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NYSE: **DG**

ISIN: **US2566771059**

**MEETING DATE:** 29 MAY 2025

**RECORD DATE:** 20 MARCH 2025

**PUBLISH DATE:** 07 MAY 2025

**INDEX MEMBERSHIP:** S&P 500; RUSSELL 1000; RUSSELL 3000

**SECTOR:** CONSUMER STAPLES

**INDUSTRY:** CONSUMER STAPLES DISTRIBUTION AND RETAIL

**COMPANY DESCRIPTION**

Dollar General Corporation, a discount retailer, provides various merchandise products in the southern, southwestern, Midwestern, and eastern United States.

**COUNTRY OF TRADE:** UNITED STATES

**COUNTRY OF INCORPORATION:** UNITED STATES

**HEADQUARTERS:** TENNESSEE

**VOTING IMPEDIMENT:** NONE

OWNERSHIP	COMPANY PROFILE	ESG PROFILE	COMPENSATION	COMPENSATION ANALYSIS	COMPANY UPDATES
PEER COMPARISON	VOTE RESULTS	COMPANY FEEDBACK	APPENDIX	SUSTAINALYTICS ESG	ESG BOOK PROFILE
BITSIGHT CYBER SECURITY					

## 2025 ANNUAL MEETING

PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	<a href="#">Election of Directors</a>	FOR	<b>FOR</b>	
1.01	Elect Warren F. Bryant	FOR	<b>FOR</b>	
1.02	Elect Michael M. Calbert	FOR	<b>FOR</b>	
1.03	Elect Ana M. Chadwick	FOR	<b>FOR</b>	
1.04	Elect Timothy I. McGuire	FOR	<b>FOR</b>	
1.05	Elect David P. Rowland	FOR	<b>FOR</b>	
1.06	Elect Debra A. Sandler	FOR	<b>FOR</b>	
1.07	Elect Ralph E. Santana	FOR	<b>FOR</b>	
1.08	Elect Kathleen M. Scarlett	FOR	<b>FOR</b>	
1.09	Elect Todd J. Vasos	FOR	<b>FOR</b>	
2.00	<a href="#">Advisory Vote on Executive Compensation</a>	FOR	<b>FOR</b>	
3.00	<a href="#">Ratification of Auditor</a>	FOR	<b>FOR</b>	
4.00	<a href="#">Shareholder Proposal Regarding Length of Share Ownership Required to Call Special Meetings</a>	AGAINST	<b>FOR</b>	<ul style="list-style-type: none"> <li>Existing special meeting right is overly onerous</li> </ul>
5.00	<a href="#">Shareholder Proposal Regarding Human Rights Policy</a>	AGAINST	<b>FOR</b>	<ul style="list-style-type: none"> <li>Adoption of policy could help mitigate human rights related risks</li> </ul>
6.00	<a href="#">Shareholder Proposal Regarding Transparency Report on Food Waste</a>	AGAINST	<b>AGAINST</b>	

## POTENTIAL CONFLICTS

As of October 2021, U.S. and Canadian companies are eligible to purchase and receive Equity Plan Advisory services from Glass Lewis Corporate, LLC ("GLC"), a Glass Lewis affiliated company. More information, including whether the company that is the subject of this report used GLC's services with respect to any equity plan discussed in this report, is available to Glass Lewis' institutional clients on Viewpoint or by contacting [compliance@glasslewis.com](mailto:compliance@glasslewis.com). Glass Lewis maintains a strict separation between GLC and its research analysts. GLC and its personnel did not participate in any way in the preparation of this report.

## ENGAGEMENT ACTIVITIES

Glass Lewis held the following engagement meetings within the past year:

ENGAGED WITH	MEETING DATE	ORGANIZER	TYPE OF MEETING	TOPICS DISCUSSED
Issuer	06 November 2024	Issuer	Teleconference/Web-Meeting	Company Performance / Strategy, Executive Pay, Human Capital Management
Shareholder Proponent	13 February 2025	Shareholder Proposal Proponent	Teleconference/Web-Meeting	Shareholder Proposal
Shareholder Proponent	24 February 2025	Shareholder Proposal Proponent	Teleconference/Web-Meeting	Shareholder Proposal
Shareholder Proponent	03 March 2025	Shareholder Proposal Proponent	Teleconference/Web-Meeting	Shareholder Proposal

For further information regarding our engagement policy, please visit <http://www.glasslewis.com/engagement-policy/>.

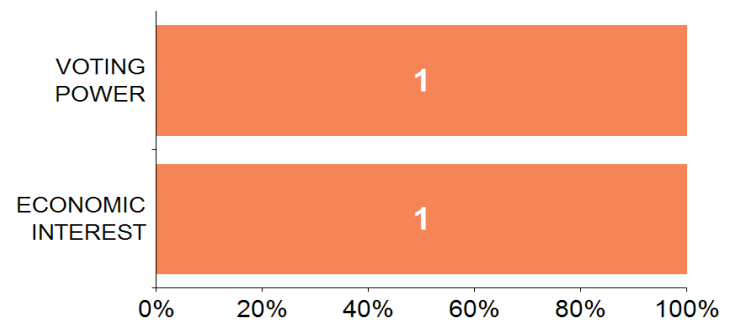
**ISSUER DATA REPORT:** Dollar General Corporation registered to participate in Glass Lewis' Issuer Data Report program (IDR) for this meeting. The IDR program enables companies to preview the key data points used by Glass Lewis' research team, and address any factual errors with Glass Lewis prior to the publication of the Proxy Paper to Glass Lewis' clients. No voting recommendations or analyses are provided as part of the IDR. For more information on the IDR program, please visit <https://www.glasslewis.com/issuer-data-report/>

# SHARE OWNERSHIP PROFILE

## SHARE BREAKDOWN

	1
<b>SHARE CLASS</b>	Common Stock
<b>SHARES OUTSTANDING</b>	219.9 M
<b>VOTES PER SHARE</b>	1
<b>INSIDE OWNERSHIP</b>	0.20%
<b>STRATEGIC OWNERS**</b>	0.40%
<b>FREE FLOAT</b>	99.10%

SOURCE CAPITAL IQ AND GLASS LEWIS. AS OF 07-MAY-2025



## TOP 20 SHAREHOLDERS

	HOLDER	OWNED*	COUNTRY	INVESTOR TYPE
1.	The Vanguard Group, Inc.	11.47%	United States	Traditional Investment Manager
2.	BlackRock, Inc.	9.77%	United States	Traditional Investment Manager
3.	Pzena Investment Management, Inc.	5.81%	United States	Traditional Investment Manager
4.	State Street Global Advisors, Inc.	4.55%	United States	Traditional Investment Manager
5.	Capital Research and Management Company	4.27%	United States	Traditional Investment Manager
6.	T. Rowe Price Group, Inc.	2.91%	United States	Traditional Investment Manager
7.	Geode Capital Management, LLC	2.44%	United States	Traditional Investment Manager
8.	First Eagle Investment Management, LLC	2.40%	United States	Traditional Investment Manager
9.	ACR Alpine Capital Research, LLC	1.84%	United States	Traditional Investment Manager
10.	Longview Partners (Guernsey) Limited	1.57%	Guernsey	Traditional Investment Manager
11.	Millennium Management LLC	1.40%	United States	Hedge Fund Manager/CTA
12.	Eaton Vance Management	1.27%	United States	Traditional Investment Manager
13.	Invesco Capital Management LLC	1.19%	United States	Traditional Investment Manager
14.	UBS Asset Management AG	1.08%	Switzerland	Traditional Investment Manager
15.	Two Sigma Investments, LP	1.07%	United States	Hedge Fund Manager/CTA
16.	The Baupost Group, L.L.C.	0.94%	United States	Hedge Fund Manager/CTA
17.	Northern Trust Global Investments	0.92%	United Kingdom	Traditional Investment Manager
18.	Fidelity International Ltd	0.86%	Bermuda	Traditional Investment Manager
19.	Qube Research & Technologies Ltd	0.85%	United Kingdom	Traditional Investment Manager
20.	Norges Bank Investment Management	0.84%	Norway	Sovereign Wealth Fund

\*COMMON STOCK EQUIVALENTS (AGGREGATE ECONOMIC INTEREST) SOURCE: CAPITAL IQ. AS OF 07-MAY-2025

\*\*CAPITAL IQ DEFINES STRATEGIC SHAREHOLDER AS A PUBLIC OR PRIVATE CORPORATION, INDIVIDUAL/INSIDER, COMPANY CONTROLLED FOUNDATION, ESOP OR STATE OWNED SHARES OR ANY HEDGE FUND MANAGERS, VC/PE FIRMS OR SOVEREIGN WEALTH FUNDS WITH A STAKE GREATER THAN 5%.

## SHAREHOLDER RIGHTS

	MARKET THRESHOLD	COMPANY THRESHOLD <sup>1</sup>
VOTING POWER REQUIRED TO CALL A SPECIAL MEETING	N/A	25.00%
VOTING POWER REQUIRED TO ADD AGENDA ITEM	\$2,000 <sup>2</sup>	\$2,000 <sup>2</sup>
VOTING POWER REQUIRED TO APPROVE A WRITTEN CONSENT	N/A	50.00%

<sup>1</sup>N/A INDICATES THAT THE COMPANY DOES NOT PROVIDE THE CORRESPONDING SHAREHOLDER RIGHT.

<sup>2</sup>UNLESS GRANDFATHERED, SHAREHOLDERS MUST OWN SHARES WITH MARKET VALUE OF AT LEAST \$2,000 FOR THREE YEARS. ALTERNATIVELY, SHAREHOLDERS MUST OWN SHARES WITH MARKET VALUE OF AT LEAST \$15,000 FOR TWO YEARS; OR SHARES WITH MARKET VALUE OF \$25,000 FOR AT LEAST ONE YEAR.

# COMPANY PROFILE

FINANCIALS		1 YR TSR	3 YR TSR AVG.	5 YR TSR AVG.
	DG	-44.9%	-29.0%	-13.2%
	S&P 500	26.4%	11.9%	15.2%
	Peers*	40.5%	17.6%	17.9%
	Market Capitalization (MM \$)		15,628	
	Enterprise Value (MM \$)		32,159	
	Revenues (MM \$)		40,612	

ANNUALIZED SHAREHOLDER RETURNS. \*PEERS ARE BASED ON THE INDUSTRY SEGMENTATION OF THE GLOBAL INDUSTRIAL CLASSIFICATION SYSTEM (GICS). FIGURES AS OF 31-JAN-2025. SOURCE: CAPITAL IQ

EXECUTIVE COMPENSATION	Total CEO Compensation \$2,152,357			
	1-Year Change in CEO Pay	-76%	CEO to Median Employee Pay Ratio	114:1
	Say on Pay Frequency	1 Year	Compensation Grade 2025	C
	Glass Lewis Structure Rating	Fair	Glass Lewis Disclosure Rating	Fair
	Single Trigger CIC Vesting	No	Excise Tax Gross-Ups	No
	NEO Ownership Guidelines	Yes	Overhang of Incentive Plans	7.05%

CORPORATE GOVERNANCE	Election Method	Majority w/ Resignation Policy	CEO Start Date	October 2023
	Controlled Company	No	Proxy Access	Yes
	Multi-Class Voting	No	Virtual-Only Meeting	Yes
	Staggered Board	No	Average NED Tenure	7 years
	Combined Chair/CEO	No	Gender Diversity on Board	33.3%
	Individual Director Skills Matrix Disclosed	Yes	Company-Reported Racial/Ethnic Diversity on Board	33.3%
	Supermajority* to Amend Bylaws and/or Charter	No	Age-Based Director Retirement Policy/Guideline	No; N/A
	Numerical Director Commitments Policy	Yes		

\*Supermajority defined as at least two-thirds of shares outstanding

ANTI-TAKEOVER	Poison Pill	No
	Approved by Shareholders/Expiration Date	N/A; N/A

AUDITORS	Auditor: ERNST & YOUNG	Tenure: 24 Years
	Material Weakness(es) Outstanding	No
	Restatement(s) in Past 12 Months	No

SASB MATERIALITY	Primary SASB Industry: Multiline and Specialty Retailers & Distributors		
	Financially Material Topics:		
	<ul style="list-style-type: none"> <li>Energy Management in Retail &amp; Distribution</li> <li>Labor Practices</li> <li>Product Sourcing, Packaging &amp; Marketing</li> </ul>	<ul style="list-style-type: none"> <li>Data Security</li> <li>Workforce Diversity &amp; Inclusion</li> </ul>	
	Company Reports to SASB/Extent of Disclosure: Yes; Full Standard		

CURRENT AS OF MAY 07, 2025

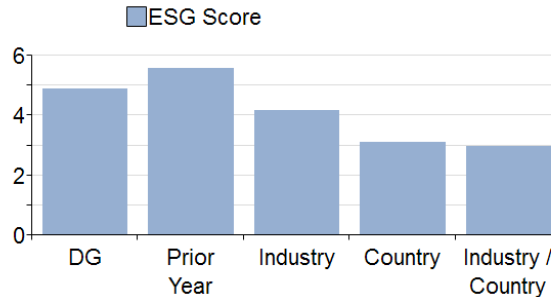
# GLASS LEWIS ESG PROFILE

## GLASS LEWIS ESG SCORE: 4.9 / 10

### ESG SCORE SUMMARY

<b>Board Accountability Score:</b>	8.1 / 10	<b>ESG Transparency Score:</b>	6.7 / 10	<b>Targets and Alignment Score:</b>	-0.7 / 10
<b>Climate Risk Mitigation Score:</b>	N/A	<b>Biodiversity Score:</b>	N/A		

### SCORE BREAKDOWN



<b>PRIOR YEAR ESG SCORE*</b>	5.591
<b>CHANGE IN ESG SCORE</b>	-0.71
<b>INDUSTRY</b>	4.2 ( 0.71 )
<b>COUNTRY</b>	3.1 ( 1.77 )
<b>INDUSTRY / COUNTRY</b>	3.0 ( 1.90 )

\*As of our Proxy Paper for the Annual Meeting on 29-May-24

### BOARD ACCOUNTABILITY ( 8.1 / 10 )

<b>Average NED Tenure</b>	7 years	<b>Percent Gender Diversity</b>	33%
<b>Director Independence</b>	89%	<b>Board Oversight of ESG</b>	Yes
<b>Board Oversight of Cyber</b>	Yes	<b>Board Oversight of Human Capital</b>	Yes
<b>Compensation Linked to E&amp;S Metrics</b>	No	<b>Lowest Support for Directors in Prior Year</b>	94.1%
<b>Prior Year Say on Pay Support</b>	72.7%	<b>Annual Director Elections</b>	Yes
<b>Inequitable Voting Rights</b>	No	<b>Pay Ratio</b>	114:1
<b>Diversity Disclosure Assessment</b>	Exemplary	<b>Failure to Respond to Shareholder Proposal</b>	No

### ESG TRANSPARENCY ( 6.7 / 10 )

<b>Comprehensive Sustainability Reporting</b>	Yes	<b>GRI-Indicated Report</b>	No
<b>Reporting Assurance</b>	No	<b>Reporting Aligns with TCFD/IFRS S2</b>	Yes
<b>Discloses Scope 1 &amp; 2 Emissions</b>	Yes	<b>Discloses Scope 3 Emissions</b>	No
<b>Reports to SASB</b>	Yes	<b>Extent of SASB Reporting</b>	Full Standard
<b>Discloses EEO-1 Report</b>	Yes	<b>CPA-Zicklin Score</b>	45.7

### ESG TARGETS AND ALIGNMENT ( -0.7 / 10 )

<b>Has Scope 1 and/or 2 GHG Reduction Targets</b>	Yes	<b>Has Scope 3 GHG Reduction Targets</b>	No
<b>Has Net Zero GHG Target</b>	No	<b>Reduction Target Certified by SBTi</b>	No
<b>SBTi Near-Term Target</b>	N/A	<b>SBTi Long-Term Target</b>	N/A
<b>SBTi Net Zero Target</b>	N/A	<b>UNGC Participant or Signatory</b>	No
<b>Has Human Rights Policy</b>	No	<b>Human Rights Policy Aligns with ILO, UNGP, or UDHR</b>	No
<b>Has Human Rights Due Diligence Framework</b>	No	<b>Has Supplier Code of Conduct</b>	Yes
<b>Has Biodiversity Policy</b>	No	<b>Has AI Policy</b>	No

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# PAY-FOR-PERFORMANCE

Dollar General's executive compensation received a **C** grade in our proprietary pay-for-performance model. The Company paid less compensation to its named executive officers than the median compensation for a group of companies selected based on Glass Lewis' peer group methodology and company data. The CEO was paid less than the median CEO compensation of these peer companies. Overall, the Company paid less than its peers and performed worse than its peers.

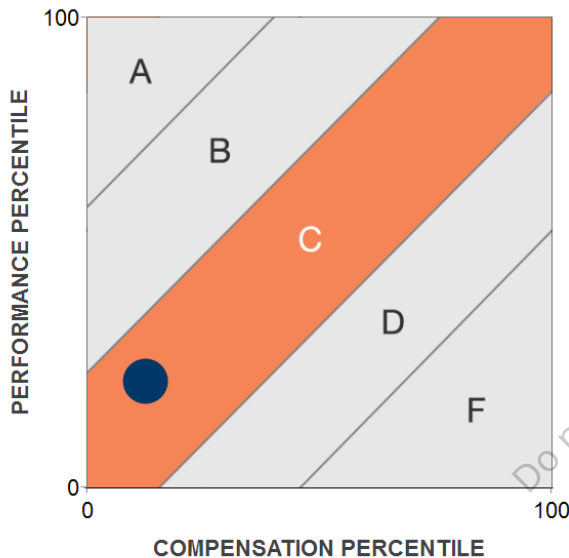
## HISTORICAL COMPENSATION GRADE

FY 2025:	C
FY 2024:	D
FY 2023:	F

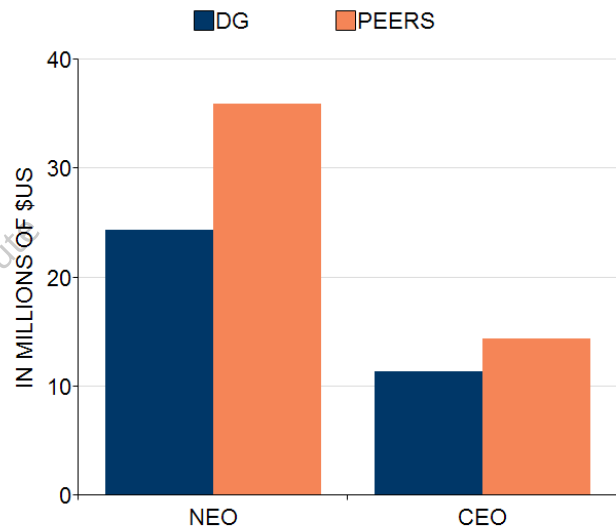
## FY 2025 CEO COMPENSATION

<b>SALARY:</b>	\$1,400,054
<b>GDFV EQUITY:</b>	\$ 0
<b>NEIP/OTHER:</b>	\$751,781
<b>TOTAL:</b>	\$2,151,835

## FY 2025 PAY-FOR-PERFORMANCE GRADE



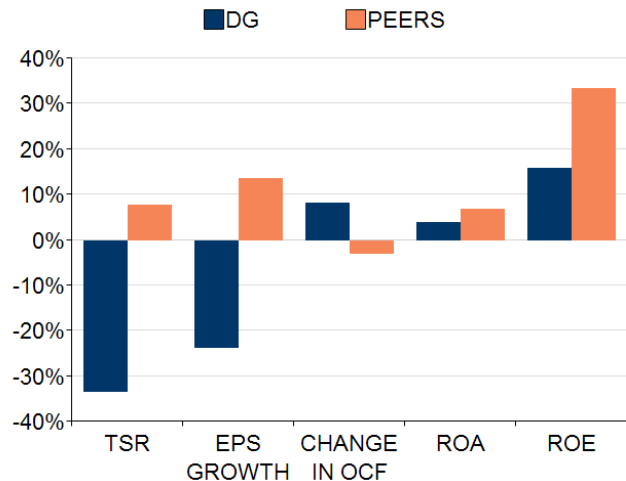
## 3-YEAR WEIGHTED AVERAGE COMPENSATION



## GLASS LEWIS PEERS VS PEERS DISCLOSED BY COMPANY

GLASS LEWIS	DG
Albertsons Companies, Inc.	Starbucks Corporation
AutoZone, Inc.*	CarMax, Inc
Best Buy Co., Inc.*	Walgreens Boots Alliance, Inc
BJs Wholesale Club Holdings, Inc.	The Kroger Co
Dollar Tree, Inc.*	Tractor Supply Company
Genuine Parts Company	O'Reilly Automotive, Inc
Kohls Corporation	
Lowes Companies, Inc.*	
Macys, Inc.	
Performance Food Group Company	
Ross Stores, Inc.*	
Sysco Corporation*	
Target Corporation*	
The TJX Companies, Inc.*	
US Foods Holding Corp.	
*ALSO DISCLOSED BY DG	

## SHAREHOLDER WEALTH AND BUSINESS PERFORMANCE



Analysis for the year ended 1/31/2025. Performance measures, except ROA and ROE, are based on the weighted average of annualized one-, two- and three-year data. Compensation figures are weighted average three-year data calculated by Glass Lewis. Data for Glass Lewis' pay-for-performance tests are sourced from company filings, including proxy statements, annual reports, and other forms for pay. Performance and TSR data are sourced from Capital IQ and publicly filed annual reports. For Canadian peers, equity awards are normalized using the grant date exchange rate and cash compensation data is normalized using the fiscal year-end exchange rate. The performance metrics used in the analysis are selected by Glass Lewis and standardized across companies by industry. These metrics may differ from the key metrics disclosed by individual companies to meet SEC pay-versus-performance rules.

