BOARD DIVERSITY DELIBERATIONS
U.S. companies are being held to increasingly strict standards.

STRENGTHENING CLIMATE ACCOUNTABILITY
An interview with Michael Hugman of the Children’s Investment Fund Foundation (CIFF).

ACTING ON THE CLIMATE CRISIS
A guest article on climate shareholder proposals from Morgan LaManna and Rob Berridge of Ceres.

PEOPLE MOVES

VOTING NEWS
The first half of the year has drawn to a close and, with it, the 2021 proxy season comes to an end. And what a proxy season it has been!

Average support for environmental shareholder proposals globally has increased to 26.9%, more than doubling in the past two years from 12.2% and 20.5% in 2019 and 2020, respectively. Investors doubled down on their commitments to hold boards accountable for climate oversight, with 19 environmental proposals winning majority support in the 2021 proxy season, exceeding the 13 that received majority support in the last two years.

Social proposals also won the favor of investors this proxy season. Proposals concerning human rights won an average of 35.3% support, compared to 27.1% and 22% in 2019 and 2020 respectively, while those seeking enhanced lobbying disclosure averaged 40.0% support in 2021, compared to 34.2% and 35.1% in 2019 and 2020, respectively.

We at Insightia have also been a busy bunch reporting on the record-breaking proxy season. So far this year, we have published five special reports, including our inaugural ESG Activism report, featuring analytical deep-dives into various topics including “say on climate,” social proposals, and more. The report is free to read online and also features insights from industry experts Olshan Frome Wolosky, FTI Consulting, and Innisfree M&A.

Our article this month explores the evolving expectations of fund managers regarding board diversity. Investor support for director elections stabilized in 2019 and 2020, in response to an increased number of female directors appointed to boards across the U.S. and Europe, but now fund managers are expecting further commitments from companies to ensure their boards are sufficiently inclusive. Multiple fund managers, including BlackRock and State Street Global Advisors (SSGA), have updated their proxy voting policies this year and are taking voting action against nominating committees which fail to sufficiently account for minimum diversity requirements.

We are very excited to feature a bonus article in this month’s magazine from sustainability and advocacy organization Ceres, exploring the record-breaking support for environmental shareholder proposals this proxy season. Ceres’ Senior Manager of Investor Engagement on Climate Action 100+, Morgan LaManna, and Director of Shareholder Engagement, Rob Berridge, explore some of the major shareholder proposals subject to a vote in the U.S. this year, including the ExxonMobil proxy contest, greenhouse gas (GHG) reduction proposals at various oil and gas companies, and the growth of the climate lobbying resolution.

This month’s, we are pleased to interview Michael Hugman, director of climate finance at the Children’s Investment Fund Foundation (CIFF). CIFF is an independent, philanthropic charity established by Chris Hohn, founder of hedge fund The Children’s Investment Fund (TCI), and has played a crucial part in the development of the “say on climate” campaign. Michael takes us through the evolution of the campaign, exploring what makes a good climate transition plan and how investors can best hold directors accountable for climate-related oversight.

This issue also features an article from Activist Insight Monthly’s Half-Year Review, examining how support for environmental and social shareholder proposals has soared as hedge funds embrace responsible investing. Proposals seeking diversity reporting and EE0-1 disclosure have proven especially successful this year, largely in response to the Black Lives Matter protests of 2020. Proposals seeking emissions reductions and climate reporting have also experienced heightened support as COVID-19 accelerated investor engagement over sustainability concerns.

For weekly updates on the latest in environmental engagements, voting rebellions, and ESG-related personnel moves, make sure to sign up for our weekly Proxy Roundup newsletters. Published every Wednesday, our Proxy Roundups provide a comprehensive breakdown on major investor engagements in the past week. Non-subscribers can also sign up for a two-week free trial of the entire Proxy Insight Online product, complete with newsletters.

We hope you enjoy this issue of Proxy Monthly, and remember to check out the Activist Insight Podcast, where every month I review recent proxy voting news and trends with host Kieran Poole. We thank our clients and followers for their continued support! 🌍

rsherratt@insightia.com
@Rebecca_proxy
Director support among U.S.-listed companies is dropping this year as investors expect boards to accelerate their diversity commitments for not only gender, but also racial and ethnic diversity. Average support for director elections at S&P 500 companies dropped to 96.1% in the first half of 2021, and a similar decline has also been exhibited in the U.K.

In the S&P 500, 41.6% and 38.2% of director appointments were female in 2019 and 2020 respectively, according to Activist Insight Governance data. This significant number of diverse director appointments assured investors that gender diversity issues were being sufficiently managed by boards, but now investor expectations are tightening once more.

The emphasis on racial and ethnic representation on boards has increased, in response to the 2020 Black Lives Matter protests, which highlighted to investors that minority representation on boards still leaves much to be desired.

“Of course, diversity isn’t just about gender, it’s also about racial and ethnic equality, and with what happened in the U.S. last year we recognized that companies that weren’t tackling this issue effectively would potentially have a higher risk profile,” Robert Walker, global co-head of asset stewardship at State Street Global Advisors (SSGA), told Proxy Insight Online in an interview.

PRESSURE MOUNTS

Of the 10 U.S. companies that have experienced the highest level of opposition toward director elections so far this year, seven were directly related to a lack of board diversity, according to Proxy Insight Online data.

“Investors are holding U.S. directors to the same diversity expectations as that of their European counterparts.”

“Diversity of perspectives is a key ingredient for effective boards,” said David Shammai, ESG analyst at Allianz Global Investors, in an interview with Proxy Insight Online. “This is why we included specific expectations in our global governance guidelines requiring boards to seek at least 30% representation of each gender. Compared with several years ago, in the U.S. it is notable that many companies have been making a deliberate effort to focus on this.” Allianz has also committed this year to “call out” boards that fall behind by voting against accountable directors, Shammai added.

