

Request for the Board to Adopt a Policy for Director Transparency

WHEREAS: Viewpoint disagreements have intensified, and businesses are caught in the middle. While shareholders should expect corporate engagement over matters that affect operations – like taxation and regulation – many companies get involved in contentious matters unrelated to their core businesses.

SUPPORTING STATEMENT: Corporate support of potentially controversial stances, especially on social and cultural issues, can damage relationships with customers, employees, and investors, and present material risks to companies’ reputation and sustainability. For example:

- Consumers boycotted Bud Light following advertising efforts featuring transgender influencer Dylan Mulvaney, and the brand lost its status as the best-selling beer in the United States.¹ Parent company Anheuser-Busch InBev lost 28 percent in pre-tax profit during the second quarter of 2023, and the situation worsened in Q3, resulting in another 29 percent drop in adjusted U.S. earnings.²
- Target Corporation highlighted its sale of sexually charged children’s products and corporate donations to partisan organizations.³ Its quarterly sales fell for the first time in six years,⁴ despite increased consumer spending during that period,⁵ and the company lost \$10 billion in market value over ten days.

Alphabet, Inc. (“Alphabet” or “Company”) is not exempt. It donated millions of dollars⁶ to groups⁷ that support lenient criminal justice policies that have destroyed many U.S. inner cities. The Company’s efforts contributed to the widespread vilification of police officers⁸ and a rise in crime across the country.⁹

Corporate underperformance can be avoided if directors exercise greater risk oversight objectively. According to Alphabet’s Investor Relations, “the fundamental responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of Alphabet and its stockholders,”¹⁰ but shareholders are uninformed about members’ ideological and political views. Greater transparency is needed for shareholders to discern whether our Board suffers the partisan capture and therefore the group-think ideological blinders that have cost some companies in recent years.

¹ <https://www.theguardian.com/business/2023/jun/14/bud-light-loses-top-us-beer-spot-after-promotion-with-transgender-influencer>

² <https://www.cnn.com/2023/10/31/investing/bud-light-anheuser-busch-earnings/index.html>

³ <https://nypost.com/2023/05/28/target-loses-10b-following-boycott-calls-over-lgbtq-friendly-clothing/>

⁴ <https://www.cnn.com/2023/08/16/investing/target-stock-earnings/index.html>

⁵ <https://www.reuters.com/markets/us/us-consumer-spending-july-surges-weekly-jobless-claims-fall-2023-08-31/>

⁶ <https://www.google.org/racial-justice/>

⁷ <https://eji.org/criminal-justice-reform/>

⁸ <https://www.nbcnews.com/news/us-news/us-experiencing-police-hiring-crisis-rcna103600>

⁹ https://thehill.com/homenews/nexstar_media_wire/4258799-is-crime-going-up-in-america-some-types-are-new-fbi-data-shows/

¹⁰ <https://abc.xyz/investor/board-and-governance/corporate-governance-guidelines/>

RESOLVED: Shareholders request the Board adopt as policy, and amend the governing documents as necessary, to require each year that director nominees to furnish the Company, in sufficient time before publication of the annual proxy statement, information about their political and charitable giving. The information would be most valuable if it contained:

- a list of his or her donations to federal and state political candidates, and to political action committees, in amounts that exceed \$999 per year, for each of the preceding 10 years;
- a list of his or her donations to nonprofit (under all IRS categories) and charitable organizations, in amounts that exceed \$1,999 per year, for each of the preceding five years.

Information that nominees provide to the Company shall be made conveniently available to shareholders and to the public at the time the annual proxy statement is issued.