

Whereas, regular examination of the alignment of political expenditures and lobbying activities with corporate public commitments and policies is an increasingly important requirement of strong corporate governance.

Resolved: Shareholders request the board disclose annually, at reasonable expense and omitting proprietary information:

- UPS' criteria governing direct and indirect lobbying and political expenditures;
- The company's process for identifying, evaluating, and addressing incongruity of its lobbying and political expenditures and UPS public commitments and policies; and
- All memberships and payments to trade associations and tax-exempt organizations engaged in lobbying and/or the drafting of model legislation.

Supporting Statement: As long-term shareholders, we commend UPS for its transparency in political spending and its strong Zicklin rating. The UPS Nominating and Governance committee receives regular reports on UPS's lobbying and political activities, and reviews and approves its semi-annual political contributions report.

However, UPS does not disclose the criteria guiding direct and indirect lobbying and political expenditures, its process for evaluating congruence of these expenditures with UPS's public commitments and policies, nor company actions to address instances of misalignment. Additionally, UPS does not disclose a full list of its memberships in trade associations, Super PACs, 527 committees, and 501c(4) "social welfare" organizations, limiting shareholder visibility of indirect lobbying and political spending activity. UPS policy is to disclose the non-deductible portion of dues paid to any trade associations that receive more than \$50,000 in dues from the company, but no trade associations have been listed in those disclosures for the past four years.¹

In 2021, UPS spent \$8,181,434 on federal lobbying.² This does not include state lobbying, where disclosure is uneven or absent. UPS lobbied in at least 32 states in 2021 and spent \$2.1 million on lobbying in California from 2010 – 2021.³

IRS public records show UPS contributed \$327,957 to six partisan 527 committees since 2016. It is unclear whether the Company and board received sufficient information from these groups to assess potential risks for the Company and its stockholders or whether the groups' expenditures aligned with UPS business objectives and public positions.

UPS states, "The effects of global climate change create financial and operational risks to our business, both directly and indirectly."⁴ UPS is reportedly a member of the Chamber of Commerce, which has spent nearly \$1.8 billion on federal lobbying since 1998.⁵ The Chamber lobbied strongly against the Inflation Reduction Act, the most ambitious climate policy in U.S. history.⁶

¹ <https://investors.ups.com/esg/political-contributions>

² <https://www.opensecrets.org/>

³ <https://cal-access.sos.ca.gov/Lobbying/Employers/Detail.aspx?id=1143678&session=2019&view=activity>

⁴ https://about.ups.com/content/dam/upsstories/assets/reporting/sustainability-2021/UPS_2021_TCFD_Report.pdf

⁵ <https://www.opensecrets.org/>

⁶ https://ceres.org/sites/default/files/reports/2022-11/RPE%20Report_Nov22.pdf

UPS has committed to “positively impact the lives of one billion people by 2040 through our commitment to diversity, equity and inclusion...”⁷. However, UPS sits on the Private Enterprise Advisory Council of the American Legislative Exchange Council (ALEC), an organization scrutinized in recent years for its voter restriction efforts.⁸

Non-transparent and misaligned lobbying and political expenditures can create reputational risks that harm shareholder value and may undermine corporate initiatives to address direct and systemic material ESG risks. We urge UPS to expand its lobbying and political expenditure disclosures.

⁷ <https://about.ups.com/ae/en/social-impact/diversity-equity-and-inclusion/2020-ups-corporate-sustainability-report.html#:~:text=UPS%20will%20work%20to%20positively,%2C%20volunteerism%20and%20charitable%20giving.>

⁸ <https://www.thenation.com/article/politics/alec-corporations-democracy/>