Support for board diversity proposals

<table>
<thead>
<tr>
<th>Year</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>18.6%</td>
</tr>
<tr>
<td>2016</td>
<td>24.8%</td>
</tr>
<tr>
<td>2017</td>
<td>29.6%</td>
</tr>
<tr>
<td>2018</td>
<td>24.3%</td>
</tr>
<tr>
<td>2019</td>
<td>8.0%</td>
</tr>
<tr>
<td>2020</td>
<td>34.1%</td>
</tr>
<tr>
<td>2021*</td>
<td>61.9%</td>
</tr>
</tbody>
</table>

Source: Insightia | Proxy Insight Online

Average support for shareholder proposals seeking board diversity reporting at U.S.-listed companies.

*As of June 23, 2021.
Arrowhead Pharmaceuticals director Michael Perry received just 36.8% support at the U.S. biotechnology company’s March 18 annual meeting, owing to the board being less than 30% diverse and failing to sufficiently promote diversity at the executive management level, according to investor voting rationales.

“NOMINATING COMMITTEES WILL FACE HEIGHTENED OPPOSITION IF THEY LAG BEHIND THEIR PEERS.”

Similar rationales from investors in the U.S. and U.K. suggest that investors are holding U.S. directors to the same diversity expectations as that of their European counterparts, despite having yet to establish similarly stringent diversity quotas.

Informa directors Stephen Davidson and Helen Owers received 53.4% and 78.1% support respectively at the FTSE 100 publishing company’s June 3 annual meeting, similarly in response to the board being less than 40% diverse and comprising of fewer than two ethnically diverse directors.

“This year, expectations for corporate diversity are rising, and we increased our standards for board diversity,” said John Wilson, director of corporate engagement at Calvert Research and Management, in an interview with Proxy Insight Online. “For companies in the U.S., U.K., Australia, and Canada, Calvert votes against the nominating committee at companies that have fewer than two people of color or are less than 40% diverse.”

HEIGHTENED EXPECTATIONS

BlackRock has stepped up its engagement with board diversity, voting against 9% of director-related management proposals at U.S.-listed companies in the first quarter of 2021, compared to 8% the previous year. In total, the fund manager voted against 130 directors in the first quarter of 2021, due to concerns over a lack of board diversity, according to its global first-quarter report.

Director appointments by gender

<table>
<thead>
<tr>
<th>Year</th>
<th>S&amp;P 500</th>
<th>FTSE 350</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Male 75.2% Female 24.8%</td>
<td>Female 24.1% Male 75.9%</td>
</tr>
<tr>
<td>2016</td>
<td>Male 72.9% Female 27.1%</td>
<td>Female 28.5% Male 71.5%</td>
</tr>
<tr>
<td>2017</td>
<td>Male 65.8% Female 34.2%</td>
<td>Female 30.6% Male 69.4%</td>
</tr>
<tr>
<td>2018</td>
<td>Male 62.0% Female 38.0%</td>
<td>Female 35.8% Male 64.2%</td>
</tr>
<tr>
<td>2019</td>
<td>Male 58.4% Female 41.6%</td>
<td>Female 45.5% Male 54.5%</td>
</tr>
<tr>
<td>2020</td>
<td>Male 61.8% Female 38.2%</td>
<td>Female 42.7% Male 57.3%</td>
</tr>
<tr>
<td>2021*</td>
<td>Male 59.7% Female 40.3%</td>
<td>Female 48.2% Male 51.8%</td>
</tr>
</tbody>
</table>

Proportion of director appointments at S&P 500 and FTSE 350 companies by gender and year.

Source: Insightia | Activist Insight Governance

*As of June 23, 2021.
BlackRock voted against the re-election of AT&T nominating committee chair Matthew Rose at the U.S. telecommunications company’s April 30 annual meeting, due to concerns over insufficient steps taken to address board diversity. As part of BlackRock’s newly established key performance indicators (KPIs), the fund manager expects companies to “disclose their approach to ensuring appropriate board diversity and disclose a demographic profile of the incumbent board.”

Ontario Teachers’ Pension Plan similarly voted against Rose at AT&T’s annual meeting, noting its expectation for boards of U.S.-listed companies to set “clear commitments (including targets) to increase gender diversity within a meaningful time frame.”

Looking forward, pressure on companies to ensure their boards are sufficiently diverse is likely only to increase, as fund managers hold companies accountable for laggardness. SSGA is one of many companies that has recently revised its strategy to hold diversity laggards accountable.

“For the first time this year, we are asking S&P 500 and FTSE 100 companies to disclose the racial diversity of their board,” Walker added. “We will be taking voting action against S&P 500 companies and FTSE 100 companies that don’t have at least one director from an underrepresented community, starting in 2022.”

As more fund managers highlight diversity as a priority in their coming engagements, nominating committees will face heightened opposition if they lag behind their peers. Issuers would be wise to proactively showcase their commitments to enhancing board diversity, lest they fall victim to increased opposition from shareholders.

### Director support

<table>
<thead>
<tr>
<th>Index</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021*</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td>97.3</td>
<td>97.3</td>
<td>97.2</td>
<td>97.1</td>
<td>96.7</td>
<td>96.6</td>
<td>96.1</td>
</tr>
<tr>
<td>FTSE 350</td>
<td>98.8</td>
<td>98.4</td>
<td>98.1</td>
<td>97.6</td>
<td>97.8</td>
<td>97.9</td>
<td>97.6</td>
</tr>
</tbody>
</table>

Source: Insightia | Proxy Insight Online

Average support for director elections at S&P 500 and FTSE 350 companies by year.

*As of June 23, 2021.