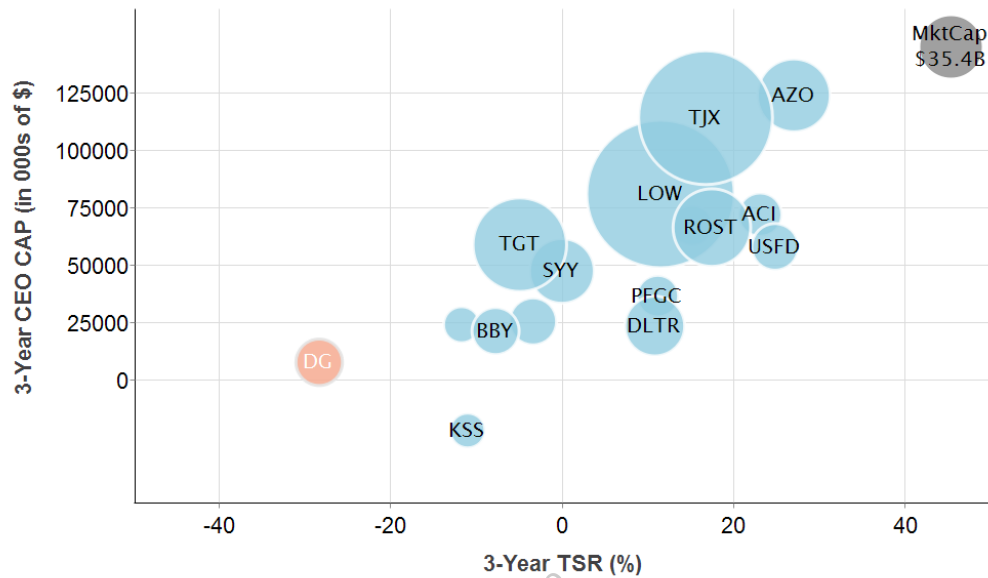
Glass Lewis peers are based on Glass Lewis' proprietary peer methodology, which considers both country-based and sector-based peers, along with each company's disclosed peers, and are updated in February and August. Peer data is based on publicly available information, as well as information provided to Glass Lewis during the open submission periods. The "Peers Disclosed by Company" data is based on public information in proxy statements. Glass Lewis may exclude certain peers from the Pay

for Performance analysis based on factors such as trading status and/or data availability.

For details on the Pay-for-Performance analysis and peer group methodology, please refer to Glass Lewis' [Pay-for-Performance Methodology & FAQ](#).

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# COMPENSATION ANALYSIS



	Market Capitalization	Revenue	CEO Compensation Actually Paid	1Y TSR	3Y TSR	5Y TSR
Reference Company Percentile	38%ile	56%ile	13%ile	6%ile	6%ile	6%ile
Reference Company	\$15.6B	\$40.6B	\$7.5M	-46.6%	-28.3%	-13.2%
25th Percentile of Peers	\$8.6B	\$17.5B	\$23.4M	-10.9%	-7.7%	2.9%
50th Percentile of Peers	\$16.3B	\$37.9B	\$58.0M	-1.1%	11.1%	10.3%
75th Percentile of Peers	\$44.5B	\$54.7B	\$67.4M	6.7%	16.7%	16.4%
Multiple of Median	1.0x	1.1x	0.1x	N/A	N/A	N/A

	COMPENSATION ACTUALLY PAID (CAP)		EPS		ROA		ROE	
Year	DG	GL Peers (Median)	DG	GL Peers (Median)	DG	GL Peers (Median)	DG	GL Peers (Median)
2025	-\$5.7M	\$17.2M	\$5.12	\$4.23	3.9%	7.3%	15.9%	26.9%
2024	-\$2.1M	\$11.5M	\$7.57	\$3.92	5.1%	6.2%	27.0%	33.6%
2023	\$15.3M	\$13.7M	\$10.73	\$4.17	7.5%	6.5%	40.9%	32.0%

RATIO OF 3-YEAR COMPENSATION ACTUALLY PAID TO 3-YEAR TSR					
Market Capitalization Band	DG	25th Percentile	50th Percentile	75th Percentile	90th Percentile
\$4B+	105,023:1	212,935:1	330,617:1	522,386:1	779,790:1

	LIST OF COMPANIES
Glass Lewis Peer Group	Albertsons Companies, Inc (ACI), AutoZone, Inc (AZO), US Foods Holding Corp (USFD), Performance Food Group Company (PFGC), BJ's Wholesale Club Holdings, Inc (BJ), Lowes Companies, Inc (LOW), Ross Stores, Inc (ROST), The TJX Companies, Inc (TJX), Genuine Parts Company (GPC), Dollar Tree, Inc (DLTR), Macys, Inc (M), Kohls Corporation (KSS), Sysco Corporation (SY), Target Corporation (TGT), Best Buy Co, Inc (BBY)

The Compensation Analysis for U.S. companies uses "compensation actually paid" figures provided by companies in proxy materials. The financial data used is based on information provided by Capital IQ. The performance metrics used in the analysis are selected by Glass Lewis and standardized across companies by industry. These metrics may differ from the key metrics disclosed by individual companies to meet SEC pay-versus-performance rules. The peer groups used in this analysis are created using Glass Lewis' proprietary peer-to-peer methodology for North American companies. For further information on the "compensation actually paid" figures, please see Glass Lewis' paper, New SEC Pay Versus Performance Disclosure Requirements. [Find the Perfect Peer Group with Glass Lewis](#)



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## 1.00: ELECTION OF DIRECTORS

FOR

PROPOSAL REQUEST: Election of nine directors

ELECTION METHOD: Majority w/ Resignation Policy

## RECOMMENDATIONS &amp; CONCERNS:

FOR: T. Vasos ; W. Bryant ; M. Calbert ; A. Chadwick ; T. McGuire ; D. Rowland ; D. Sandler ; R. Santana ; K. Scarlett

## PROPOSAL SUMMARY

Shareholders are being asked to elect nine nominees to each serve a one-year term.

## BOARD OF DIRECTORS

UP	NAME	AGE	GENDER	DIVERSE <sup>+</sup>	GLASS LEWIS CLASSIFICATION	COMPANY CLASSIFICATION	OWN <sup>**</sup>	COMMITTEES						TERM START	TERM END	YEARS ON BOARD
								AUDIT	COMP	GOV	NOM	E&S <sup>A</sup>	CYB <sup>^^</sup>			
✓	Todd J. Vasos* -CEO	63	M	No	Insider 1	Not Independent	Yes							2015	2025	10
✓	Warren F. Bryant	79	M	No	Independent	Independent	Yes	✓x	✓				✓	2009	2025	16
✓	Michael M. Calbert -Chair	62	M	No	Independent 2	Independent	Yes							2007	2025	18
✓	Ana M. Chadwick*	53	F	Yes	Independent	Independent	Yes	C <sup>x</sup>					C	2022	2025	3
✓	Timothy I. McGuire	64	M	No	Independent 3	Independent	Yes		C					2018	2025	7
✓	David P. Rowland	64	M	No	Independent	Independent	Yes	✓x					✓	2023	2025	2
✓	Debra A. Sandler	65	F	Yes	Independent	Independent	Yes	✓x		C	C	C	✓	2020	2025	5
✓	Ralph E. Santana	57	M	Yes	Independent	Independent	Yes			✓	✓	✓		2018	2025	7
✓	Kathleen M. Scarlett*	61	F	No	Independent	Independent	Yes		✓	✓	✓	✓		2024	2025	1

C = Chair, \* = Public Company Executive, X = Audit Financial Expert, ■ = Withhold or Against Recommendation

1. CEO.
2. Chair.
3. Former employee (until August 2017) of McKinsey & Company, which received \$2 million from the Company for management consulting services in fiscal year 2017; while employed by McKinsey & Company, led the team that provided the consulting services to the Company.

<sup>+</sup>Reflects racial/ethnic diversity reported either by the Company or by another company where the individual serves as a director. Only racial/ethnic diversity reported by the Company will be reflected in the Company's reported racial/ethnic board diversity percentage listed elsewhere in this Proxy Paper, if available.

<sup>\*\*</sup>Percentages displayed for ownership above 5%, when available

<sup>A</sup>Indicates board oversight responsibility for environmental and social issues. If this column is empty, it indicates that this responsibility hasn't been formally designated and codified in committee charters or other governing documents. <sup>^^</sup>Indicates board oversight responsibility of cybersecurity issues has been designated to a specific committee with members as identified.

NAME	ATTENDED AT LEAST 75% OF MEETINGS	PUBLIC COMPANY EXECUTIVE	ADDITIONAL PUBLIC COMPANY DIRECTORSHIPS
Todd J. Vasos	Yes	Yes	(1) <a href="#">KeyCorp</a>
Warren F. Bryant	Yes	No	None
Michael M. Calbert	Yes	No	(1) <a href="#">PVH Corp.</a> <sup>C</sup>
Ana M. Chadwick	Yes	Yes	None
Timothy I. McGuire	Yes	No	None
David P. Rowland	Yes	No	None
Debra A. Sandler	Yes	No	(3) <a href="#">Gannett Co., Inc.</a> ; <a href="#">Archer-Daniels-Midland Company</a> ; <a href="#">Keurig Dr Pepper Inc.</a>
Ralph E. Santana	Yes	No	None
Kathleen M. Scarlett	Yes	Yes	None

C = Chair

## MARKET PRACTICE

BOARD	REQUIREMENT	BEST PRACTICE	2023*	2024*	2025*
Independent Chair	No <sup>1</sup>	Yes <sup>5</sup>	Yes	Yes	Yes
Board Independence	Majority <sup>2</sup>	66.7% <sup>5</sup>	78%	89%	89%
Gender Diversity	N/A <sup>4</sup>	N/A <sup>4</sup>	33.3%	33.3%	33.3%
COMMITTEES	REQUIREMENT	BEST PRACTICE	2023*	2024*	2025*
Audit Committee Independence	100% <sup>3</sup>	100% <sup>5</sup>	100%	100%	100%
Independent Audit Chair	Yes <sup>3</sup>	Yes <sup>5</sup>	N/A	Yes	Yes
Compensation Committee Independence	100% <sup>2</sup>	100% <sup>5</sup>	100%	100%	100%
Independent Compensation Chair	Yes <sup>2</sup>	Yes <sup>5</sup>	Yes	Yes	Yes
Nominating Committee Independence	100% <sup>2</sup>	100% <sup>5</sup>	100%	100%	100%
Independent Nominating Chair	Yes <sup>2</sup>	Yes <sup>5</sup>	Yes	Yes	Yes

\* Based on Glass Lewis classification

1. NYSE Listed Company Manual

2. Independence as defined by NYSE listing rules

3. Securities Exchange Act Rule 10A-3 and NYSE listing rules

4. No current marketplace listing requirement

5. CII

Glass Lewis believes that boards should: (i) be at least two-thirds independent; (ii) have standing compensation and nomination committees comprised solely of independent directors; and (iii) designate an independent chair, or failing that, a lead independent director.

## GLASS LEWIS ANALYSIS

We believe it is important for shareholders to be mindful of the following:

### BOARD CHANGES

We note the following board changes, which have occurred (or will occur) between the publication of our last annual meeting Proxy Paper and this year's annual meeting.

DIRECTOR	BOARD ROLE	NOTES
Patricia D. Fili-Krushel	Former Independent Director	Retired August 2024
Kathleen M. Scarlett	Independent Director	Appointed August 2024

## DIVERSITY POLICIES AND DISCLOSURE

FEATURE	COMPANY DISCLOSURE
Director Race and Ethnicity Disclosure	Individual
Diversity Considerations for Director Candidates	Gender and race/ethnicity
"Rooney Rule" or Equivalent	Yes
Director Skills Disclosure (Tabular)	Matrix
<b>*Overall Rating:</b> Exemplary	
<b>Company-Reported Percentage of Racial/Ethnic Minorities on Board:</b> 33.3%	

\*For more information, including detailed explanations of how Glass Lewis assesses these features, please see Glass Lewis' [Approach to Diversity Disclosure Ratings](#).

The Company has provided exemplary disclosure of its board diversity policies and considerations.

## RECOMMENDATIONS

We do not believe there are substantial issues for shareholder concern as to any of the nominees.

We recommend that shareholders vote **FOR** all nominees.

Do not redistribute

## 2.00: ADVISORY VOTE ON EXECUTIVE COMPENSATION

FOR

<b>PROPOSAL REQUEST:</b>	Approval of Executive Pay Package	<b>PAY FOR PERFORMANCE GRADES:</b>	FY 2025 C FY 2024 D FY 2023 F
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	72.7%	<b>RECOMMENDATION:</b>	FOR
<b>STRUCTURE:</b>	Fair		
<b>DISCLOSURE:</b>	Fair		

## EXECUTIVE SUMMARY

## SUMMARY ANALYSIS

We believe the Company has demonstrated a reasonable response to shareholder dissent, and shareholders may be encouraged by the Company's modifications to the pay program. Moreover, pay packages afforded to executives were moderate compared to Glass Lewis peers. This is further underscored by the nil payouts under the long-term incentive program, and well below target payouts for the short-term incentive program. We believe these pay outcomes are in line with the Company's performance, as well as the shareholder experience. As such, we believe shareholders may vote in favor of this proposal.

## COMPENSATION HIGHLIGHTS

- STI: Performance-based; most recent awards paid out well below target
- LTI: Performance-based and time-based; 2022-2024 completed performance cycle and 2024 PSUs earned on annual adjusted EBITDA performance paid out at 0%
- One-time: None granted during the past fiscal year

## MATERIAL CHANGES

- Following engagement efforts and shareholder feedback, the Company took the following actions for the year in review:
  - Added net sales as a second financial performance metric in response to the concerns around the use of similar performance metrics in the short- and long-term incentive program;
  - Reduced the cap on payouts from 300% to 200% for both short-term and long-term incentives; and
  - Require a cliff target for adjusted EBIT (STI) and adjusted EBITDA (LTI), rather than allowing for payout at a threshold level below the target.
- The further refinements were disclosed for the upcoming fiscal year:
  - Further differentiation in the metrics under the short- and long-term incentive programs, with the addition of a strategic objectives component under the short-term incentive plan (weighted at 10%);
  - Maintain the 200% payout cap for short- and long-term incentive payouts, while returning to threshold performance levels for all metrics used in those programs; and
  - Replacing grants of stock options with RSUs.

## SUMMARY COMPENSATION TABLE

NAMED EXECUTIVE OFFICERS	BASE SALARY	BONUS & NEIP	EQUITY AWARDS	TOTAL COMP
Todd J. Vasos <i>Chief Executive Officer</i>	\$1,400,054	\$214,849	-	\$2,152,357
Kelly M. Dilts <i>Executive Vice President and Chief Financial Officer</i>	\$762,529	\$58,700	\$1,958,263	\$2,841,681
Emily C. Taylor <i>Executive Vice President and Chief Merchandising Officer</i>	\$820,029	\$63,227	\$2,238,097	\$3,225,790
Rhonda M. Taylor <i>Executive Vice President and General Counsel</i>	\$743,154	\$57,299	\$2,238,097	\$3,146,287
Steven R. Deckard <i>Executive Vice President, Strategy and Development</i>	\$695,860	\$53,712	\$1,958,263	\$2,820,135
CEO to Avg NEO Pay:				0.72: 1

## CEO SUMMARY

	2025 TODD J. VASOS
Total CEO Compensation	\$2,152,357

1-year TSR	-44.9%
CEO to Peer Median *	0.1:1
Fixed/Perf.-Based/Discretionary **	90.0% / 10.0% / 0.0%

\* Calculated using Company-disclosed peers. \*\* Percentages based on the CEO Compensation Breakdown values.

Do not redistribute

## CEO COMPENSATION BREAKDOWN

FIXED	Cash		\$1.9M
	Salary		\$1.4M
	Benefits / Other		\$537,454
	Total Fixed		\$1.9M

PERFORMANCE-BASED	Cash		\$0.2M
	Short-term Incentive Plan		\$214,849
	Target/Maximum	\$2.1M / \$4.2M	
	Metrics	Adjusted EBIT, Net Sales	
	Performance Period	1 year	
	Additional Vesting / Deferral Period	-	
	Total Performance-Based		\$0.2M

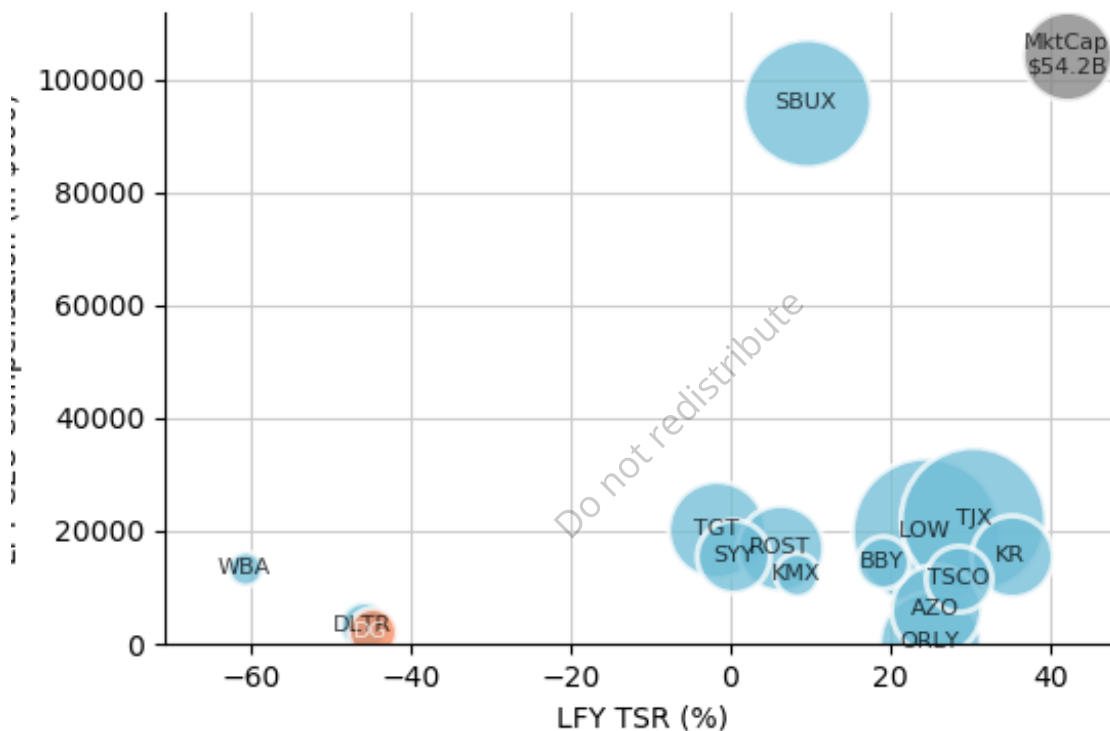
Awarded Incentive Pay		\$0.2M
Total Pay		\$2.2M
Excluding change in pension value and NQDCE		

Do not redistribute

## PEER GROUP REVIEW <sup>1 2 3 4</sup>

The Company benchmarks NEO compensation to a peer group consisting of 14 companies. Total NEO compensation is targeted at the 50th percentile of the peer group.

