



**Walden Asset Management**  
*Advancing sustainable business practices since 1975*

July 18, 2018

Mr. Neil A. Chapman  
Senior Vice President, Corporate Board  
Exxon Mobil Corporation  
5959 Las Colinas Boulevard  
Irving, TX 75039

Dear Mr. Chapman:

We write you in your capacity as a member of the Executive Committee of the National Association of Manufacturers (“NAM”) to express our concern regarding the National Association of Manufacturers’ (NAM) recent challenges to the value of shareholder proposals. NAM has affiliated with the newly formed Main Street Investors Coalition (“MSIC” or “Main Street Investors”), and NAM funded and distributed the recently published “Political, Social, and Environmental Shareholder Resolutions: Do They Create or Destroy Value?” (“NAM Report”). As a result, NAM appears to be part of a concerted effort to curtail the ability of shareholders to file proposals linked to material business issues impacting the sustainability of the company.

While the MSIC’s stated mission to bring a voice to retail investors is laudable, its underlying assumption—that by supporting shareholder proposals institutional investors are playing politics rather than advancing business interests—is deeply flawed. As you know, institutional investors engage with companies on issues such as governance structures, climate change, and board diversity in order to encourage transparency on material issues and protect against investment risk. Such engagement is particularly important to those investors employing indexing strategies, whose efforts to address investment risk can be limited because selling a company’s stock entirely is rarely an option. Pensions and fund managers make clear their focus is on creating value for plan participants, in accordance with their fiduciary duty to protect long-term value for their beneficiaries. As equity owners, we believe the shareowner voice is a critical part of capitalism.

We are deeply concerned about the negative message that the NAM Report conveys about investor engagement and shareholder resolutions in general and climate change in particular. Many NAM members have forward-looking policies and programs on climate change and understand the business case for actively addressing it. In addition, many NAM members have been engaged with investors in climate discussions so they also understand investors’ concerns about this material risk to long-term shareholder value. The report, which argues that shareholder resolutions on climate change are politically motivated and may negatively affect company performance and shareholder value, is clearly at odds with the policies and experiences of many NAM members. Further, NAM’s depiction of climate-related resolutions may permit an inference that the companies that serve on its board are skeptical about climate science or the action needed to address this urgent issue.

The MSIC perpetuates the myth that incorporating environmental, social and governance (“ESG”) factors inherently conflicts with protecting and advancing shareholder value. However, the 1,200 members of the United Nations-backed Principles for Responsible Investment—including Fidelity, BlackRock, Vanguard, and State Street—with over \$70 trillion in assets under management, have committed to consider ESG issues in the investment decision-making process since these factors may affect shareholder value.<sup>1</sup> There is ample evidence that incorporating ESG issues into investment decisions is part of responsible management as a fiduciary.<sup>2</sup> Moreover, hundreds of global companies demonstrate leadership and transparency on sustainability issues. These companies’ actions are not guided by “political and social interests” but by what is good for their investors and stakeholders over the long term.<sup>3</sup>

The emergence of MSIC and the release of this report come at a time when investor support for shareholder proposals is growing—both at the retail and institutional level. Increasingly, we see some votes in favor of shareholder resolutions surpassing 50% and numerous votes in the 40-50% range on climate or governance issues.<sup>4</sup> Investors supporting such resolutions generally do so because the business case behind the resolution is clear and convincing.

In the past, investors have expressed disappointment that NAM joined with the Business Roundtable (“BRT”) and the U.S. Chamber of Commerce in publicly urging new restrictions on the shareholder resolution process. For example, NAM supported the BRT’s 2016 proposal, which would have virtually eliminated the right of shareholders to file resolutions. We are now concerned that NAM’s new alliance with MSIC will lead its members into a more confrontational stance with investors if the project escalates its rhetoric against institutional shareholders.

We believe your company may have a very different perspective than that expressed by MSIC and NAM and that your continued affiliation with them could pose reputational risks to your company. Thus, we urge you, as a member of the leadership team of NAM, to question your Association’s research funding priorities and its working alliance with MSIC. In addition, we are interested in your answers to the following questions about your company’s positions on these issues:

- Is Exxon Mobil aware of the new NAM paper and its attack on the efficacy of shareholder resolutions and ESG investing factors?
- What are your views on the priorities and objectives of NAM’s new partner, Main Street Investors, and its work to discredit shareholder resolutions?
- Will you help clarify for the record and the investing public where the company stands on the right of investors to file shareholder proposals and your thoughts on efforts to significantly limit the ability to present such proposals?

