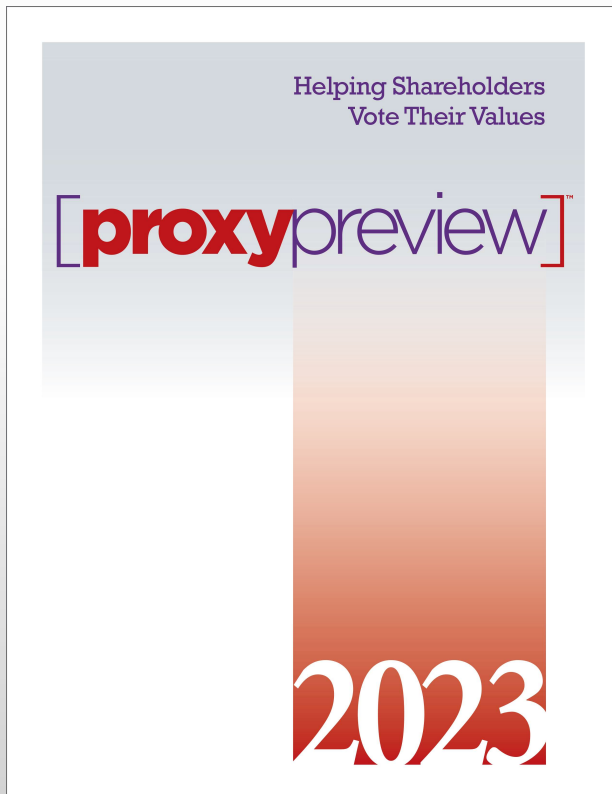




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## Proxy Preview REVIEW 2023



Download the full report at  
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*July 27, 2023*

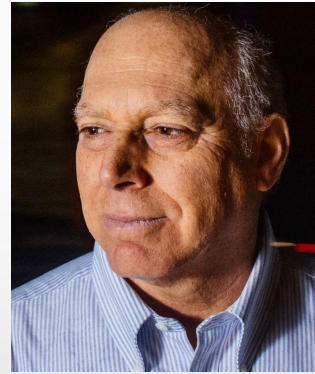
## Featured Speakers



**Andrew Behar**  
*As You Sow*



**Heidi Welsh**  
Sustainable Investments  
Institute (Si2)



**Michael Passoff**  
Proxy Impact

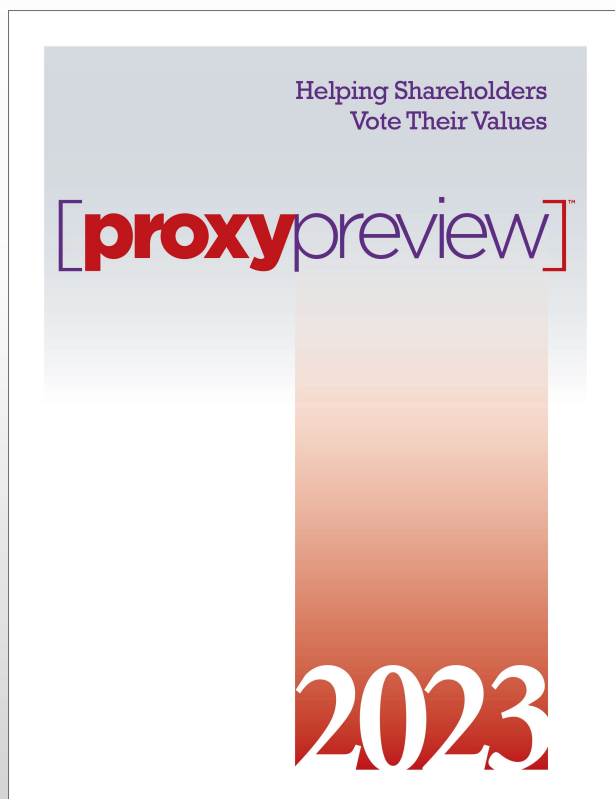


**Meredith Benton**  
Whistle Stop Capital



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## Agenda



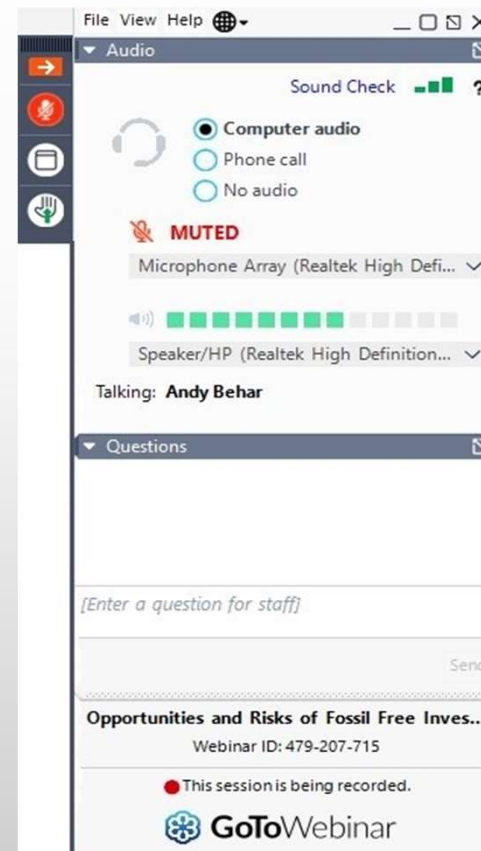
- ✓ **Introduction** (3 min)  
*Andrew Behar, As You Sow*
- ✓ **2023 Proxy Season Overview** (15 min)  
*Heidi Welsh, Si2*
- ✓ **As You Sow Engagements** (6 min)  
*Andrew Behar*
- ✓ **Social Topics: Rising issues and shifting winds** (6 min)  
*Meredith Benton, Whistle Stop Capital*
- ✓ **Climate at a Crossroads** (6 min)  
*Michael Passoff, Proxy Impact*
- ✓ **Q&A** (15 min)  
*moderated by Andrew Behar*
- ✓ **Closing Remarks** (5 min)  
*Heidi Welsh, Michael Passoff, Meredith Benton*
- ✓ **Conclusion** (2 min)  
*Andrew Behar*

## General Information

- Use the Q&A window to send us your questions

Q&A Window

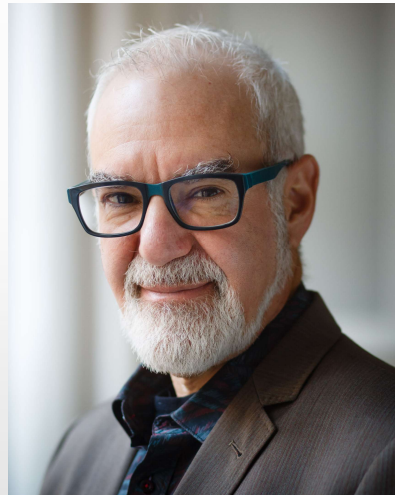
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## Introduction



**Andrew Behar**

*CEO*

*As You Sow*





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## 2023 Proxy Season Overview



**Heidi Welsh**

*Executive Director*

**Sustainable Investments Institute (Si2)**





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## About Si2

- ✓ Funded by colleges, universities, pension funds, asset owners with AUM > \$5 trillion
- ✓ Careful, impartial tracking and analysis of corporate reform campaigns and issues

### **Briefing Papers**

In-depth topic analyses

### **Action Reports**

Company-specific analysis 3-4 weeks before annual meetings

### **Engagement Monitor**

Interactive online database  
Prospectively identifies issues  
Tracks outcomes

### **Proxy Season Analysis**

Pre- and post-season assessments  
Weekly email updates in season

### **Special Projects**

Reports for the public on Si2 website on corporate political activity, climate change, integrated reporting and more.