	MARKET CAP	REVENUE	CEO COMP	1-YEAR TSR	3-YEAR TSR	5-YEAR TSR
<b>75th PERCENTILE OF PEER GROUP</b>	\$68.5B	\$83.7B	\$20.2M	25.7%	16.5%	20.6%
<b>MEDIAN OF PEER GROUP</b>	\$47.1B	\$38.9B	\$15.0M	14.2%	2.9%	7.0%
<b>25th PERCENTILE OF PEER GROUP</b>	\$18.4B	\$18.5B	\$11.8M	0.3%	-8.8%	2.8%
<b>COMPANY</b>	\$15.6B (17th %ile)	\$40.6B (52nd %ile)	\$2.2M (7th %ile)	-44.9% (11th %ile)	-29.0% (7th %ile)	-13.2% (7th %ile)



<sup>1</sup> Market capitalization figures are as of fiscal year end dates. Source: Capital IQ

<sup>2</sup> Annual revenue figures are as of fiscal year end dates. Source: Capital IQ

<sup>3</sup> Annualized TSR figures are as of fiscal year end dates. Source: Capital IQ

<sup>4</sup> Annual CEO compensation data based on the most recent proxy statement for each company.



## EXECUTIVE COMPENSATION STRUCTURE - SYNOPSIS

### FIXED

Base salaries did not increase significantly during the past fiscal year.

### SHORT-TERM INCENTIVES

#### STI PLAN

<b>AWARDS GRANTED (PAST FY)</b>	<i>Cash</i>
<b>TARGET PAYOUTS</b>	<i>\$2,100,000 for the CEO and up to \$618,000 for the other NEOs</i>
<b>MAXIMUM PAYOUTS</b>	<i>\$4,200,000 for the CEO and up to \$1,236,000 for the other NEOs</i>
<b>ACTUAL PAYOUTS</b>	<i>\$214,849 for the CEO and up to \$63,227 for the other NEOs</i>

Performance is measured over one year.

For 2024, the committee required a cliff target for the adjusted EBIT metric, rather than allowing for payout at a threshold level below target. Actual adjusted EBIT performance was 71.9% of target, resulting in no payout under the metric.

METRICS	ADJUSTED EBIT		NET SALES
		Absolute	Absolute
	Weighting	80%	20%
	Threshold Performance	N/A	\$40.6B
	Target Performance	\$2.6B	\$41.3B
	Maximum Performance	\$2.8B	\$43.3B
	Actual Performance	\$1.9B	\$40.6B

### LONG-TERM INCENTIVES

#### LTI PLAN

<b>AWARDS GRANTED (PAST FY)</b>	<i>PSUs and stock options</i>
<b>TARGET PAYOUTS</b>	<i>PSUs: Up to 7,156 shares for the non-CEO NEOs</i>
<b>MAXIMUM PAYOUTS</b>	<i>PSUs: Up to 14,312 shares for the non-CEO NEOs</i>
<b>TIME-VESTING PAYOUTS</b>	<i>Stock Options: Up to 26,017 shares for the non-CEO NEOs</i>

Adjusted EBITDA performance is measured over one-year. Adjusted ROIC performance is measured over a three-year period.

Stock option awards vest over four years.

Similar to adjusted EBIT under the STIP, adjusted EBITDA under the LTIP required a cliff target, with no payout occurring at performance below target. Actual adjusted EBITDA performance was 79.7% of target, resulting in no payout of PSUs tied to that metric.

The CEO did not receive equity awards during the year in review.

METRICS FOR PSUS	ADJUSTED EBITDA		ADJUSTED ROIC
		Absolute	Absolute
	Weighting	50%	50%
	Threshold Performance	N/A	17.65%
	Target Performance	\$3.5B	18.65%
	Maximum Performance	\$3.9B	19.15%
	Actual Performance	\$2.8B	N/A

Note: Performance-based allocation for the CEO is at least 50% but less than 60% based on Glass Lewis calculations.

## RISK-MITIGATING POLICIES

<b>CLAWBACK POLICY</b>	Yes - weak policy (restatement-dependent only)
<b>ANTI-HEDGING POLICY</b>	Yes
<b>STOCK OWNERSHIP GUIDELINES</b>	Yes - all NEOs

## SEPARATION & CIC BENEFITS

<b>HIGHEST SEVERANCE ENTITLEMENT</b>	2x base salary and bonus
<b>CIC EQUITY TREATMENT</b>	Double-trigger acceleration
<b>EXCISE TAX GROSS-UPS</b>	No

## OTHER FEATURES

<b>LFY CEO TO MEDIAN EMPLOYEE PAY RATIO</b>	114:1*
<b>E&amp;S METRICS FOR THE CEO</b>	None
<b>BENCHMARK FOR CEO PAY</b>	Reasonable range of the median

\*The Company-disclosed median employee pay for the year in review was \$18,951.

## OTHER COMPENSATION DISCLOSURES

<b>COMPENSATION ACTUALLY PAID (YEAR-END CEO)</b>	\$-5,684,648 for FY2025 and \$-2,056,638 for the prior fiscal year
<b>REPORTED TSR*</b>	\$49.38 for FY2025 and \$92.43 for the prior fiscal year
<b>KEY PVP METRICS</b>	Adjusted EBIT, net sales, adjusted ROIC and adjusted EBITDA (non-CEO NEOs)

\*Reported TSR reflects the year-end value of an initial fixed \$100 investment at the start of the required reporting period under SEC Pay Vs Performance (PVP) disclosure rules.

## GLASS LEWIS ANALYSIS

This proposal seeks shareholder approval of a non-binding, advisory vote on the Company's executive compensation. Glass Lewis believes firms should fully disclose and explain all aspects of their executives' compensation in such a way that shareholders can comprehend and analyze the company's policies and procedures. In completing our assessment, we consider, among other factors, the appropriateness of performance targets and metrics, how such goals and metrics are used to improve Company performance, the peer group against which the Company believes it is competing, whether incentive schemes encourage prudent risk management and the board's adherence to market best practices. Furthermore, we also emphasize and evaluate the extent to which the Company links executive pay with performance.

### PROGRAM FEATURES <sup>1</sup>

#### POSITIVE

- Alignment of pay with performance
- LTIP performance-based
- STIP performance-based
- STI-LTI payout balance
- No single-trigger CIC benefits
- Anti-hedging policy
- Executive stock ownership guidelines for NEOs

#### NEGATIVE

- No relative metrics under LTIP
- Short performance period under LTIP
- Similar metrics used under STIP and LTIP

<sup>1</sup> Both positive and negative compensation features are ranked according to Glass Lewis' view of their importance or severity

## AREAS OF FOCUS

### VARIABLE COMPENSATION

#### **Overlapping Performance Conditions**

*Policy Perspective:* Glass Lewis believes that when more than 30% of the short-term and long-term incentive plans are based on similar metrics, the plan runs the risk of doubly rewarding or penalizing executives for similar achievements. Such a structure may also fail to fully reflect the overall health of the company.

*Analyst Comment:* While we recognize adjusted EBIT (as used in the short-term incentive program) and adjusted EBITDA (as used in the long-term incentive program) are not identical metrics, and each have their own respective target performance goals, we nonetheless note their similarity. However, shareholders may be encouraged by the addition of new performance metrics under the short-term incentive plan, which in turn has reduced the severity of the overlap between these two metrics.

#### **Performance Period of Long-Term Awards**

*Policy Perspective:* Performance measurement periods of less than three years may fail to sufficiently incentivize long-term thinking among executives and may lead to payouts that are not reflective of a Company's overall health.

#### **Absolute Metrics**

*Policy Perspective:* The use of absolute performance conditions with no relative comparisons may largely reflect economic factors beyond the control of the executives. We believe that the inclusion of relative metrics generally allows plans to more consistently align payouts with overall performance.

### OTHER ISSUES

#### **Shareholder Disapproval**

*Policy Perspective:* Given the high support enjoyed by a significant majority of firms that put forth say-on-pay proposals, we consider support levels below 80% to represent a meaningful level of shareholder concern. Accordingly, companies should engage with their shareholders and take steps proportional to the level and persistence of disapproval.

*Analyst Comment:* Following low support for the prior say-on-pay, the Company invited shareholders representing approximately 66% of shares outstanding to participate in focused outreach during 2024, with shareholders representing approximately 31% of shares outstanding participating in engagements. During these engagements, many shareholders expressed support for the re-appointment of Mr. Vasos as CEO in October 2023 and his related compensation arrangements. However, some shareholders expressed concerns arising from the one-time stock option award to Mr. Vasos upon his re-appointment and certain structural aspects of the compensation program.

In response, the Company discloses the upcoming program modifications as outlined above in the Material Changes section. We believe these changes to be a reasonable response to address the structural feedback highlighted by shareholders, which focused on: (1) the use of similar performance metrics in the short- and long-term incentive program and (2) the high maximum payout opportunities under these plans.

#### **Peer Group Concerns**

*Policy Perspective:* A company's choice of a peer group can have a significant impact on the size and structure of compensation. In general, we believe a peer group should range from 0.5 to 2 times the market capitalization of the Company. In this case, Glass Lewis has identified 9 peers with more than twice the Company's market capitalization, which represent approximately 64.29% of the peer group.

*Analyst Comment:* In this case, our concerns are largely assuaged when considering reported CEO pay ranks at the 7th percentile of the Company's self disclosed peers.

## 2025 PAY FOR PERFORMANCE: C

*Policy Perspective:* "C" grades in the Glass Lewis pay-for-performance model indicate an adequate alignment of pay with performance, where the gap between compensation and performance rankings is not significant.

## CONCLUSION

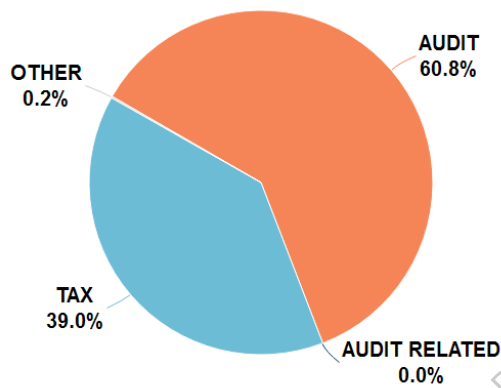
We recommend that shareholders vote **FOR** this proposal.

## 3.00: RATIFICATION OF AUDITOR

FOR

**PROPOSAL REQUEST:** Ratification of Ernst & Young  
**PRIOR YEAR VOTE RESULT (FOR):** 94.3%  
**BINDING/ADVISORY:** Advisory  
**REQUIRED TO APPROVE:** Majority of votes cast  
**AUDITOR OPINION:** Unqualified

**RECOMMENDATIONS & CONCERNS:**  
**FOR-** No material concerns



### AUDITOR FEES

	2024	2023	2022
<b>Audit Fees:</b>	\$3,055,645	\$2,930,831	\$2,865,581
<b>Audit-Related Fees:</b>	\$ 0	\$ 0	\$ 0
<b>Tax Fees:</b>	\$1,961,855	\$2,403,021	\$2,445,218
<b>All Other Fees:</b>	\$7,200	\$6,504	\$3,600
<b>Total Fees:</b>	\$5,024,700	\$5,340,356	\$5,314,399
<b>Auditor:</b>	Ernst & Young	Ernst & Young	Ernst & Young
<b>1-Year Total Fees Change:</b>		-5.9%	
<b>2-Year Total Fees Change:</b>		-5.5%	
<b>2024 Fees as % of Revenue*:</b>		0.012%	

\* Annual revenue as of most recently reported fiscal year end date. Source: Capital IQ

<b>Years Serving Company:</b>	24
<b>Restatement in Past 12 Months:</b>	No
<b>Alternative Dispute Resolution:</b>	No
<b>Auditor Liability Caps:</b>	No
<b>Lead Audit Partner:</b>	Joshua Miles Trusley
<b>Critical Audit Matter:</b>	1

• Estimate of Workers' Compensation and General Liability Reserves

### GLASS LEWIS ANALYSIS

The fees paid for non-audit-related services are reasonable and the Company discloses appropriate information about these services in its filings.

We recommend that shareholders vote **FOR** the ratification of the appointment of Ernst & Young as the Company's auditor for fiscal year 2025.

## 4.00: SHAREHOLDER PROPOSAL REGARDING LENGTH OF SHARE OWNERSHIP REQUIRED TO CALL SPECIAL MEETINGS

FOR

<b>PROPOSAL REQUEST:</b>	That the Company remove the one-year holding period requirement for calling a special meeting	<b>SHAREHOLDER PROPONENT:</b>	John Chevedden
<b>BINDING/ADVISORY:</b>	Precatory	<b>REQUIRED TO APPROVE:</b>	Majority of votes cast
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	N/A		
<b>RECOMMENDATIONS, CONCERNS &amp; SUMMARY OF REASONING:</b>			
<b>FOR -</b>	<ul style="list-style-type: none"> <li>Existing special meeting right is overly onerous</li> </ul>		

### GLASS LEWIS REASONING

- We believe that the Company's 25% special meeting threshold may be overly onerous and that the addition of a one-year holding requirement may render the right essentially unusable.

### PROPOSAL SUMMARY

**Text of Resolution:** *Shareholders ask our Board of Directors to remove the current provision that considers the voice of certain Dollar General (DG) shareholders as non-shareholders. Currently all shares not held for one continuous year are considered non-shareholders if they seek to call for a special shareholder meeting on an important matter.*

#### Proponent's Perspective

- The current one-year exclusion for all shares held for less than one continuous year makes the current so-called shareholder right to call for a special shareholder meeting difficult to use;
- The reason to enable all shareholders to call for a special meeting is to allow one shareholder or a group of shareholders to quickly acquire Company shares to equal the 25% ownership requirement to call for a special meeting when there is an urgent matter to consider;
- The proponent expresses concern regarding the Company's stock performance;
- The best strategies for turning around a company do not necessarily come from its existing shareholders; and
- Shareholders and potential shareholders will not consider acquiring more shares to call for a special meeting if they have to wait one year.

#### Board's Perspective

- The one-year holding requirement to request a special meeting of shareholders is a customary provision that helps protect the Company and its broader shareholder base against abuses by shareholders with narrow short-term interests and from the financial and administrative burdens associated with unnecessarily conducting a special meeting of shareholders;
- In 2021, the board sought shareholder approval of a charter amendment to allow one or more record or beneficial shareholders holding in the aggregate at least 25% of the Company's common stock to request special meetings of shareholders by following certain requirements set forth in the Company's bylaws, receiving the support of over 98% of votes cast and was implemented;
- A special shareholder meeting is a significant undertaking that requires a substantial commitment of time and financial resources, and they require the board and management to divert significant time and focus away from management of the Company in order to prepare for, and conduct, the special meeting, detracting from their primary focus of operating the business and maximizing long-term shareholder value;
- The one-year holding period is consistent with the minimum holding period established by the SEC under Rule 14a-8 of the Exchange Act, which enables a shareholder to include a proposal in an issuer's proxy statement, and the SEC's reasoning is equally applicable to the Company's one-year holding requirement for requesting a special meeting;
- The Company's bylaws facilitate the ability of shareholders meeting the applicable requirements to call special meetings when extraordinary matters arise, without enabling a minority of shareholders that have not held a financial stake in the Company for a meaningful period of time to call unnecessary or duplicative meetings for less significant matters; and
- The Company is committed to active shareholder engagement and strong and effective corporate governance practices, which ensure accountability and responsiveness to shareholders.

## THE PROPONENT

### *John Chevedden*

The proponent of this proposal is John Chevedden. Based on information from companies that disclosed their proponents, during the first half of 2024, John Chevedden submitted 161 shareholder proposals that received an average of 38.6% support, with 35 proposals receiving majority support.

John Chevedden is a former [aerospace employee](#) who has pursued shareholder activism for decades. He is [reported](#) to be the leading proponent of shareholder proposals in the U.S. annually. While his focus has long been on corporate governance, recent reports suggest he has taken on a focus on social issues, as well. In the 2024 season, in addition to submitting governance-related proposals (such as those requesting companies eliminate supermajority vote provisions or adopt a special meeting right), Chevedden submitted several proposals regarding companies' lobbying efforts and political contributions, among other things.

The Company states that John Chevedden has provided it with documentation indicating that he has beneficially owned at least 40 shares of the Company's common stock for at least three years.

## GLASS LEWIS ANALYSIS

Glass Lewis strongly supports the right of shareholders to call special meetings. However, in order to prevent abuse and waste of corporate resources by a very small minority of shareholders, we believe that shareholders representing at least a sizable minority of shares must support such a meeting prior to its calling.

In this case, the Company currently allows shareholders owning at least 25% of its shares for one year to call a special meeting. This proposal would eliminate the Company's holding requirement, thus allowing shareholders who collectively own 25% of the Company's shares, regardless of how long they have held these shares, to call a special meeting.

We generally believe that shareholders are best served when companies maintain policies that would allow 10-15% of shareholders the ability to call a special meeting. Accordingly, we believe that the Company's 25% special meeting threshold may be overly onerous, particularly for a widely-held company. It is our view that requiring a one-year holding period for those shares on top of its already onerous ownership threshold could render the Company's special meeting provision practically unusable.

We believe that companies should strike the right balance between usability and protecting management and the board from unnecessary distractions when establishing the rights afforded to shareholders. In this case, we are concerned that the Company has not struck the appropriate balance and that shareholders would be better served if the Company eliminated the holding requirement necessary for shareholders to call a special meeting. Accordingly, we believe that support for this proposal is warranted at this time.

We recommend that shareholders vote **FOR** this proposal.

## 5.00: SHAREHOLDER PROPOSAL REGARDING HUMAN RIGHTS POLICY

FOR

<b>PROPOSAL REQUEST:</b>	That the Company adopt a comprehensive human rights policy, as stated below	<b>SHAREHOLDER PROPONENT:</b>	Mercy Investment Services, Inc. along with co-filers CommonSpirit Health, Friends Fiduciary Corporation, and four others
<b>BINDING/ADVISORY:</b>	Precatory	<b>REQUIRED TO APPROVE:</b>	Majority of votes cast
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	N/A		
<b>RECOMMENDATIONS, CONCERNS &amp; SUMMARY OF REASONING:</b>	<b>FOR -</b> <ul style="list-style-type: none"> <li>Adoption of policy could help mitigate human rights related risks</li> </ul>		

<b>SASB MATERIALITY</b>	<b>PRIMARY SASB INDUSTRY:</b> Multiline and Specialty Retailers & Distributors <b>FINANCIALLY MATERIAL TOPICS:</b> <ul style="list-style-type: none"> <li>Energy Management in Retail &amp; Distribution</li> <li>Labor Practices</li> <li>Product Sourcing, Packaging &amp; Marketing</li> <li>Data Security</li> <li>Workforce Diversity &amp; Inclusion</li> </ul>
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### GLASS LEWIS REASONING

- The Company's recently-adopted human rights policy does not appear to provide protections for its direct employees, and almost entirely addresses standards that apply only to its suppliers and vendors; and
- The Company is an outlier with respect to adoption of a human rights policy that is both aligned with internationally recognized human rights standards and that applies to its direct employees.

