liability.

**Net zero and the carbon budget**  
To limit global warming to 1.5°C, the world can release another 400 GtCO<sub>2</sub> (carbon budget). [D] Current global emissions are estimated at 40 GtCO<sub>2</sub> per year. [E] Therefore, without cuts in emissions, our entire carbon budget to stay within 1.5°C will be exceeded by 2030.

These numbers stress that 'net zero by 2050' is inadequate without "immediate, rapid and large-scale" emissions reductions.

**Concluding**  
To allow maximum flexibility, the company may use whatever metric they deem best suited to set Paris-consistent emissions reductions targets, as long as they lead to absolute emissions reductions consistent with the goal of the Paris Climate Agreement.

We have welcomed the climate ambitions and targets the company has set thus far, especially assuming responsibility for the emissions of its products (Scope 3). We further welcomed the company's 'net zero by 2050' aspiration. We thank the shareholders that supported these crucial steps by voting for climate targets resolutions in previous years.

We believe that the company could lead and thrive in the energy transition. We therefore encourage you to set targets that are inspirational for society, employees, shareholders, and the energy sector, allowing the company to meet an increasing demand for energy while reducing GHG emissions to levels consistent with the global intergovernmental consensus specified by the Paris Climate Agreement.

You have our support.

6 Shell Notice of Annual General Meeting 2022

<sup>9</sup> [VRS Proxy Votes](#), Obtained by VA Public Records Act Request (Page 182)

<sup>10</sup> Shell, [Notice of the Shell 2022 Annual General Meeting](#)



## Raytheon Technologies

At the May 2023 annual shareholder meeting of Raytheon Technologies (now known as RTX Corporation), VRS, advised by ISS, voted in favor of a resolution calling for the company to issue a “report on efforts to reduce GHG emissions in alignment with Paris agreement goal.”<sup>11</sup>

The resolution, introduced by Minnesota Valley Trust, chastised Raytheon for not establishing “1.5°C aligned reduction goals that cover all segments of its business, including its Scope 3 value-chain emissions, which comprise over 85% of company emissions”.<sup>12</sup>

*WHEREAS: Climate change is creating systemic economic, environmental, and social risks. The Commodity Futures Trading Commission recently underscored that climate change could impair the productive capacity of the U.S. economy.<sup>[1]</sup> According to the IPCC, the window for limiting global warming to 1.5 degrees Celsius (1.5°C) and avoiding the worst impacts of climate change is quickly narrowing. Immediate, sharp emissions reduction is required of all market sectors.<sup>[2]</sup>*

*In response to material climate risk, the Climate Action 100+ initiative (CA100+), a coalition of over 700 investors with \$60 trillion in assets, issued a Net Zero Benchmark (“Benchmark”) outlining metrics that create climate accountability for companies and transparency for shareholders. Expectations include setting a net zero ambition, adopting 1.5°C aligned reduction goals across all relevant emission scopes, and disclosing decarbonization strategies.<sup>[3]</sup>*

*Credible climate transition planning protects against financial risk, increases economic opportunity, and prepares companies to address climate regulations which continue to expand globally.<sup>[4]</sup> More than 70 countries have now established Net Zero by 2050 commitments.<sup>[5]</sup> Similarly, in response to the aerospace industry’s 2.4% contribution to global annual carbon dioxide emissions, NATO’s leaders have committed to reduce defense emissions.<sup>[6]</sup> As governments strive to reach their climate goals, companies with net zero aligned business models will be in a better competitive position to attract contracts and customers.*

*As a leading global security and aerospace company, Raytheon Technologies creates significant carbon emissions from its value chain and is exposed to numerous climate-related risks. Failing to respond to this changing environment may make Raytheon less competitive and have a negative effect on its cost of capital and shareholders’ financial returns.*

*While our Company has committed to reduce its operational emissions by 46% by 2030, Raytheon has not established 1.5°C aligned reduction goals that cover all segments of its business, including its Scope 3 value-chain emissions, which comprise over 85% of company emissions. By setting science-based reduction*

<sup>11</sup> [VRS Proxy Votes](#), Obtained by VA Public Records Act Request (Page 176)

<sup>12</sup> SEC EDGAR, [Raytheon Technologies 2023 Proxy Statement](#)



targets for its Scope 1-3 emissions, disclosing a decarbonization plan, and demonstrating progress toward achieving them, Raytheon can provide investors with assurance that it is reducing its climate contribution and addressing the physical, transition, and competitive risks associated with climate change.