If Exxon Mobil’s position differs from that of the MSIC’s stated mission, we ask the company to communicate with NAM’s management your disagreement with the positions being taken by Main

---

<sup>1</sup> “What are the Principles for Responsible Investment,” UNPRI, available at: <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>; “PRI Reporting Framework 2017 Snapshot Report: Signatory Information” UNPRI, available at: <https://app.powerbi.com/view?r=eyJrIjoizjA2OTAS5MWUtMzc4OC00MTZhLWlyZDYtYTc3NDMzOGE1OGFlliwidCI6ImZiYzI1NzBkLWE5OGYtNDNmMS1hOGFkLTEyYIEzMWJkOTNiOCIsImMiOiJh9>

<sup>2</sup> Eccles, Robert G., Ioannis Ioannou, and George Serafeim, “The Impact of Corporate Sustainability on Organizational Processes and Performance.” 2012. NBER Working Paper No. 17950. Eccles, Robert G., Tim Verheyden, and Andreas Feiner. 2016. “ESG for All? The Impact of ESG Screening on Return, Risk, and Diversification.” *Journal of Applied Corporate Finance* 28 (2): 47–55.

<sup>3</sup> Global Reporting Initiative Sustainability Disclosure Database, available at: <http://database.globalreporting.org/>

<sup>4</sup> As You Sow, Proxy Impact and the Sustainability Investment Institute, “Proxy Preview 2018,” pg. 28, available at: <https://www.asyousow.org/reports/2018/3/12/proxy-preview-2018>

Street Investors and urge NAM to distance itself from these positions. We also request that you state this publicly to inform concerned investors.

There is a significant group of investors who have been actively working to protect shareholder rights to file resolutions. Many of them asked to be kept informed of our outreach to you and are interested in your response to this letter. We have listed them below as being copied.

We look forward to hearing your response to our questions and respectfully request the opportunity to discuss these concerns. Please contact Tim Smith at [tsmith@bostontrust.com](mailto:tsmith@bostontrust.com) (617-726-7155) to set up a conversation.

Sincerely,

Elizabeth Gordon  
Executive Director of Corporate Governance  
New York State Common Retirement Fund  
[egordon@osc.ny.gov](mailto:egordon@osc.ny.gov)

Aeisha Mastagni  
Portfolio Manager  
CalSTRS  
[amastagni@calstrs.com](mailto:amastagni@calstrs.com)

Timothy Smith  
Senior Vice President  
Director of ESG Shareowner Engagement  
Walden Asset Management  
[tsmith@bostontrust.com](mailto:tsmith@bostontrust.com)

cc: Darren Woods, Chief Executive Officer  
Neil Hansen, Corporate Secretary



**Walden Asset Management**  
*Advancing sustainable business practices since 1975*

July 18, 2018

Ms. Kathryn E. Wengel  
Worldwide Vice President  
Johnson & Johnson  
One Johnson & Johnson Plaza  
New Brunswick, NJ 08933

Dear Ms. Wengel:

We write you in your capacity as a Board member of the National Association of Manufacturers (“NAM”) to express our concern regarding the National Association of Manufacturers’ (NAM) recent challenges to the value of shareholder proposals. NAM has affiliated with the newly formed Main Street Investors Coalition (“MSIC” or “Main Street Investors”), and NAM funded and distributed the recently published “Political, Social, and Environmental Shareholder Resolutions: Do They Create or Destroy Value?” (“NAM Report”). As a result, NAM appears to be part of a concerted effort to curtail the ability of shareholders to file proposals linked to material business issues impacting the sustainability of the company.

While the MSIC’s stated mission to bring a voice to retail investors is laudable, its underlying assumption—that by supporting shareholder proposals institutional investors are playing politics rather than advancing business interests—is deeply flawed. As you know, institutional investors engage with companies on issues such as governance structures, climate change, and board diversity in order to encourage transparency on material issues and protect against investment risk. Such engagement is particularly important to those investors employing indexing strategies, whose efforts to address investment risk can be limited because selling a company’s stock entirely is rarely an option. Pensions and fund managers make clear their focus is on creating value for plan participants, in accordance with their fiduciary duty to protect long-term value for their beneficiaries. As equity owners, we believe the shareowner voice is a critical part of capitalism.