### **Contact**

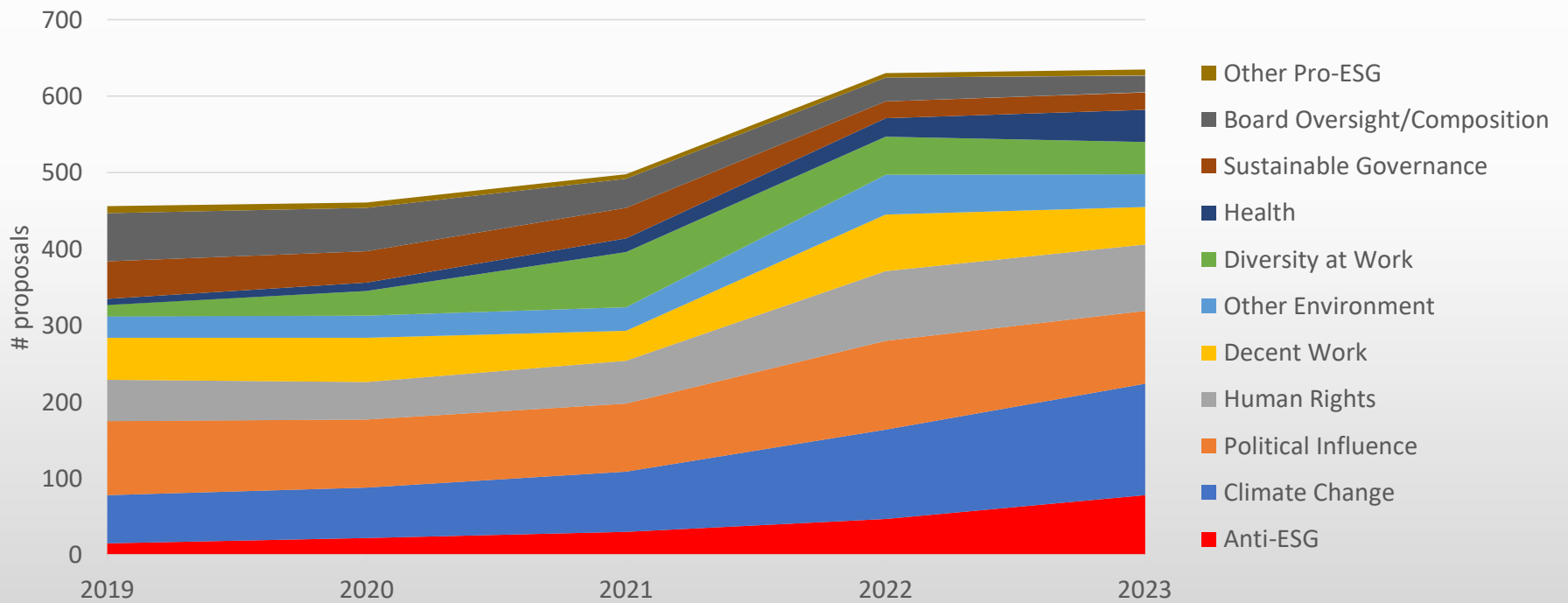
Heidi Welsh, Executive Director

[heidi @ siinstitute.org](mailto:heidi@siinstitute.org)

+1-301-432-4721

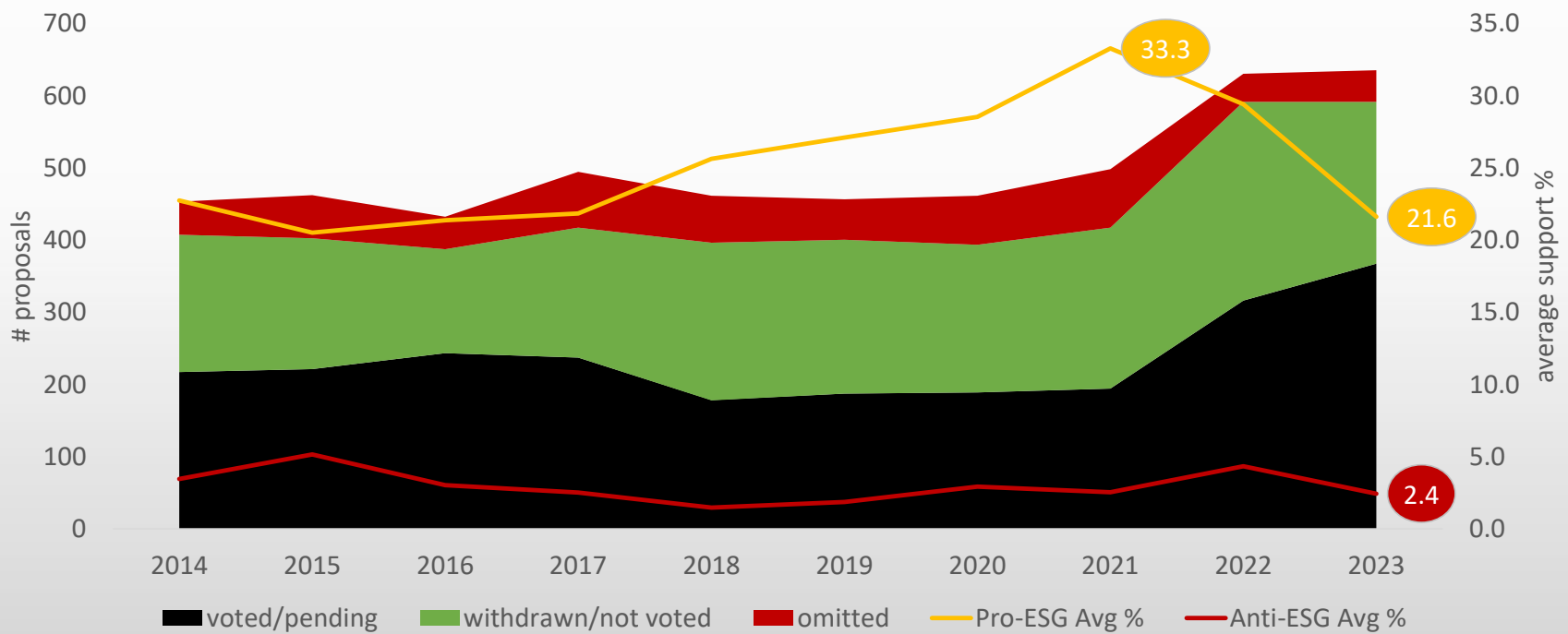
[www.siinstitute.org](http://www.siinstitute.org)