---

**THE ACTIVIST INSIGHT PODCAST**

Now featuring...

Rebecca Sherratt
Editor of *Proxy Monthly*
Annual meetings are usually predictable affairs. Major institutional investors vote on proxy ballots the way management recommends. And a few shareholders try, with uneven success, to garner attention to issues the company would prefer to ignore like, climate change.

But 2021 turned out to be a historic tipping point. With the climate crisis bearing down on the economy, investors harnessed the power of the shareholder proposal process to compel companies to show their strategies for addressing climate change risks – as well as the effectiveness of those steps in mitigating the climate crisis and planning business transitions to net-zero emissions. And, underscoring the sense of urgency across capital markets, the biggest asset managers in the world – BlackRock, State Street Global Advisors (SSGA), and Vanguard – voted for many of these proposals, so that they were undisputable majority votes. The lesson of this proxy season is clear: these requests to act on the climate crisis are demands that companies can no longer ignore.

In this record-setting proxy season, investors won majority votes on 14 climate-related shareholder proposals in both the U.S. and Canada, more than double last year’s winning votes. And the average approval vote among all climate-related shareholder proposals leaped to a record 44% this year, compared to 34.1% the previous year. With another 70 proposals, shareholders were able to get companies to agree to take action in exchange for withdrawing the proposals before the annual meeting votes.

Topping these historic results was the proxy battle at Exxon Mobil, where a majority of shareholders voted – despite a hard-fought campaign by management – to replace three directors on the oil giant’s board with directors nominated by an activist shareholder, Engine No. 1. After years of ExxonMobil management insufficiently responding to shareholder requests, conveyed through shareholder proposals, to report on how the company plans to adjust its business model to reflect climate risks and opportunities, these shareholders voted to replace some directors.

Climate Action 100+, the world’s largest investor engagement initiative on climate change, was behind many of these winning proposals. Shareholder proposals are one of the tools the initiative’s 575 investors, managing a combined $54 trillion in assets, use as part of their mission of engaging with the world’s largest corporate greenhouse gas emitters to help them reduce emissions and improve governance and disclosure around climate risks. This proxy season, six of 14 shareholder proposals filed by Climate Action 100+ investor signatories and flagged by the initiative won majority votes. The vote to replace members of Exxon’s board, also flagged, won support from many Climate Action 100+ signatories, including the California Public Employees Retirement System (CalPERS), the California State Teachers Retirement System (CalSTRS), Legal and General Investment Management (LGIM), and the New York State Common Retirement Fund, as well as big asset managers BlackRock, SSGA, and Vanguard, which each voted for at least two directors from the slate.

Other investor groups, including Follow This, As You Sow, and members of the Interfaith Center on Corporate Responsibility (ICCR), wracked up other significant wins on climate this year. They garnered strong shareholder support for proposals asking companies to reduce greenhouse gas (GHG) emissions throughout their value chains, along with proposals for companies to report on their climate lobbying.

1. According to Insightia. Ceres counted 15 internally due to differences in how an additional proposal at Exxon was categorized.
2. According to Insightia. By Ceres’ grouping, support for environmental shareholder proposals was 42% compared to 31% the previous year.
Among notable wins: Follow This filed and won majority votes on proposals at Phillips 66, ConocoPhillips, and Chevron that asked those companies to set emission reduction targets covering the companies’ operations as well as their energy products, or Scope 3 emissions.

As You Sow filed a resolution at General Electric asking for indicators on how the company would meet the net-zero indicator in the Climate Action 100+ Net Zero Company Benchmark and General Electric management decided to recommend that investors vote in favor of the proposal. It won with a 98% vote in favor. At Bunge, where management recommended voting for a proposal filed by Green Century, asking for details on how the company will avoid deforestation, 98.9% of investors approved.

“THIS YEAR’S DRAMATIC SURGE IN SUPPORT FOR CLIMATE LOBBYING SHAREHOLDER PROPOSALS IS EVIDENCE THAT THIS IS A SIGNIFICANT CONCERN FOR AN INCREASING NUMBER OF INVESTORS.”

CLIMATE LOBBYING

Another shift this year is investors’ strong interest in climate lobbying. This year’s winning shareholder proposals included five that asked companies for reports on how their lobbying aligned with the Paris Agreement. BNP Paribas Asset Management filed climate lobbying proposals at Exxon and Delta Air Lines, which both won with more than 63% of votes. The California State Teachers Retirement System (CalSTRS) filed a lobbying proposal at Phillips 66 that won 62.5% of votes, Friends Fiduciary Corp. filed one at Norfolk Southern that garnered 76.4% support, and the Presbyterian Church of the U.S. filed a lobbying proposal at United Airlines that won with 65.4% support.

“This year’s dramatic surge in support for climate lobbying shareholder proposals is evidence that this is a significant concern for an increasing number of investors,” Tim Smith, director of ESG shareholder engagement at Boston Trust Walden, told Ceres. “Companies have a responsibility to show investors how they are aligning their lobbying practices – and those of their trade associations – with global climate goals.”

At some companies, the stock ownership structure is preventing a majority vote on these important issues that present a systemic risk to investors’ portfolios. For instance, at Berkshire Hathaway, a proposal asking for yearly assessments of how the company manages physical and transitional climate risks, filed by Hermes Investment Management, Caisse de depot et placement du Quebec, and CalPERS, won 28.3% of total votes that included management holdings but 60% of non-insider shareholders supported the resolution. A climate proposal at Imperial Oil also won a majority of independent shareholders’ votes.

In all, it was a record-setting year that ushered in a new chapter in investor action on climate change. Companies have been put on notice to respond to investors, or face escalating investor demands such as voting in new directors.