We are deeply concerned about the negative message that the NAM Report conveys about investor engagement and shareholder resolutions in general and climate change in particular. Many NAM members have forward-looking policies and programs on climate change and understand the business case for actively addressing it. In addition, many NAM members have been engaged with investors in climate discussions so they also understand investors’ concerns about this material risk to long-term shareholder value. The report, which argues that shareholder resolutions on climate change are politically motivated and may negatively affect company performance and shareholder value, is clearly at odds with the policies and experiences of many NAM members. Further, NAM’s depiction of climate-related resolutions may permit an inference that the companies that serve on its board are skeptical about climate science or the action needed to address this urgent issue.

The MSIC perpetuates the myth that incorporating environmental, social and governance (“ESG”) factors inherently conflicts with protecting and advancing shareholder value. However, the 1,200 members of the United Nations-backed Principles for Responsible Investment—including Fidelity, BlackRock, Vanguard, and State Street—with over \$70 trillion in assets under management, have committed to consider ESG issues in the investment decision-making process since these factors may affect shareholder value.<sup>1</sup> There is ample evidence that incorporating ESG issues into investment decisions is part of responsible management as a fiduciary.<sup>2</sup> Moreover, hundreds of global companies demonstrate leadership and transparency on sustainability issues. These companies’ actions are not guided by “political and social interests” but by what is good for their investors and stakeholders over the long term.<sup>3</sup>

The emergence of MSIC and the release of this report come at a time when investor support for shareholder proposals is growing—both at the retail and institutional level. Increasingly, we see some votes in favor of shareholder resolutions surpassing 50% and numerous votes in the 40-50% range on climate or governance issues.<sup>4</sup> Investors supporting such resolutions generally do so because the business case behind the resolution is clear and convincing.

In the past, investors have expressed disappointment that NAM joined with the Business Roundtable (“BRT”) and the U.S. Chamber of Commerce in publicly urging new restrictions on the shareholder resolution process. For example, NAM supported the BRT’s 2016 proposal, which would have virtually eliminated the right of shareholders to file resolutions. We are now concerned that NAM’s new alliance with MSIC will lead its members into a more confrontational stance with investors if the project escalates its rhetoric against institutional shareholders.

We believe your company may have a very different perspective than that expressed by MSIC and NAM and that your continued affiliation with them could pose reputational risks to your company. Thus, we urge you, as a member of the leadership team of NAM, to question your Association’s research funding priorities and its working alliance with MSIC. In addition, we are interested in your answers to the following questions about your company’s positions on these issues:

- Is Johnson & Johnson aware of the new NAM paper and its attack on the efficacy of shareholder resolutions and ESG investing factors?
- What are your views on the priorities and objectives of NAM’s new partner, Main Street Investors, and its work to discredit shareholder resolutions?
- Will you help clarify for the record and the investing public where the company stands on the right of investors to file shareholder proposals and your thoughts on efforts to significantly limit the ability to present such proposals?

---

<sup>1</sup> “What are the Principles for Responsible Investment,” UNPRI, available at: <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>; “PRI Reporting Framework 2017 Snapshot Report: Signatory Information” UNPRI, available at: <https://app.powerbi.com/view?r=eyJrIjoizjA2OTA5MmUzMzc4OC00MTZhLWlyZDYtYTc3NDMzOGE1OGFJliwidCl6ImZiYzI1NzBkLWE5OGYtNDZmMS1hOGFkLTFEYjEzMWJkOTNlOCIsImMlQj9>

<sup>2</sup> Eccles, Robert G., Ioannis Ioannou, and George Serafeim, “The Impact of Corporate Sustainability on Organizational Processes and Performance.” 2012. NBER Working Paper No. 17950. Eccles, Robert G., Tim Verheyden, and Andreas Feiner. 2016. “ESG for All? The Impact of ESG Screening on Return, Risk, and Diversification.” *Journal of Applied Corporate Finance* 28 (2): 47–55.