**RESOLVED:** Shareholders request the Board issue a report, at reasonable expense and excluding confidential information, disclosing how the Company intends to reduce its full value chain greenhouse gas emissions in alignment with the Paris Agreement's 1.5°C goal requiring Net Zero emissions by 2050.

**SUPPORTING STATEMENT:** Proponents suggest, at Board and Company discretion, that the report include:

1. Disclosure of all relevant Scope 3 emissions;
2. A timeline for setting 1.5°C aligned Scope 3 reduction goals;
3. A climate transition plan to achieve emissions reductions goals across all relevant emissions scopes;
4. Annual reports demonstrating progress towards meeting emissions reduction goals;
5. Other information the Board deems appropriate.

## **VRS VOTED FOR EFFORTS TO DEFUND CONSERVATIVE CANDIDATES AT WELLS FARGO**

On April 25th, 2023, VRS, advised by ISS, voted for Proposal 6 at Wells Fargo, which proposed that Wells Fargo produce a “report on political expenditures and congruence”.<sup>13</sup>

The report was to assess how Wells Fargo’s political contributions align with its stated corporate values, including to groups and elected officials that oppose ESG and climate initiatives.

The proposal mentions contributions to the State Financial Officers Foundation (SFOF), the Republican Attorneys General Association (RAGA), and Republicans like Kevin McCarthy. The proposal also highlighted contributions to Texas Governor Abbott, whom the proposal criticized for policies against the rights of trans youth, demanding a congruency analysis between Wells Fargo's political spending and its commitments to sustainability, diversity, equity, and inclusion.<sup>14</sup>

*Item 6 Shareholder Proposal – Report on Congruency of Political Spending*

<sup>13</sup> [VRS Proxy Votes](#), Obtained by VA Public Records Act Request (Page 228)

<sup>14</sup> SEC EDGAR, Wells Fargo [2023 Proxy Statement](#)



Harrington Investments, Inc., 1001 2nd Street, Suite 325, Napa, CA 94559, the holder of 100 shares of our common stock, has advised us that it intends to introduce the following resolution at our annual meeting:

*Resolution and Supporting Statement*

Our Company published statements demonstrating that it monitors and works toward progress on Environmental Social Governance (ESG) challenges, stating it:

- “regularly assesses ESG and sustainability themes...monitors ESG trends ...which inform its strategies, goals, and reporting priorities ....”<sup>1</sup>
- “believes that it has a role to play in addressing social, economic, and environmental sustainability,”<sup>2</sup>
- “believe[s] that climate change continues to be one of the most urgent environmental and social issues of our time, and [is] working...to help accelerate the transition to a low carbon economy...”<sup>3</sup>

Yet, Wells Fargo supports organizations working against ESG investing and climate related financial risk management, including the **State Financial Officers Foundation (SFOF) and the Republican Attorneys General Association.**

SFOF has advanced model legislation in at least five states directing state lawmakers and treasurers to cancel state contracts with companies that address climate risk, stating those institutions are “boycotting” fossil fuel companies.<sup>4</sup>

Evident conflict for our Company has not gone unnoticed. Congressman Casten and Senator Schatz wrote our CEO, **requesting confirmation of Company plans to withdraw its sponsorship of SFOF, emphasizing SFOF’s approach misrepresents valid steps banks and asset managers are taking to minimize exposure to climate risks.**<sup>5</sup>

Wells Fargo Political Action Committee (PAC) “Transparency Report” leaked, detailing its contribution criteria. The report notes the PAC aims to support candidates who “are willing to work in a bipartisan manner... and support diversity, equity, and inclusion.”<sup>6</sup> Yet, some of the PAC’s political contributions contradict this goal.