# Topic Trends



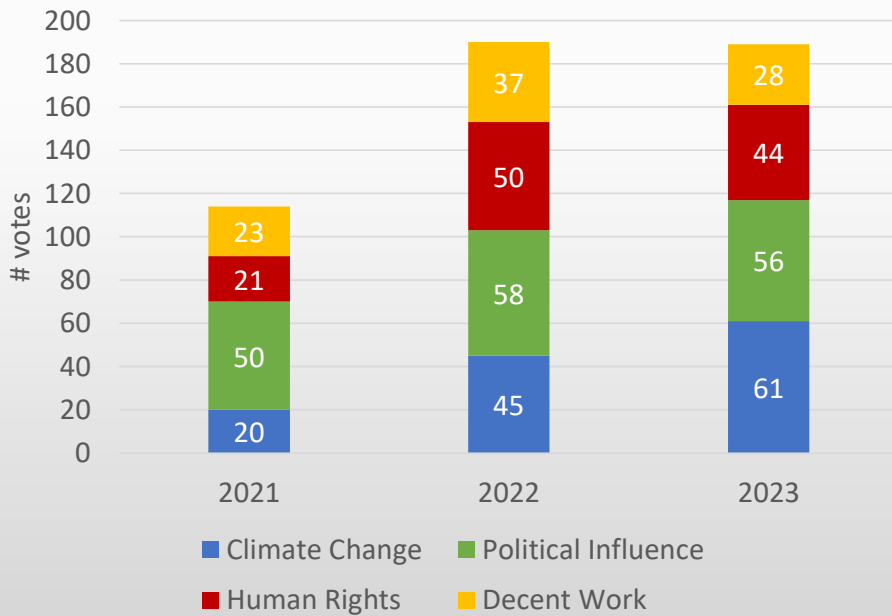


# Outcome Trends

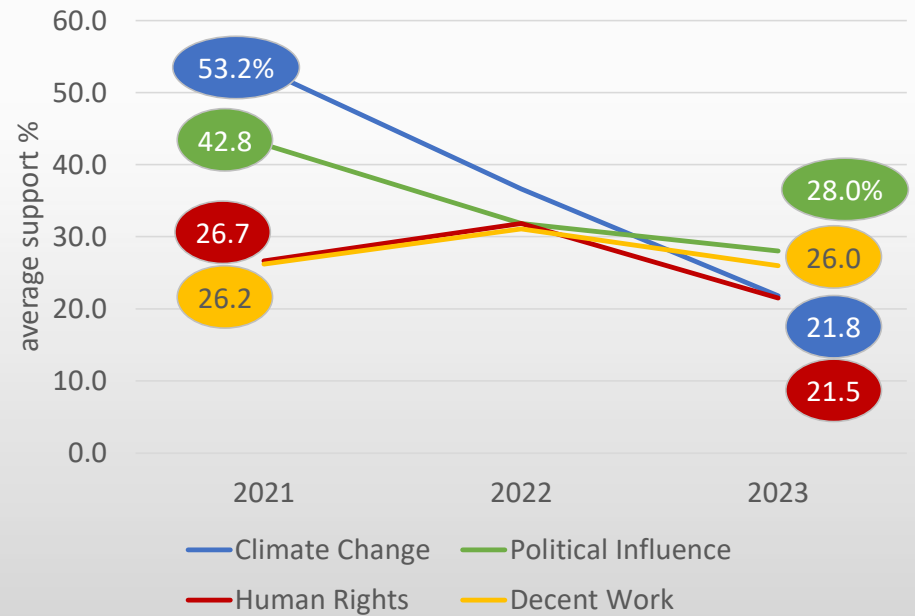


# Shifts in Top Issue Filings & Support

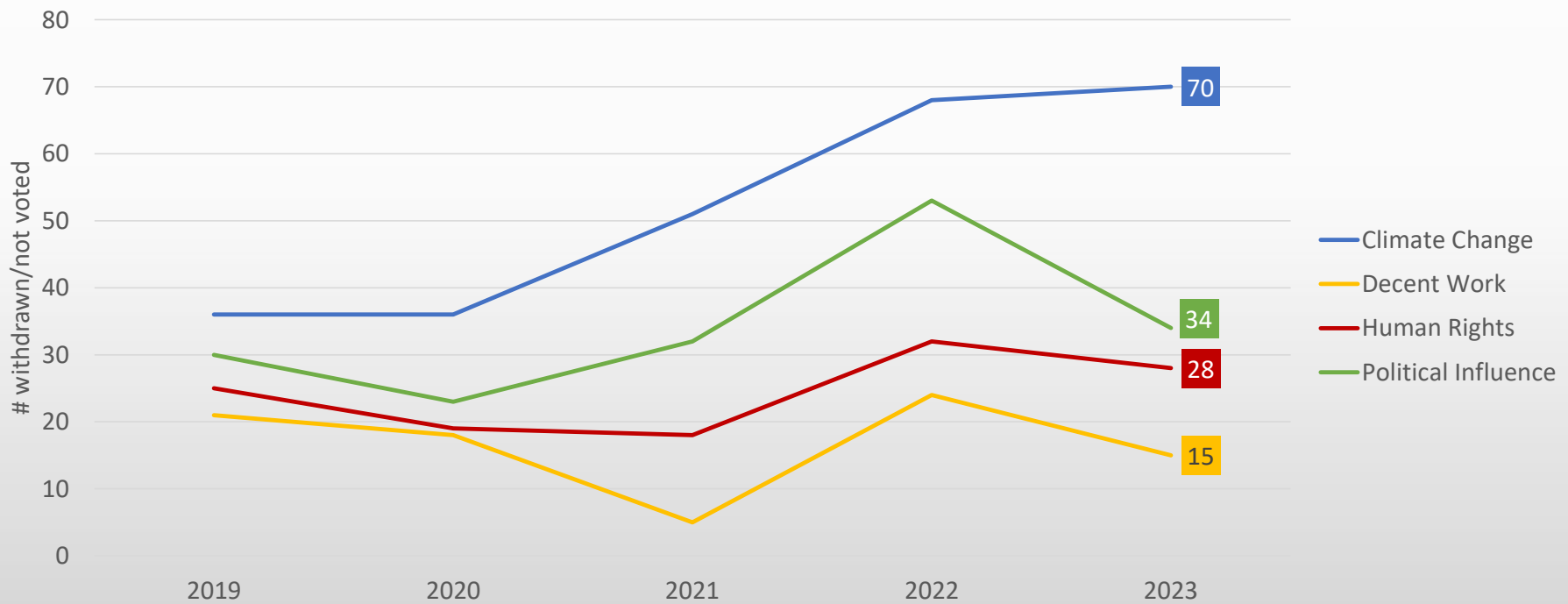
Most Dominant Topics Voted



Average Support, Top Issues

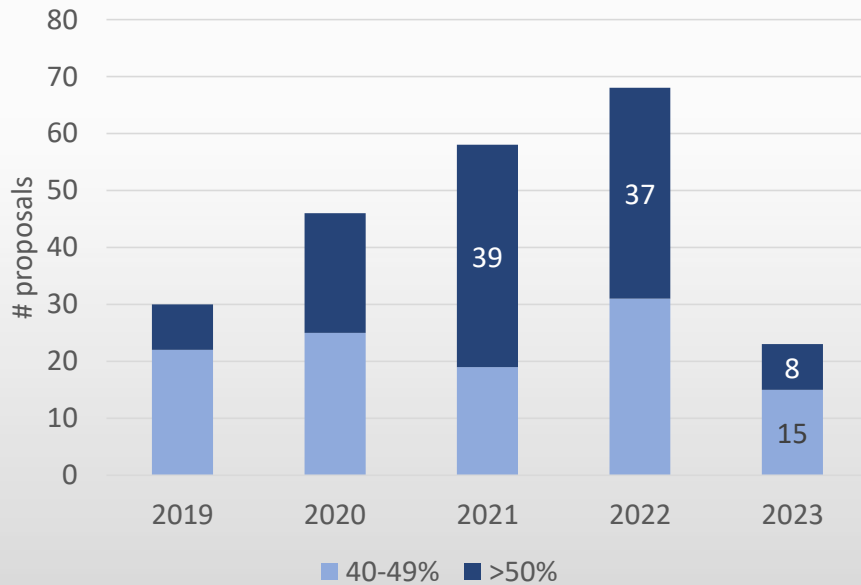


## Top Issue Withdrawals



# Top Votes

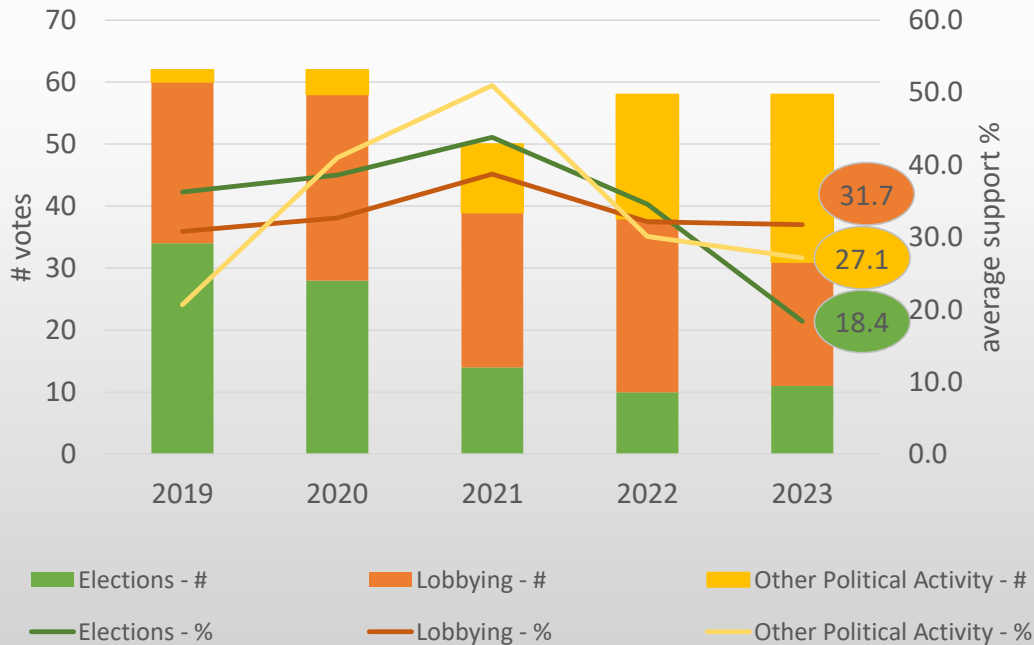
Highest Scoring Proposals



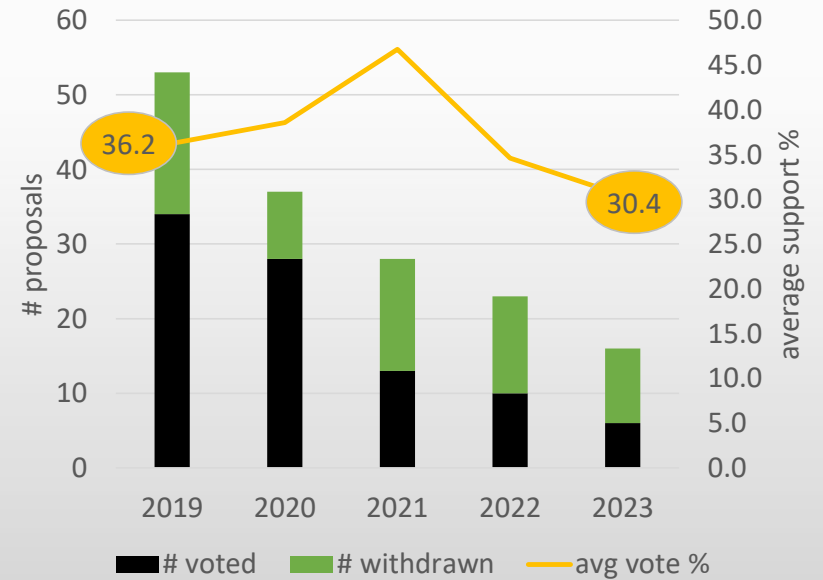
Majority Votes in 2023		
Company	Proposal	Vote
NY Community Bancorp	Report on Paris-aligned public policy work	95.0%
Coterra	Report on methane & targets	74.4%
Dollar General	Commission worker health and safety audit	67.7%
Expeditors Internat'l	Report on diversity programs	57.3%
Wells Fargo	Review/report on workplace bias policy	55.0%
Starbucks	Assess/report on ILO standards	52.0%
Kroger	Report on gender/racial pay disparity	51.9%
McDonald's	Report on lobbying	50.3%

