# LNW 2024 Shareholder Resolution Impact Report

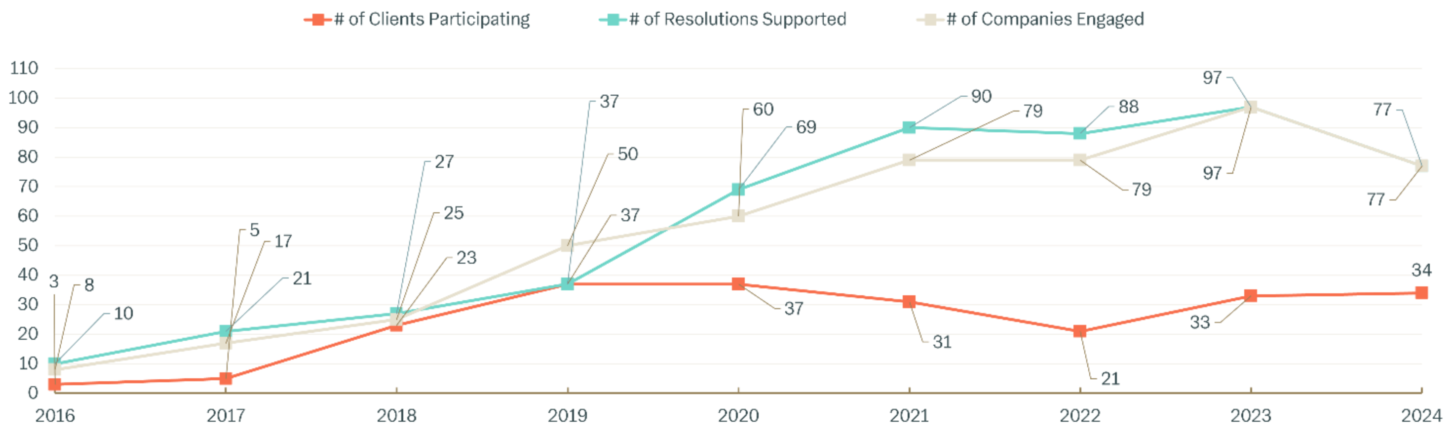
Investment stewardship and the shareholder voice are critical tools to push public companies for positive change and, we believe, represent important ways of enabling our clients to have impact beyond their investment capital alone. The shareholder resolution process allows clients, in partnership with shareholder advocacy experts, to engage with the companies in which they have invested to address a broad range of financially material issues such as promoting diversity, equity and inclusion (DEI) in hiring and promotion processes, setting and meeting greenhouse gas (GHG) emissions reduction targets and addressing the risks of misinformation and disinformation on major technology platforms.

In 2020, support for shareholder resolutions surged in response to calls for progress on racial justice issues and the social and economic challenges presented by the COVID-19 pandemic. Since that time, however, overall support has steadily declined over the past three years, driven predominantly by the largest institutional investors. Two of the "Big Three," BlackRock and Vanguard, have consistently decreased their support and have voiced increasing criticism of certain environmental-, social- and governance- (ESG) related resolutions. This year, State Street, the last of the "Big Three," also significantly reduced its support, dropping from a prior average of ~45% to just 23% in 2024.[1] These and other large institutional investors cite declining quality and broadening scope of resolutions for their dwindling support, with BlackRock noting that resolutions were "overreaching, lacked economic merit, or sought outcomes that were unlikely to promote long-term shareholder value."[2] In contrast, managers with strong pro- ESG voting histories showed only a slight decrease in support.

While changes in the quality and materiality of resolutions may play a role, it is also important to note that the decline in support coincides with the rise in anti-ESG sentiment and the increase in explicitly anti-ESG resolutions. In 2024, for the first time, anti-ESG resolutions accounted for all of the growth in the volume of resolutions.[3] Despite Vanguard's assurances that "lack of support for environmental and/or social proposals this year does not reflect a change in our team's application of the funds' voting policies," and despite the general lack of success of anti-ESG resolutions, it is reasonable to infer at least some degree of correlation between these two trends.