**For example, the PAC donated to members of Congress that voted against certifying the Electoral College, including Kevin McCarthy, Blaine Luetkemeyer, and David Kustoff.<sup>7</sup> Additionally, Texas Governor Abbott received \$20,000 from the PAC, despite launching child abuse investigations into parents of trans youth.**

*Resolved: Shareholders request that Wells Fargo report to shareholders annually, at reasonable expense and excluding confidential information, a congruency analysis between corporate values as defined by Wells Fargo’s stated policies and Company contributions on electioneering and to any organizations dedicated to affecting public policy. The report should include a list of any such contributions occurring during the prior year misaligned with stated corporate values, stating the justification for such exceptions.*

*Supporting Statement: Proponents recommend, at Board and management discretion, the report also include management’s analysis of risks to the Company brand, reputation, or shareholder value associated with incongruent expenditures. “Electioneering expenditures” means spending, from corporate treasury and from*



*the PAC, directly or through a third party, at any time during the year, on printed, internet, or broadcast communications, which are reasonably susceptible to interpretation as being in support of or opposition to a specific candidate.*

## FULL LIST OF 74 WOKE PROXY VOTES SINCE 2022

All told, we found 74 instances of VRS and its asset managers Ballie Gifford, Jackson Square, and Lansdowne Partners voting in favor of woke resolutions since 2022. The full list is below.

Company Name	Date	Prop. #	Resolution	Vote Instruction By
AbbVie Inc.	<a href="#">5/5/2023</a>	7	Report on Lobbying Payments and Policy	<a href="#">ISS</a>
Alphabet Inc.	<a href="#">6/2/2023</a>	6	Report on Lobbying Payments and Policy	<a href="#">ISS</a>
Alphabet Inc.	<a href="#">6/2/2023</a>	8	Report on Framework to Assess Company Lobbying Alignment with Climate Goals	<a href="#">ISS</a>
Alphabet Inc.	<a href="#">6/2/2023</a>	10	Report on Risks of Doing Business in Countries with Significant Human Rights Concerns	<a href="#">ISS</a>
Alphabet Inc.	<a href="#">6/2/2023</a>	11	Publish Independent Human Rights Impact Assessment of Targeted Advertising Technology	<a href="#">ISS</a>
Alphabet Inc.	<a href="#">6/2/2023</a>	13	Report on Alignment of YouTube Policies With Online Safety Regulations	<a href="#">ISS</a>
Amazon.com, Inc.	<a href="#">5/24/2023</a>	8	Shareholder Proposal Requesting Reporting On Content And Product Removal/Restrictions	<a href="#">Ballie Gifford</a>
Amazon.com, Inc.	<a href="#">5/24/2023</a>	10	Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines	<a href="#">Ballie Gifford</a>
Amazon.com, Inc.	<a href="#">5/24/2023</a>	12	Report on Climate Lobbying	<a href="#">Ballie Gifford</a>
Amazon.com, Inc.	<a href="#">5/25/2022</a>	13	Shareholder Proposal Requesting Additional Reporting On Freedom Of Association	<a href="#">Ballie Gifford</a>
Amazon.com, Inc.	<a href="#">5/25/2022</a>	14	Shareholder Proposal Requesting Additional Reporting On Lobbying	<a href="#">Ballie Gifford</a>
Amazon.com, Inc.	<a href="#">5/24/2023</a>	16	Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining	<a href="#">Ballie Gifford</a>
Amazon.com, Inc.	<a href="#">5/25/2022</a>	17	Shareholder Proposal Requesting Additional Reporting On Gender/Racial Pay	<a href="#">Ballie Gifford</a>
Amazon.com, Inc.	<a href="#">5/24/2023</a>	22	Report on Efforts to Reduce Plastic Use	<a href="#">Ballie Gifford</a>
Amazon.com, Inc.	<a href="#">5/24/2023</a>	10	Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines	<a href="#">ISS</a>
Amazon.com, Inc.	<a href="#">5/24/2023</a>	12	Report on Climate Lobbying	<a href="#">ISS</a>
Amazon.com, Inc.	<a href="#">5/24/2023</a>	13	Report on Median and Adjusted Gender/Racial Pay Gaps	<a href="#">ISS</a>
Amazon.com, Inc.	<a href="#">5/24/2023</a>	16	Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining	<a href="#">ISS</a>
Amazon.com, Inc.	<a href="#">5/24/2023</a>	21	Commission a Third Party Audit on Working Conditions	<a href="#">ISS</a>
Amazon.com, Inc.	<a href="#">5/24/2023</a>	22	Report on Efforts to Reduce Plastic Use	<a href="#">ISS</a>
BHP Group Ltd - DI	<a href="#">11/10/2022</a>	15	Shareholder Proposal - Climate Accounting and Audit	<a href="#">Ballie Gifford</a>
Casey's General Stores, Inc.	<a href="#">9/6/2023</a>	6	Report on Efforts to Reduce GHG Emissions in Alignment with Paris Agreement Goal	<a href="#">ISS</a>
Charles Schwab	<a href="#">5/18/2023</a>	5	Report on Gender/Racial Pay Gap	<a href="#">Ballie Gifford</a>
Charles Schwab	<a href="#">5/17/2022</a>	8	Report on Lobbying Payments and Policy	<a href="#">Ballie Gifford</a>
Charter Communications, Inc.	<a href="#">4/25/2023</a>	5	Report on Lobbying Payments and Policy	<a href="#">ISS</a>
Comcast Corporation	<a href="#">6/7/2023</a>	10	Report on Congruency of Political Spending with Company Values and Priorities	<a href="#">ISS</a>
Constellation Brands, Inc.	<a href="#">7/18/2023</a>	5	Disclose GHG Emissions Reductions Targets	<a href="#">ISS</a>
Constellation Brands, Inc.	<a href="#">7/18/2023</a>	6	Report on Support for a Circular Economy for Packaging	<a href="#">ISS</a>
Delta Air Lines, Inc.	<a href="#">6/16/2022</a>	4	Report on Lobbying Payments and Policy	<a href="#">Lansdowne Partners</a>



