

Notice of Exempt Solicitation Pursuant to Rule 14a-103

Name of the Registrant: Comcast Inc.

Name of persons relying on exemption: As You Sow

Address of persons relying on exemption: Main Post Office, P.O. Box 751, Berkeley, CA 94704

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Comcast Inc. Corporation (CMCSA)

Vote Yes: Item #8 – Report on Assessing Systemic Climate Risk from Retirement Plan Options

Annual Meeting: June 7, 2023

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THE RESOLUTION

Resolved: Shareholders request that the Board publish a report, at reasonable expense and omitting confidential information, disclosing how the Company is protecting Plan beneficiaries with a longer investment time horizon from climate risk in the Company's default retirement options.

Supporting Statement: Proponent suggests the report include, at Board discretion:

- the degree to which carbon-intensive investments in the default investment option contribute to greater beneficiary risk and reduced Plan performance over time;
- whether carbon-intensive investments in the default investment option put younger beneficiaries' savings at greater risk than participants closer to retirement.

SUMMARY

The present and future economic consequences of climate change present material risk to retirement plan beneficiaries, particularly those with retirement dates more than a decade out. Plan investments are subject to the systemic risks posed by climate change, which include physical impacts to infrastructure, supply chains, and resource availability; and financial losses associated with stranded assets, transition costs, and inaccurate valuations. Estimates suggest that, in the absence of mitigation in line with the Paris Agreement, climate change will likely result in an 11% to 14% decline in global GDP.¹ This will have portfolio-wide consequences to employees saving for retirement.

¹ <https://www.swissre.com/media/press-release/nr-20210422-economics-of-climate-change-risks.html>

In addition, as both private actors and governments increase efforts to respond to and mitigate climate change, shifting regulatory and business environments will increase the transition costs for companies that are caught flat-footed, exacerbating the financial risk faced by plan beneficiaries whose assets have not been responsibly managed in light of these risks. Because these physical, financial, and transition risks are expected to increase over time, younger investors with longer investment time horizons are expected to face even higher climate-related risks.

This Proposal requests that Comcast (“the Company”) assess and report on how the Company is protecting Plan beneficiaries with a longer investment time horizon from climate risk in the Company’s default retirement options. More than half of Comcast workers’ deferred wages are invested in the Company’s retirement plan’s “default” option, a series of target-date funds that are heavily exposed to high-carbon and deforestation-intensive industries. These investments contribute to climate change and create outsized systemic portfolio risk for beneficiaries. They also are poor long-term investments for younger beneficiaries, as these industries are likely to face significant transition costs and decarbonization risk. The Company’s failure to adequately manage climate risk in connection with its 401(k) Plan therefore has the potential to harm beneficiaries, especially younger beneficiaries. This, in turn, may make it more difficult for Comcast to attract and retain top talent, while also undermining the reputational benefits associated with the Company’s efforts to address operational and supply chain climate impacts.

Simply put: climate change threatens workers’ life savings. The responsible stewardship of employee retirement plans demands active consideration and management of climate risk, as required by beneficiaries’ best interests. Under federal law, the Board is charged with monitoring Plan fiduciaries “to ensure that their performance has been in compliance with . . . the needs of the plan.”² Failure to account for climate risk in selecting plan investments jeopardizes those investments in the near term and exacerbates the risks faced by tomorrow’s retirees, as those investments lock in climate change’s growing impacts. The Company must demonstrate that it is actively safeguarding employee financial security over time by mitigating climate change-related financial and economic risks as part of a prudently constructed lineup of funds.

RATIONALE FOR A YES VOTE

- 1. The Company’s 401(k) Plan’s investments in high-carbon industries create climate risk, which threatens workers’ life savings, particularly those with retirement dates more than a decade out.**
- 2. The climate risk generated by the Company’s retirement plan investments creates reputational risk by undermining the Company’s credibility as a leader on climate issues and may make it difficult to attract and retain top talent.**
- 3. The Company’s failure to address climate risk in its retirement plans may violate its fiduciary obligation to manage those plans in the best interests of its beneficiaries.**

² <https://www.law.cornell.edu/cfr/text/29/2509.75-8>

DISCUSSION

1. The Company’s 401(k) Plan’s investments in high-carbon industries create climate risk, which threatens workers’ life savings, particularly those with retirement dates more than a decade out.

