

Alphabet

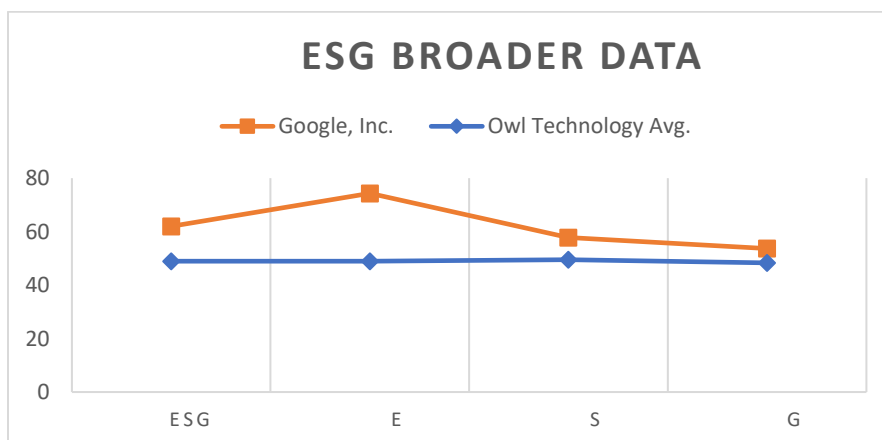
Since our last review, Alphabet (Google) has improved its ESG scores with a noticeably sharp increase in its environmental rating. The company continues to face risk on the governance front due to a lack of voting rights and possible abuse of power due to its near monopoly position.

The company has historically been viewed as an excellent employer. They were rated #1 on *Forbes*'s list of the 100 Best Companies in the World to Work For from 2017-2019, though they have slipped to #6 for the past two years. They also are rated as the #7 best employer among large companies by *Glassdoor*. While the company asserts that it has no gender pay equity gap, it did agree last year with the Department of Labor to pay nearly \$4 billion to settle discrimination claims. A shareholder resolution asking the company to produce a gender pay equity report will be up for vote at this year's annual meeting. Management, shortsightedly, is opposed to it. The company receives a perfect score from the Human Rights Campaign on non-discrimination issues related to LGBT employees.

Since 2017, Google has provided 100% of its global electricity needs from renewable energy. Today, they are the world's largest corporate buyer of renewable power, with commitments reaching 2.6 gigawatts (2,600 megawatts) of wind and solar energy. The company says it has been carbon neutral since 2007 through the use of renewable, planting trees and buying carbon credits. Alphabet receives an 'A' rating from the Carbon Disclosure Project and was named by this group as one of the North American leaders on corporate climate action.

Google is suspected of collecting and aggregating data about Internet users through the various tools it provides to developers. While it gives users some ability to opt out of sharing data, this is not always easy or obvious. At times, Google has also been criticized for sharing too much or not enough information with the government upon request. Since targeting ads is at the heart of Google's business, collecting knowledge of its users will remain a key issue over time.

Alphabet is being investigated by the Department of Justice and the Federal Trade Commission for possible unfair methods of competition given its 92% market share in search. The company has often faced charges that its search algorithms are biased to favor certain points of view. [A recent study](#) examining six years of results has found no such bias. Another point of contention is that the founders of the company have retained voting control even though they only own 11% of the stock.



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