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Delta Air Lines, Inc.	<a href="#">6/15/2023</a>	6	Adopt and Disclose a Freedom of Association and Collective Bargaining Policy	<a href="#">Lansdowne Partners</a>
DTE Energy Company	<a href="#">5/4/2023</a>	7	Report on Lobbying Payments and Policy	<a href="#">ISS</a>
Exxon Mobil Corporation	<a href="#">5/31/2023</a>	8	Report on Methane Emission Disclosure Reliability	<a href="#">ISS</a>
Exxon Mobil Corporation	<a href="#">5/31/2023</a>	13	Commission Audited Report on Reduced Plastics Demand	<a href="#">ISS</a>
FedEx Corporation	<a href="#">9/21/2023</a>	6	Report on Just Transition	<a href="#">ISS</a>
Intuitive Surgical, Inc.	<a href="#">4/27/2023</a>	5	Report on Gender/Racial Pay Gap	<a href="#">ISS</a>
Leidos Holdings, Inc.	<a href="#">4/28/2023</a>	5	Report on Political Expenditures Congruence	<a href="#">ISS</a>
Lyft, Inc.	<a href="#">6/16/2022</a>	4	Report on Lobbying Payments and Policy	<a href="#">Jackson Square</a>
Martin Marietta Materials, Inc.	<a href="#">5/11/2023</a>	5	Adopt GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	<a href="#">ISS</a>
Mastercard Incorporated	<a href="#">6/27/2023</a>	8	Report on Lobbying Payments and Policy	<a href="#">ISS</a>
McDonald's Corporation	<a href="#">5/25/2023</a>	9	Report on Lobbying Payments and Policy	<a href="#">ISS</a>
McDonald's Corporation	<a href="#">5/25/2023</a>	11	Report on Animal Welfare	<a href="#">ISS</a>
Meta Platforms, Inc.	<a href="#">5/25/2022</a>	6	Shareholder Proposal Regarding Concealment Clauses	<a href="#">Ballie Gifford</a>
Meta Platforms, Inc.	<a href="#">5/31/2023</a>	6	Report on Lobbying Payments and Policy	<a href="#">Ballie Gifford</a>
Meta Platforms, Inc.	<a href="#">5/25/2022</a>	8	Shareholder Proposal Regarding Report on Community Standards Enforcement	<a href="#">Ballie Gifford</a>
Meta Platforms, Inc.	<a href="#">5/31/2023</a>	8	Report on Framework to Assess Company Lobbying Alignment with Climate Goals	<a href="#">Ballie Gifford</a>
Meta Platforms, Inc.	<a href="#">5/31/2023</a>	10	Shareholder Proposal Regarding Report On Enforcement Of Community Standards And User Content	<a href="#">Ballie Gifford</a>
Meta Platforms, Inc.	<a href="#">5/25/2022</a>	13	Shareholder Proposal Regarding Report on Lobbying	<a href="#">Ballie Gifford</a>
Meta Platforms, Inc.	<a href="#">5/31/2023</a>	5	Report on Human Rights Impact Assessment of Targeted Advertising	<a href="#">ISS</a>
Meta Platforms, Inc.	<a href="#">5/31/2023</a>	6	Report on Lobbying Payments and Policy	<a href="#">ISS</a>
Meta Platforms, Inc.	<a href="#">5/31/2023</a>	8	Report on Framework to Assess Company Lobbying Alignment with Climate Goals	<a href="#">ISS</a>
Meta Platforms, Inc.	<a href="#">5/31/2023</a>	9	Report on Data Privacy regarding Reproductive Healthcare	<a href="#">ISS</a>
Microsoft	<a href="#">12/13/2022</a>	7	Report on Government Use of Microsoft Technology	<a href="#">Ballie Gifford</a>
