

Progress Continues

Updates on sustainability topics beyond our core issues

April 2018

This document provides a summary of key topics that are not among the five core issues featured in our sustainability reporting and time-bound goals. These topics remain of interest to certain of our stakeholders, based on our formal assessment of environmental, social and governance issues.

Lawful lobbying and political engagement

- **Issue Summary:** Stakeholders seek disclosure to identify an organization's support for political causes and the extent to which an organization's political contributions are in line with its stated policies, goals, or other public positions. This should be done in a way that does not improperly circumvent legislation designed to limit the amount an organization can spend on political parties and candidates.
- **Our Position:** We lawfully participate in the political process to communicate views on legislative and regulatory matters that have an impact on our business, including the U.S. federal budget and related Congressional actions. Our lobbying activities adhere to high ethical standards, laws and regulations. We encourage research and development funding in a socially and environmentally responsible manner.
- **Our Action:** Our corporate policy, CPS-004 Political Activity, prohibits contributions of any type to non-U.S. candidates, parties or political committees. Our [Political Disclosures webpage](#) discloses contributions, associations, employee political action committee and lobbying activities. The CPA-Zicklin Index of Corporate Political Disclosure and Accountability compares the transparency policies and practices of the S&P 500. We retained our score of 55 out of 70 and our placement in the 79th percentile.

Waste and recycling

- **Issue Summary:** Data on waste generation and disposal practices indicates how an organization manages environmental impacts and potential improvements in process efficiency and productivity.
- **Our Position:** Management of waste and recycling are key topics tracked through our GoGreen 2020 efforts. We seek to reduce total waste generated by 7 percent between 2014 and 2020. We monitor recycling rates at owned and company-operated facilities for a variety of waste streams, including compostable goods, paper, packaging, electronics and precious metals.

Our Actions: Our [Reducing Waste webpage](#) reports on our latest waste and recycling management and updates. In 2017, we struck a new partnership with the United States Business Council for Sustainable Development (USBCSD) Materials Marketplace to further implement circular economy practices at our facilities, which led to chemicals and materials being diverted from waste streams.

Stakeholder engagement

- **Issue Summary:** Stakeholders are entities or individuals that can be expected to be significantly affected by the organization’s activities, products, and services; and whose actions can affect the ability of the organization to successfully implement its objectives. The engagement process should be based on systematic or generally accepted approaches and principles. (Adopted form GRI)
- **Our Position:** We build relationships with customers, employees, NGOs, stockholders and suppliers who seek common ground on sound governance. By working with a diverse set of stakeholder segments and participating in multilateral partnerships, we seek to build trust in our business and expand the benefits of our products and services.
- **Our Action:** Our Core Issues Assessment process determined that stakeholder engagement should be reported as an umbrella tenet of sustainability, rather than an element of the core issue of Business Integrity. We consolidate stakeholder engagement content in the Our Approach section of our [2017 Sustainability Report](#) and in the [2017 GRI Index](#).

Executive compensation

- **Issue Summary:** Executive compensation is a factor that investors evaluate when determining a company’s long-term viability. Executives who are improperly compensated, either overpaid or underpaid, may not be incentivized to perform in the best interest of shareholders. Compensation programs should be designed to attract and retain critical executive talent, to motivate behaviors that align with stockholders’ interest, and to pay for performance.
- **Our Position:** The Compensation Committee of the Board of Directors seeks input from our CEO and other members of our management team as well as input and advice from the independent compensation consultant to ensure the corporation’s compensation philosophy and all information relevant to individual compensation decisions are taken into account.
- **Our Action:** Our [2018 Proxy Statement](#) reports on executive compensation. At our 2017 Annual Meeting, more than 94% of the votes cast by our stockholders approved our Say-on-Pay proposal. We meet with our key investors throughout the year to understand the issues that matter most to them as it relates to executive compensation. We considered the input of our stockholders and emerging best practices in adopting our executive pay programs. During 2017, we had 27 engagements by telephone conference or written correspondence with our largest institutional investors and other significant stockholders. Most investors with whom we met reacted positively to our pay governance and executive compensation programs.