### PROPOSAL SUMMARY

**Text of Resolution:** *Resolved: Shareholders request the Board of Directors adopt and disclose a comprehensive Human Rights Policy which states the Company's commitment to respect human rights, in alignment with international human rights standards, throughout its operations and value chain, and describes steps to identify, assess, prevent, mitigate, and, where appropriate, remedy adverse human rights impacts connected to the business.*

#### Proponent's Perspective

- The United Nations Guiding Principles on Business and Human Rights establish the corporate responsibility to respect internationally recognized human rights, including rights to freedom of association and collective bargaining, a safe and healthy working environment, and just and favorable remuneration;
- The Company lacks a comprehensive policy commitment to uphold international human rights standards throughout the business, including its own operations;
- The Company's existing human rights-related disclosures are limited to supplier expectations;
- Several of the Company's peers maintain comprehensive human rights policies;
- There are indications that the Company's practices do not align with international human rights standards, including the right to freedom of association and the right to a safe and healthy working environment;
- The proponents cite a number of issues at the Company, including (i) unfair labor practices against workers, (ii) workplace safety violations, and (iii) paying a living wage; and
- Human rights violations create reputational, financial, legal, and regulatory risks.

The proponents have filed an [exempt solicitation](#) urging support for this resolution.

#### Board's Perspective

- The Company has already adopted and disclosed human rights policies, which are comprehensive in scope and apply throughout its operations and value chain, reflect its commitment to human rights, align with international human rights standards, and incorporate measures to identify, assess, prevent, mitigate, and, where appropriate, remedy adverse human rights impacts;
- The Company evidences and carries out its commitment to human rights in a variety of ways, including among others, its Human Rights Policy and Code of Business Conduct and Ethics;
- The Company's Human Rights Policy applies to the Company's suppliers;
- The Company's Code of Ethics sets forth numerous standards related to human rights within the Company's operations;
- The Company publishes an annual Serving Others Report, which further reflects and describes the Company's commitment to human rights and reports on certain of the Company's human rights initiatives and its performance with respect to those initiatives;
- The Company proactively reviews and assesses its performance with respect to human rights and makes adjustments, as appropriate;
- In 2023, the Company commissioned an independent, third-party audit of the impact of its policies and practices on the safety and well-being of its employees, which was overseen by the board;
- In 2024, the Company implemented certain enhancements to its safety policies and procedures designed to strengthen compliance, enhance communication, and increase employee recognition and awareness of available resources; and



- The Company intends to continue to monitor issues that are relevant to its operations and, when appropriate, to make changes to its applicable policies and practices.

## THE PROPONENT

### **Mercy Investment Services**

Mercy Investment Services "supports the life and mission of the Sisters of Mercy through socially responsible investing. It states that, "[r]ooted in the Gospel and guided by the mission and Critical Concerns of the Sisters of Mercy," it engages in collaborative efforts to: (i) raise its voice to effect systemic change through corporate policies and activities; (ii) invest in community organizations and impact opportunities benefiting people, communities and creation; and (iii) participate in other investment opportunities aligned with Mercy values. Mercy states that it employs socially responsible investing through a four-pronged approach: (i) shareholder advocacy; (ii) impact investing; (iii) proxy voting; (iv) and portfolio screens.

With regard to shareholder advocacy, it states that it actively uses its voice to "encourage companies [...] to make changes that benefit people, communities and our common home." It states that it is engaging 152 companies through 213 engagements. Among its current plan goals and objectives related to shareholder advocacy, the group lists as important issues: (i) human trafficking; (ii) fair treatment of workers; (iii) immigration; (iv) equitable access to health for all; (v) healthy food practices; (vi) health and environmental impacts of chemicals, products, and technologies; (vii) water access and sustainability; (viii) climate change and the environmental impact of company operations in various sectors; (ix) sustainable food production; (x) extractive industry practices and technologies; (xi) responsible governance practices; (xii) political contributions and lobbying policies, practices, and transparency; and (xiii) sustainability.

Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2024, Mercy Investment Services submitted six shareholder proposals that received an average of 18.3% support (excluding abstentions and broker non-votes), with none of its proposals receiving majority support.

## GLASS LEWIS ANALYSIS

We believe that it is prudent for firms to actively evaluate risks to shareholder value stemming from global activities and human rights practices along entire supply chains. As has been seen with other companies, allegations of human rights abuses can inflict, at a minimum, reputational damage on targeted companies and may dramatically affect shareholder value. In this case, the Company is the largest discount retailer in the U.S., with 20,662 stores in 48 U.S. states and Mexico as of February 28, 2025, with the greatest concentration of stores in the southern, southwestern, midwestern, and eastern U.S. It offers a broad selection of merchandise, including consumable items, seasonal items, home products, and apparel. Its merchandise includes national brands from manufacturers, as well as its own private brand selections, in its small-box locations (2025 10-K, p.5). As of February 28, 2025, the Company employed approximately 194,200 full-time and part-time employees, including divisional and regional managers, district managers, store managers, other store employees, and distribution center, fleet, and administrative employees (p.9).

## HUMAN RIGHTS CONVENTIONS

### **Universal Declaration of Human Rights**

The notion of universally recognized human rights, applicable in both national and international jurisdictions, continues to evolve. Some important agreements that have been broadly ratified by the international community include the Universal Declaration of Human Rights ("UDHR"), the International Covenant on Civil and Political Rights, the Convention on the Elimination of All Forms of Racial Discrimination, the United Nations Convention Against Torture, the Convention of the Rights of the Child, and the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families. Additionally, the Geneva Conventions, which have been ratified by 196 countries, aim to protect the human rights of individuals involved in armed conflict. Further, in August 2003, the UN Sub-Commission on the Promotion and Protection of Human Rights published the "Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights." These norms propose to hold companies, as organs of society, responsible for promoting and securing human rights; however, they are currently neither binding nor monitored. In addition, in 2011, the UN Human Rights Council approved the United Nations Guiding Principles on Business and Human Rights ("Ruggie Principles") which state that "business enterprises should carry out human rights due diligence" including "assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed" (p.17).

### **International Labour Organization Conventions**

In an effort to ensure that workers are treated fairly, many companies have adopted the human rights principles espoused by the International Labour Organization ("ILO"), a specialized agency of the United Nations. In 1998, the International



Labour Conference adopted the ILO [Declaration on Fundamental Principles and Rights at Work](#). This declaration contains four fundamental policies: (i) freedom of association and the effective recognition of the right to collective bargaining; (ii) the elimination of all forms of forced or compulsory labor; (iii) the effective abolition of child labor; and (iv) the elimination of discrimination in respect of employment and occupation.

Specifically with regard to the freedom of association, the ILO [states](#) that:

*The right of workers and employers to form and join organizations of their own choosing is an integral part of a free and open society. Independent employers' and workers' organizations provide clear partners for collective bargaining and social dialogue. In many cases, employers' and workers' organizations have played a significant role in their countries' democratic transformation.*

*However, many challenges remain to ensure that this fundamental human right is respected all over the world. In some countries certain categories of workers are denied the right of association, workers' and employers' organizations are illegally suspended or interfered with, and in some extreme cases trade unionists are arrested or killed.*

The ILO has also established [The ILO Committee on Freedom of Association](#), which was "established to examine the complaints by employers' and worker's organizations about violations of freedom of association, whether or not the member State concerned has ratified these conventions."

## UNIONIZATION EFFORTS AT THE COMPANY

The proponent mentions several concerns with respect to the Company's human rights policies not explicitly providing employees the right to freedom of association and collective bargaining. We note that, currently, none of the Company's retail stores are unionized. Further, the Company has faced accusations that it maintains a philosophy of remaining "union free" (Michael Sainato. ["People Are Fed Up': Dollar General Workers Push to Unionize Amid Hostility from Above."](#) *The Guardian*. October 19, 2021).

The first effort to unionize at the Company occurred in December 2017, when workers in Auxvasse, Missouri, attempted to become the first store in Company history to join the United Food and Commercial Workers International Union ([UFCW](#)). Although the Company had attempted to quell these efforts prior to the vote, the employees ultimately voted to organize. However, the Company subsequently challenged this on the grounds that the vote was flawed. Amidst the legal proceedings, the Company fired the employee who initially called the UFCW. As part of a settlement approved by the National Labor Relations Board ("NLRB"), the Company agreed to compensate the fired worker. It was also required to post a notice in the Auxvasse store's breakroom acknowledging the monetary settlement and its workers' right to organize. Despite the settlement, the Company closed the store in 2020, only weeks after the U.S. Court of Appeals for the 8th Circuit ordered the Company to recognize and bargain with the union. In a statement, the Company stated its decision to close the store was based on an "assessment of the store's future profitability" (Greg Jaffe. ["The Worker Revolt Comes to a Dollar General in Connecticut."](#) *The Washington Post*. December 11, 2021).

Further, when employees at a Company store in Winsted, Connecticut, attempted to unionize in 2021, the Company reportedly hired anti-union consultants and dispatched three out-of-state executives to the store who shadowed the employees, sometimes warning them about the union, which the executives stated would make the employees pay expensive dues and hurt their relationship with their manager. Subsequently, the unionization effort failed after three employees out of six voted against the union, with one employee claiming the Company had "polluted" her colleagues' minds with falsehoods and fear (Greg Jaffe. ["The Worker Revolt Comes to a Dollar General in Connecticut."](#) *The Washington Post*. December 11, 2021).

In the summer of 2023, the NLRB ruled that the Company [violated](#) federal labor law and "clearly intended to interfere" with worker rights in efforts to suppress unionization at a Connecticut store. Violations included wrongfully firing an employee and making an implied threat to close a location in Barkhamsted. In addition, it noted that employees were required to attend meetings that encouraged them to vote against union representation (Wyatte Grantham-Philips. ["Dollar General Violated Worker Rights and Federal Law Amid Union Efforts. Labor Judge Rules."](#) *AP News*. July 18, 2023). The NLRB ruling [described](#) the Company's actions in Connecticut as constituting "blatant hallmark unfair labor practices."

## UNFAIR LABOR PRACTICE ALLEGATIONS AT THE COMPANY

A total of 28 unfair labor practices ("ULP") related to the Company have been [filed](#) with the NLRB since 2022. Out of that total, 12 ULP [charges](#) against the Company (9 from 2024 and 3 from 2021) remain open investigations as of the writing of this report.

- In December 2024, a ULP charge was [filed](#) by an individual against the Company's Benton, IL location regarding allegations of coercive rules;
- An individual in Kittrell, NC, also [filed](#) a ULP charge against the Company in December 2024, alleging concerted

acts (retaliation, discharge, discipline);

- Another individual in Antioch, TN, [filed](#) a ULP charge regarding concerted acts (retaliation, discharge, discipline) against the Company in December 2024, followed by a second charge [filed](#) by another individual alleging the same activities that month;
- In Columbia, MO, an individual [filed](#) ULP charges against the Company regarding concerted activities (retaliation, discharge, discipline), coercive statements (threats, promises of benefits, etc.), and coercive rules, also in December 2024;
- Again in December 2024, an individual in New Orleans, LA, [filed](#) a ULP charge alleging concerted activities (retaliation, discharge, discipline) against the Company;
- An individual in Zephyrhills, FL, [filed](#) a ULP charge regarding discipline in October 2024, amending that charge in early December;
- At the same Florida location, an individual [filed](#) a ULP charge regarding concerted activities (retaliation, discharge, discipline) against the Company in September 2024;
- Several charges from 2021 remain open against the Company regarding its location in Barkhamsted, CT, as well, including charges of discharge (including layoff and refusal to hire (not salting)), concerted activities (retaliation, discharge, discipline), and coercive actions (surveillance, etc), which were [filed](#) by a union in December of that year;
- In November 2021, the union also [filed](#) charges of coercive statements (threats, promises of benefits, etc.) and coercive actions (surveillance, etc.) against the Company's Barkhamsted, CT location;
- The union also [filed](#) a ULP charge related to discharge (including layoff and refusal to hire (not salting)) against the Company in October 2021, and that case remains open, as well.

## HUMAN RIGHTS-RELATED ISSUES AT THE COMPANY

In addition to the aforementioned unionization efforts and ULP charges, the Company has also come under scrutiny on account of workplace safety-related issues. For example, the Occupational Safety and Health Administration ("OSHA") [stated](#) in January 2023 that in the past 11 months, its inspections at 19 of the Company's stores in Alabama, Florida, and Georgia have identified dozens of federal safety violations. Due to merchandise blocking exit routes, OSHA cited stores in Middleburg and Green Cove Springs, Florida, in June 2022 with proposed penalties of \$196,438 for repeat violations, and a month later, they cited a store in Double Springs, Alabama, for similar reasons, with proposed penalties of \$205,117 for repeat violations. OSHA states that since 2017, it had issued more than \$15 million in fines to the Company and Dolgencorp for "numerous willful, repeat and serious workplace safety violations." Additionally, inspections of the Company's stores in the Southeast in 2022 included as follows:

- Seven inspections in: (i) Clay, Dothan, Odenville, and Town Creek, Alabama, (ii) Panama City Beach, Florida, and (iii) Darien and West Point, Georgia, identified 31 violations that led to more than \$2.7 million in penalties in November (and these violations are similar to those found at other Company stores where litigation is pending);
- Four inspections in: (i) Mobile and Grove Hill, Alabama, (ii) Tampa, Florida, and (iii) Dewy Rose, Georgia, uncovered numerous hazards, with penalties of more than \$1.6 million proposed in October;
- Three inspections in Hogansville, Pembroke, and Smyrna, Georgia, found workers exposed to fire, electrical, and entrapment hazards, resulting in proposed penalties of more than \$1.2 million in August;
- Four inspections in Mobile, Alabama, and Dalton, Georgia, led to more than \$1 million in proposed penalties in February; and
- One inspection in Thomasville, Georgia, found merchandise blocking an electrical panel and the store's only emergency exit door in the area, resulting in \$290,054 in proposed penalties.

In a separate [statement](#), also from January 2023, OSHA discussed citations at the Company's West Lafayette, Ohio, store, where it states that the Company was:

- Storing boxed material stocked more than seven feet high on rolling containers throughout the retail area;
- Blocking exit routes and the south building exit with wheeled carts, boxes, and bins;
- Allowing open bags of food, boxes, and bins to be spread throughout the store;
- Obstructing access to fire extinguishers with a ladder, boxes, and carts; and
- Blocking access to electrical panels with boxes, bins, and carts.

OSHA [released](#) information in March 2023 regarding safety violations at the Company's stores in Ocala, Florida, and Columbus, Georgia. Regarding the Ocala citations, OSHA stated that in late August and September 2022, investigators found merchandise obstructing exit routes and fire extinguishers, as well as a disabled and locked automatic sliding door, citing the Company for five repeat violations, with proposed penalties of \$710,974. Similarly, in Columbus, inspectors found workers exposed to fire and entrapment hazards related to a locked emergency exit door and unsafely stored boxes and merchandise. The Victory Lane location received two repeat violations and proposed penalties of \$221,001, while the 13th Avenue location received one repeat violation and proposed penalties of \$98,219 for boxes of merchandise, shopping carts, and other items blocking walkways.

In April 2023, OSHA released a [statement](#) that a U.S. Department of Labor investigation found the Company had again exposed workers to dangerous safety hazards, including blocked emergency exit routes and electrical panels, through its November 2022 investigation of the Company's Jersey Shore, Pennsylvania, store. Further, OSHA states that the Jersey Shore investigation is just one of more than 180 nationwide in which it has found the Company jeopardizing worker safety.

OSHA expanded its Severe Violator Enforcement Program in September 2022 to include any type of company that willfully or repeatedly violated safety standards, and added the Company to its list as a result of its 111 violations and more than \$15.5 million in fines. Given the large profits at the Company, which is one of the nation's fastest-growing retailers and has twice as many stores as Walmart and Target combined, OSHA's fines represent just a small fraction of the Company's sales. Until recently, the Company has not been willing to engage with OSHA on broad issues but has contested many of the penalties, and has stated that it regularly reviews and refines its safety programs, reinforcing them with "ongoing training, communication, recognition, and accountability." Nevertheless, in April 2023, OSHA and the Company were in the very early stages of negotiations both to resolve penalties and to come up with a plan for improvements across the Company's stores. The Company declined to comment on settlement talks. Throughout the five years that OSHA has been citing the Company for safety violations, the Company's share price has more than doubled, and OSHA has been limited in how much it can fine the Company due to Congressional limitations that state OSHA can only charge a company up to \$15,600 per day for up to 30 days for failure to address an unsafe condition. Furthermore, given that the Company's business model relies on lightly staffed and relatively small box stores processing high volumes of merchandise, stores frequently do not have enough staff to unload deliveries and immediately stock shelves, which leads to hazards for customers and employees. Senior advisor to President Biden, Anita Dunn said of OSHA's citations against the Company that "a business model should not be built on violating the law" and that the administration would enforce the protections to which the law entitles workers. To that end, the Biden administration has increased OSHA staff by 20%. Looking at similar business models, Dollar Tree and Family Dollar have also been cited repeatedly in recent years, Dollar Tree with 90 violations and \$14 million in fines and Family Dollar with 54 citations and \$5 million in fines (Michael Corkery. " [Dollar General Is Deemed a 'Severe Violator' by the Labor Dept.](#)" *The New York Times*. March 28, 2023). An OSHA spokesperson explained that it is engaging in settlement discussions with the Company as part of "mandatory settlement proceedings" that occur "pursuant to Commission rules" (Natasha Piñon. "[Dollar General in Settlement Talks Over Workplace Safety Violations, Federal Agency Says](#)." *CNBC*. March 28, 2023).

Regarding reputational damage, one of the Company's former top-performing employees began posting videos about working conditions at the Company on TikTok in March 2022. Soon after her videos went viral, she was fired. In response, the Company discussed the many avenues it offers for its teams to make their voices heard, including its open-door policy and routine engagement surveys, and added that it uses those situations as additional opportunities to listen and learn. The worker, who said she had typically worked six days and up to 60 hours a week without overtime while at the Company, discussed worker safety issues such as obstructed aisles and violent customers in her videos and also posted videos from other Company workers, some with identities hidden to keep from losing their jobs (Michael Corkery. "[How a Dollar General Employee Went Viral on TikTok](#)." *The New York Times*. April 18, 2022).

By July 2023, OSHA had [fined](#) the Company more than \$21 million following 243 nationwide inspections since 2017, including repeat violations at two Tampa-area stores, related to fire hazards and unsafe conditions. OSHA proposed fines of \$342,282 for those repeat violations.

The DOL [announced](#) in July 2024 that OSHA had reached a corporate-wide settlement with the Company regarding its retail subsidiaries. The Company agreed to pay \$12 million in penalties, in addition to implementing corporate-wide safety improvements, including: (i) establishing and maintaining an expanded safety structure and robust safety and health management systems, including hiring more safety managers; (ii) significantly reducing inventory and increasing stocking efficiency to prevent blocked exits and unsafe material storage; (iii) providing safety and health training to leadership and non-managerial employees; and (iv) developing a safety and health committee and encouraging employee participation. The Company also agreed to ensure prompt abatement of future violations regarding blocked exits, access to fire extinguishers and electrical panels, and improper material storage, or it would face monetary assessments of \$100,000 per day for violations, up to \$500,000, and other OSHA inspection and enforcement actions. Moreover, the settlement required the Company to retain a third-party consultant to identify hazards and analyze enterprise-wide contributing factors; retain a third-party auditor to perform unannounced compliance audits annually at all covered stores to assess egress, access to fire extinguishers and electrical panels, electrical hazards, and storage conditions; create a new Safety Operations Center to detect store hazards and support safety performance; and maintain an anonymous hotline for employees and the public to report safety concerns. The Company had taken these actions and would monitor outcomes from them and provide quarterly reports to OSHA.

## LITIGATION RELATED TO WORKING CONDITIONS

In 2020, a former employee sued the Company after being stabbed and shot in multiple robberies at the Company's store

in San Antonio, Texas. Though injured in only two robberies, the former employee reported surviving three armed robberies at the store. The Company stated that the safety and security of its customers and employees is its top priority and that it employs a number of measures designed to create and maintain a safe work environment for its employees and a safe shopping environment for its customers, but it could not comment on pending litigation. The former employee was seeking \$1 million in damages from the Company, and the suit also names three robbers that are alleged to have injured him as defendants (Áine Cain. "[Ex-Dollar General Employee Files \\$1 Million Lawsuit Against the Chain After Surviving Multiple Armed Robberies on the Job.](#)" *Business Insider*. August 20, 2020).