Rob Berridge
Director of shareholder engagement
Ceres

2021 WROTE A NEW CHAPTER IN INVESTOR ACTION ON CLIMATE CHANGE, PUTTING COMPANIES ON NOTICE.
What led to TCI founder, Chris Hohn, establishing the CIFF in 2002?

CIFF was first established with the mission to transform the lives of children and adolescents in developing countries living in poverty - and this is still the case now. As a private philanthropy focused on system change, CIFF’s approach is to take on tough problems that others cannot, and invest for the long term. This includes working with a range of investment partners to tackle a variety of pressing issues such as poverty, child health, and climate change.

TCI and CIFF founded the “say on climate” initiative in October 2020, which was swiftly embraced by both issuers and investors. What exactly led to the “say on climate” campaign coming to be?

CIFF first began having discussions with our partners about 18 months ago regarding the need for corporate climate transition plans and enhanced accountability, with regards to climate change. Some partners, like CDP and ShareAction, had already been talking about this issue, so this concept had already been brewing in the responsible investment space.

The catalyst for the “say on climate” campaign was Hohn’s combined role both as a trustee of CIFF and engagement as an investor. Back in mid-2020, Hohn was engaged in a dialogue with Spanish airline Aena. As an investor, Hohn was very interested to better understand what Aena was doing to mitigate the risk of climate change, which essentially boiled down to him saying they needed to have a plan and some form of annual accountability. Hohn moved very quickly, pushing Aena to produce this plan and an annual advisory vote was established as a form of accountability.

One of the primary goals of the “say on climate” campaign is pushing companies to produce robust climate transition plans. What elements make up a good transition plan?

In the past 18 months, we have experienced an influx of companies making long-term net-zero commitments and aligning their reporting with Task Force for Climate-related Financial Disclosure (TCFD) recommendations. All of this is absolutely necessary, but none of this results in any actual real-world emissions reductions unless it involves concrete short-term plans. We have to get these short-term goals in place and see tangible progress sooner rather than later.

Investors and issuers can discuss what a transition plan should contain and what makes it good or bad, but we cannot get stuck thinking, “this company discloses to CDP and follows TCFD reporting recommendations. They’ve also got a 2050 goal, isn’t that enough for now?” The answer to this question is no because these long-term goals on their own are going to result in exactly no real-world action.

Exactly what should be in a company’s transition plan and what makes one company’s strategy especially effective or deficient is a complex question that depends largely on a corporation’s existing business and assets, geographies, product mix, and business strategy. Looking forward, “say on climate” is going to be about working with businesses, through business and investor networks, on what should be in a plan, but the de-facto idea is that all companies need a plan.

How can investors hold directors accountable if they produce deficient climate transition plans?

Director accountability needs to be thoughtful, as well as led by investors and non-governmental organizations (NGOs). In our experience, in the U.S., there is yet to be a model that works in the short term to try and replicate “say on climate” from the perspective of an annual vote. Instead, U.S.-based engagements are more about using shareholder resolutions to mandate the disclosure of corporate transition plans, having a community of credible NGOs and investor groups that can assess those plans. That process of accountability is coming through different channels, either through shareholder resolutions calling out a company’s
failure to produce plans or instead directly holding the board accountable through voting.

It can be challenging for investors to know how best to approach companies in key sectors, like oil and gas or banking, especially in cases where companies are the best in their class or have made reasonable progress on climate change compared to industry peers. We would argue that companies should not be rewarded for modest improvements, or even for being best in class, if they are still not Paris-aligned.

Helping to educate existing directors and also building a new pool of climate competent directors, collaboratively with boards and management, we think can be a very powerful tool to help boost director engagement with climate concerns. A second method by which to incentivize director engagement is compensation, although we are aware this can be a very difficult area. At CIFF, we believe companies need to link a significant portion of CEO and executive remuneration to climate goals in a way that is clear, simple, and measurable, much like emissions reduction targets. We need to get to a point where CEOs would lose a significant portion of their long-term remuneration if they can’t deliver emission reductions.

Looking forward, can CIFF envision “say on climate” votes becoming as prominent as their remuneration counterpart, “say on pay” proposals, at shareholder meetings?

I would say that annual advisory votes on climate transition plans are something that will be for specific jurisdictions, like the U.K. and Australia. Proposals of this kind will initially be reserved for companies that have credible plans in place, where it makes sense for investors to have that annual mechanism to provide constructive feedback.

These votes are not for companies that have yet to establish transition plans because then there is a big risk of greenwashing. Votes are also not for companies that clearly have deficient plans and I would say that is the case with the entire oil and gas sector right now. No oil and gas companies have Paris-aligned plans at this moment in time, so what is the point of having an annual advisory vote?

We have had feedback from key U.S. asset owners in particular, who are rightly nervous about the history of “say on pay” in the U.S. and what it means for the future of “say on climate” in the U.S. “Say on pay” votes have been much less effective than people were hoping in many ways, and so the U.S. approach toward “say on climate” is markedly different from the approach in Europe and Australia, where “say on pay” votes have been more effective and there is more of a history of giving them teeth. I think we need to continue to evolve what effective annual accountability looks like in different markets.

Thank you, Michael.
About Children’s Investment Fund Foundation (CIFF)

Established in 2002 by Chris Hohn and Jamie Cooper.

World’s largest philanthropy that focuses specifically on improving children’s lives.

$1.7 trillion in multi-year grant commitments.
At July 1, 2021, according to its website.

$654.3 million invested in child health and development.

$307.3 million invested in adolescent support.

$612.3 million invested in climate change.

Climate action plan essentials
• Emissions must be reduced 50% by 2030.
• Short-term targets required: Five year and five-10 year plan*.
• Average absolute Scope 1-3 emissions reduction of 7-8% per annum to 2030.
• Phase out fossil fuel use and production, no financing of new supply.
• Executive compensation, strategy, and lobbying aligned with plan.
• End deforestation, credible use of offsetting only if strictly necessary.
• Independent auditing of emissions.
• Annual performance reporting to shareholders.

