

Environmental, Social & Governance Criteria

Seek companies that:



**Environment
& Energy**

Environmental

- ✓ Provide products or services that reduce waste generation or conserve natural resources
- ✓ Have made significant progress in reducing the volume and toxicity of waste, emissions, and effluents
- ✓ Have developed innovative programs reducing direct and indirect greenhouse gas emissions and use of energy, water, materials, & land
- ✓ Have developed strong environmental management systems, including clear environmental policies and regular audits
- ✓ Have made a commitment to standardized environmental reporting



**Labor, Employment,
& Human Rights**

Social

- ✓ Have positive union relations or employee participation
- ✓ Have strong programs to promote diversity
- ✓ Provide above-average compensation and benefits for rank-and-file workers
- ✓ Demonstrate support of work/life balance initiatives
- ✓ Demonstrate transparency on workplace issues
- ✓ Have explicit human rights principles or global labor standards, with independent monitoring and reporting
- ✓ Respect the lands and cultures of Indigenous Peoples
- ✓ Have shown innovation in their involvement with communities in which they operate
- ✓ Have demonstrated a commitment to economic development programs that benefit women, minorities, and economically disadvantaged groups
- ✓ Have developed formal communications structures to interact with community groups, and demonstrate a high level of accountability to them
- ✓ Have achieved strong ratings under the Community Reinvestment Act for US operations
- ✓ Produce safe, useful, high-quality products or services that enhance quality of life for their consumers
- ✓ Use responsible pricing and marketing practices and respond positively to product safety concerns

**Community
Relations**

Purity & Safety



**Corporate
Governance**

Governance

- ✓ Demonstrate best practice corporate governance including shareholder rights, executive compensation policies, board diversity, anticorruption and bribery practices, and overall ESG disclosure

Environmental, Social & Governance Criteria

Avoid companies that:



Environment

Environmental

- ✓ Have an egregious environmental record or pattern of environmental violations
- ✓ Exhibit poor environmental performance relative to peers in high negative environmental impact industries
- ✓ Have responsibility for causing major environmental disasters and responding negligently
- ✓ Significantly engaged in practices with negative global impacts
- ✓ Companies primarily engaged in industries related to fossil fuel production, including the extraction, exploration, production, manufacturing or refining of fossil fuels; may invest in companies that use fossil fuel-based energy as an input within their operations or distribute fossil fuels
- ✓ Electric utilities whose primary revenues are from coal fired power generation
- ✓ Companies whose primary revenues are from providing equipment used for coal mining or from transporting thermal coal
- ✓ Are major opponents of federal climate change policies
- ✓ Companies whose primary revenues are from producing corn-based ethanol used for transportation fuels.
- ✓ Operate or have direct equity ownership of nuclear power plants, mine or process uranium for fuel, supply crucial components of nuclear power reactors (zero tolerance)
- ✓ Receive significant revenues (>10%) from nuclear power plant design, construction, maintenance or parts

Energy



Labor, Employment, & Human Rights

Social

- ✓ Have a history and pattern of violating fair labor standards and freedom of association
- ✓ Targeted by active organized labor boycott
- ✓ Have a history of significant health and safety problems
- ✓ Have a history of using forced labor, child labor, or sweatshops; own or operate private prisons
- ✓ Have a history of significant employment discrimination
- ✓ Have a history of significantly and directly supporting human rights abuses



Corporate Governance

Governance

- ✓ Currently engage in egregious activities that compromise shareholder value, such as extortion, bribery, securities fraud, and corruption

Environmental, Social & Governance Criteria

Exclude companies that:

Tobacco ✓ Receive significant revenues (>5%) or have leading market share in production and marketing of tobacco products, including components

Alcoholic Beverages ✓ Receive significant revenues (>5%) or have leading market share in production and marketing of alcoholic beverages, including components

Gambling ✓ Receive significant revenues (>5%) or have leading market share from gambling devices or activities including lotteries and hotels with casinos

Nuclear Power ✓ Operate or have direct equity ownership of nuclear power plants, mine or process uranium for fuel, supply crucial components of nuclear power reactors (zero tolerance)
 ✓ Receive significant revenues (>10%) from nuclear power plant design, construction, maintenance or parts

Purity & Safety ✓ Demonstrate a history and pattern of marketing unsafe products, asserting false marketing claims, or engaging in irresponsible marketing

Animal Welfare ✓ Engage in irresponsible animal testing or widespread abuses of animals, such as in entertainment and factory farming

Weapons ✓ Receive significant revenues (>5%) from the production of firearms or military weapons systems, including key components
 ✓ Produce or manufacture biological, chemical, or nuclear weapons, anti-personnel landmines, or cluster munitions (zero tolerance)
 ✓ Exclude companies that rank in the top 50 global defense contractors for weapons



Environmental, Social & Governance Criteria

Encourage companies through Shareholder Engagement & Proxy Voting:



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