The Company received additional criticism for not providing safer working conditions for employees exposed to armed robberies and violence while working in its stores. An array of former executives, employees, law enforcement officials, and retail security experts have stated that the Company's low-cost model and crowded stores with low visibility and minimal staff are putting workers at risk, especially considering that it processes a high number of cash transactions. For instance, 29% of commercial robberies in Dayton, Ohio, in 2019 took place in the Company's stores. News and police reports have revealed that six Company employees have died during robberies since 2016, and police have warned managers about stores' vulnerabilities, though they say they have largely been ignored. Former executives have also said that efforts to keep costs down have kept the Company's leadership from wanting to take more action regarding security and that the Company discourages costly options such as security guards, though it has invested in security monitoring services such as two-way phones, panic buttons, and other short-term measures (Nathaniel Meyersohn. "[Dollar General Is Cheap, Popular and Spreading Across America. It's Also a Robbery Magnet, Police Say.](#)" *CNN Business*. June 26, 2020).

Further, a shareholder sued the Company for breach of fiduciary duty and waste of corporate assets related to its OSHA investigations and the Company's "sustained failure" to "implement and maintain an effective system of internal controls." The suit named the Company, its board, its CEO, its executive VP and chief information officer, as well as its former CEO, who stepped down in November but remains on the board, as defendants, and it was seeking to disgorge the former CEO of his \$56 million in compensation earned since 2016. Compliance issues at the Company, however, were reported to be under the purview of the Company's executive VP and general counsel. The suit, filed in U.S. District Court for the Middle District of Tennessee, claimed that the board and its audit committee failed for years to adequately address safety issues they were aware of at the Company, and that low staffing at stores leaves workers vulnerable to robbery and violence, given that at least six employees died from violent robberies in recent years. Further, it pointed to the Company's five-fold increase in profits since 2010 and the 800% increase in its stock price. Additionally, it reviewed instances of reputational harm caused by the Company's safety record and evidenced by drops in stock price after national media reports on the subject (Chris O'Malley. "[Shareholder Sues Dollar General After OSHA Assesses \\$15M in Safety Fines and Says Chain 'Puts Profits Over People'](#)." *Law.com*. February 3, 2023).

## THE COMPANY'S LABOR-RELATED RISKS

In its most recent 10-K, the Company acknowledges its labor-related risks, stating that if it is unable to attract, develop, and retain adequate numbers of qualified employees, the Company's operations, customer service levels, legal and regulatory compliance, and support functions could suffer. In addition, to the extent that a significant portion of its employee base unionizes, or attempts to unionize, the Company explains that its labor and other costs could increase, and it is possible that the federal government may adopt or impose regulatory or other changes to existing law that could facilitate union organizing or otherwise restrict employer actions. Further, the Company states that its ability to pass along labor and other related costs to its customers is constrained by its everyday low-price model, and the Company may not be able to offset such increased costs elsewhere in its business (2024 10-K, p.17). It also acknowledges that its business is subject to the risk of litigation or other legal proceedings by employees, consumers, suppliers, competitors, shareholders, unions, government agencies, and others through private actions, class actions, multi-district litigation, arbitrations, derivative actions, administrative proceedings, regulatory actions, or other litigation, which may adversely affect its reputation, business, results of operations and financial condition (p.22).

## COMPANY AND PEER DISCLOSURE

### **Company Disclosure**

The Company recently adopted a [Human Rights Policy](#), which includes a commitment to sourcing safe, quality products from vendors and manufacturers who adhere to the law, treat their workers fairly, and maintain a healthy and safe working environment. It states that it has established human rights and workplace standards that are consistent with, and based upon, the Core Conventions of the International Labour Organization and other industry-related best practices. The Company explains that these standards, which apply to all vendors and their employees, include:

- Suppliers' employees in the production of Company merchandise must be at least 16 years of age, or the age required by applicable law if higher;
- Suppliers may not use involuntary or forced labor;
- Suppliers may not tolerate or condone physical, sexual, or verbal harassment or abuse of any Supplier employee;



- Suppliers' employees must be employed, paid, promoted, and terminated based on occupational ability and not based on personal characteristics such as race, sex, or beliefs;
- Suppliers must pay employees wages and benefits that comply with the local and country laws; and
- Suppliers must demonstrate commitment to the health and safety of employees to prevent accidents and injury occurring in the course of work.

It also [affirms](#) that it has a zero-tolerance policy with vendors or facilities that are found to have engaged in child labor, forced or slave labor, or worker abuse or harassment. In addition, the Company states that it maintains a systemic audit program to identify, improve, or eliminate from its supply chain factories that do not meet its human rights and workplace standards. The Company then explains that all facilities producing direct import merchandise for the Company will be audited at least annually by an independent third-party firm to ensure compliance with its human rights and workplace standards. It further states that the Company uses surveillance audits as needed to verify audit results and that unsatisfactory audit results may result in increased audit or re-audit frequency, implementation of a corrective action plan, or termination of the relationship with the factory. Where appropriate, the Company will use a continuous improvement model to improve working conditions with factories that are willing to make needed improvements.

Additionally, the Company [conducts](#) training for employees with supply chain responsibilities to increase their understanding of how to recognize signs of human rights violations in the supply chain. The Company also periodically conducts training sessions to educate its vendors on its Human Rights Policy. Further, it asserts that it will educate about the risks in certain countries and product categories, using the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor.

The Company's [Code of Business Conduct and Ethics](#) specifically addresses the Company's own operations and discusses maintaining a safe and healthy workplace, asserting that it ensures a safe workplace by following all safety-related signs and instructions and by taking steps to prevent accidents. The Company tells employees to only perform job activities (i) for which they have been trained and that do not violate established safety rules or (ii) that do not pose a safety risk. Additionally, it instructs employees to report any threats to workplace safety to managers and the Risk Management Hotline immediately. The Company also explains that it can only maintain a safe workplace if it is free from violence, adding that it will not tolerate physical acts of violence, threats of physical harm, verbal abuse, or other intimidating behavior. It notes that if employees experience or know of this sort of behavior, they should notify their manager or the Employee Response Center. It also states that working while under the influence of drugs or alcohol also threatens workplace safety, and the Company will not tolerate such behavior (pp.4-5).

The Company provides similar disclosure regarding its commitment to human rights and workplace standards in its most recent [Serving Others Report](#), stating that vendors are made aware of the Company's expectations in numerous ways, including but not limited to, the vendor onboarding process, the Vendor Guide, the Code of Business Conduct and Ethics, supplier and other agreements, and periodic in-person vendor summits and meetings (p.14).

Further, in 2023, the Company commissioned an independent, [third-party audit](#) of the impact of its policies and practices on the safety and well-being of its employees, which was overseen by the board. During the course of the audit, the audit team, among other things: (i) reviewed a wide range of written and visual materials; (ii) interviewed employees from across the Company representing several functions (including store operations, supply and demand chain, human resources, asset protection, risk management, legal, and investor relations, and included individuals ranging from store associates to store managers, district managers and regional directors, as well as director-level and officer-level employees); and (iii) conducted select in-person site visits. The Company further states that the audit team concluded that the Company has implemented and communicated appropriate workplace safety policies, programs, training, and standard operating procedures and has cultivated a culture of safety, which is supported by the number of accident-free stores and employees, as well as incident rates at or below industry averages for both its retail and distribution locations. It also discloses that in 2024, it implemented certain enhancements to the Company's safety policies and procedures designed to strengthen compliance, enhance communication, and increase employee recognition and awareness of available resources. Finally, the Company asserts that it intends to continue to monitor issues that are relevant to its operations and, when appropriate, to make changes to its applicable policies and practices (2025 DEF 14A, p.62).

Regarding board oversight, the [compensation and human capital management committee](#) oversees risks and significant matters pertaining to the Company's human capital management strategy, such as recruitment, retention, and engagement of employees, as well as labor-related issues. The [nominating, governance, and corporate responsibility committee](#) provides oversight of management's efforts on significant issues relating to corporate social responsibility and sustainability, which may include issues relating to human rights, health and safety, supply chain, community and governmental relations, and similar matters, as well as the Company's external reporting on such corporate social responsibility and sustainability matters, in order to enhance shareholder value and protect the Company's reputation.

### **Peer Disclosure**

To compare, **Dollar Tree, Inc.** (NASDAQ: DLTR) maintains a [Human Rights Policy](#), which applies to all officers, directors,

and employees of Dollar Tree, Inc. and each of its subsidiaries, including Family Dollar Stores, Inc., as well as manufacturers, service providers, contractors, subcontractors, suppliers, partners, and factories that do business with Dollar Tree, regardless of geographic location. The firm explains that the board and executive management have adopted the policy to demonstrate their commitment to respecting the human rights and dignity of all workers, domestic and international, throughout Dollar Tree's supply chain and in its retail stores, distribution centers, and store support center. It adds that Dollar Tree has developed this policy in concert with its stakeholders, including vendors and associates, and with guidance from internationally accepted labor standards, including the UN Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

Dollar Tree further [states](#) that in every jurisdiction where it operates, it complies with applicable laws and respects internationally recognized human rights, as well as that, as part of its vendor oversight and to assure compliance with labor, health and safety, human trafficking, discrimination, and other legal requirements, social compliance audits are conducted on most of the overseas factories from which the firm directly sources goods, and it is working to expand those audits to all relevant factories. Dollar Tree then asserts that it will not do business with factories that do not respect basic human rights. It also discloses its [Vendor Code of Conduct](#), which also addresses human rights and labor rights, including health and safety, freedom of association and collective bargaining, forced labor, and working hours, among other things. It also [acknowledges](#) its human rights risks and mitigation strategies, stating that those risks are disclosed in Dollar Tree's annual proxy statement and include environmental impacts caused by energy use in conducting its retail operations as well as human rights risks attendant to sourcing product internationally.

Finally, as part of its Human Rights Policy, Dollar Tree [commits](#) to freedom of association and following all laws regarding collective bargaining.

Regarding oversight of this issue, Dollar Tree affirms that it has taken steps to mitigate these risks, and in 2020, the [nominating and corporate governance committee](#) of the board was given the lead role in overseeing the firm's risks and reporting related to ESG matters and sustainability. At least semi-annually, the committee evaluates, discusses, and, as appropriate, directs the disclosure of the firm's risks relating to corporate social responsibility and sustainability, including the environment, human rights, labor, health and safety, workforce diversity, supply chain, governance, and similar matters affecting Dollar Tree and its stakeholders. In addition, the [sustainability and corporate social responsibility committee](#) has primary board-level oversight of the policies, processes, and initiatives related to workplace safety and violence prevention, including receiving at least semi-annual reporting by senior management regarding workplace safety and OSHA compliance; strategies, policies, and programs related to human capital management, including matters related to workplace environment and culture; and employee engagement, recruiting, selection, talent development, progression, and retention of the Dollar Tree's workforce.

To further compare, **The Kroger Co.** (NYSE: KR) discloses its [Human Rights Policy](#) and commits to the corporate responsibility to respect human rights as defined by the UN Guiding Principles on Business and Human Rights ("UNGPs"). It also commits to respecting internationally recognized human rights as defined by the International Bill of Human Rights, which includes the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social, and Cultural Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. The firm also states that it will embed its Human Rights Policy into its culture, operations, and supply chain; conduct human rights due diligence; and provide access to remedy as appropriate.

Regarding its scope, Kroger [states](#) that its human rights policy applies to Kroger's own operations, including retail stores, food processing plants, warehouses, offices, and other facilities. It also sets expectations for Kroger's direct and indirect business partners to respect human rights in their operations. Further, the firm states that it is committed to respecting the rights of all rightsholders in its operations and supply chain, including its associates, recognized associate representatives, customers, contractors, suppliers, supply chain workers, smallholder farmers, and people in the communities in which the firm operates. It adds that it expects its associates and business partners to uphold the commitments made in its policy and to comply with domestic law and international human rights standards wherever they operate. Kroger also expects employers and business partners to adhere to the law and regulations as established by the applicable jurisdiction, upholding the higher standard where feasible.

Additionally, as part of its commitment to fully align with the UNGPs, Kroger states that it will develop and implement a human rights due diligence framework to [guide](#):

- Assessing human rights risks on an ongoing basis, for the firm's own business and across the value chain, including for new sourcing geographies and products, such that it will conduct a formal human rights risk assessment process every two years and monitor emerging risks on an ongoing basis, as well as conducting human rights impact assessments for specific commodities and countries to inform the firm's risk assessment and management;
- Integrating risks identified into management decisions and actions;

- Preventing, mitigating, and managing human rights risks;
- Using a data-driven approach to inform decision-making and track progress for effective remediation; and
- Communicating the outcomes of putting the human rights policy into practice, including regular review of the effectiveness of the firm's processes, and reporting to internal and external stakeholders.

Kroger has also [completed](#) a formal exercise to determine salient human rights risks by mapping the severity and likelihood of risks that can be connected to its business activities, products, and services, and it commits to assessing risks and emerging issues on an annual basis. It further states that it will share the most recent list of salient risks in its annual [ESG Report](#), in which it details how it embeds worker voices. Kroger adds that it has conducted two human rights impact assessments in its supply chain to date, including interviews with rightsholders in their native language (p.62).

Finally, it addresses human rights in its [Vendor Code of Conduct](#), which is informed by internationally agreed upon standards, including the UNGPs, the International Bill of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. Kroger states that it expects all vendors, including direct and indirect suppliers of goods and services, contractors, and service providers, to comply with its code and the expectations it sets forth and to uphold its values in their business activities. It also expects all vendors to escalate expectations consistent with the code to their business partners. Additionally, it notes that workers must be treated fairly, with dignity and respect, and workers have the right to form and join organizations of their own choosing. Moreover, Kroger asserts that vendors should not prevent, retaliate, or discriminate against workers choosing to associate (or not) with any group or bargaining collectively (or not).

Regarding oversight, the [public responsibilities committee](#) oversees Kroger's environmental, social and governance ("ESG") strategy, the firm's responsibilities as a corporate citizen, and efforts to respond to changing public expectations that affect the business.

### Summary

#### Peer Comparison

While all three companies maintain human rights policies, the Company lags both peers in that its policy is focused primarily on its suppliers, whereas Dollar Tree and Kroger both maintain more robust human rights policies aligned with multiple international human rights standards and disclose the steps they take to identify, assess, prevent, mitigate, and, where appropriate, remedy adverse human rights impacts connected to their businesses. Further, unlike both peers, the Company does not appear to maintain a commitment to freedom of association and collective bargaining in its policies.

#### Analyst Note

The Company provides disclosure regarding its commitment to human rights in its recently adopted human rights policy. However, the Company could reasonably expand its human rights policy beyond its suppliers to codify its human rights commitment throughout its own operations. In addition, the Company provides relatively little disclosure related to workers' rights to freedom of association and collective bargaining. Considering the labor risks acknowledged by the Company, shareholders could benefit from the adoption of a human rights policy governing this matter, particularly given recent controversies of its employee unionization efforts.

## RECOMMENDATION

This proposal requests that the Company adopt a comprehensive human rights policy "which states the Company's commitment to respect human rights, in alignment with international human rights standards, throughout its operations and value chain, and describes steps to identify, assess, prevent, mitigate, and where appropriate, remedy adverse human rights impacts connected to the business." However, the Company has recently adopted a human rights policy in which the Company states that it has "established human rights and workplace standards that are consistent with, and based upon, the Core Conventions of the international Labour Organization and other industry-related best practices." As such, the Company appears to have addressed the request of this proposal.

However, although we believe that the Company has fulfilled the letter of this request, it has not adopted a policy that complies with the spirit of this resolution. As such, we believe that there remains some room for improvement. Specifically, the Company's policy appears to primarily dictate standards for the Company's vendors and their employees. The only provision to apply to direct employees deals with ensuring that employees have signed and understood the Company's Code of Conduct. As such, this policy does not appear to be "comprehensive" in nature.

Particularly given recent controversies regarding employee safety and unionization efforts, discussed above, we believe that support for this proposal is warranted at this time. Moreover, given the size and scope of the Company's operations, we believe that the request of this proposal is reasonable. We note that, based on Glass Lewis research, in 2024, over 86% of companies in the S&P 500 index (where Company is a constituent) maintained an explicit human rights policy. Of the companies with these policies, 83% (or 71% of all S&P 500 companies) aligned them with internationally recognized human rights standards, such as UDHR or the ILO. As such, we believe that the Company could be an outlier with

respect to maintaining a formal human rights policy that is both aligned with internationally recognized standards and that covers its primary operations, not just those of its suppliers and vendors. Accordingly, we do not find the request of this proposal to be overly prescriptive. Moreover, because this proposal is precatory, the Company has significant discretion in how this policy is constructed.

In sum, we believe that this proposal is reasonably crafted and allows the Company considerable latitude in its implementation. Given the Company's potential outlier status with regard to the adoption of a human rights policy covering its own operations, we believe shareholders should support this resolution at this time.

We recommend that shareholders vote **FOR** this proposal.

Do not redistribute



## 6.00: SHAREHOLDER PROPOSAL REGARDING TRANSPARENCY REPORT ON FOOD WASTE

AGAINST

<b>PROPOSAL REQUEST:</b>	That the Company publish a food waste transparency report	<b>SHAREHOLDER PROPONENT:</b>	The Accountability Board, Inc.
<b>BINDING/ADVISORY:</b>	Precatory		
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	N/A	<b>REQUIRED TO APPROVE:</b>	Majority of votes cast
<b>RECOMMENDATIONS, CONCERNS &amp; SUMMARY OF REASONING:</b>			
<b>AGAINST</b> - Not in the best interests of shareholders			

### SASB MATERIALITY

**PRIMARY SASB INDUSTRY:** Multiline and Specialty Retailers & Distributors

**FINANCIALLY MATERIAL TOPICS:**

- Energy Management in Retail & Distribution
- Labor Practices
- Product Sourcing, Packaging & Marketing
- Data Security
- Workforce Diversity & Inclusion

## GLASS LEWIS REASONING

- We do not believe the proponent has sufficiently demonstrated that the Company is in violation of any laws or regulations regarding food waste or that its current management of this issue is deficient to the degree that warrants adoption of this proposal.

## PROPOSAL SUMMARY

**Text of Resolution:** *RESOLVED: Shareholders ask Dollar General to publish a food waste transparency report that discloses the types and quantities of food and beverages in its waste streams (including disposal methods) along with measurable, timebound food waste reduction targets.*

### Proponent's Perspective

- Reducing food waste positively impacts significant policy issues while also improving financial performance;
- The production of wasted food causes significant GHG emissions and consumes vast amounts of freshwater, fertilizer, cropland, and other resources;
- The Company's 2023 ESG report states that it reduced its food waste footprint at over 3,800 stores, but there are concerns regarding disclosure for the Company's 16,000 plus other stores;
- Selective disclosures fail to fully account for the types and quantities of all the Company's food waste;
- The Company hasn't disclosed measurable food waste reduction targets, which is troubling given its recent goal of offering fresh produce in 10,000 stores over the next few years; and
- While the proponents recognize the limited data and disposal efforts disclosed to date and that food waste has been reduced at about 20% of stores, disclosure of overall food waste totals and measurable reduction targets could significantly advance the Company's management and oversight of this consequential matter.

### Board's Perspective

- Waste reduction and recycling are principal focus areas of the Company's sustainability program;
- The report requested by the proponent would not provide value commensurate with the cost of its preparation;
- As disclosed in its annual Serving Others Report, the Company has implemented several programs to reduce the quantity of its food waste;
- Unlike grocery stores and restaurants, the significant majority of the stock-keeping units in the Company's inventory are non-perishable goods and therefore do not contribute to food waste;
- The Company expects to continue to carefully manage its operations and seek to reduce its food waste, where appropriate, in a manner aligned with the scale of its food and beverage-related operations and the associated risks to its business; and
- The Company's current level of reporting is appropriate and provides meaningful transparency without imposing unnecessary costs.

The proponent has provided an [exempt solicitation](#) urging support for this resolution.