Shareholder engagement is a critical avenue for investors to push back on the anti-ESG narrative and provide a reminder to companies of their concerns around financially material ESG issues to safeguard and enhance long-term portfolio value, both as individuals and as investors. Change can be slow but, despite the noise and the challenges posed by these urgent and material issues, we remain committed to impact investing and shareholder advocacy for the benefit of our clients, their investments, and all stakeholders. We thank our clients for lending their voices to this important work and look hopefully toward positive outcomes in the future.

## Annual LNW Client Participation




We began offering shareholder resolution opportunities to previous Laird Norton Wealth Management clients in 2023. Data from 2016-2022 represents only resolutions offered to previous Wetherby Asset Management clients.

# How ESG Advocacy Works at LNW

Eligible LNW clients can support critical environmental, social and governance (ESG) resolutions with a simple signature. Every year, shareholder advocacy experts draft resolutions for which they need investor support in order to file for corporate annual meetings. We notify all eligible clients of the opportunity. Interested clients then choose if they want to support the proposals by signing a letter authorizing the shareholder advocacy organizations to file resolutions on their behalf.

This authorized shareholder support ensures that the resolutions can be considered for inclusion at the annual meeting. Participating clients are notified of progress in and results of the engagement, and their efforts are summarized annually in this report.

Through this report, we invite you to learn about our clients' participation in the 2024 proxy season. To learn more about our shareholder resolution offering, please reach out to your advisory team.

## Supporting Organizations

As You Sow harnesses shareholder power to create lasting change that benefits people, planet and profit. Its mission is to promote environmental and social corporate responsibility through shareholder advocacy, coalition building and innovative legal strategies.

To learn more please visit www.asyousow.org.

Open MIC works with investors and companies to shape the digital future. It promotes values of openness, equity, privacy, and diversity for a healthy media economy.

To learn more please visit www.openmic.org.

The Reproductive Health Investors Alliance is a collaborative of foundations and investors that promotes corporate responsibility regarding all aspects of reproductive and maternal health including advocating for comprehensive and affordable reproductive health benefits for employees, generous parental and family leave policies, and supporting public policies that affirm reproductive rights and reproductive justice.

To learn more please visit www.rhiaventures.org.

## Topics of Engagement

Each year, shareholder advocacy organizations As You Sow (AYS), Open MIC and Reproductive Health Investors Alliance (Rhia Ventures) engage companies on a wide range of ESG issues. For the 2024 annual meeting season, LNW clients authorized these organizations to file, co-file and endorse shareholder resolutions focused on the following topics.

### Apparel Circularity/Microplastics

Microplastics – small pieces of plastic less than 5mm in diameter – are a major source of ocean pollution and present significant hazards to aquatic wildlife and the birds and other animals who may feed on them. Once ingested, microplastics can interfere with important biological processes in the human body and can cause disruption of the endocrine and immune systems and lead to cancer.[4] One of the most common sources of microplastics is clothing, particularly athletic and athleisure wear made of synthetic materials designed to stretch or breathe better than some alternatives. Microplastics are released into the water supply when clothing is washed, or due to unwanted clothing being discarded in landfills, winding up in both animals and humans.

### Climate Change

From catastrophic flooding and hurricanes to droughts and fires, the impacts of climate change are no longer a concern for the future. Scientists and global governments agree that global temperature increases must be held below 2 degrees Celsius to avoid catastrophic climate change. The Paris Agreement and 2021's Glasgow Climate Pact call for limiting warming to 1.5 degrees Celsius.[5] Companies can lead the way in maximizing opportunities created by climate change — including investments in new products, technologies and operational innovations. Climate change also represents a material risk to their businesses, and shareholders have increasingly called for more in-depth assessment and disclosure of those risks.