According to recent analysis, Comcast’s 401(k) Plan invests as much as \$1.3 billion in fossil fuel industries, or nearly 7% of total assets in plan fund options (excluding assets invested in the employee stock option plan and the self-directed brokerage window).³ The Plan, in the aggregate, also invests more than \$81 million in deforestation-risk agricultural commodities.⁴

Over 50% of the Plan’s assets are held in the default option, the Vanguard Target Retirement Fund series. Target Date Funds (TDF) are an attractive option for plan administrators, and plan participants, because they shift the responsibility of reallocating the portfolio over time to the fund manager. However, according to a recent report, TDFs have a 16% higher weighted average carbon intensity compared to all sampled retirement plans.⁵ True to form, the Vanguard Target Retirement Funds invest significantly in carbon polluters.⁶

Such investments introduce climate risk into the Plan’s portfolio in mutually reinforcing ways. As the nonpartisan Government Accountability Office (GAO) explains, “Retirement plans are subject to both physical and transition risks from climate change.”⁷ In terms of physical risk, companies can suffer short-term losses from the increased occurrence of catastrophic storms, floods, droughts, and wildfires, whether from direct impacts on physical infrastructure or from disruptions to supply chains. Physical climate risk also includes longer-term losses from the deleterious effect of shifting climate patterns on a company’s operations. Transition risk, meanwhile, includes costs from “the possible policy, legal, technological, and market changes needed to transition to a lower-carbon economy.”⁸

These risks add up. The present and future impacts of climate change can endanger the full range of beneficiaries’ retirement savings. A 2021 Swiss Re report calculated that climate change would result in an 11% to 14% decline in global GDP by 2050, with the impact rising to an 18% decline in the absence of action or falling to 4% with aggressive mitigation.⁹ A report from the CDP indicates that 215 of the largest global companies report almost US \$1 trillion at risk from climate impacts, with many losses to hit within the next 5 years, and a potential **\$250 billion in losses** due to the write-offs of **assets**.¹⁰ The federal government’s *Fourth National Climate Assessment*, published in 2018, estimates annual losses of hundreds of billions of dollars in some sectors.¹¹

³ <https://investyourvalues.org/retirement-plans/comcast>

⁴ <https://investyourvalues.org/retirement-plans/comcast>

⁵ <https://docsend.com/view/wpztp4k2fqrad733>

⁶ <https://fossilfreefunds.org/fund/vanguard-target-retirement-2050-fund/VFIFX/fossil-fuel-investments/FSUSA072BK/FOUSA05HZH>

⁷ <https://www.gao.gov/assets/gao-21-327.pdf>

⁸ <https://www.gao.gov/assets/gao-21-327.pdf>

⁹ <https://www.swissre.com/media/press-release/nr-20210422-economics-of-climate-change-risks.html>

¹⁰ <https://www.cdp.net/en/articles/media/worlds-biggest-companies-face-1-trillion-in-climate-change-risks>

¹¹ <https://nca2018.globalchange.gov/>

Nor are high-carbon investments smart in the short-term. One study cited by the GAO noted that investments in oil, coal, and gas could experience a decrease in annual returns of 9% through 2050, while annual returns in electric utilities could decline by about 3% over the same timetable.¹² In fact, as noted by *Bloomberg*, investing in renewable power stocks beat a high-carbon strategy by more than threefold in the last decade.¹³ The transition to a carbon-free economy is underway, with more than 80% of new electrical capacity in 2021 coming from renewable sources.¹⁴ As companies and governments take increasingly aggressive steps to respond to climate change, transition costs will increase over time. Failure by plan fiduciaries to effectively manage climate risk in investing will endanger beneficiaries' life savings, particularly those with longer investment time horizons. A 2022 Schroders survey found that 78% of retirement investors "believe that companies that are socially responsible (ESG focused) will have better results over time than companies not socially responsible."¹⁵