## THE PROPONENT

### The Accountability Board

The Accountability Board ("TAB") [states](#) that it is an active investor in more than 100 of the largest publicly traded companies. In 2022, the philanthropic funder Open Philanthropy [granted](#) TAB \$10.3 million over three years to support advocacy campaigns aimed at securing faster implementation of corporate responsibility pledges. More specifically, Open Philanthropy stated that the grant fell within its focus area of farm animal welfare.

TAB [states](#) that its portfolio advocacy focuses largely on ensuring transparency and policy compliance, improving corporate governance, and strengthening shareholder rights. Further, it discusses its compliance monitoring, analysis and reporting, and board assessments. Among the [values](#) it promotes at the companies in its portfolio, TAB lists accountability, stewardship, independence, and transparency.

Based on the disclosure provided by companies concerning the identity of their proponents, the Accountability Board submitted 13 shareholder proposals during the first half of 2024, which received 29.6% average support.

## GLASS LEWIS ANALYSIS

Glass Lewis recommends that shareholders take a close look at proposals such as this to determine whether the actions requested of the Company will clearly lead to the enhancement or protection of shareholder value. Glass Lewis believes that directors who are conscientiously exercising their fiduciary duties will typically have more and better information about the Company and its situation than shareholders. Those directors are also charged with making business decisions and overseeing management. Our default view, therefore, is that the board and management, absent a suspicion of illegal or unethical conduct, will make decisions that are in the best interests of shareholders.

### FOOD WASTE

Food waste is a growing issue that affects companies and their stakeholders and that can have significant economic, environmental and social ramifications. More than one-third of food produced worldwide (1.3 billion tons of edible food annually) goes to waste (Jeff Nesbit. " [World Leaders Are Fed Food Waste, and It's Great.](#)" *U.S. News & World Report*. September 28, 2015). Food waste has increased at a dramatic rate; in 1980 food waste accounted for less than 10% of total waste, while in 2014, it accounted for over one-fifth of the total garbage in the U.S. As of 2014, Americans threw away more food than plastic, paper, metal, or glass (Roberto A. Ferdman. "[Americans Throw Out More Food Than Plastic, Paper, Metal and Glass.](#)" *Washington Post*. September 23, 2014). In 2018, a U.S. Department of Agriculture ("USDA") study found that American consumers waste about a pound of food per day. Fruits and vegetables were found to be the most likely to be thrown out, followed by dairy, and then meat. The study recommended educating consumers on proper fruit and vegetable storage in order to reduce food waste, as well as increasing food quality (Oliver Milman. "[Americans Waste 150,000 Tons of Food Each Day – Equal to a Pound per Person.](#)" *The Guardian*. April 18, 2018).

Wasting food comes at a significant expense to families, governments, and companies. In the U.S., there is approximately 60 million metric tons of food waste every year, with an estimated value of \$162 billion, and approximately 32 million metric tons of this waste ends up in municipal landfills, at a cost of approximately \$1.5 billion to local governments (Ron Nixon. " [Food Waste Is Becoming Serious Economic and Environmental Issue, Report Says.](#)" *The New York Times*. February 25, 2015). Indeed, food is the most prevalent material [disposed](#) of in municipal landfills and incinerators in the U.S., amounting to 24% of landfill contents. In the U.S., the average family throws out \$640 in food on an annual basis and the global economy could save \$300 billion from wasted food (Jeff Nesbit. " [World Leaders Are Fed Food Waste, and It's Great.](#)" *U.S. News & World Report*. September 28, 2015). More recently, food waste is [estimated](#) at between 30-40% of the food supply in the U.S. Further, in Sub-Saharan Africa, the World Bank estimates that a 1% reduction of post-harvest losses could lead to economic gains of \$40 million annually, and most of the benefits of these gains would go directly to the smallholder farmers growing the food (Jeff Nesbit. "[World Leaders Are Fed Food Waste, and It's Great.](#)" *U.S. News & World Report*. September 28, 2015).

Food waste is often seen as a wasted opportunity to feed some of the world's needier populations, particularly given the extent to which many communities suffer from food insecurity. Globally, one of every nine people suffers from chronic hunger, including more than 200 million in Sub-Saharan Africa and more than 500 million in Asia. Although the rates of chronic hunger are lower in the U.S., approximately 14% of U.S. households still struggle to put food on the table (Roberto A. Ferdman. "[Americans Throw Out More Food Than Plastic, Paper, Metal and Glass.](#)" *Washington Post*. September 23, 2014). Feeding America [reports](#) that in 2017, the overall rate of food insecurity in the U.S. was 12.5%, but the rate for children was 17%. However, there are challenges in effectively recovering food waste. According to the director of sustainable development at the USDA, "[t]he logistics of getting safe, wholesome, edible food from anywhere to people that can use it is really difficult...If you're having to set up a really expensive system to recover marginal amounts of food, that's not good for anybody" (Edward Delman. " [Should It be Illegal for Supermarkets to Waste Food?](#)" *The Atlantic*. May 29, 2015).

From an environmental perspective, food waste can be especially detrimental. According to the World Wildlife Fund, about 6-8% of all human-caused GHG emissions could be reduced if everyone stopped wasting food. In the U.S. alone, the production of lost or wasted food [generates](#) the equivalent of 32.6 million cars' worth of GHG emissions. Moreover, decomposing food releases methane, which is a 20 times more potent GHG than carbon dioxide; food waste accounts for almost 25% of America's methane emissions (Roberto A. Ferdman. "[Americans Throw Out More Food Than Plastic, Paper, Metal and Glass.](#)" *Washington Post*. September 23, 2014). If food waste were a nation, it would be the third-largest

emitter of GHGs in the world. Moreover, approximately 28% of the world's farmland produces food that is never consumed, which is a loss that is roughly equivalent to more than 3 billion tons of carbon emissions. However, there is a lack of public knowledge of the environmental impacts of food waste. More than two-thirds of Americans surveyed said they are bothered by the amount of food wasted in the U.S., but just 15% of them make the connection between food waste and adverse impacts on the environment (Jeff Nesbit. ["World Leaders Are Fed Food Waste, and It's Great."](#) *U.S. News & World Report*. September 28, 2015).

## REGULATIONS CONCERNING AND INDUSTRY RESPONSE TO FOOD WASTE

As a result of the economic, environmental, and social problems created by food waste, a number of governmental bodies have taken aim at curbing the extent to which food is wasted. There are a number of avenues by which food waste can be reduced. For example, the U.S. Environmental Protection Agency ("EPA") has developed a [Wasted Food Scale](#), which is an update to its previous Food Recovery Hierarchy. The Wasted Food Scale is based on the findings of the EPA's 2023 [report](#), which assessed 11 common pathways for managing wasted food in the U.S. based on their environmental impacts and potential contributions to a circular economy.

According to the EPA, the Wasted Food Scale [prioritizes](#) actions that prevent and divert wasted food from disposal. The most preferred pathways – prevent wasted food, donate and upcycle food – offer the most benefits to the environment and to a circular economy. In contrast, the least preferred pathways – landfilling, incineration, and sending food down the drain – have the largest environmental impacts and have limited potential for circularity.

In addition to the new Wasted Food Scale, the EPA's 2023 report drew the following [conclusions](#):

- Source reduction, donation, and upcycling are the most environmentally preferable pathways because they can displace additional food production. The benefits of pathways beyond source reduction, donation, and upcycling are small relative to the environmental impacts of food production; thus, they can do little to offset the environmental impacts of food production.
- Sewer/wastewater treatment and landfill stand out for their sizeable methane emissions.
- Recycling wasted food into soil amendments offers opportunities to make long-term improvements in soil structure and health and help regenerate ecosystems by recovering nitrogen and carbon and returning them to the soil.
- As the U.S. becomes less dependent on fossil fuels for energy, the environmental value of producing energy from wasted food will decrease.

Given the extent to which food waste affects societies, governmental agencies have targeted a number of the above methods of recovery and disposal. Most notably, in February 2016 France enacted a new law that would force supermarkets with retail space of 4,304 square feet or more to donate food that is approaching its best-before date to charity or be turned into animal feed or compost, rather than discarding it. These supermarkets will have to sign contracts with charities or face a penalty of €3,750. This law relaxed current regulations concerning what foods can or cannot be donated. For example, if a dairy factory made yogurt carrying the brand name of a supermarket, it was a "long, complex process" to donate any excess to charity. Following the approval of this law, a municipal councilor stated that the next steps would be to extend this law to the entire EU (Angelique Chrisafis. ["French Law Forbids Food Waste by Supermarkets."](#) *The Guardian*. February 4, 2016). Six months after the French bill passed, Italy enacted a similar law making it easier for companies and farmers to donate food to charities. The law does not penalize those who don't participate but incentivizes companies that change their behavior (Stephanie Kirchgaessner. ["Italy Tackles Food Waste With Law Encouraging Firms to Donate Food."](#) *The Guardian*. August 3, 2016).

Further, in 2017, Australia launched a [national food waste strategy](#) to address the [\\$20 billion lost](#) from its economy due to food waste each year. With a \$1.37 million dollar investment, the Australian Government set a target to halve food waste by 2030. Later that year, the Norwegian Government signed a similar [agreement](#) to have its waste by 2030.

Additionally, in September 2015, a [bill](#), which ultimately did not pass, was introduced to the UK Parliament that would require the Secretary of State to make a provision for a scheme to establish incentives to "implement and encourage observance of the food waste reduction hierarchy; to encourage individuals, business and public bodies to reduce the amount of food they waste; to require large supermarkets and manufacturers and distributors to reduce their food waste by no less than 30 per cent by 2025 and to enter into formal agreements with food redistribution organizations; to require large supermarkets and food manufacturers to disclose levels of food waste in their supply chain; and for connected purposes."

In 2019, the UK government launched a £5 million [scheme](#) to reduce food waste, specifically from retail and manufacturing. Redistribution organizations in England will be able to bid for £5 million in funding to help them overcome financial burdens to redistribute surplus food. Further opportunities for government funding will become available later in the year. In addition, UK grocers committed to halving waste "from farm to fork" by 2030, which is consistent with the UN's sustainable development target. 89 supermarkets, food producers, manufacturers, and restaurant chains have made this commitment. By September 2019, the roadmap aimed to have all major UK retailers and half of other large producers and

suppliers measuring, reporting, and acting on food waste. By 2026, all large food businesses should have a target to cut waste from their operations (Rebecca Smithers. " [UK Grocers Pledge to Halve Food Waste from 'Farm to Fork' by 2030](#)." *The Guardian*. September 24, 2018).

The EU has also announced [plans](#) with respect to food waste reduction. The EU Commission states that it will: (i) elaborate a common EU methodology to measure food waste consistently in cooperation with Member States and stakeholders; (ii) create a new platform involving Member States and actors in the food chain in order to help define measures needed to achieve food waste sustainability development goals, facilitate inter-sector cooperation, and share best practice and results achieved; (iii) take measure to clarify EU legislation related to waste, food and feed, and facilitate food donation and the use of former foodstuffs and by-products from the food chain for feed production, without compromising food and feed safety; and (iv) examine ways to improve the use of date marking by actors in the food chain and its understanding by consumers, in particular "best before" labeling.

The U.S. has also taken recent and significant action toward curbing food waste. In September 2015, the U.S. Department of Agriculture ("USDA") and the EPA [announced](#) that the U.S. had set its first-ever national food waste reduction [goal](#), which calls for a 50% reduction by 2030. As a part of this effort, the federal government will lead a new partnership with charitable organizations, faith-based organizations, the private sector, and local, state, and tribal governments to reduce food loss and waste in order to improve overall food security and conserve natural resources. The EPA has taken other steps to encourage companies to reduce food waste. As a part of its Sustainable Materials Management Program, the EPA has developed a [Food Recovery Challenge](#), under which organizations pledge to improve their sustainable food management practices and report their results. Under this program, participating companies set baseline levels of food waste, set goals for reducing food waste, and track their progress in meeting their goals. However, as of the writing of this report, the program is no longer accepting new participants. Nevertheless, the EPA [provides](#) the current progress toward the 2030 waste reduction goal, and acknowledges the U.S. has a long way to go to meet its goal.

The federal government also used tools to incentivize companies to donate potential food waste. For example, in the U.S., the [Model Good Samaritan Food Donation Act](#), a 1996 Congressional Act, was designed to encourage the donation of food and grocery products to nonprofit organizations for distribution to needy individuals by limiting the liability for the donors of food, should the food cause harm, as long as the food was given in good faith. The U.S. government has also instituted a number of [tax benefits](#) in order to encourage companies to make food donations.

City and state governments in the U.S. have also formed regulations and programs aimed at reducing food waste. According to the Natural Resources Defense Council, there are currently ten states with [organic waste bans](#), including California, Connecticut, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Washington. In addition to state actions, certain cities have established regulations regarding this issue. For example, Seattle Municipal Code [requires](#) that residents and businesses not put food scraps, compostable paper, yard waste, and recyclables in their garbage, the Massachusetts Department of Environmental Protection placed a [ban](#) on disposal of commercial organic wastes by businesses and institutions that dispose of one ton or more of these materials per week, and, in 2013, [New York City](#) instituted the Mayor's Food Waste Challenge, which invited New York City restaurants to help reduce landfilled food waste by committing to a 50% food waste diversion goal. Additionally, Hennepin County, Minnesota, provides grants from \$10,000 to \$50,000 to local businesses and nonprofits to help recycle good products or turn them into compost (Ron Nixon. "[Food Waste Is Becoming Serious Economic and Environmental Issue, Report Says](#)." *The New York Times*. February 25, 2015). More recently, the [state of New York](#) included the Food Donation and Food Scrap Recycling Act in its 2020 budget. The bill requires New York's largest sources of food waste (restaurants, supermarkets, colleges, sports stadiums, etc.) to recycle their food scraps, provided that an adequate processor exists within 25 miles. These sources of food waste would also be required to donate wholesome, pre-consumer surplus food.

Meanwhile, California passed a [law](#) establishing a [target](#) to achieve a 50% reduction in organic waste disposal by 2020 and a 75% reduction by 2025 in an attempt to reduce methane emissions resulting from the decomposition of organic waste in landfills. It also includes a target that not less than 20% of currently disposed edible food is recovered for human consumption by 2025. However, it has been reported that California has not achieved its 2020 statutory target of a 50% reduction in organic waste below the 2014 baseline, and that it is now disposing at a rate nearly 1 million tons above the baseline (Cole Rosengren. " [CalRecycle Ramping Up Sb 1383 Compliance Efforts as it Kicks Off \\$155M Grant Program](#)." *Waste Dive*. January 13, 2023). Beginning in 2024, California's law permitted cities to issue fines for not recycling food waste (Michelle Bandur. "[Throwing Away Food Scraps Could Bring a Fine in 2024. What to Know About California's Compost Law](#)." *KCRA News*. January 3, 2024).

Industry groups have also joined in food waste reduction efforts. In June 2015, the board of the [Consumer Goods Forum](#) (a network of CEOs and senior management of retailers, manufacturers, service providers and other stakeholders across 70 countries), adopted a [resolution](#) on food waste, with the goal of "halving food waste within [its] own retail and manufacturing operations by 2025" (p.4). The Consumer Goods Forum intends to achieve this through individual company initiatives, engaging with its supply chains and end consumers (where material) and working collectively in partnership



with governments and NGOs. Additionally, a coalition of food industry trade groups called the Food Waste Reduction Alliance, which includes members such as the Grocery Manufacturers Association, is working with supermarket chains to reduce waste by clarifying expiration dates and selling smaller portions of food. The group is also working to get its members to donate more food and make changes in the manufacturing process to reduce the amount of wasted food (Ron Nixon. " [Food Waste Is Becoming Serious Economic and Environmental Issue, Report Says.](#)" *The New York Times*. February 25, 2015).

## COMPANY AND PEER DISCLOSURE

### Company Disclosure

In its response to this proposal, the Company states that waste reduction and recycling are principal focus areas of its sustainability program. It adds that, unlike grocery stores and restaurants, the significant majority of the stock-keeping units in the Company's inventory are non-perishable goods and therefore do not contribute to food waste. Nevertheless, the Company expects to continue to carefully manage its operations and seek to reduce its food waste, where appropriate, in a manner aligned with the scale of its food and beverage-related operations and the associated risks to its business (2025 DEF 14A, p.64).

Further, the Company states that, as disclosed in its annual [Serving Others Report](#), it has implemented robust recycling initiatives dedicated to minimizing waste. For example, it discloses that in 2024 it recycled more than 2,000 tons of plastic, 274,000 tons of cardboard, 485 tons of paper and 6.7 million pallets. It also notes that it saved the equivalent of approximately 1.9 billion gallons of water, 2.5 billion kWh of energy, and 2.6 million barrels of oil. The Company adds that it completed over 1,100 visual waste audits at store locations and is using the data to help optimize waste management and recycling efficiencies (p.36). It emphasizes in its response to this proposal that it prioritizes these waste reduction metrics because of their significance to its business operations and the considerable return they deliver on its sustainability efforts (2025 DEF 14A, p.64).

The Company also [states](#) that in addition to its assortment of frozen and shelf-stable foods, as of the end of fiscal year 2024, it offered: fresh produce in more than 6,700 stores across the country (p.12). In discussing communities, the Company then explains that in 2024, it donated more than \$1.1 million to Feeding America and its affiliates. Further, it notes that it also supported local food banks in over 5,200 communities through its food recovery efforts in its local stores and distribution centers, resulting in more than 28.1 million pounds of food to Feeding America food banks. It states that since the launch of its food donation program in 2019, it has donated over 66 million pounds of food (p.26). Additionally, it discusses providing over \$700,000 worth of in-kind support to Feeding America affiliates to help aid in the response to Hurricanes Helene and Milton (p.27). The Company addresses its organic waste programs, as well, explaining that it has implemented such programs in Vermont, California, and Austin, Texas. It notes that food from stores in these markets that cannot be sold or donated is placed into specialized bins and taken to composting facilities. It states that it has managed over 430 tons of organic waste through these efforts, which helps reduce methane gas at landfills and sequester carbon in the soil. Moreover, the Company discusses donating over 4,800 tons of milk to local food banks and diverting more than 17,400 tons of expired dairy from landfills. It explains that of this total, more than 15,900 tons were transferred to regional producers of animal feed, where it was used as a high-quality additive to livestock feed. Further, it notes that another 1,400 tons of expired dairy product was repurposed in a waste-to-energy process by a farm located near its Pottsville, PA, distribution center. The Company states that the electricity generated from its donated milk not only serves the energy needs of this approximately 1,300-acre farm but the surplus power is sold back to the electric grid. The Company also discusses recycling scrap from pre-engineered materials for new store growth and store remodels into raw material. It explains that this construction process applies to 80% of its new stores, while 19% are reused in conventional lease spaces and the remaining 2% of its new store construction is its low-waste designs for its wood prototype buildings (p.37). Further, in its response to this proposal, the Company discusses carefully managing its store inventory levels to maximize sales and minimize unsold perishables (2025 DEF 14A, p.64).

Regarding oversight of this issue, the [nominating, governance, and corporate responsibility committee](#) provides oversight of management's efforts on significant issues relating to corporate social responsibility and sustainability, which may include issues relating to the environment, human rights, health and safety, supply chain, community and governmental relations, charitable and political contributions, and similar matters, as well as the Company's external reporting on such corporate social responsibility and sustainability matters, in order to enhance shareholder value and protect the Company's reputation.

### Peer Disclosure

To compare, **Dollar Tree, Inc.** (NASDAQ: DLTR) [states](#) that it is focused on addressing its climate impact, managing waste, and conserving natural resources to minimize its environmental footprint and fostering a more sustainable future. It discloses its key highlights in its most recent sustainability report, which include: (i) an 11% increase in recycled waste; (ii) 410,652 tons of waste recycled in 2023; (iii) a 6% reduction in waste; and (iv) 1,228 tons of waste diverted in 2023 (p.32). It also discloses that waste generated in its operations for Scope 3 emissions category 3.5 was 152,100 tCO<sub>2</sub>e in

2023 (p.33). It then states that by investing in reuse and recycling efforts in its stores and distribution centers, Dollar Tree continues to reduce operational waste, increase its diversion rates, and address its Scope 3 impact in this category (p.34).