# Shifting Social Issues – Political \$

Political Influence Votes and Support



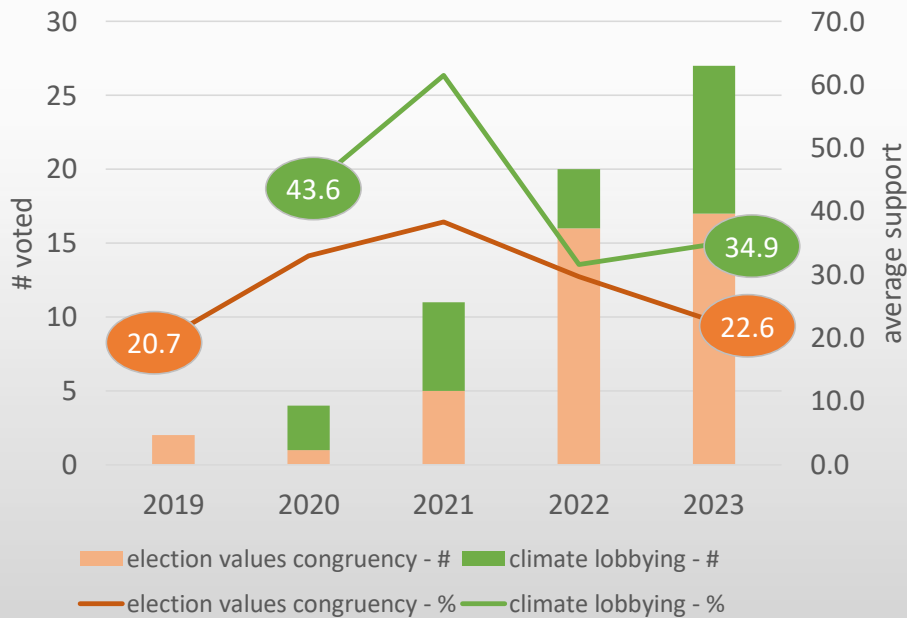
Election \$ CPA “Standard”



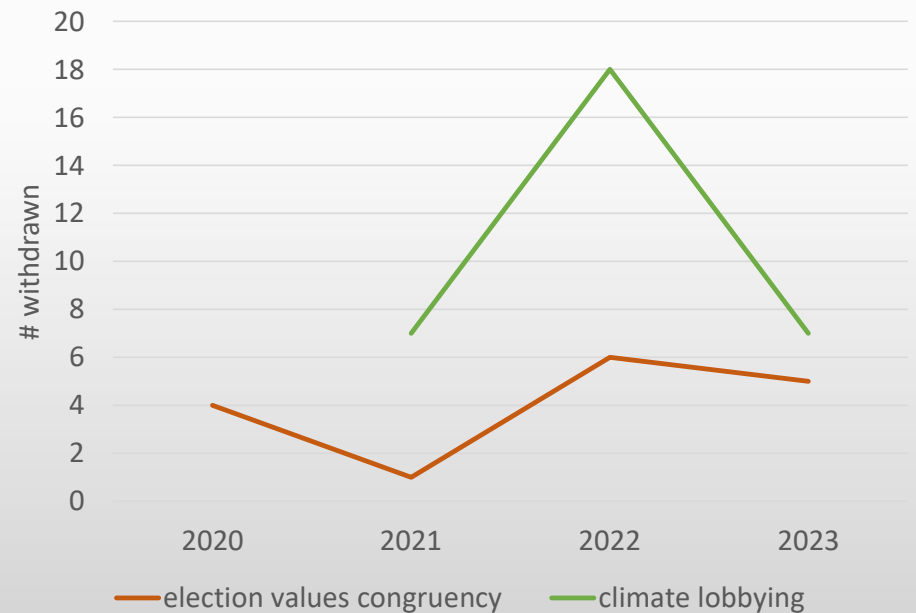
Source: Si2, as of 23 July 2023

# Shift on Political \$ Proposals

Values / Climate Lobbying Votes

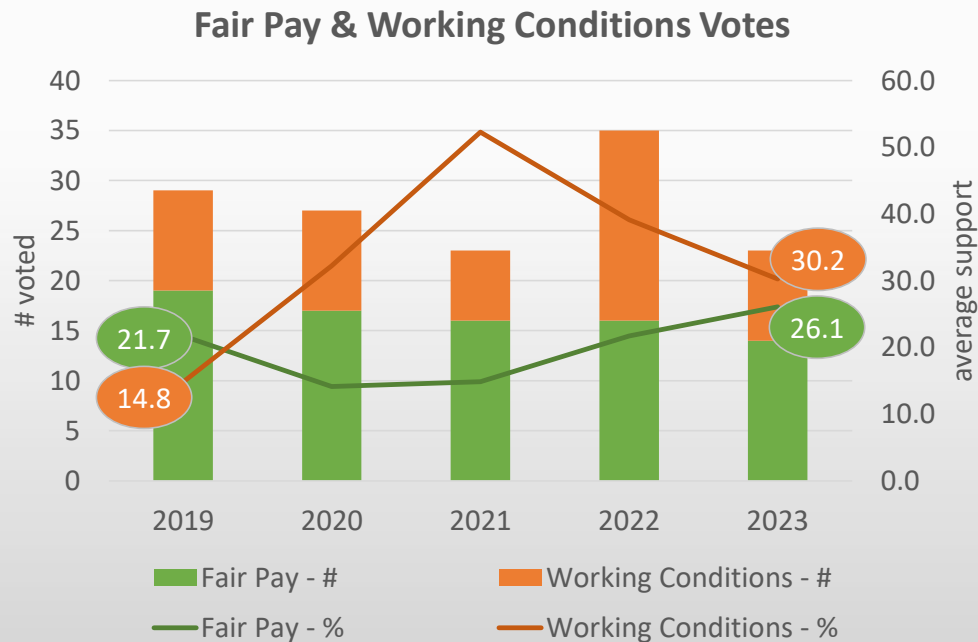


Values / Climate Lobbying Withdrawals



Source: Si2, as of 23 July 2023

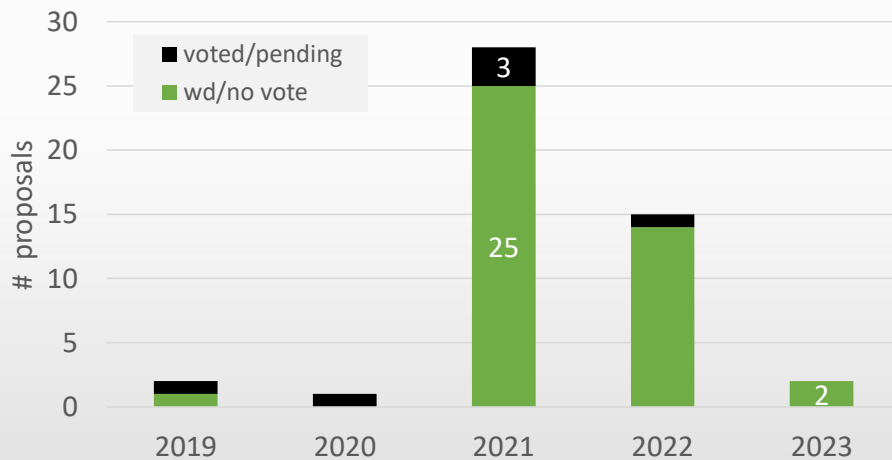
## Shifting Social Issues – Decent Work



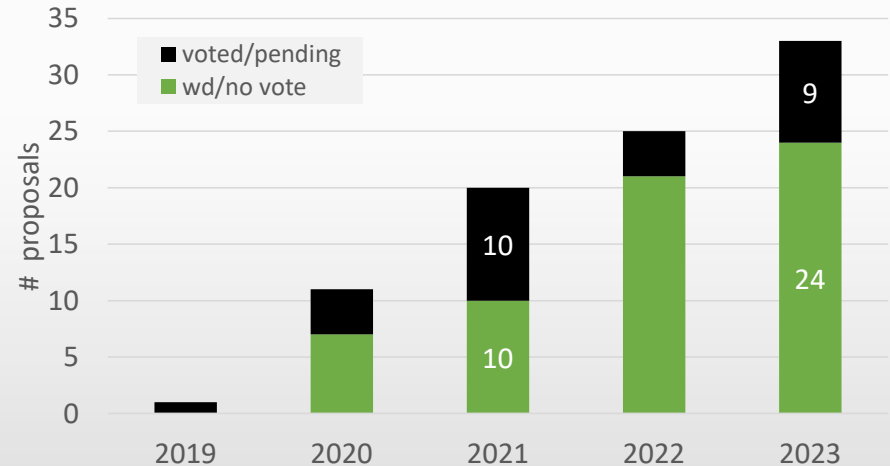
- **Fair pay:** Support up for fair pay—most about gender/racial pay equity.
- **Working conditions:** Worker health/safety, harassment. High average in 2021 for proposals about ending mandatory arbitration for sexual harassment cases; many companies now comply.