The Plan's investments also create climate risk in a more insidious form—investments in high-carbon companies *contribute to and lock in future climate change*. High-carbon investments are thus likely to disproportionately impact younger employees who will not access retirement funds for decades. Tax-deferred retirement vehicles like 401(k)s, other defined contribution (DC) plans like the Federal Government Thrift Savings Plan, as well as IRAs, carry tax penalties designed to discourage participants from withdrawing funds prior to age 59 ½ or 60, meaning they are structurally designed as long-term investment vehicles for younger workers. A 30-year-old worker contributing to their employer-offered DC plan can usually expect to have their funds invested for at least 30 years. As high carbon investments increase systemic climate risk over time, retirement portfolios face the likelihood of diminishing returns, harming younger workers proportionally more than workers who will access retirement savings in the shorter term. It is unsurprising, therefore, that those with the most at stake—plan beneficiaries—overwhelmingly favor responsible management of climate risk in their retirement portfolios.¹⁶

2. The climate risk generated by Comcast's retirement plan investments creates reputational risk by undermining the Company's credibility as a leader on climate issues and may make it difficult to attract and retain top talent.

Comcast has taken actions to address climate change by committing to become carbon neutral by 2035 in Scope 1 and 2 emissions across entire global operations.¹⁷ These commitments, and the action the Company has taken towards fulfilling them, have led to positive recognition and press.¹⁸ Not only do the Company's 401(k) Plan's carbon-intense investments directly undermine this work, they also risk the loss of the Company's reputation on climate.

¹² <https://www.gao.gov/assets/gao-21-327.pdf>

¹³ <https://www.bloomberg.com/news/articles/2021-03-18/renewable-returns-tripled-versus-fossil-fuels-in-last-decade#xj4y7vzkg>

¹⁴ <https://www.nytimes.com/2022/10/25/climate/energy-transition-solar-wind.html>

¹⁵ <https://www.schroders.com/en-us/us/institutional/clients/defined-contribution/schroders-us-retirement-survey/sustainability/>

¹⁶ See <https://www.schroders.com/en-us/defined-contribution/dc/retirement-survey-2022/>

¹⁷ https://update.comcast.com/wp-content/uploads/sites/33/dlm_uploads/2021/06/Comcast-Impact-Report-FIN3.pdf

¹⁸ <https://www.bloomberg.com/news/articles/2023-02-06/comcast-plans-first-ever-green-bond-sale-to-fund-climate-goals?leadSource=uverify%20wall>

Increasing public attention is being paid to the contribution of employee retirement plans' investments to climate change. A recent *Bloomberg* report noted that, as of September 2022, 1,500 institutions, representing more than \$40 trillion in assets, had committed to reducing exposure to investments in high-carbon industries.¹⁹ These include commitments to sell billions of dollars of existing holdings in high-carbon industries from prominent employee retirement funds in New York City,²⁰ Maine,²¹ and New York State.²² The University of California Retirement Savings Program, which holds \$168 billion in Assets under Management for more than 300,000 participants, has also moved to sell existing holdings and make no future investments in high-carbon industries, citing "long term financial risk" and the expectation that this decision will "have a positive financial and risk-reducing impact on fund performance in the long run."²³ In October 2022, the Chicago Public School Teachers' Pension & Retirement Fund, which has about 5% of its portfolio invested in fossil fuel industries, announced its plans to sell holdings in high-carbon industries.²⁴

As concern over high-carbon investments becomes increasingly salient, the Company must begin addressing its 401(k) Plan's continued contributions to climate change or risk negative effects to its reputation, its Plan returns, its employees' futures, consumer retention, and employee recruitment and retention.

A recent Gallup poll found that "70% of U.S. workers said that a firm's environmental record is important to them and is a consideration when deciding whether to take a job with a company."²⁵ In the increasingly competitive employee retention and recruitment landscape, companies are identifying new ways to engage and retain top talent by appealing to the values and interest of the workforce. In 2021, interest in sustainable investing reached an all-time high, with four out of five individuals remained focused on sustainable investments.²⁶ This number is even higher among millennials, with a staggering 99% interested in this type of investing.²⁷ Considering Millennials make up the largest generation in the workforce,²⁸ appealing to this demographic is important for companies who want to attract top talent.