Dollar Tree [discusses](#) waste reduction and recycling, stating that it aims to continue to improve upon its zero-waste to landfill ambition and that its waste diversion rate improved 5% in 2023 and is now 72%, reflecting the firm's dedication to minimizing waste and recovering resources. It then discusses recycling, stating that it increased investment in in-store recycling, cardboard backhauling, and other waste management programs have contributed to this higher diversion and recycling rate. In 2023, 10,055 stores recycled their corrugated cardboard, with 1,526 stores backhauling their cardboard for reuse in short-haul shipping. In addition, it states that implementing a single-stream recycling program at its store support center and all stores in seven states further exemplifies the continued progress of Dollar Tree's waste management and diversion (p.36). The firm also addresses hazardous waste and discloses that 748.90 tons of waste have been recovered, as well as that it has now deployed its chemical and electronics recycling program to over 15,500 stores, reaching almost its entire portfolio, diverting over 1,200 tons of product from landfills (p.37).

It also maintains an [environmental policy](#) which reflects its commitment to continually improve its operations in a manner that will reduce its overall impact on the environment, including waste management and product and packaging selection. Dollar Tree affirms that it will continue to communicate its goals and the measurable results it achieves to its associates, customers, vendors, shareholders, and other stakeholders. It then discloses that it maintains a goal to reduce packaging materials for directly imported products by 10% by 2025. It adds that collection and recycling of cardboard and waste products has been an important project undertaken at its stores and will continue to be so. Dollar Tree notes that over the past two years, its stores and distribution centers have recycled more than 545,000 tons of cardboard and plastics.

Regarding oversight, the [sustainability and corporate social responsibility committee](#) assists the board in its oversight and review of Dollar Tree's policies, programs, and related risks that concern key environmental, social, corporate responsibility, and ethics matters that may affect the firm's business, strategy, operations, performance, or reputation. The committee also oversees the firm's overall approach to environmental, social, and corporate responsibility matters, including the strategies, policies, and initiatives with respect to sustainability and corporate responsibility, including those related to environmental and social issues and impacts.

To further compare, **The Kroger Co.** (NYSE: KR) maintains a [Zero Hunger | Zero Waste Impact Plan](#), which it introduced five years ago and includes its commitment to: (i) feed: expand surplus food recovery and redistribution to provide a total of more than 3 billion meals to its communities by 2025 (cumulative); (ii) nourish: improve health and well-being by promoting fresh foods and affordable, better-for-you options for its customers; (iii) end waste: embed retail best practices to optimize ordering, extend freshness and reduce waste in its own operations; (iv) inspire change: direct funding to entrepreneurs who are transforming its food system; (v) advocate: support public policy and legislative solutions that improve food access and create infrastructure for a zero-waste future; (vi) transform: advance agricultural production methods around the world to conserve natural resources and protect habitats; (vii) collaborate: cultivate long-standing and new relationships for meaningful action to achieve its Zero Hunger | Zero Waste goals; and (viii) build stronger communities: align charitable giving, community engagement and Company-wide impact goals to create a better future for people in the communities it serves.

It also [established](#) the Zero Hunger | Zero Waste Foundation in 2018 to align impact philanthropy to the firm's action plan. The foundation is a nonprofit public charity focused on food system change and innovation. The firm states that it has directed impactful funding to organizations and changemakers across the U.S., and its signature program is the Innovation Fund, which provides catalytic capital to innovators with creative solutions to the challenges of food access, food security, and food waste.

Kroger further discusses its Zero Hunger | Zero Waste progress in its most recent [ESG Report](#), stating that since 2017, it has reduced total food waste generated in stores by 20% and has improved food waste diversion from landfills to 52%. Its 2023 progress includes 455 million meals donated to its communities, \$256 million in charitable giving to hunger relief organizations in its communities (food and funds), 114 million pounds of surplus fresh food donated, 100% of stores donating surplus fresh food to hunger relief agencies, and an 82% operational waste diversion from landfill firm-wide. It notes that reducing waste also means managing energy use, minimizing GHG emissions, and improving its Our Brands packaging to be more recyclable, reusable, and compostable (p.14). Kroger explains that it also addresses operational waste and food waste through: (i) improving facility waste management and recovering more recyclables to increase waste diversity; and (ii) maximizing food waste recycling programs, including animal feed, composting, and anaerobic digestion, and scale food de-packaging solutions (p.13).

The firm also maintains waste and circularity [goals](#) to: (i) achieve over 90% waste diversion from landfill firm-wide; (ii) reduce total food waste generated in retail stores by 50% cumulatively (2017 baseline); (iii) achieve 95% diversion of remaining retail food waste from landfill; (iv) have more than 95% of retail stores participating in food waste recycling programs; (v) achieve 100% recyclable, compostable, and/or reusable brands packaging; (vi) increase recycled content in packaging so its Our Brands portfolio collectively contains more than 10%. Kroger then discloses its 2023 progress for

these goals, as well as the overall status for each goal (p.15). It also affirms that food waste is a material topic (p.35). It then adds that it uses renewable energy such as anaerobic digestion technology, which processes food waste or food production by-products into biogas, which in turn can be converted to renewable electricity (p.38).

Regarding oversight, the [public responsibilities committee](#) oversees Kroger's environmental, social and governance ("ESG") strategy, the firm's responsibilities as a corporate citizen, and efforts to respond to changing public expectations that affect the business. The committee also examines and reviews Kroger's practices related to social impact, including, but not limited to, food access, responsible sourcing, supplier diversity, food safety, community engagement, and philanthropy.

Summary	
GRI/SASB-Indicated Sustainability Disclosure	<a href="#">SASB</a> (pp.44-45)
Peer Comparison	Overall, we find the Company's disclosure regarding food waste to be relatively aligned with that of Dollar Tree. Kroger leads both the Company and Dollar Tree in that it maintains measurable and time-bound targets to reduce food waste and discloses metrics and progress for its food waste management. However, unlike Kroger, a significant majority of the Company's food products are non-perishable and do not contribute to food waste.
Analyst Note	The Company discusses its efforts to reduce waste, including food waste, in its operations and affirms that it has implemented several programs to reduce the quantity of its food waste. The Company also states that, unlike grocery stores and restaurants, the significant majority of the stock-keeping units in the Company's inventory are non-perishable goods and therefore do not contribute to food waste.

## RECOMMENDATION

At this time, we do not believe the proponent has sufficiently demonstrated that the Company is in violation of any laws or regulations regarding food waste or that its current management of this issue is deficient to the degree that warrants adoption of this proposal. We recognize that the issue of food waste is rapidly developing and that there may be significant developments with respect to expectations, norms, and regulations in the future on account of efforts made by the EPA, industry bodies, and regulators to reduce food waste.

Particularly for companies of the Company's size and scope, we believe that a best effort should be made to ensure that its operations take into account issues related to the environment and the communities in which it operates. We recognize the proponent's concerns; however, we are not convinced that adoption of this resolution would be an especially productive use of the Company's resources, particularly given its existing disclosures on its efforts to reduce food and beverage waste. Moreover, we believe it is important to note that, unlike restaurants or grocery stores, the majority of the food is non-perishable and, thus, does not contribute to food waste. As such, we are not convinced that adoption of this proposal would meaningfully add to shareholders' understanding of how the Company is addressing food and beverage waste or that the proposed disclosure would help to mitigate potential risks associated with this matter. Accordingly, we do not believe support for this proposal is warranted at this time.

We recommend that shareholders vote **AGAINST** this proposal.

## 7.00: SHAREHOLDER PROPOSAL REGARDING REPORT ON EMPLOYEE ACCESS TO HEALTHCARE

AGAINST

<b>PROPOSAL REQUEST:</b>	That the Company report on employees' access to timely, quality healthcare, and its strategy to ameliorate insufficiencies identified	<b>SHAREHOLDER PROPONENT:</b>	As You Sow, on behalf of Longview LargeCap 500 Index Fund
<b>BINDING/ADVISORY:</b>	Precatory		
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	N/A	<b>REQUIRED TO APPROVE:</b>	Majority of votes cast
<b>RECOMMENDATIONS, CONCERNS &amp; SUMMARY OF REASONING:</b>			
<b>AGAINST</b> - Not in the best interests of shareholders			

### SASB MATERIALITY

**PRIMARY SASB INDUSTRY:** Multiline and Specialty Retailers & Distributors

**FINANCIALLY MATERIAL TOPICS:**

- Energy Management in Retail & Distribution
- Labor Practices
- Product Sourcing, Packaging & Marketing
- Data Security
- Workforce Diversity & Inclusion

### GLASS LEWIS REASONING

- We are unconvinced that adoption of this proposal would benefit the Company, its shareholders, or its stakeholders.

### PROPOSAL SUMMARY

**Text of Resolution:** *RESOLVED: Shareholders request that the Board of Directors issue a public report, omitting confidential information and at reasonable expense, on the sufficiency of employees' access to timely, quality healthcare, and discussing the Company's strategy to ameliorate any insufficiencies identified.*

**Supporting Statement:** The proponent suggests this analysis include consideration of strategies beyond legal compliance that the Company may deploy to minimize or mitigate the risks associated with the lack of access to quality healthcare.

#### Proponent's Perspective

- Employees' productivity and performance are linked to their health and wellness, and employees struggling with illness or medical-related stress are less able to perform well;
- Poor employee healthcare access may undermine the Company's operations and slow the implementation of its growth strategy;
- According to a 2024 survey, 48% of insured adults worry about affording their monthly health insurance premium, and 21% still view costs as a barrier to getting the health care they need;
- The Company operates more than 20,000 stores nationwide, 76% in states where abortion is illegal or highly restricted, including Tennessee, where it is headquartered, and these additional restrictions in access to healthcare have been linked to increased maternal mortality and morbidity, alongside reduced access to all forms of care;
- A survey published in February 2023 found that 76% of more than 2,000 current and future physicians, regardless of specialization, would not apply to work or train in states with abortion restrictions;
- The Company's workforce is 66% female, and potential harms to the Company from state-specific healthcare access restrictions include: (i) amplified challenges in recruiting and retaining employees, (ii) higher employee mortality and health challenges, and (iii) higher healthcare costs for employees and the Company; and
- It is best practice for companies to affirm that they are surveying or actively tracking the sufficiency of healthcare that employees have access to, including employees' sentiment on the timeliness, breadth, and quality of this care.

#### Board's Perspective

- The Company invests significantly in the health and well-being of its employees and offers many channels for employee feedback and concerns;
- The Company offers a variety of market-competitive health and wellness programs to help its employees lead healthy lives at work and home;
- The Company regularly evaluates and updates its benefits programs to ensure that they remain competitive both in terms of coverage and offerings as well as cost to the Company and its employees;
- While the Company offers an expansive set of benefits, whether to obtain any treatment or procedure is appropriately the sole decision of the employee and the employee's healthcare providers and, for purposes of determining coverage under the Company's medical plan, by the administering insurance company;
- Plan participants who receive a denial of claims by the administrator have the right to appeal the decision to request an independent review and determination, in accordance with federal law;
- The scope of the requested report is overly broad and burdensome, suggesting that the Company undertake an analysis of, and report on, matters associated with broader public healthcare policy; and
- Human capital management is a component of the board's existing risk management practices.

The proponent has filed an [exempt solicitation](#) urging support for this



resolution

## THE PROPONENT

### As You Sow

As You Sow is a non-profit advocacy organization that "harness[es] shareholder power to create lasting change by protecting human rights, reducing toxic waste, and aligning investments with values." As You Sow is not an investor, and, therefore, does not have any assets under management, but uses investors' holdings to file [shareholder proposals](#) to "drive companies toward a sustainable future." It [states](#) that, since 1992, it has "utilized shareholder advocacy to increase corporate responsibility on a broad range of environmental and social issues." Areas of focus for As You Sow include [ocean plastics](#), [toxic chocolate](#), the climate and social impacts of [retirement funds](#), [climate change](#), [executive compensation](#), and [antibiotics and factory farms](#), among others.

Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2024, As You Sow submitted 36 shareholder proposals that received an average of 18.1% support, with none of these proposals receiving majority shareholder support.

## GLASS LEWIS ANALYSIS

Glass Lewis recommends that shareholders take a close look at proposals such as this to determine whether the actions requested of the Company will clearly lead to the enhancement or protection of shareholder value. Glass Lewis believes that directors who are conscientiously exercising their fiduciary duties will typically have more and better information about the Company and its situation than shareholders. Those directors are also charged with making business decisions and overseeing management. Our default view, therefore, is that the board and management, absent a suspicion of illegal or unethical conduct, will make decisions that are in the best interests of shareholders.

In this case, this proposal is requesting that the Company issue a report on the sufficiency of employees' access to timely, quality healthcare, and discuss the Company's strategy to ameliorate any insufficiencies identified. While the proposal is focused on healthcare, more broadly, the proponent is largely focused on employees' access to healthcare in states where abortion is illegal or highly restricted.

### COMPANY DISCLOSURE

In its response to this proposal, the Company asserts that it invests significantly in the health and well-being of its employees and offers many channels for employee feedback and concerns. It affirms that it offers a variety of market-competitive health and wellness programs to help its employees lead healthy lives at work and home. Further, the Company regularly evaluates and updates its benefits programs to ensure that they remain competitive both in terms of coverage and offerings as well as cost to the Company and its employees. For example, in 2024, the Company completed a formal request for proposal for medical and prescription services, which confirmed that, in the current marketplace, its incumbent health plan's broad medical network continues to be a good fit for the Company's current footprint. The Company also states:

*While we offer an expansive set of benefits, whether to obtain any treatment or procedure is appropriately the sole decision of the employee and the employee's healthcare providers, and for purposes of determining coverage under our medical plan, by the administering insurance company. Plan participants who receive a claims denial by the administrator have the right to appeal the decision to request an independent review and determination, in accordance with federal laws.*

(2025 DEF 14A, p.66)

The Company further discusses its employees' benefits and well-being in its most recent [Serving Others Report](#), stating that its employees are its greatest asset and that it has a variety of benefits designed to support employees (p.17). It then provides an overview of some of its benefits, noting that eligibility and benefit levels may vary by program and include: physical health, mental health, financial health, daily pay, parental leave and family planning, its wellness program, and its [Employee Assistance Foundation](#). Regarding physical health, the Company [affirms](#) that it has a wide range of offerings that include medical, prescription, telemedicine, dental, vision, flexible spending accounts, health savings accounts (with a Company match), disability insurance, healthy lifestyle and disease management programs, centers of excellence surgery offerings, and more. Its Better Life Wellness Program is designed to encourage a healthy lifestyle and overall physical, financial, and behavioral well-being, by offering a variety of resources that include fitness and nutrition challenges, diet and physical activity tracking, access to certified counselors, and health assessments to better understand how lifestyle habits can impact overall health. It adds that health plan members who participate in the Better Life Wellness Program are eligible to receive wellness incentives such as reduced copays, free generic medications on certain therapeutics, and premium credits to help lower their healthcare expenses (p.18).

It also [discusses](#) employee engagement, stating that employee feedback is critical to shaping enterprise-wide engagement initiatives and helping the Company continue to be an employer of choice. It notes that its annual DG Voice survey, regular pulse surveys, onboarding and exit surveys, along with listening sessions and continuous feedback loops conducted throughout the year, enable the Company to gain more insight into its employees' experiences and Company improvements. It then emphasizes that it uses the feedback the Company gains to guide efforts to ensure all employees feel heard, supported, and valued (p.22).

Additionally, the Company states in its response to this proposal:

*The scope of the requested report is overly broad and burdensome, suggesting that we undertake an analysis of, and report on, matters associated with broader public healthcare policy. This undertaking would require substantial resources above those that we already devote to providing a comprehensive and competitive benefits package and would not provide us with actionable information beyond that which we already solicit through the multiple mechanisms in place to solicit employee feedback and concerns.*

(2025 DEF 14A, p.66)

Regarding board oversight, the Company states in its response to this proposal that human capital management is a component of the board's existing risk management practices. The [compensation and human capital management committee](#) oversees significant matters pertaining to the Company's human capital management strategy, including recruitment, retention, and engagement of employees; overall compensation philosophy and principles for the general employee population; and the overall benefits programs (2025 DEF 14A, p.66).

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### Summary

#### Analyst Note

In its response to this proposal, the Company affirms that it invests significantly in the health and well-being of its employees and that it offers many channels for employee feedback and concerns. The Company also offers a variety of market-competitive health and wellness programs, and it regularly evaluates and updates its benefits programs to ensure that they remain competitive both in terms of coverage and offerings as well as cost to the Company and its employees.

## RECOMMENDATION

Glass Lewis recommends that shareholders take a close look at proposals such as this to determine whether the actions requested of the Company will clearly lead to the enhancement or protection of shareholder value. Glass Lewis believes that directors who are conscientiously exercising their fiduciary duties will typically have more and better information about the Company and its situation than shareholders. Those directors are also charged with making business decisions and overseeing management. Our default view, therefore, is that the board and management, absent a suspicion of illegal or unethical conduct, will make decisions that are in the best interests of shareholders.

In this case, this proposal is requesting that the Company produce a report on the sufficiency of employees' access to timely, quality healthcare, and discuss the Company's strategy to ameliorate any insufficiencies identified. The proponent does not appear to address any issues related to the health insurance options available to the Company's employees or other issues specific to the Company and under the Company's direct control. Rather, this proposal appears to be focused on state-level abortion restrictions and their broader impact on the quality of healthcare afforded to individuals in those states. Accordingly, this proposal is not aimed at addressing an issue that is unique to or disproportionately impacting the Company-- the proponent provides no rationale as to why the Company was selected for this resolution other than "Dollar General operates more than 20,000 stores nationwide, 76% in states where abortion is illegal or highly restricted, including Tennessee, where Dollar General is headquartered." The proponent has not identified a unique business risk or identified the Company as an outlier in any way. Accordingly, this proposal is requesting that the Company opine on very broadly defined, potential business risks that would be faced by any company operating nationally.

Although issues related to healthcare and the availability of healthcare are serious issues with ramifications for all citizens of the U.S., many of the issues raised by the proponent are not under the Company's control. We believe that the Company should ensure it is providing competitive healthcare benefits that enable it to attract and retain employees across its operations. However, we are unconvinced that shareholders would derive any benefit from the Company reporting in the requested manner. As such, we do not believe that support for this proposal is warranted.

We recommend that shareholders vote **AGAINST** this proposal.

## COMPETITORS / PEER COMPARISON

	DOLLAR GENERAL CORPORATION	AUTOZONE, INC.	BEST BUY CO., INC.	DOLLAR TREE, INC.
<b>Company Data (MCD)</b>				
Ticker	DG	AZO	BBY	DLTR
Closing Price	\$92.21	\$3,775.55	\$67.66	\$83.95
Shares Outstanding (mm)	219.9	16.7	211.4	215.1
Market Capitalization (mm)	\$20,281.3	\$63,159.9	\$14,301.3	\$18,056.2
Enterprise Value (mm)	\$36,812.1	\$75,610.6	\$16,790.3	\$24,630.3
Latest Filing (Fiscal Period End Date)	01/31/25	02/15/25	02/01/25	02/01/25
<b>Financial Strength (LTM)</b>				
Current Ratio	1.2x	0.8x	1.0x	1.1x
Debt-Equity Ratio	2.36x	0.00x	1.45x	1.97x
<b>Profitability &amp; Margin Analysis (LTM)</b>				
Revenue (mm)	\$40,612.3	\$18,672.5	\$41,528.0	\$17,578.5
Gross Profit Margin	29.6%	53.1%	22.6%	35.8%
Operating Income Margin	4.8%	20.1%	4.2%	8.6%
Net Income Margin	2.8%	14.0%	2.2%	-17.2%
Return on Equity	15.9%	-	31.6%	18.5%
Return on Assets	3.9%	13.4%	7.3%	4.7%
<b>Valuation Multiples (LTM)</b>				
Price/Earnings Ratio	17.7x	25.1x	15.9x	17.5x
Total Enterprise Value/Revenue	0.9x	4.0x	0.4x	1.4x
Total Enterprise Value/EBIT	19.0x	20.2x	9.7x	16.3x
<b>Growth Rate* (LTM)</b>				
5 Year Revenue Growth Rate	7.9%	9.1%	-1.0%	-5.7%
5 Year EPS Growth Rate	-5.1%	17.9%	-5.7%	6.8%
<b>Stock Performance (MCD)</b>				
1 Year Stock Performance	-32.3%	27.2%	-9.1%	-30.1%
3 Year Stock Performance	-60.5%	88.8%	-26.0%	-48.9%
5 Year Stock Performance	-47.0%	265.7%	-8.6%	11.0%

Source: Capital IQ

MCD (Market Close Date): Calculations are based on the period ending on the market close date, 05/06/25.