<sup>3</sup> Global Reporting Initiative Sustainability Disclosure Database, available at: <http://database.globalreporting.org/>

<sup>4</sup> As You Sow, Proxy Impact and the Sustainability Investment Institute, “Proxy Preview 2018,” pg. 28, available at: <https://www.asyousow.org/reports/2018/3/12/proxy-preview-2018>

If Johnson & Johnson's position differs from that of the MSIC's stated mission, we ask the company to communicate with NAM's management your disagreement with the positions being taken by Main Street Investors and urge NAM to distance itself from these positions. We also request that you state this publicly to inform concerned investors.

There is a significant group of investors who have been actively working to protect shareholder rights to file resolutions. Many of them asked to be kept informed of our outreach to you and are interested in your response to this letter. We have listed them below as being copied.

We look forward to hearing your response to our questions and respectfully request the opportunity to discuss these concerns. Please contact Tim Smith at [tsmith@bostontrust.com](mailto:tsmith@bostontrust.com) (617-726-7155) to set up a conversation.

Sincerely,

Elizabeth Gordon  
Executive Director of Corporate Governance  
New York State Common Retirement Fund  
[egordon@osc.ny.gov](mailto:egordon@osc.ny.gov)

Aeisha Mastagni  
Portfolio Manager  
CalSTRS  
[amastagni@calstrs.com](mailto:amastagni@calstrs.com)

Timothy Smith  
Senior Vice President  
Director of ESG Shareowner Engagement  
Walden Asset Management  
[tsmith@bostontrust.com](mailto:tsmith@bostontrust.com)

cc: Alex Gorsky, Chairman and CEO



**Walden Asset Management**  
*Advancing sustainable business practices since 1975*

July 18, 2018

Ms. Kirsten Lund-Jurgensen  
Executive Vice President  
Pfizer, Inc.  
235 East 42<sup>nd</sup> Street  
New York, NY 10017

Dear Ms. Lund-Jurgensen:

We write you in your capacity as a member of the Executive Committee of the National Association of Manufacturers (“NAM”) to express our concern regarding the National Association of Manufacturers’ (NAM) recent challenges to the value of shareholder proposals. NAM has affiliated with the newly formed Main Street Investors Coalition (“MSIC” or “Main Street Investors”), and NAM funded and distributed the recently published “Political, Social, and Environmental Shareholder Resolutions: Do They Create or Destroy Value?” (“NAM Report”). As a result, NAM appears to be part of a concerted effort to curtail the ability of shareholders to file proposals linked to material business issues impacting the sustainability of the company.

While the MSIC’s stated mission to bring a voice to retail investors is laudable, its underlying assumption—that by supporting shareholder proposals institutional investors are playing politics rather than advancing business interests—is deeply flawed. As you know, institutional investors engage with companies on issues such as governance structures, climate change, and board diversity in order to encourage transparency on material issues and protect against investment risk. Such engagement is particularly important to those investors employing indexing strategies, whose efforts to address investment risk can be limited because selling a company’s stock entirely is rarely an option. Pensions and fund managers make clear their focus is on creating value for plan participants, in accordance with their fiduciary duty to protect long-term value for their beneficiaries. As equity owners, we believe the shareowner voice is a critical part of capitalism.

We are deeply concerned about the negative message that the NAM Report conveys about investor engagement and shareholder resolutions in general and climate change in particular. Many NAM members have forward-looking policies and programs on climate change and understand the business case for actively addressing it. In addition, many NAM members have been engaged with investors in climate discussions so they also understand investors’ concerns about this material risk to long-term shareholder value. The report, which argues that shareholder resolutions on climate change are politically motivated and may negatively affect company performance and shareholder value, is clearly at odds with the policies and experiences of many NAM members. Further, NAM’s depiction of climate-related resolutions may permit an inference that the companies that serve on its board are skeptical about climate science or the action needed to address this urgent issue.

The MSIC perpetuates the myth that incorporating environmental, social and governance (“ESG”) factors inherently conflicts with protecting and advancing shareholder value. However, the 1,200 members of the United Nations-backed Principles for Responsible Investment—including Fidelity, BlackRock, Vanguard, and State Street—with over \$70 trillion in assets under management, have committed to consider ESG issues in the investment decision-making process since these factors may affect shareholder value.<sup>1</sup> There is ample evidence that incorporating ESG issues into investment decisions is part of responsible management as a fiduciary.<sup>2</sup> Moreover, hundreds of global companies demonstrate leadership and transparency on sustainability issues. These companies’ actions are not guided by “political and social interests” but by what is good for their investors and stakeholders over the long term.<sup>3</sup>

The emergence of MSIC and the release of this report come at a time when investor support for shareholder proposals is growing—both at the retail and institutional level. Increasingly, we see some votes in favor of shareholder resolutions surpassing 50% and numerous votes in the 40-50% range on climate or governance issues.<sup>4</sup> Investors supporting such resolutions generally do so because the business case behind the resolution is clear and convincing.