## Shifting Social Issues - Diversity

EEO-1 Disclosure



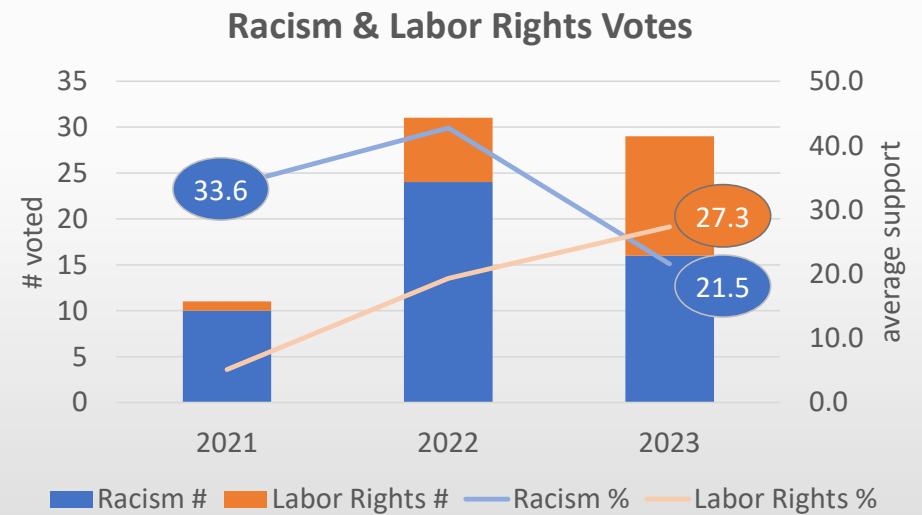
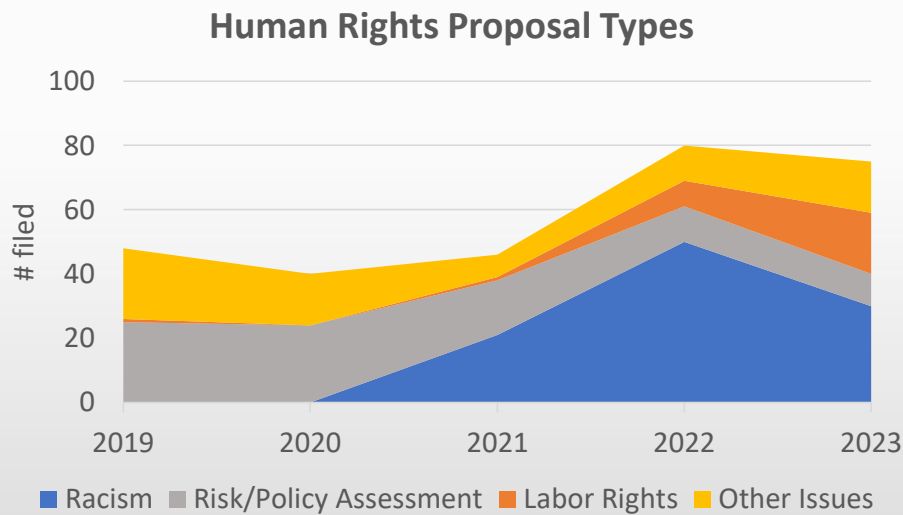
Expanded Diversity Program Disclosure



- **EEO-1 disclosure:** Numbers sharply down after withdrawals / *many companies now reporting.*
- **Report on diversity programs:** Volume up & more withdrawals / *continued productive engagement.*

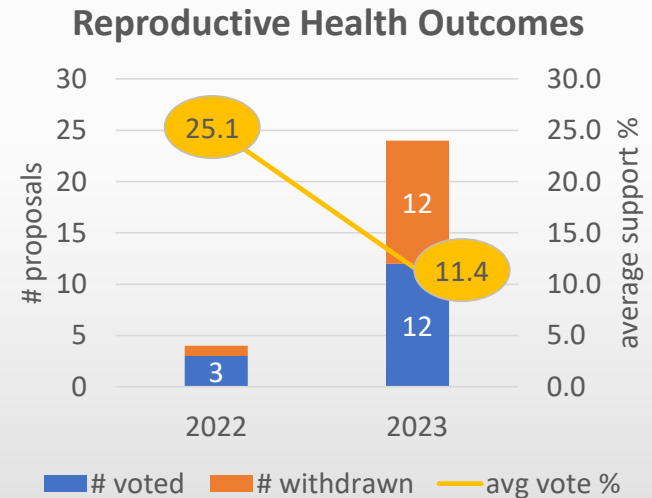
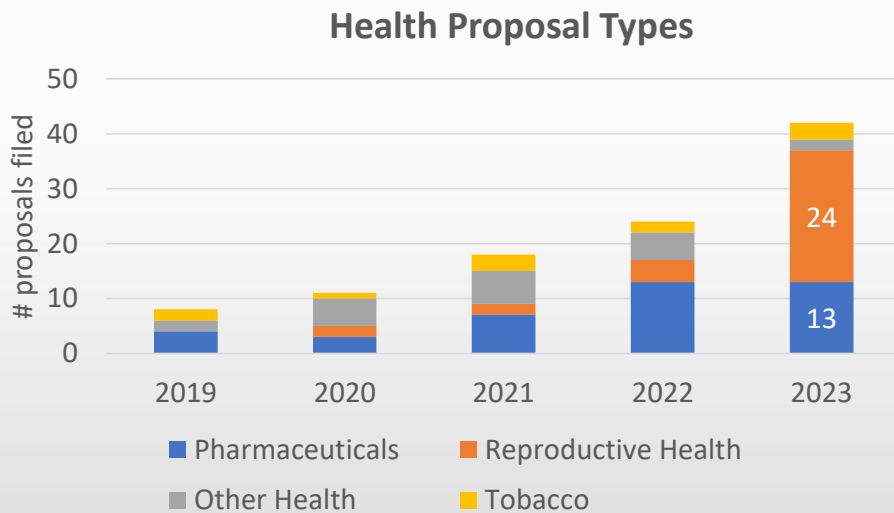


## Shifting Social Issues – Human Rights



- **Racism:** Many proposals, 8 majority votes in 2022, then drop in filings/support after some corporate response.
- **Labor rights:** Proposal increase, new *domestic* ILO compliance concerns in 2023 – majority at **Starbucks**.

# Reproductive Health



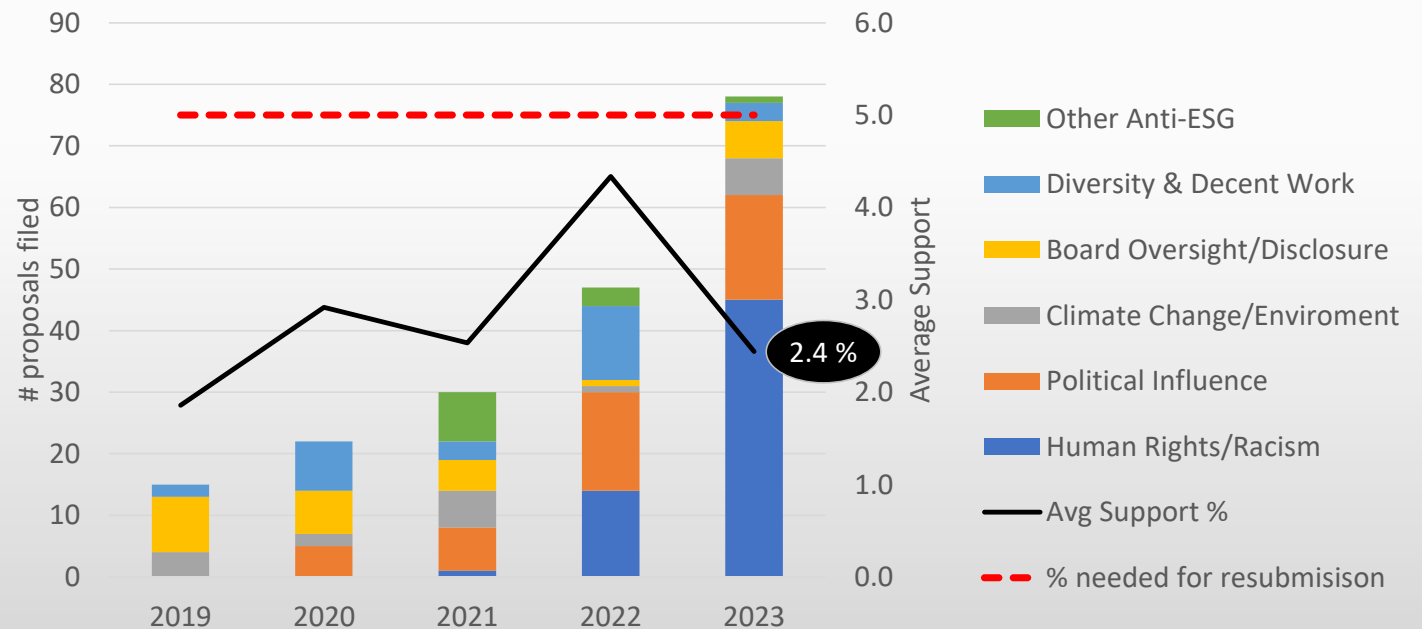
- Big increase in reproductive health proposals, which focus on business risks and digital privacy. (Rhia Ventures [paper](#).)
- Drop in average support, but only three votes last year; proponents also withdrew half the 2023 resolutions.