LTM (Last Twelve Months): Calculations are based on the twelve-month period ending with the Latest Filing.

\*Growth rates are calculated based on a compound annual growth rate method.

A dash ("-") indicates a datapoint is either not available or not meaningful.

# VOTE RESULTS FROM LAST ANNUAL MEETING MAY 29, 2024

Source: 8-K (sec.gov) dated May 30, 2024

## RESULTS

NO.	PROPOSAL	FOR	AGAINST/WITHHELD	ABSTAIN	GLC REC
1.1	Elect Warren F. Bryant	96.60%	3.29%	0.12%	For
1.2	Elect Michael M. Calbert	96.87%	3.01%	0.12%	For
1.3	Elect Ana M. Chadwick	98.90%	0.99%	0.12%	For
1.4	Elect Patricia D. Fili-Krushel	94.07%	5.82%	0.12%	For
1.5	Elect Timothy I. McGuire	98.26%	1.62%	0.12%	For
1.6	Elect David P. Rowland	99.46%	0.42%	0.12%	For
1.7	Elect Debra A. Sandler	96.23%	3.65%	0.12%	For
1.8	Elect Ralph E. Santana	98.59%	1.29%	0.12%	For
1.9	Elect Todd J. Vasos	98.83%	1.06%	0.11%	For
2.0	Advisory Vote on Executive Compensation	72.70%	27.15%	0.15%	For
3.0	Ratification of Auditor	94.27%	5.61%	0.12%	For

## SHAREHOLDER PROPOSALS\*

NO.	PROPOSAL	FOR	AGAINST	GLC REC
4.0	Shareholder Proposal Regarding Amendment to Clawback Policy	5.49%	94.51%	Against

\*Abstentions excluded from shareholder proposal calculations.

## APPENDIX

### GLASS LEWIS PEERS VS PEERS DISCLOSED BY COMPANY

GLASS LEWIS	DG
Albertsons Companies, Inc.	O'Reilly Automotive, Inc
AutoZone, Inc.*	Tractor Supply Company
Best Buy Co., Inc.*	The Kroger Co
BJs Wholesale Club Holdings, Inc.	Walgreens Boots Alliance, Inc
Dollar Tree, Inc.*	CarMax, Inc
Genuine Parts Company	Starbucks Corporation
Kohls Corporation	
Lowe's Companies, Inc.*	
Macys, Inc.	
Performance Food Group Company	
Ross Stores, Inc.*	
Sysco Corporation*	
Target Corporation*	
The TJX Companies, Inc.*	
US Foods Holding Corp.	
*ALSO DISCLOSED BY DG	

### QUESTIONS

Questions or comments about this report, GL policies, methodologies or data? Contact your client service representative or go to [www.glasslewis.com/public-company-overview/](http://www.glasslewis.com/public-company-overview/) for information and contact directions.

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### **About ESG Book**

ESG Book is a global leader in sustainability data and technology. Launched in 2018, the company offers a wide range of sustainability-related data, scoring, and technology products that are used by many of the world's leading investors and companies. Covering over 35,000 companies, ESG Book's product offering includes ESG raw data, company-level and portfolio-level scores and ratings, analytics tools, and a SaaS data management and disclosure platform. ESG Book's solutions cover the full spectrum of sustainable investing including ESG, climate, net-zero, regulatory, and impact products. Read more on: [www.esgbook.com](http://www.esgbook.com).

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# SUSTAINALYTICS ESG PROFILE

## ESG Risk Rating

Negligible Low **Med** High Severe

All data and ratings provided by:

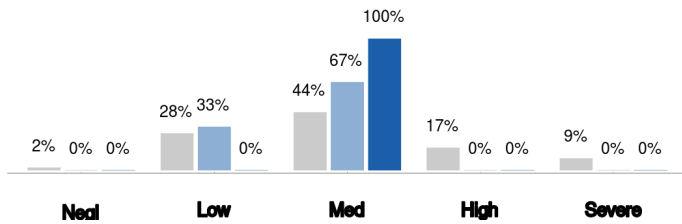


Data Received On: **May 08, 2025**

## Rating Overview

The company is at medium risk of experiencing material financial impacts from ESG factors, due to its low exposure and average management of material ESG issues. The company is noted for its strong corporate governance performance, which is reducing its overall risk. The company is noted for its strong stakeholder governance performance, which is reducing its overall risk. Despite its management policies and programmes, the company has experienced a high level of controversies.

## ESG Risk Rating Distribution



## Relative Performance

	Rank*	Percentile*
Global Universe	4689 of 14631	33rd
Retailing (Industry Group)	299 of 449	67th
Department Stores (Subindustry)	41 of 79	52nd

\* 1<sup>st</sup> = lowest risk

## Exposure to ESG Risk

Low **Medium** High

## Management of ESG Risk

Strong **Average** Weak

## Top Material Issues

- 1 Human Capital
- 2 E&S Impact of Products and Services
- 3 Product Governance
- 4 Human Rights - Supply Chain
- 5 Carbon - Own Operations
- 6 Data Privacy and Security

## ESG Risk Rating

Negl **Low** Med High Severe

Do not redistribute

Low

Low

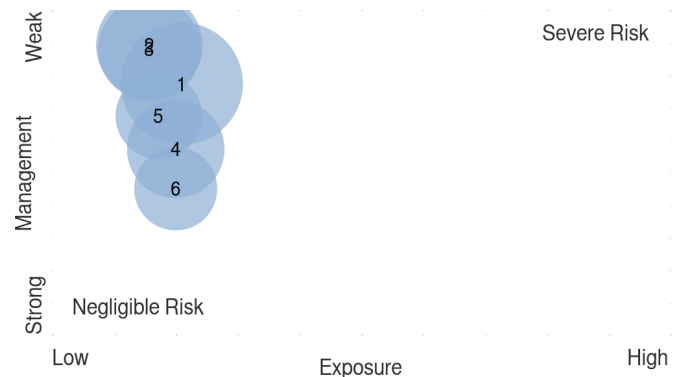
Low

Low

Low

Low

▲ = Noteworthy Controversy Level



## Risk Details

Exposure		
Company Exposure		The company's sensitivity or vulnerability to ESG risks.
Management		
Manageable Risk		Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.
Managed Risk		Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.
Management Gap		Measures the difference between material ESG risk that could be managed by the company and what the company is managing.
Unmanageable Risk		Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.
ESG Risk Rating		
Overall Unmanaged Risk		Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.



## NOTEWORTHY CONTROVERSIES

### SEVERE

The Event has a severe impact on the environment and society, posing serious business risks to the company. This category represents exceptional egregious corporate behavior, high frequency of recurrence of incidents, very poor management of ESG risks, and a demonstrated lack of willingness by the company to address such risks.

- No severe controversies

### HIGH

The Event has a high impact on the environment and society, posing high business risks to the company. This rating level represents systemic and/or structural problems within the company, weak management systems and company response, and a recurrence of incidents.

- No high controversies

### SIGNIFICANT

The Event has a significant impact on the environment and society, posing significant business risks to the company. This rating level represents evidence of structural problems in the company due to recurrence of incidents and inadequate implementation of management systems or the lack of.

- Occupational Health and Safety

## PRODUCT INVOLVEMENT\*



Alcoholic Beverages

Range: 0-4.9%

The company derives revenues from the distribution and/or retail sale of alcoholic beverages.



Tobacco

Range: 0-4.9%

The company derives revenues from the distribution and/or retail sale of tobacco products.

## NO PRODUCT INVOLVEMENT



Oil Sands



Arctic Drilling



Genetically Modified Plants & Seeds



Pesticides



Adult Entertainment



Gambling



Controversial Weapons



Thermal Coal

\* Range values represent the percentage of the Company's revenue. N/A is shown where Sustainalytics captures only whether or not the Company is involved in the product.

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All data and ratings provided by:



**SUSTAINALYTICS**

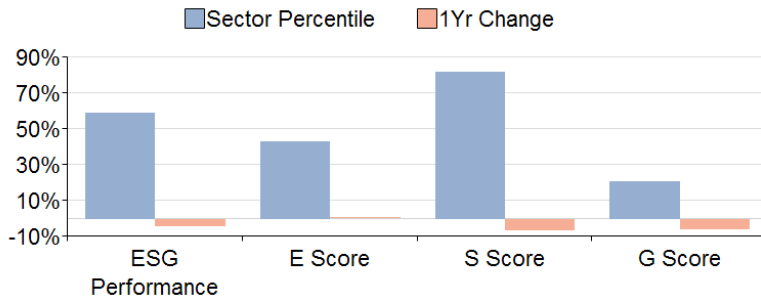
<https://www.sustainalytics.com/>



# ESG BOOK PROFILE

## Summary of ESG Performance Score

All data and ratings provided by:



**esgbook**

[www.esgbook.com](http://www.esgbook.com)

<b>Country:</b>	United States
<b>Sector:</b>	Retail Trade
<b>Industry:</b>	Discount Stores
<b>Data Received:</b>	2025-03-04

## ESG Performance Score Details

The ESG Performance Score provides investors and corporates with a systematic and comprehensive sustainability assessment of corporate entities. The score measures company performance relative to salient sustainability issues across the spectrum of environmental, social and governance. The score is driven by a sector-specific scoring model that emphasises financially material issues, where the definition of financial materiality is inspired by the Sustainability Accounting Standards Board (SASB). For more detail please see the [ESG Performance Score methodology here](#).

ESG Performance Score		Environmental	Social	Governance
<b>Absolute Score</b>	51.3	<b>Score</b> 45.4	<b>Score</b> 58.2	<b>Score</b> 40.8
<b>Sector Percentile</b>	59.2%	Weight 37.6%	50.6%	11.8%
<b>1 Year Change</b>	-4.3%	Sector Percentile 43.0%	82.1%	21.1%
<b>2 Year Change</b>	3.1%	1 Year Change 0.9%	-6.8%	-5.7%
<b>3 Year Change</b>	5.2%			

## Risk Score Details

The Risk Score provided by ESG Book assesses company exposures relative to universal principles of corporate conduct defined by the UN's Global Compact. The score is accompanied by a transparent methodology and full data disclosure, enabling users to comprehend performance drivers, explain score changes, and explore associated raw data. Tailored for both investors and corporates, it serves as a universe selection tool for investors identifying companies more exposed to critical sustainability issues, while corporates can use it to assess their exposures, conduct peer comparisons, and pinpoint disclosure gaps. For more detail please see the [risk score methodology user guide here](#).

Risk Score		Human Rights	Labour Rights	Environment	Anti-corruption
<b>Absolute Score</b>	50.5	<b>Score</b> 47.9	<b>Score</b> 51.0	<b>Score</b> 42.5	<b>Score</b> 60.4
<b>Sector Percentile</b>	57.6%	Weight 25.0%	25.0%	25.0%	25.0%
<b>1 Year Change</b>	-2.0%	Sector Percentile 48.5%	55.1%	39.7%	83.8%
<b>2 Year Change</b>	-0.4%	1 Year Change 0.7%	-0.2%	-4.5%	-3.7%
<b>3 Year Change</b>	1.1%				

## Business Involvements - Over a 5% Revenue Threshold

ESG Book has not found any business involvements for the Company that exceed a 5% revenue threshold.

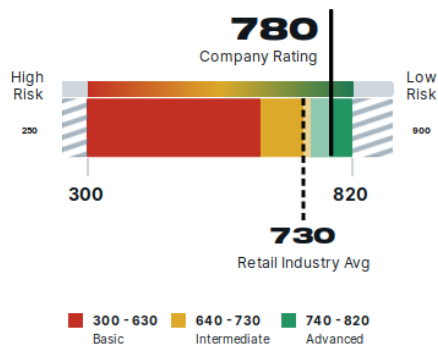
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# BITSIGHT CYBERSECURITY RATING PROFILE

## Dollar General Companies

COMPARATIVE INDUSTRY:  
**Retail**

### Bitsight Security Rating



### Risk of Ransomware

This company's **ransomware risk** is similar to those rated 750+



Source: [Link to Research](#)

### Risk of Security Incidents

This company's **security incident risk** is similar to those rated 750+



Source: [Link to Research](#)

## What is a BitSight Security Rating?

BitSight Security Ratings are a measurement of a company's security performance over time. BitSight Security Ratings are generated through the analysis of externally observable data, leveraging BitSight's proprietary techniques to identify the scope of a company's entire digital footprint. BitSight continuously measures security performance based on evidence of compromised systems, diligence, user behavior, and data breaches to provide an objective, evidence-based measure of performance. This data-driven approach requires no cooperation from the rated company. The Rating is representative of the cybersecurity performance of an entire company, including its subsidiaries, business units, and geographic locations.

## EXECUTIVE REPORT

All data and ratings provided by:

Data Received on: **May 7, 2025**

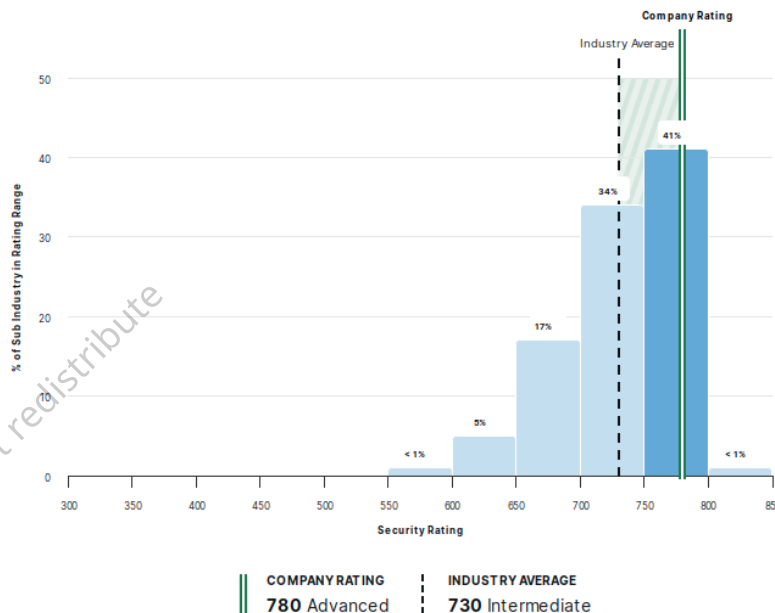
**BITSIGHT**

## PEER ANALYTICS

This compares a company against its industry:

TOTAL COMPANIES  
**10,011**

INDUSTRY RATING  
**Better than 97% of the industry**

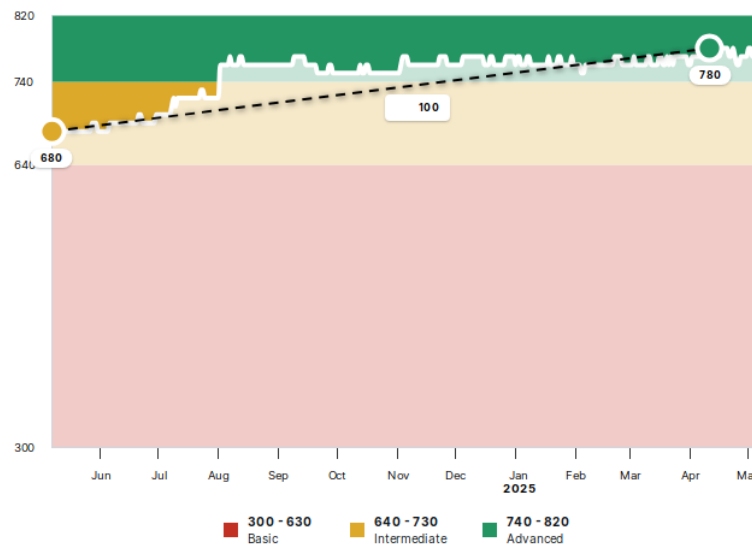


## PERFORMANCE OVER THE LAST 12 MONTHS

This rating change graph includes all rating changes events, including but not limited to, publicly disclosed security events.

HIGHEST  
**780 on Apr 11, 2025**

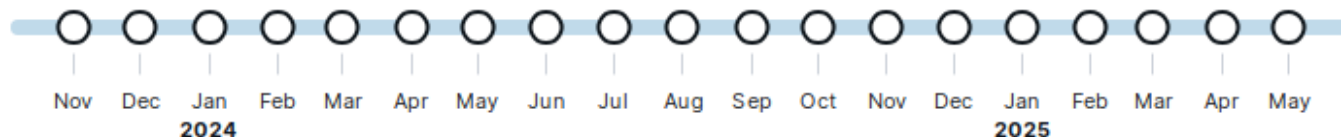
LOWEST  
**680 on May 07, 2024**



## PUBLICLY DISCLOSED SECURITY INCIDENTS THE LAST 18 MONTHS

Security incidents are publicly disclosed events of unauthorized access, often involving data loss or theft. These events are graded based on several factors, including the number of data records lost or exposed.

### No incidents in the last 18 months



## ADDITIONAL INFORMATION

### Security Rating Overview

BitSight Security Ratings are a measurement of a company's security performance over time. BitSight Security Ratings are generated through the analysis of externally observable data, leveraging BitSight's proprietary techniques to identify the scope of a company's entire digital footprint. BitSight continuously measures security performance based on evidence of compromised systems, diligence, user behavior, and data breaches to provide an objective, evidence-based measure of performance. This data-driven approach requires no cooperation from the rated company. The Rating is representative of the cybersecurity performance of an entire company, including its subsidiaries, business units, and geographic locations.

In some cases, a company may designate one or more subsidiaries, business units or locations as representative of the company's overall digital footprint. In these cases, BitSight flags those companies in its reports as a Primary Rating, meaning that the company has undertaken this optional step in further articulating its digital footprint.

Companies often use Primary Ratings to exclude parts of their digital infrastructure that may not be useful in describing their cyber risk and resulting security posture. As examples, Primary Ratings often exclude guest wireless networks, security test environments, or networks used for customer hosting. BitSight does not validate Primary Ratings or whether the digital assets organizations exclude in creating Primary Ratings are properly excluded, nor does it validate the predictive quality of Primary Ratings. Go to [this web page](#) for more information about Primary Ratings.

BitSight rates companies on a scale of 250 to 900, with 250 being the lowest measure of security performance and 900 being the highest. A portion of the upper and lower edge of this range is currently reserved for future use. The effective range as of this report's generation is 300-820. Go to [this web page](#) to learn more about how BitSight security ratings are calculated.

### Rating Algorithm Update (RAU)

BitSight periodically makes improvements to its ratings algorithm. These updates often include new observation capabilities, enhancements to reflect the rapidly changing threat landscape, and adjustments to further increase quality and correlation with business outcomes. BitSight's Rating and Methodology Governance Board governs these changes so that they adhere to BitSight's principles and policies. BitSight also has a Policy Review Board which reviews and arbitrates customer disputes associated with its ratings. More information about the Policy Review Board and its cases can be found [here](#). Additionally, BitSight provides a preview of ratings algorithm changes customers (and what the likely impact will be) well before they affect the live ratings, inviting comments and feedback on these changes.

### Publicly Disclosed Security Incidents

The Security Incidents risk vector involves a broad range of events related to the unauthorized access of a company's data. BitSight collects information from a large number of verifiable sources such as news organizations and regulatory reports obtained via Freedom of Information Act requests or local analogs. This risk vector only impacts BitSight Security Ratings if a confirmed incident occurs. For more information about publicly disclosed security incidents and how BitSight ratings are calculated, [please go here](#).

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