World’s largest philanthropy that focuses specifically on improving children’s lives.

$654.3 million invested in child health and development.

$307.3 million invested in adolescent support.

$612.3 million invested in climate change.

Download Now

ESG ACTIVISM

The Inaugural Report by Insightia
With global warming blamed for floods in Europe and heat waves in America, shareholder support for environmental proposals at annual meetings is soaring. As seen with Engine No. 1’s recent win at Exxon Mobil, investor engagements with oil and gas companies this year have been especially successful. Average support for environmental proposals at oil and gas companies in the U.S. jumped to 44% this year, compared to 21.2% and 27.7% support in 2019 and 2020, respectively.

Last year’s Black Lives Matter protests and the economic disruption caused by COVID-19 have likewise prompted increased investor engagement over social concerns, with leading pension funds joining the ranks of more traditional ESG investors to support a growing number of proposals seeking diversity reporting, racial audits, and EEO-1 data disclosure.

Social shareholder proposals have averaged 30.6% support so far this year, compared to 23.5% and 26.3% in 2019 and 2020 respectively, while 50% of proposals seeking diversity reporting and/or EEO-1 disclosure in the first five months of 2021 won majority support, according to Proxy Insight Online data.

Proposals seeking diversity reporting, as well as EEO-1 data disclosure, at Charter Communications’ April 27 meeting, were both supported by BlackRock and Vanguard, on the grounds that they are “consistent with our expectations for companies to disclose the actions that they are taking to advance diversity, equity, and inclusion (DEI).”

BLACKROCK LEADS

BlackRock, the world’s largest fund manager, seems to be acting on its promises to increase its engagement with portfolio companies on ESG concerns. It has supported an impressive 75% of E&S shareholder proposals this year, according to its global Q1 report, a notable increase compared to the 11.8% of social and 12.5% of environmental proposals it supported throughout 2020, according to Proxy Insight Online data.

“We are seeing large investors like BlackRock saying to portfolio companies that now is the time to act boldly and comprehensively on DEI,” said Jonas Kron, chief advocacy officer at Trillium Asset Management, in an interview with Proxy Insight Online.

Similarly, State Street Global Advisors (SSGA) CEO Cyrus Taraporevala announced in his annual letter in January that the fund manager expects S&P 500 and FTSE 200 companies to disclose their EEO-1 survey for the first time this year. Where companies don’t provide this disclosure, SSGA will vote against the chairman of the nominating committee, and further voting sanctions will be implemented in the coming year.

“This year it is all about disclosure,” Robert Walker, global co-head of asset stewardship at SSGA, said in an interview with Proxy Insight Online. “The biggest challenge when engaging with companies on diversity is data, understanding the makeup of the workforce in order to be able to have that conversation. In 2022, we will start to take action on the disclosure provided to us.”

As leading fund managers continue to support an increasing number of E&S shareholder proposals, the expectation is that smaller fund managers are likely to follow suit, putting the pressure on issuers to engage with investor concerns.

FUND DIVERSITY

Indeed, the fund management world itself may be coming under more scrutiny in terms of diversity as the U.S. Securities and Exchange Commission (SEC) is reportedly considering proposed rule changes requiring mutual funds disclose information on the gender and racial diversity of their directors.

At present, there is “virtually no representation of women and minorities” on the boards that set policies across the $29.3 trillion U.S. mutual fund industry Gilbert Garcia, chair of the subcommittee and managing partner of a Houston investment firm, said in an interview with Reuters in early July.

Garcia said the subcommittee does not have a specific set of disclosures in mind, but believes more data should lead to more diversity. “The theory is that by shining transparency on this, market forces will change the makeup” of boards, he said.
UPCOMING EVENTS
A SELECTION OF MEETINGS AND SHAREHOLDER PROPOSALS IN THE COMING MONTH.

Meetings

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Type</th>
<th>HQ</th>
<th>Date</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lewis Group</td>
<td>Special</td>
<td>🇳🇿</td>
<td>August 5, 2021</td>
<td></td>
</tr>
<tr>
<td>Predictive Oncology</td>
<td>Special</td>
<td>🇺🇸</td>
<td>August 10, 2021</td>
<td></td>
</tr>
<tr>
<td>Electronic Arts</td>
<td>Annual</td>
<td>🇺🇸</td>
<td>August 12, 2021</td>
<td></td>
</tr>
<tr>
<td>Activia Properties</td>
<td>Special</td>
<td>🇯🇵</td>
<td>August 17, 2021</td>
<td></td>
</tr>
<tr>
<td>Naspers</td>
<td>Annual</td>
<td>🇳🇿</td>
<td>August 25, 2021</td>
<td></td>
</tr>
</tbody>
</table>

Shareholder proposals

<table>
<thead>
<tr>
<th>Sponsor</th>
<th>Issuer</th>
<th>HQ</th>
<th>Meeting date</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unknown</td>
<td>CTEEP</td>
<td>🇧🇷</td>
<td>August 4, 2021</td>
<td></td>
</tr>
<tr>
<td><strong>Appoint shareholder-nominated director as fiscal council member.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unknown</td>
<td>Amerco</td>
<td>🇺🇸</td>
<td>August 19, 2021</td>
<td></td>
</tr>
<tr>
<td><strong>Ratify decisions taken by board for FY2021.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nia Impact Capital</td>
<td>Tesla</td>
<td>🇺🇸</td>
<td>TBC (Sep 2021)</td>
<td></td>
</tr>
<tr>
<td><strong>Report on use of mandatory arbitration.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As You Sow</td>
<td>Cintas</td>
<td>🇺🇸</td>
<td>TBC (Oct 2021)</td>
<td></td>
</tr>
<tr>
<td><strong>Disclose the company’s climate transition plan.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As You Sow</td>
<td>Campbell’s Soup Co.</td>
<td>🇺🇸</td>
<td>TBC (Nov 2021)</td>
<td></td>
</tr>
<tr>
<td><strong>Report on the company’s diversity, equity, and inclusion policy.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Issue annual reports on how the company intends to revise its policies to be consistent with the Climate Action 100+ Net-zero Benchmark.