## No Traction for Anti-ESG Proposals

Despite large increase to 78 filings & 52 votes in 2023, no more traction than before.

Overwhelming focus on culture war issues of diversity, racism. Little on environmental issues despite focus *outside* proxy season on protecting fossil fuel energy.

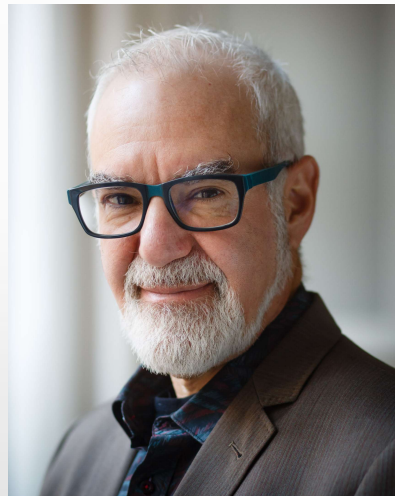
(See Harvard [blog post](#).)





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## *As You Sow* Engagements



**Andrew Behar**

*CEO*

*As You Sow*



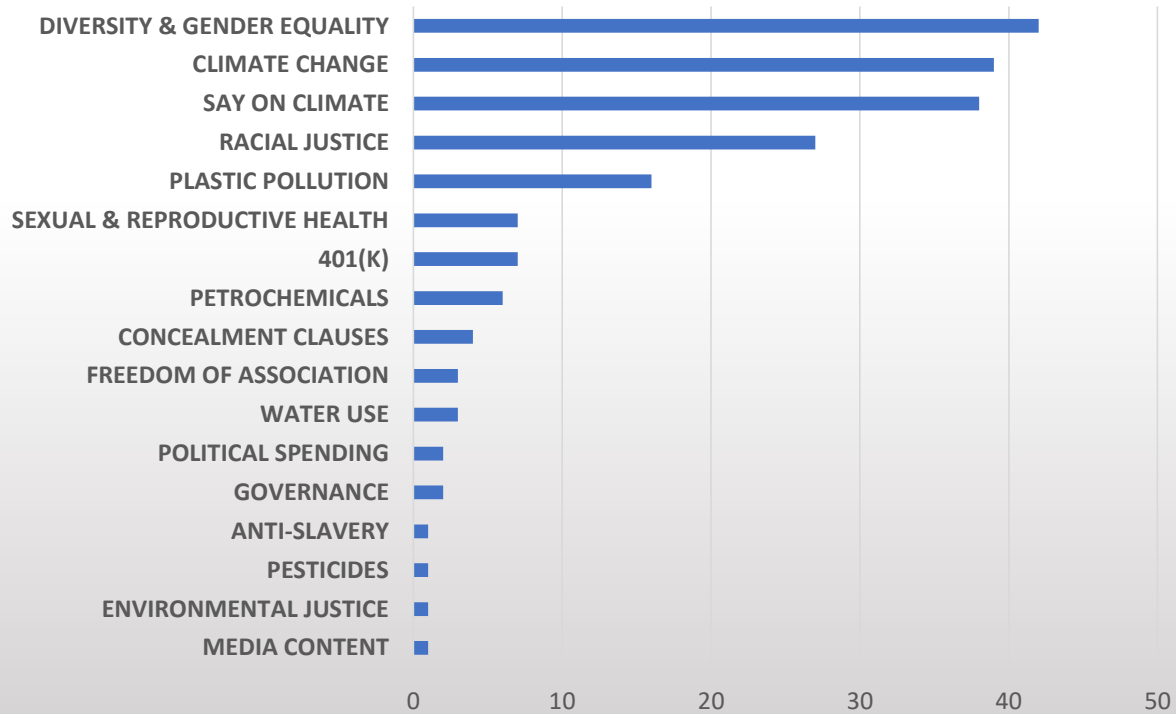
## About As You Sow

**Mission:** *to promote environmental and social corporate responsibility through shareholder advocacy, coalition building, and innovative legal strategies*

- Founded in 1992 on the belief that corporations *must* be an active part of the solutions to society's environmental and human rights issues
- 30-year track record of promoting values-aligned investing and securing positive, lasting corporation change
- We communicate directly with corporate executives to collaboratively develop and implement business models that reduce risk, benefit brand reputation, and protect long-term shareholder value while simultaneously bringing about positive change for the environment and human rights

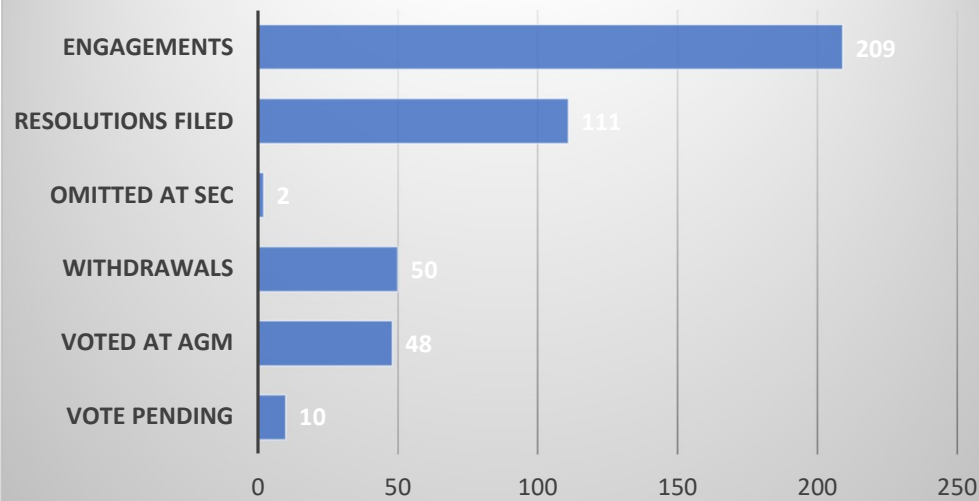
# 2023 As You Sow Initiatives

## Program Areas - Engagements



# Proxy Season Overview 2023 *As You Sow* Results

## 2023 Proxy Season Outcomes



## Other Resolution Highlights

AVERAGE VOTE IN SUPPORT	22.6%
TOTAL SHARE VALUE	\$1.94 Trillion

**72% OF  
ENGAGEMENTS  
LED TO COMPANY  
ACTION**



**92% OF  
VOTES MET  
RESUBMISSION  
THRESHOLDS**

## Strong Votes

- Plastic Packaging
  - Amazon 32.2%
  - Restaurant Brands 36.8%
  - Kroger 31.8%
  - Yum 36.9%
- Climate Finance
  - Morgan Stanley – withdrawn
  - BofA 28.5%
  - Goldman Sachs 29.9%
  - JP Morgan Chase 35.4%
  - Wells Fargo 31.1%

## Set Science Based Targets, Net 2050, Scope 3

### Withdrawals

- Ameren
- Cheesecake Factory
- Cleveland Cliffs
- Dollar Tree
- John Deere
- Eagle Materials
- Freeport McMoran
- Linde
- Muller Industries
- Olympic Steel
- Ryerson
- Wabtec Corp

### Votes

- Chubb Insurance 29%
- Lockheed Martin 35.4%
- Mosaic 29.8%
- Public Storage 34.7%
- Raytheon 37.8%

## Social Topics: Rising issues and shifting winds



**Meredith Benton**

*Principal and Founder*

**Whistle Stop Capital**

Whistle Stop Capital

# Whistle Stop Capital

---

*A consultancy that works with asset owners and advisors to assess, and address, social and environmental exposures within their investment portfolios.*

- ✓ Supported shareholder engagements
- ✓ Issue and portfolio assessments
- ✓ Corporate benchmarking and data insights

**Contact** Meredith Benton, [Benton@whistlestop.capital](mailto:Benton@whistlestop.capital), [whistlestop.capital](https://whistlestop.capital)

## Why do companies change their practices?

**Power:** Does the requesting stakeholder have the ability to control corporate actions (such as regulators or physically blocking site development)?

**Peers:** Is the company too far behind, or too far ahead, of their peers?

**Relationship:** Is the request being made by stakeholders with whom the company wants to have a positive long-term relationship?

**Urgency:** Do they need to respond to it now?

**Actionable:** Is there a rational and cost-effective action that can be taken?

**Annoyance:** Is the action requested benign and easier to implement than to push back against?

## What does filing a resolution do?

- Acts as a “straw poll” of other investors’ sentiment on a topic
- Raises an issue to management’s attention
- Allows internal advocates a reason to speak up
- Often requires the board be briefed; board members weigh-in
- Educates investors on the topic

## When do withdrawals happen?

Whistle Stop, on behalf of its clients, participated in 31 withdrawals and/or pre-filing agreements this season. We had a 65% withdrawal rate.