In the past, investors have expressed disappointment that NAM joined with the Business Roundtable (“BRT”) and the U.S. Chamber of Commerce in publicly urging new restrictions on the shareholder resolution process. For example, NAM supported the BRT’s 2016 proposal, which would have virtually eliminated the right of shareholders to file resolutions. We are now concerned that NAM’s new alliance with MSIC will lead its members into a more confrontational stance with investors if the project escalates its rhetoric against institutional shareholders.

We believe your company may have a very different perspective than that expressed by MSIC and NAM and that your continued affiliation with them could pose reputational risks to your company. Thus, we urge you, as a member of the leadership team of NAM, to question your Association’s research funding priorities and its working alliance with MSIC. In addition, we are interested in your answers to the following questions about your company’s positions on these issues:

- Is Pfizer aware of the new NAM paper and its attack on the efficacy of shareholder resolutions and ESG investing factors?
- What are your views on the priorities and objectives of NAM’s new partner, Main Street Investors, and its work to discredit shareholder resolutions?
- Will you help clarify for the record and the investing public where the company stands on the right of investors to file shareholder proposals and your thoughts on efforts to significantly limit the ability to present such proposals?

If Pfizer’s position differs from that of the MSIC’s stated mission, we ask the company to communicate with NAM’s management your disagreement with the positions being taken by Main Street Investors

---

<sup>1</sup> “What are the Principles for Responsible Investment,” UNPRI, available at: <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>; “PRI Reporting Framework 2017 Snapshot Report: Signatory Information” UNPRI, available at: <https://app.powerbi.com/view?r=eyJrIjoia20TAS5MWUtMzc4OC00MTZlWlVhZDYtYTc3NDMzOGE1OGFjIiwidCI6ImZiYz11NzBkLWE5OGYtNDFmMS1hOGFkLTFEYyIEZmWjkOTNlOCIsImMiOiJh9>

<sup>2</sup> Eccles, Robert G., Ioannis Ioannou, and George Serafeim, “The Impact of Corporate Sustainability on Organizational Processes and Performance.” 2012. NBER Working Paper No. 17950. Eccles, Robert G., Tim Verheyden, and Andreas Feiner. 2016. “ESG for All? The Impact of ESG Screening on Return, Risk, and Diversification.” *Journal of Applied Corporate Finance* 28 (2): 47–55.

<sup>3</sup> Global Reporting Initiative Sustainability Disclosure Database, available at: <http://database.globalreporting.org/>

<sup>4</sup> As You Sow, Proxy Impact and the Sustainability Investment Institute, “Proxy Preview 2018,” pg. 28, available at: <https://www.asyousow.org/reports/2018/3/12/proxy-preview-2018>



and urge NAM to distance itself from these positions. We also request that you state this publicly to inform concerned investors.

There is a significant group of investors who have been actively working to protect shareholder rights to file resolutions. Many of them asked to be kept informed of our outreach to you and are interested in your response to this letter. We have listed them below as being copied.

We look forward to hearing your response to our questions and respectfully request the opportunity to discuss these concerns. Please contact Tim Smith at [tsmith@bostontrust.com](mailto:tsmith@bostontrust.com) (617-726-7155) to set up a conversation.

Sincerely,

Elizabeth Gordon  
Executive Director of Corporate Governance  
New York State Common Retirement Fund  
[egordon@osc.ny.gov](mailto:egordon@osc.ny.gov)

Aeisha Mastagni  
Portfolio Manager  
CalSTRS  
[amastagni@calstrs.com](mailto:amastagni@calstrs.com)

Timothy Smith  
Senior Vice President  
Director of ESG Shareowner Engagement  
Walden Asset Management  
[tsmith@bostontrust.com](mailto:tsmith@bostontrust.com)

cc: Ian Read, Chief Executive Officer  
Margaret Madden, Corporate Secretary