For companies attempting to retain top talent, 40% of respondents in a 2022 Schroder's study said that when an ESG investment option is added to a DC plan it improves how they view their employer.²⁹ The study also found that nearly three-in-four plan participants (74%) said they would or might increase their overall contribution rate if offered ESG options. An overwhelming majority of consumers, too, expect corporations to address their impacts on the climate and, especially among younger consumers, are prepared to enforce that expectation with their purchasing power.³⁰

3. The Company's failure to address climate risk in its retirement plans may violate its fiduciary obligation to manage those plans in the best interests of its beneficiaries.

The Company's failure to properly manage climate risk by mitigating its investments in high-carbon industries also constitutes a failure to manage its Plan in the best interest of the Plan's beneficiaries. In particular, carbon-intense investments create risk and may sacrifice long-term value. As New York Comptroller Thomas DiNapoli explained when announcing the state's plan to enforce a carbon-neutrality mandate, "investing for the low-carbon future is essential to protect the fund's long-term value."³¹

¹⁹ <https://www.bloomberg.com/news/features/2022-10-20/how-to-purge-fossil-fuel-investments-from-your-401-k-or-ira#xj4y7vzkg>

²⁰ <https://comptroller.nyc.gov/newsroom/comptroller-stringer-and-trustees-announce-successful-3-billion-divestment-from-fossil-fuels/>

²¹ <https://www.reuters.com/business/sustainable-business/new-maine-law-marks-us-first-fossil-fuel-divestment-2021-06-17/>

²² <https://www.nytimes.com/2020/12/09/nyregion/new-york-pension-fossil-fuels.html>

²³ <https://myucreirement.com/Resource/2312>

²⁴ <https://ieefa.org/articles/chicago-teachers-retirement-fund-divest-fossil-fuels-2028>

²⁵ <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/climate-change-branding-can-lift-recruitment-and-retention.aspx>

²⁶ <https://www.morganstanley.com/press-releases/sustainable-signals>

²⁷ <https://www.morganstanley.com/press-releases/sustainable-signals>

²⁸ <https://www.pewresearch.org/fact-tank/2018/04/11/millennials-largest-generation-us-labor-force/>

²⁹ <https://www.schroders.com/en-us/us/institutional/clients/defined-contribution/schroders-us-retirement-survey/sustainability/>

³⁰ <https://www.oliverwymanforum.com/climate-sustainability/2021/apr/consumers-want-companies-to-take-a-stand-on-climate.html>

³¹ <https://content.govdelivery.com/accounts/NYOSC/bulletins/2b0442d>

Consideration of climate risk is necessary because climate risk is material risk. According to a report from the U.S. Commodity Futures Trading Commission (“CFTC”), an independent federal agency, in September 2020: “Fiduciary duty requires the assessment of material risks and the management of these risks on behalf of stakeholders in keeping with their stated long-term goals, *and climate risk is increasingly being recognized as one such risk*”³² (emphasis added). Ultimately, the Company’s own operational climate goals make it perfectly clear that the Company considers climate risk to be material, and the law requires consideration of material risk. It is by *failing* to address climate risk that the Company exposes itself to legal liability, not by addressing this material risk. For example, in 2020, a lawsuit was filed in Australia by an employee who claimed his pension fund did not adequately disclose or assess the effect of climate change on its investments.³³

Recent changes to federal law confirm the necessity of addressing material climate risk in retirement plans. The Department of Labor recently finalized regulations under the Employee Retirement Income Security Act that “empower plan fiduciaries to safeguard the savings of America’s workers by clarifying that fiduciaries may consider climate change and other environmental, social, and governance (ESG) factors when they make investment decisions and when they exercise shareholder rights.”³⁴ The rule additionally makes it clear that “a fiduciary’s duty of prudence must be based on factors that the fiduciary reasonably determines are relevant to a risk and return analysis and that such factors may include the economic effects of climate change.”³⁵ In short, this new rule acknowledges that ESG factors are economic material considerations, and therefore confirms the authority of plan administrators to consider climate change as a risk factor when selecting plan investment options, including default options.