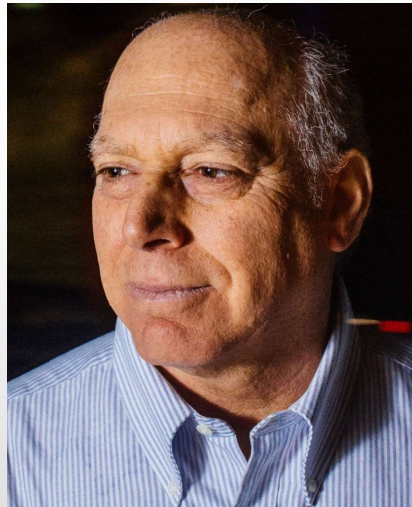
Agreements included:

- Releasing hiring, promotion and retention rates of diverse employees
- Walking away from concealment clauses
- Reporting on the outcomes of their political contributions process
- Setting GHG targets aligned with net-zero goals

Most companies will work with a proponent if they believe a resolution will pass. This (partially) explains the high withdrawal rate and the lower votes relative to 2022: last year, many companies were not expecting passing votes, this year they reached agreements.



## Climate at a Crossroads



**Michael Passoff**

*CEO*

**Proxy Impact**





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# PROXY IMPACT

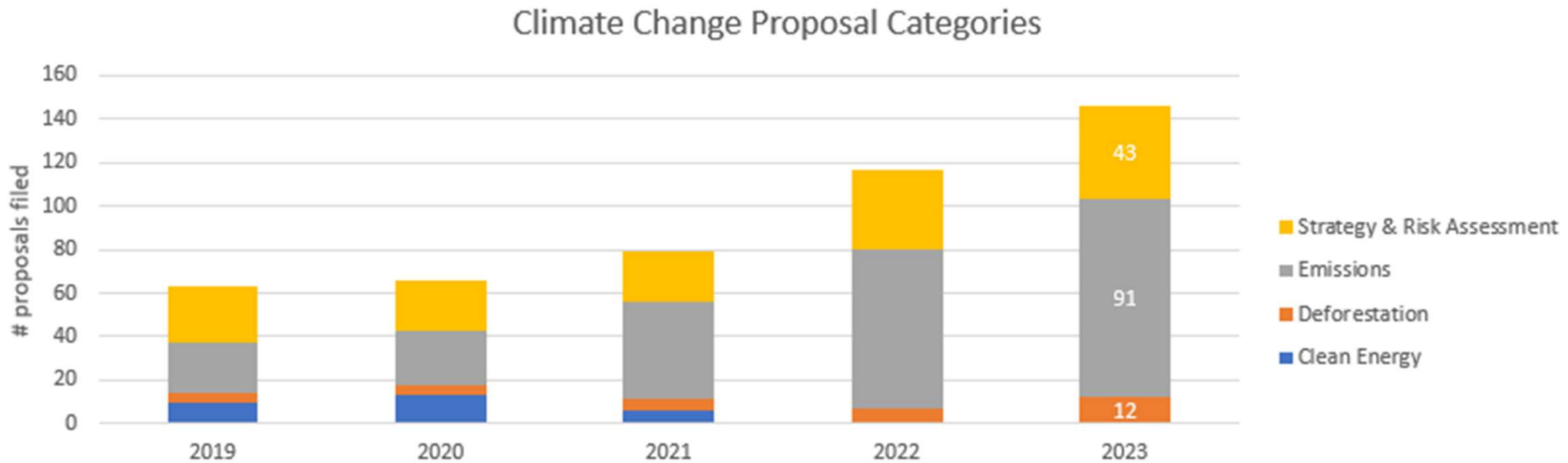
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*A proxy voting and shareholder engagement service for  
sustainable and impact investors*

- ✓ ESG vote guidelines
- ✓ Proxy voting and reporting
- ✓ Shareholder engagement on social & environmental issues

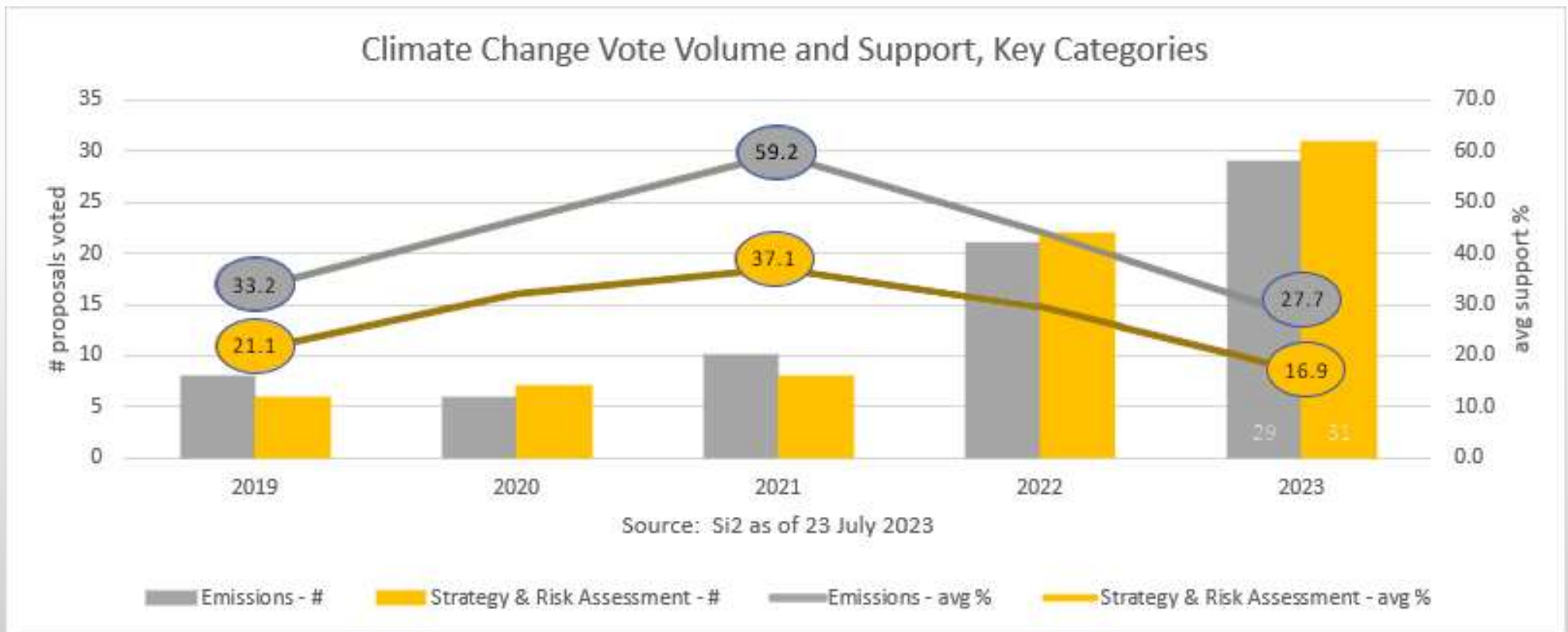
Contact Michael Passoff, [michael@proxyimpact.com](mailto:michael@proxyimpact.com) [www.proxyimpact.com](http://www.proxyimpact.com)

## Major Climate Proposals 2019-2023



Source: Si2 as of 23 July 2023

# Climate Votes 2019-23



## Lower votes due to:

- ESG investing gets trendy – results in higher support → more resolutions
- More specific info requests:
  - 2019 – 2021: GHG commitments
  - 2022 – 2023: Report on short-term targets / Scope 3
  - Too prescriptive?
  - Basic reporting on a material issue
- New industry sectors / new companies
- New resolutions
- Withdrawals/laggards
- SEC Climate Disclosure Rule
- Where is vote loss coming from?
  - Proxy Advisors
  - Largest Investors
- Anti-ESG impact
  - Attorneys General Letter
  - Congressional Hearings

## Shareholder Engagement as part of the Culture War

- Climate lobbying resolution
- Failed to respond to proponent dialogue requests
- Frivolous SEC challenge
- Threatening and accusatory letters
- Deliberately misrepresent facts
- Rejection of proxy advisors / shareholder representatives
- ‘Attack and Distract’ Coordinated Campaign
  - CNX website
  - Social media
  - Open letters to Glass Lewis and ISS
  - 18 exempt solicitations
  - Earnings call
- Glass Lewis unprecedented recommendation