### Consumer Packaging

Amidst a backdrop of consumer and regulatory pressure, as well as innovation in the space, many large companies are reducing the overall use of packaging, adopting sustainable packaging and finding ways to close the loop in their models of production. However, the scale and urgency of the issue require continued attention. Progress toward a circular economy of production can decrease post-consumer packaging waste, conserve natural resources, reduce energy use and greenhouse gas (GHG) emissions and slow the toxic loading of our oceans with packaging debris.

### Diversity, Equity & Inclusion

Lack of diversity limits the effectiveness of teams and represents a material business risk for companies that fail to employ the broadest available perspectives and skillsets. Research continues to show that companies with diverse teams offer better management and have stronger long-term growth prospects and improved share value. For example, a 2019 study of the S&P 500 by the Wall Street Journal found that the 20 most diverse companies had a five-year annual average stock return that was 5.8% higher than the 20 least diverse companies.[6] Investors have a need for disclosure to better understand material corporate diversity, equity and inclusion data and the effectiveness of workplace equity programs and efforts to address pay equity considerations.

### Governance

Corporate governance is a critical way that corporations and investors ensure that decision-making aligns with their stated values and commitments. At a time when both consumers and investors are calling for greater transparency and accountability, it is paramount for a company to have a clear process for making decisions that impact shareholders and other stakeholders and to consistently follow that process. When companies ignore stakeholder concerns or make decisions that conflict with their stated values and business objectives, it raises valid investor concerns and suggests a need to reassess decision-making processes that may present risks to their brand reputation and financial outcomes.

## Petrochemicals

Petrochemicals are the chemical products obtained from petroleum through refining. The process is energy and carbon intensive and can also produce dangerous pollutants, such as benzene, volatile organic compounds (VOCs) and sulfur dioxide. Major petrochemical producers are expanding operations in areas increasingly prone to climate change-induced storms, flooding and sea-level rise without being transparent with investors about the material environmental and public health risks and liabilities of such actions.[7]