Report on the effectiveness of the company’s diversity policy, using metrics for promotion of employees and employee retention.
GLOBAL

The Principles for Responsible Investment (PRI) issued a set of recommendations for investors to accelerate the implementation of ESG metrics in executive compensation, calling on investors to support shareholder proposals seeking the implementation of ESG metrics in compensation schemes. The PRI noted that support for resolutions of this kind “should not be reserved for escalation, following unsuccessful engagement.”

An alliance of investors, managing $4.2 trillion, wrote to leading banks including JPMorgan Chase, HSBC, and Deutsche Bank, urging them to take quicker steps to align their loan books with climate and biodiversity goals, warning that failure to do so may lead to shareholder rebellions next year.

Sustainability nonprofit Ceres wants S&P 100 companies to go further lobbying governments for climate-friendly policies. According to a study, published July 13 by the sustainability nonprofit, only 40% of S&P 100 companies are actively engaging with lawmakers on implementing science-based climate policies, despite 92% of companies having committed to reducing their own emissions. Twenty S&P 100 companies have also lobbied against science-based climate policy, the sustainability nonprofit said, despite 17 of those having set emissions reduction targets.

Forty-one fund managers, representing over $6.8 trillion in assets under management, joined the Net-zero Asset Managers Initiative on July 6, committing to reaching net-zero emissions across their portfolios by 2050 and setting interim targets for 2030. As well as committing to setting robust decarbonization targets for their portfolios, signatories commit to disclosing material portfolio Scope 3 emissions and to creating investment products to facilitate investments in climate solutions.

Seven major financial institutions, including BlackRock and Robeco, joined the Inevitable Policy Response (IPR) as strategic partners, committing to supporting the initiative in its analysis of climate risk in investments and financial markets. Members will help support the production of forward-looking forecasts, examining the potential impact of climate change on their portfolios and the economy, to serve as an international reference standard for investors.

NORTH AMERICA

BlackRock issued a response to the Securities and Exchange Commission’s (SEC) request for comment on climate-related disclosure, recommending the U.S. regulator mandates Scope 1 and Scope 2 emissions disclosure. BlackRock suggested the disclosure of Scope 3 emissions, from assets in a company’s value chain, requires a “phased approach,” as methodologies surrounding Scope 3 emissions measurement and disclosure are still in development.

In a July 7 committee hearing, the SEC’s diversity and inclusion subcommittee approved several recommendations for addressing diversity, equity, and inclusion concerns in the asset management industry, the first calling for enhanced disclosure in SEC filings by registered investment advisers on the racial diversity of their workforce, officers, and owners. The panel also recommended the SEC set up a formal process for managing complaints of discriminatory practices in the asset management industry, including independent contracting and employment.

The Center for Political Accountability (CPA) cheered on the most successful proxy season for political lobbying disclosure proposals. This proxy season, 28 of the 40 shareholder proposals filed seeking corporate lobbying disclosure were filed by CPA investor partners. Half of the 12 resolutions filed by investor partners that went forward to a vote received majority support, including two proposals at Netflix and Chemed winning a record-breaking 80% support each.

In General Electric’s (GE) annual sustainability report, published July 12, Chairman and CEO Lawrence Culp Jr.
announced the company is “setting a further ambition for
GE to be a net-zero company by 2050 - encompassing not
just GE’s operations, but also the Scope 3 emissions from
the use of sold products.” This news comes shortly after an
overwhelming majority of investors supported As You Sow’s
resolution calling on the S&P 500 industrials company to
report on its alignment with Paris Agreement goals at its
May 4 annual meeting. [DETAIL]

Ceres launched the Food Emissions 50 initiative on July
29, calling on 50 of the highest-emitting food companies
to improve emissions disclosures, set ambitious emissions
reduction targets, and implement climate transition plans
in line with Paris Agreement goals. Ceres’ call to action
was co-signed by multiple investors, including Green
Century Capital Management and the Seventh Generation
Interfaith Coalition for Responsible Investing. [DETAIL]

Following ongoing pressure from investors and public health
advocates, Wendy’s updated its antibiotic use policy,
committing to end all routine use of medically important
antibiotics in its U.S. and Canadian beef, pork, and chicken
supply chains by 2030. This commitment comes after As
You Sow filed a shareholder proposal with Wendy’s in
December 2019, asking the U.S. fast-food giant to report on
its progress toward reducing the use of medically important
antibiotics in its meat supply chains. [DETAIL]

SOC Investment Group wrote to Electronic Arts’ (EA)
Compensation Committee Chair, Luis Ubiñas, urging the
S&P 500 multimedia company to cease the granting of
special awards to executive officers for eight years, ahead of
its August 12 annual meeting. EA executives and CEO
Andrew Wilson received multi-million-dollar special equity
grants in both fiscal 2018 and 2020. SOC suggested such
awards should not be granted so frequently. [DETAIL]

A proposal to re-elect SuRo Capital’s nominating and
governance committee chair, Leonard Potter, received 60.1%
support at the U.S. fund manager’s July 7 annual meeting.
Shareholders criticized the U.S. fund manager for its failure
to ensure adequate levels of board diversity and insufficient
alignment between pay with performance. SuRo’s “say on
pay” proposal also received 72.2% support, due to its failure
to align pay with performance. [DETAIL]

Change Finance’s 2021 advocacy report was published July
14, exploring the ETF issuer’s engagement priorities and
commitments to driving long-term sustainable value
creation at portfolio companies. Change Finance has
supported 24 collaborative engagement efforts with other
investors on climate change issues so far this year and
seven engagements relating to democracy, voting rights,
and climate risk disclosure rules. [DETAIL]

EUROPE

The Financial Conduct Authority (FCA), together with the
Prudential Regulation Authority (PRA) and Bank of England,
sought comments from stakeholders on plans to improve
diversity and inclusion among U.K.-listed companies. In a
discussion paper published July 7, the regulators outlined
potential policies related to remuneration, target-setting,
and succession planning, which investors, issuers, and other relevant stakeholders are invited to provide feedback on. The comment period is open until September 30. 