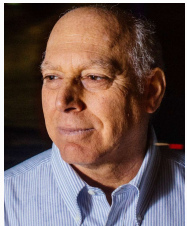
CNX	Registered Federal Lobbyist	Lobbying against Paris Climate Accord and Climate Matters
<b>Organizations</b>		
Appalachian Natural Gas Operators	YES	NO
Gas and Oil Association of WV	NO	NO
Pennsylvania Independent Oil and Gas Association	NO	NO
Institute for Energy Research	NO	NO
Marcellus Shale Coalition	Not registered since 2016 - No recent climate matters	NO
Natural Gas Vehicles of America	YES	NO
Ohio Oil & Gas Association	Not registered since 2015 - No recent climate matters	NO
Pennsylvania Chamber of Business & Industry	NO	NO
Pittsburgh Works Together	NO	NO
Virginia Oil & Gas Association	NO	NO
<b>Lobbyists</b>		
Two CNX Employees	YES	NO
Two Registered Contract Lobbying Firms	YES	NO

**CNX has provided false and misleading information and omitted crucial details in violation of the SEC’s anti-fraud rule .**  
*Proxy Impact letter to SEC*

## Shareholder Concern Over Climate Risk Will Only Increase

- Increased ESG investment
- Large increase in climate resolutions
- Large number of resolution withdrawals (69)
- Increased membership in Science-Based Targets initiative (SBTi)
- Extreme weather

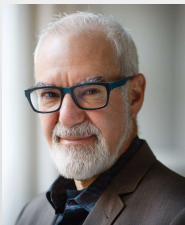
## Questions and Answers



**Michael Passoff**  
Proxy Impact



**Heidi Welsh**  
Sustainable Investments  
Institute (Si2)

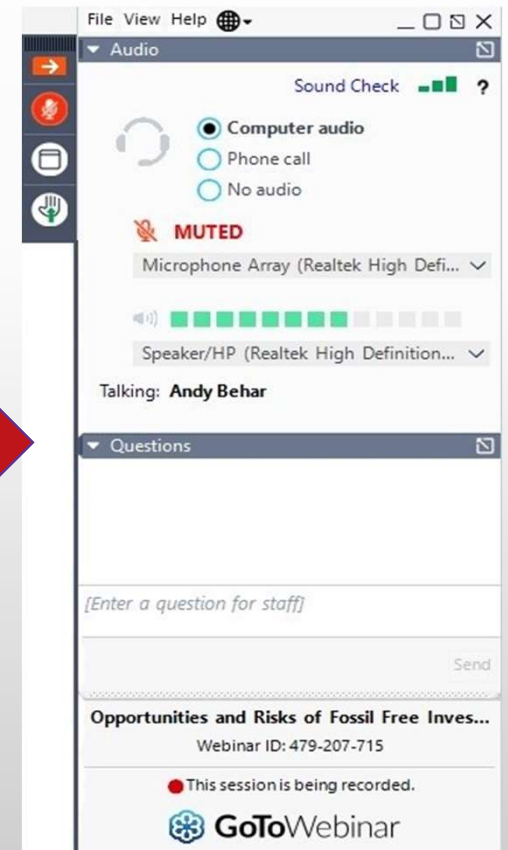


**Andrew Behar**  
*As You Sow*



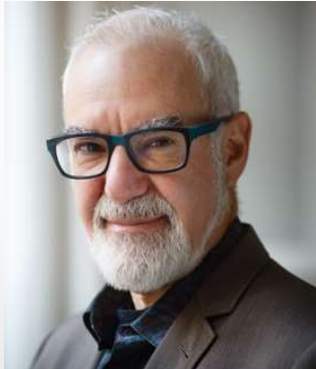
**Meredith Benton**  
Whistle Stop Capital

- Use the Q&A window to send us your questions





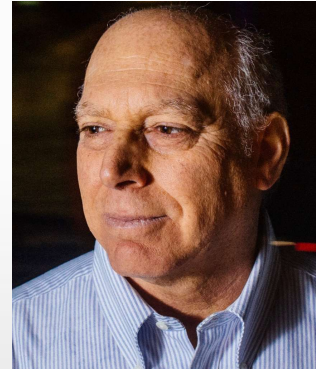
## Closing Remarks



**Andrew Behar**  
*As You Sow*



**Heidi Welsh**  
Sustainable Investments  
Institute (Si2)



**Michael Passoff**  
Proxy Impact

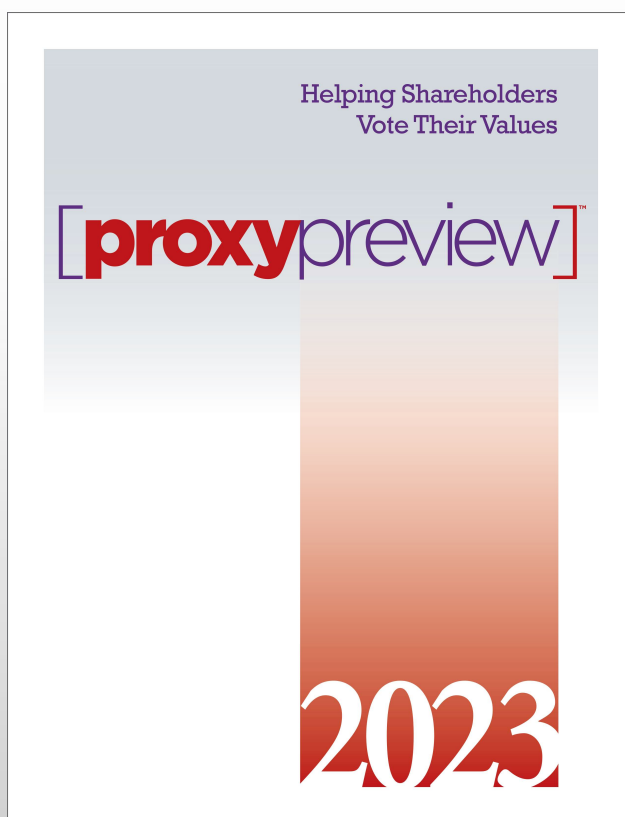


**Meredith Benton**  
Whistle Stop Capital



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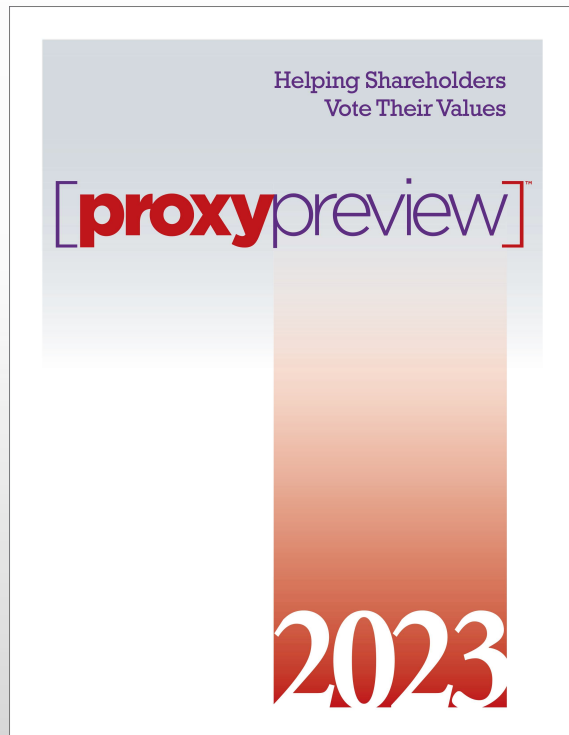


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- Learn more about shareholder advocacy



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## Contact Us



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Sophia Wilson

Press Liaison and Shareholder Relations  
Coordinator

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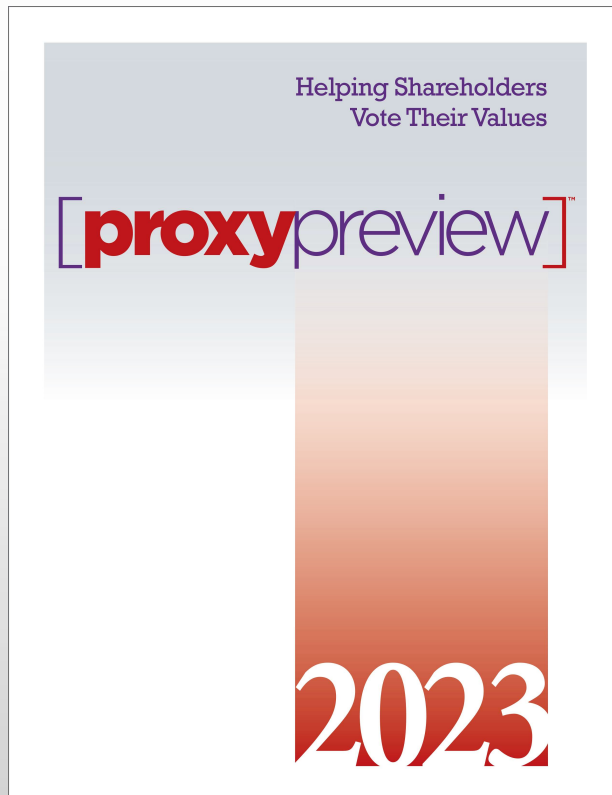
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*July 27, 2023*