Importantly, plan fiduciaries and beneficiaries need not choose between maximizing returns and managing climate risk. A metanalysis of evidence from more than 2,000 empirical studies concluded that “90% of all studies showed a non-negative relationship, indicating that the inclusion of ESG factors did not affect performance. In fact, most of the studies reported a positive relationship, indicating that ESG criteria improved market performance.”³⁶ Additionally, key findings from a recent Morgan Stanley study of nearly 11,000 mutual funds demonstrate that there is no financial tradeoff in the returns of sustainable funds and traditional funds. In the Morgan Stanley analysis, no consistent or statistically significant difference in total returns existed between ESG-focused and traditional mutual funds and ETFs. In fact, sustainable funds may offer lower market risk—sustainable funds experienced a 20% smaller downside deviation than traditional funds, a consistent and statistically significant finding.³⁷ Accordingly, assessing and mitigating participants’ exposure to climate-related financial risk is directly related to participants’ goals of maximizing financial benefit and minimizing risk.

³² <https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf>

³³ <https://www.plansponsor.com/pension-fund-climate-change-lawsuit-settles/>

³⁴ <https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/fact-sheets/final-rule-on-prudence-and-loyalty-in-selecting-plan-investments-and-exercising-shareholder-rights>

³⁵ <https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/fact-sheets/final-rule-on-prudence-and-loyalty-in-selecting-plan-investments-and-exercising-shareholder-rights>

³⁶ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2699610

³⁷ https://www.morganstanley.com/content/dam/msdotcom/ideas/sustainable-investing-offers-financial-performance-lowered-risk/Sustainable_Reality_Analyzing_Risk_and_Returns_of_Sustainable_Funds.pdf

RESPONSE TO COMCAST'S BOARD OF DIRECTORS' STATEMENT IN OPPOSITION

The Board's statement in opposition to the Proposal is unpersuasive.

First, the Board asserts that “the proponent is misguided in asserting that our retirement plan generates climate risk to employees' portfolios or that we are compromising our obligation to select plan investment options in the best interest of plan participants.” However, as explained above, the mechanism by which high-carbon and deforestation-intensive investments in a retirement plan generate climate risk is neither complicated nor controversial. Asset managers, asset owners, world governments, and global economists are in broad agreement that investment portfolios are increasingly subject to systemic risk posed by climate change. Continuing high levels of investment in high-carbon and deforestation-intensive companies exacerbates that risk. First, because such investments contribute to further carbon emissions that lock in the catastrophic consequences of global warming. Second, because such investments are subject to outsized long-term transition risk as regulators and the market transition to a net-zero economy. Failure to properly manage climate risk constitutes a failure to manage the Plan in the best interest of beneficiaries.

Second, the Board asserts in its statement of opposition that the proposal “appears to be based on a flawed understanding of . . . basic fiduciary requirements,” because, under U.S. law “a retirement plan fiduciary that select plan investments may not (i) subordinate the interests of participants and beneficiaries in their retirement income or financial benefits under retirement plans to other objectives or (ii) sacrifice investment return or take on additional investment risk to promote benefits or goals unrelated to the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan.” But as described above, climate risk is material risk. The Department of Labor has explicitly identified the economic effects of climate change as a legitimate subject of fiduciary attention when managing retirement plans. And the prevalence of climate-risk mitigation strategies among institutional asset owners, including managers of defined contribution plans like the Company's 401(k), demonstrates that there is no conflict between fiduciary duty and climate-risk mitigation. The Proposal simply requests that the Board report on the Company's management of this risk. It does not request that the Plan fiduciary “subordinate the interests of participants” or “sacrifice investment return.”

Finally, the Board states that the “nearly all of the investment managers for funds offered in our retirement plans' core lineup incorporate and consider ESG factors in their investment policies.” This does not equate to actual climate-related financial risk reduction in the Plan's current options, however, which are broadly index funds that do not consider or integrate climate risk reduction measures. The Board also argues that the Plan's fiduciary “already considers . . . potential economic risks . . . related to climate change.” However, the majority of plan assets are invested in a high-carbon default option. The tension between the Plan's actual investments and the fiduciary's purported consideration of climate risk is the subject of the report requested by the Proposal. Additionally, this argument is wholly inconsistent with the Board's previous argument that the Proposal somehow advances a “flawed understanding” of fiduciary duty merely by advocating for the consideration of material climate risk.

CONCLUSION

Vote “Yes” on this Shareholder Proposal #8.

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For questions, please contact Grant Bradski, As You Sow, gbradski@asyousow.org

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