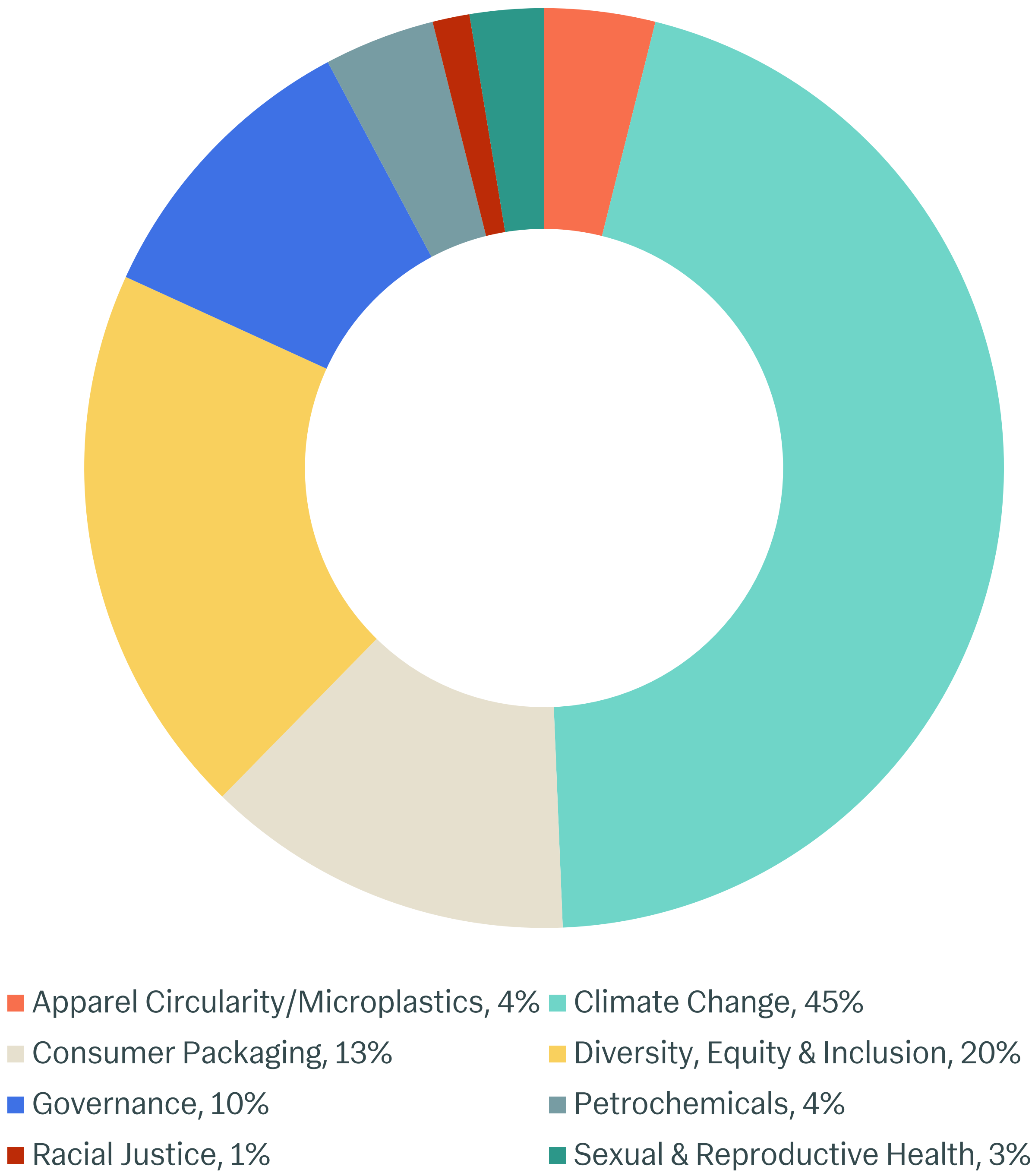
## Racial Justice

Systemic racism in the U.S. and elsewhere presents material risks for individuals and businesses. As of 2022, the median and mean wealth of Black families is approximately 15% of that of white families, while Hispanic families hold approximately 20% of the wealth of white families.[8] The COVID-19 pandemic's disproportionate impact on Black and Brown communities exacerbated long-standing disparities driven in large part by social determinants like access to healthcare and affordable housing and the environmental health of communities. After experiencing the steepest drop since World War II in 2020[9], Black and Hispanic life expectancy showed only a minimal rebound in 2021[10] and 2022[11], lagging behind overall population-level rates and those of other races.[12] Since 2020, many companies pledged to use their resources and influence to address systemic racism and shareholders continue to demand progress against those commitments.

## Sexual & Reproductive Health

The 2022 Supreme Court decision in *Dobbs v. Jackson Women's Health*, which overturned the federal abortion protections established by *Roe v. Wade*, has only exacerbated the existing challenges that people, especially Black, Indigenous, and People of Color (BIPOC) individuals, face when accessing the full spectrum of reproductive care. Investors are urging companies to reconcile potential conflicts between their stated values and their political activities supporting organizations and legislators driving growing abortion restrictions. In addition, shareholders also seek clarity on how such policies affect employees' reproductive rights and how companies plan to minimize or mitigate these risks.[13]

## 2024 Topics of Engagement





## Outcomes & Spotlights

### 11%

### Resolutions Successfully Withdrawn

Not all proposed resolutions are ultimately included in the proxy materials for an annual meeting. Often, companies are motivated to satisfy a resolution in advance of the proxy vote, based upon the merit of the proposal and the company's desire to avoid public exposure of poor practices. Following such cases of successful dialogue and agreement, shareholder advocacy organizations may choose to withdraw the resolution from consideration.