Eurosis, together with ShareAction and the Principles for Responsible Investment (PRI) issued a letter to the European Commission, calling for the strengthening of investor stewardship rules. The coalition urged the European Commission to enhance its policies relating to investor engagement with portfolio companies regarding long-term sustainable commitments, as part of upcoming revisions to its Renewed Sustainable Finance Strategy.

The Institutional Investors Group on Climate Change (IIGCC), representing $43 trillion in assets under management, wrote to U.K. Prime Minister Boris Johnson on July 13, calling for increasingly stringent decarbonization targets. Investors called on Johnson to bring forward the phase-out dates for coal in the power sector to 2024 and the sale of new petrol and diesel cars to 2030. Investors also asked for ore-based steelmaking and the cement sector to reach near-zero emissions by 2035 and 2040 respectively.

French sustainable finance organization Finance for Tomorrow announced the launch of the Investors for a Just Transition initiative, bringing together asset owners of the French financial ecosystem to promote a socially-oriented transition to net-zero emissions. The founding members of the initiative, representing over $4.2 trillion in assets under management, have committed to engaging with companies, encouraging them to consider the social issues of decarbonization, including impacts on workers, local communities, consumers, or civil society as a whole.

JD Sports’ remuneration report came under scrutiny from investors at the FTSE 100 retail company’s July 1 annual meeting, shareholders criticizing excessive payouts to executives, despite the company receiving furlough support from the government during the pandemic. A proposal to re-elect compensation committee chair Andrew Leslie received 78% support, while JD’s remuneration report and policy were subject to 68.5% and 80% support respectively.

Allianz Global Investors (AllianzGI), the German fund manager with over $595 billion in assets under management, has updated its global exclusion policy with a dedicated coal policy. AllianzGI will refrain from investing in companies that “derive more than 30% of their annual revenue from thermal coal extraction, and companies where more than 30% of their electricity production is based on coal.”

ASIA-PACIFIC

A roadmap, published by The Investor Agenda, outlined how Australia could potentially mandate climate risk disclosure over the next four years and boost the comparability of climate-related disclosure. This news comes shortly after Australia was ranked last for achieving the least progress outlined in its SDGs. The Sustainable Development Report, issued by the Sustainable Development Solutions Network, assessed the progress of the 193 UN member countries in achieving their SDGs and awarded Australia a score of 10 out of 100 for failing to mitigate fossil fuel use, imports and exports emissions, and establishing long-term goals for reducing emissions.

Glass Lewis issued a response to recent Japanese Corporate Governance Code revisions, calling for more stringent regulations relating to board diversity quotas, board independence, and sustainability oversight. Glass Lewis urged the regulators to establish a quota system to promote female representation on boards, noting that “only a few [Japanese] companies, such as Ajinomoto, have set and disclosed targets for the percentage of women on their board of directors. As such, we suggest that a quota system could help promote women to core human resources and executive posts.”

A shareholder proposal, urging Mitsubishi UFJ Financial Group to disclose its strategy to align with Paris Agreement goals, received 23% support at the TOPIX 100 bank’s June 29 annual meeting. Despite the proposal failing to win majority support, it was the second highest-performing environmental proposal subject to a vote at a Japanese company’s annual meeting on record.

Glass Lewis and the Asian Corporate Governance Association (ACGA) expressed concern over potential changes to the Hong Kong Exchanges and Clearing’s (HKEX) corporate governance code, recommending against the deletion of a policy that requires issuers to appoint named executive officers for set terms. The proxy advisers suggested that eliminating specified director terms reduces the ability of shareholders to “assess a director’s performance by way of standing for election.” The ACGA also recommended a firm quota of 30% women on boards within four years.

PSG Group came under scrutiny from investors at the South African investment company’s July 9 annual meeting, over the 26-year tenure of director Chris Otto. Otto’s re-election, as well as a proposal to re-elect him to the audit and risk committee, received 77% and 61.6% support respectively, according to Proxy Insight Online data. Fellow audit and risk committee member Patrick Burton was subject to 79.2% support, shareholders expressing concern over a lack of board independence.

PROXY MONTHLY JULY 2021 | WWW.PROXYINSIGHT.COM
NORTH AMERICA

Ray Cameron – BlackRock
*TBC*
Cameron is taking on a new position within BlackRock’s institutional client business, overseeing pension funds and sovereign wealth funds. Cameron worked as head of investment stewardship for the Americas at BlackRock for three years, after holding previous roles at Stifel Financial, Cowen & Co., and Barclays. He will take on his new role at the end of the third quarter, when the annual proxy season has largely ended. [DETAIL]

Karen Wong - State Street Global Advisors (SSGA)
*Global head of ESG and sustainable investing*
Karen Wong has joined SSGA in the newly-created role of global head of ESG and sustainable investing. Wong most recently worked as managing director and head of index portfolio management for Mellon Investments, a company she first joined in 2000. [DETAIL]

Kevin Walkush - Jensen Investment Management
*Head of ESG*
Jensen Investment Management has appointed Kevin Walkush as head of ESG. In this new role, Walkush will be responsible for developing the fund manager’s existing ESG offerings and assessment of ESG-related risks and opportunities. Walkush joined Jensen in 2007 as a portfolio manager. [DETAIL]

EUROPE

Fiona Reynolds - Principles for Responsible Investment (PRI)
PRI CEO Fiona Reynolds has announced she is stepping down at the end of the year. Reynolds has led the international sustainable investment organization since 2013 and has overseen its growth from just over 800 signatories to more than 4,000 as of June 6, 2021. Reynolds expressed her desire to return home to Australia and spend time with her family.