Netflix, Inc.	<a href="#">6/1/2023</a>	8	Adopt and Disclose a Freedom of Association and Collective Bargaining Policy	<a href="#">Ballie Gifford</a>
Netflix, Inc.	<a href="#">6/1/2023</a>	8	Adopt and Disclose a Freedom of Association and Collective Bargaining Policy	<a href="#">ISS</a>
NextEra Energy, Inc.	<a href="#">5/18/2023</a>	5	Disclose Board Skills and Diversity Matrix	<a href="#">ISS</a>
Northrop Grumman Corporation	<a href="#">5/17/2023</a>	6	Report on Congruency of Political Spending with Company Stated Values on Human Rights	<a href="#">ISS</a>
Papa John's International, Inc.	<a href="#">4/26/2022</a>	4	Report on Use of Pig Gestation Crates	<a href="#">Jackson Square</a>
Raytheon Technologies Corporation	<a href="#">5/2/2023</a>	8	Report on Efforts to Reduce GHG Emissions in Alignment with Paris Agreement Goal	<a href="#">ISS</a>
Royal Dutch Shell Plc	<a href="#">5/24/2022</a>	21	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions	<a href="#">Lansdowne Partners</a>
Stryker Corporation	<a href="#">5/10/2023</a>	5	Report on Political Contributions and Expenditures	<a href="#">ISS</a>
Tesla Inc	<a href="#">8/4/2022</a>	7	Stockholder Proposal Regarding Annual Reporting On Anti-Harassment And Discrimination Efforts	<a href="#">Ballie Gifford</a>
Tesla Inc	<a href="#">8/4/2022</a>	9	Stockholder Proposal Regarding Reporting On Employee Arbitration	<a href="#">Ballie Gifford</a>
Charles Schwab	<a href="#">5/18/2023</a>	5	Report on Gender/Racial Pay Gap	<a href="#">ISS</a>
The Coca-Cola Company	<a href="#">4/25/2023</a>	7	Report on Congruency of Political Spending with Company Values and Priorities	<a href="#">ISS</a>
United Parcel Service, Inc.	<a href="#">5/4/2023</a>	6	Adopt Independently Verified Science-Based Greenhouse Gas Emissions Reduction Targets in Line with the Paris Climate Agreement	<a href="#">ISS</a>
United Parcel Service, Inc.	<a href="#">5/4/2023</a>	7	Report on Integrating GHG Emissions Reductions Targets into Executive Compensation	<a href="#">ISS</a>



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United Parcel Service, Inc.	<a href="#">5/4/2023</a>	8	Report on Just Transition	<a href="#">ISS</a>
United Parcel Service, Inc.	<a href="#">5/4/2023</a>	11	Report on Effectiveness of Diversity, Equity, and Inclusion Efforts	<a href="#">ISS</a>
UnitedHealth Group Incorporated	<a href="#">6/5/2023</a>	6	Report on Congruency of Political Spending with Company Values and Priorities	<a href="#">ISS</a>
Wells Fargo & Company	<a href="#">4/25/2023</a>	6	Report on Political Expenditures Congruence	<a href="#">ISS</a>
Wells Fargo & Company	<a href="#">4/25/2023</a>	7	Report on Climate Lobbying	<a href="#">ISS</a>
Wells Fargo & Company	<a href="#">4/25/2023</a>	8	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	<a href="#">ISS</a>
Yum! Brands, Inc.	<a href="#">5/18/2023</a>	5	Report on Efforts to Reduce Plastic Use	<a href="#">ISS</a>
Yum! Brands, Inc.	<a href="#">5/18/2023</a>	6	Report on Lobbying Payments and Policy	<a href="#">ISS</a>