### 31%

### Resolutions Brought to Vote

Results of a shareholder vote are publicly reported and calculated as "votes for," divided by the total votes cast for and against the proposal; abstained votes are not counted. Typically, outcomes of 10% or more send a clear signal of shareholder support to a management team, but the actual results can vary case-by-case as even limited voter support can still lead to corporate adoption of thoughtful proposals. Resolutions can be resubmitted and brought to a vote in subsequent years, but must meet certain thresholds to be re-filed. To be eligible, a resolution must receive at least 5% of votes in the first year, 15% of votes in the second year, and 25% in each subsequent year.[14] Resolutions are often part of larger, multi-year stewardship campaigns that encompass ongoing engagement with companies as well as broader education to build investor awareness of the issues addressed in the resolution.

### 11%

### Ongoing Engagement

Shareholder engagement often starts with conversations and constructive dialogue with the corporation, either one-on-one or through multi-stakeholder roundtables that convene industry peers to work on a sector-wide issue. These ongoing engagements can be productive without the direct need to file a shareholder resolution if companies are open to feedback and authentic in their engagement on the issue.

### 37%

### Resolutions Cancelled

We believe sophisticated shareholder engagement programs maintain a continuous and constructive dialogue to reach consensus between investors and management on their shared interest in improving the long-term financial performance of the company. As such, the supporting organization will, at times, cancel planned resolution filings in favor of continued engagement or higher priority engagements with other companies.

### 6%

### Resolutions Omitted

Some companies may also challenge a proposal based on SEC standards in an effort to disqualify it from inclusion in the proxy materials. If, upon review, the SEC finds that a resolution does not meet its standards – e.g., if the issue is considered a part of a company's "ordinary business" – it can issue a "no action letter" in which it will not take legal action against a company for omitting the resolution from its proxy statement.

### 4%

### Pending

At the time of this report, several corporations have yet to hold their annual meetings. We are awaiting the results of these resolutions.



## **Resolution Spotlight:** Athletic Giant Agrees to Disclose Impact of Microplastics Released by Clothing

Plastic is widely understood as a primary source of pollution and, as a result, a significant threat to the environment, particularly our oceans and other water sources. While food packaging is often what first comes to mind when we think of plastic waste, clothing is the third largest market for plastic.[15] Approximately 80 million tons of synthetic plastic fibers, used to make fabrics typically used in outdoor and athletic clothing, are produced each year.[16] When clothing manufactured from these fabrics is washed by consumers, microplastics are released into the water supply. Roughly 200,000-500,000 tons of microplastics from textiles enter marine environments around the world each year.[17]

In response to the environmental and human health impacts of microplastic pollution, regulators in various jurisdictions are now monitoring pollution and establishing reduction targets, setting the stage for regulations that could hold manufacturers responsible for the release of microplastics. The European Union Zero Pollution Action Plan aims to cut microplastics pollution by 30% by 2030[18]. In 2022, California became the first jurisdiction worldwide to mandate testing of drinking water for microplastics with the initial testing phase set to conclude in 2028, potentially paving the way for further regulations.[19]

**Resolution:**

"Issue a report, at reasonable expense and excluding proprietary information, describing **opportunities for Nike to reduce microfiber pollution from its garments.**"

**Outcome:**

Nike committed to publicly disclose, by the end of 2024, its **latest research on the microfiber shedding rates of Nike materials, supplier engagement on microfiber shedding, and industry collaborations to refine global microfiber testing methodologies** to mitigate plastic microfiber pollution.