Edouard Dubois – Institutional Shareholder Services (ISS)
*Senior ESG engagement manager*
Proxy adviser ISS has appointed Dubois as senior ESG engagement manager, based in France. Prior to this role, Dubois worked as head of ESG advisory at Squarewell Partners. He has also held various ESG-related appointments at BlackRock and BNP Paribas Asset Management. [DETAIL]

Erin Leonard - HSBC Asset Management
*Global head of sustainability*
HSBC has selected Erin Leonard as its global head of sustainability, leading the multinational bank’s newly-created sustainability office. The new team will be responsible for the delivery of HSBC’s sustainability strategy and the transition to sustainable investing. The team will also drive the firm’s social-focused initiatives, including its work on diversity, equity, and inclusion. [DETAIL]

Stuart Kirk - HSBC Asset Management
*Head of responsible investment*
HSBC has also promoted Stuart Kirk to head of responsible investment. Kirk will lead a team responsible for the integration of ESG risks and opportunities across its portfolios, as well as developing the firm’s voting policy and engagement initiatives. Kirk joined HSBC in 2020 as global head of research and insights. [DETAIL]

Noelle Guo - Jupiter Asset Management
*Equity analyst, environmental solutions*
Noelle Guo has been appointed to the newly-created role of equity analyst, environmental solutions, at Jupiter Asset Management, where she will work across the equity strand of Jupiter’s environmental solutions suite. Guo joins from Pictet Asset Management. [DETAIL]

Laura Conigliaro - Jupiter Asset Management
*Analyst, environmental solutions*
Jupiter has also named Laura Conigliaro as an analyst, environmental solutions. Having joined Jupiter in 2019 as a member of the fund manager’s governance and sustainability team, Conigliaro will transfer to the environmental solutions team, researching environmental impact and sustainability. [DETAIL]

Frederic Bach – Ruffer
*Responsible investment analyst*
U.K.-based fund manager Ruffer has appointed Frederic Bach as a responsible investment analyst. Previously, Bach was a senior corporate governance and proxy voting
specialist at Sustainalytics and senior stewardship and responsible investment specialist at EOS at Federated Hermes.

George Kendall - Border to Coast Pension Partnership
**Responsible investment manager**
George Kendall joined Border to Coast as a responsible investment manager to develop its ESG offerings. Kendall was previously an investment advisory consultant and member of Isio’s responsible investment team.

Deepshikha Singh - La Francaise Group
**Senior ESG analyst**
La Francaise Group has appointed Deepshikha Singh as a senior ESG analyst. She joins from Melanion Capital where she worked as a portfolio manager. Before this, she spent one year at Barclays Investment Bank where she served as an ESG analyst.

Martin Gettings - Brookfield Investment Management
**Head of ESG Europe, real estate**
Martin Gettings has been appointed as head of ESG Europe, real estate, at Brookfield Investment Management, to be based in London. Prior to this role, Gettings spent 10 years at Canary Wharf Group as group director of sustainability, having joined the company as senior sustainability manager in 2011.

Felipe Gordillo – Mirova
**ESG senior analyst**
Felipe Gordillo has been appointed as a ESG senior analyst at Mirova. Gordillo joins from BNP Paribas Asset Management where he worked as a SRI senior analyst for 12 years.

REST OF THE WORLD

Rebecca Mikula-Wright - Investor Group on Climate Change (IGCC)
**CEO**
Rebecca Mikula-Wright has joined the Investor Group on Climate Change (IGCC) as its CEO, based in Sydney, Australia. She served as executive director of the Asia Investor Group on Climate Change (AIGCC) for almost five years and will continue to lead the AIGCC, managing both organizations which share a governance structure. The previous IGCC CEO, Emma Herd, announced she was stepping down from the role in April, to pursue a new opportunity as a partner at EY, focused on climate change and sustainability.

Angie Hall - HSBC
**Head of sustainable finances for commercial banking**
HSBC has named Angie Hall as its head of sustainable finance, commercial banking. Hall joined HSBC in 2013 as an executive management analyst and was most recently a director for large corporates, from 2017 until now. Hall will be based in Vancouver, Canada.

Moana Nottage - Alphinity Investment Management
**ESG and sustainability analyst**
Alphinity Investment Management appointed Moana Nottage as an ESG and sustainability analyst, based in Sydney, Australia. Nottage joined Alphinity in 2020 as a research assistant.

Kim Farrant – Health Employees Superannuation Trust Australia (HESTA)
**General manager, responsible investment**
HESTA has appointed Kim Farrant as general manager, responsible investment, effective July 12. Prior to this role, Farrant worked at fellow superannuation fund Hostplus as head of ESG. Farrant has also held roles at VicSuper and EY.

Got a job opening to advertise? Want to promote a new hire? Proxy Insight will advertise vacancies and people moves for stewardship teams at no cost. Contact info@insightia.com for more information.
Global shareholder proposals by category

Shareholder proposal results by region

12-month average support % to June 30, 2021, with degree of change from May 31, 2021.

Source: Insightia | Proxy Insight Online

* Excludes China due to difference in market practices.
† Based on fewer than five results.