As a major producer of athletic wear, including its Dri-Fit fabric, Nike is a likely contributor to microplastic pollution but can also have significant influence to drive industry awareness and mitigation efforts. Nike has also made numerous public statements touting "game-changing innovations across carbon, waste, water, and chemistry to help protect the future of sport" and committed to reducing its carbon footprint by 63% by 2030 and reaching net zero by 2050[20], positioning itself at significant financial and reputational risk if it fails to anticipate and address emerging microplastics regulations. Nike could face substantial costs if it is required to modify its equipment and processes and could be confronted with fines and other regulatory action if it fails to meet regulatory standards. The company lags behind some of its most direct competitors in addressing microplastics. For example, Under Armour has committed to transition to 75% low-shed fabrics by 2030 and has made its fiber-shed test kits available for other companies to use.[21]

Mindful of the range of these potentially significant material risks, shareholders filed a resolution requesting that Nike evaluate and report on opportunities to reduce microfiber pollution from its garments. After successful engagement from As You Sow, Nike committed to publicly disclose its research on the microfiber shedding rates of its materials, supplier engagement on microfiber shedding, and industry collaborations to refine global microfiber testing methodologies to mitigate plastic microfiber pollution.

## **Resolution Spotlight**: Mega-cap Social Media and Technology Company Faces Pressure to Address Risks of Misinformation/Disinformation Posed by Generative AI

The growing use of artificial intelligence (AI) tools offers productivity, efficiency, and expanded market opportunities but also introduces new risks of disinformation and misinformation. Generative AI tools, including large language models (LLMs) like ChatGPT, image generators like Dall-E and video generators like Stable Diffusion, enable rapid creation of user-specified content, which, while not intended, can fuel the spread of disinformation and misinformation. Tools like ChatGPT have already been shown to be adept at creating microtargeted political messaging designed to be highly persuasive to a specific subset of users.[22] These tools can also, at times, produce "hallucinations," offering incorrect information to user questions and potentially contributing to misinformation.

Perhaps even more concerning, deepfakes – photos, audio and video created by AI tools and passed off as genuine images or recordings of real people – are already influencing the political landscape. For example, in early 2024, a fake robocall from President Biden to New Hampshire voters falsely claimed that voting in the primary would prevent them from casting a ballot in the November general election.[23] Open AI CEO Sam Altman has expressed concern over AI's potential role in large-scale disinformation campaigns.[24] At a time when finding accurate news information online is increasingly challenging and when roughly half the world's population has a stake in one of over 60 major elections, the potential consequences of both disinformation intentionally sown by bad actors and misinformation spread unknowingly are striking.

Alphabet Inc., as parent company of Google, faces a range of financial, regulatory and reputational risks from its part in the rapid growth of generative AI content. Alphabet and its peers in the technology industry have invested hundreds of billions of dollars in its race to keep up with the development of AI tools, but new technologies still in the process of adoption have a high rate of failure even for massive companies like Alphabet. Earlier this year, Alphabet shares dropped nearly 5%, equivalent to approximately $90 billion in market value, in response to the poor performance of its Gemini AI tool.[25]

**Resolution:**

"Shareholders request the Board issue a report…to be published within one year of the Annual Meeting and updated annually thereafter, **assessing the risks to the Company's operations and finances, and to public welfare, presented by the Company's role in facilitating misinformation and disinformation generated, disseminated, and/or amplified via generative Artificial Intelligence**; what steps the Company plans to take to remediate those harms; and how it will measure the effectiveness of such efforts."

**Outcome:**

The resolution was brought to a vote at Alphabet's annual meeting and was **supported by 17.6% of shareholders overall and 45.7% of independent shareholders**. Open MIC intends to re-file next year.

Due to the societal risks posed by AI, there is also increasing regulatory scrutiny, with the White House releasing its Blueprint for an AI Bill of Rights and the EU releasing a proposed regulatory framework to identify and mitigate risks. Alphabet could face major financial consequences in the event that new regulations render some portion of its investment in AI unusable.

As one of, if not the, largest sources of information on the planet, Google also faces reputational risk if inaccurate AI-generated content harms the quality of its search results or erodes public trust in its information and products. Recent studies show that the overall quality of search results has decreased and that top ranked pages "show signs of lower text quality," among other problems.[26] While much of the decrease in quality can be attributed to Search Engine Optimization (SEO) tactics, generative AI tools make the creation of these pages significantly easier, potentially undermining Alphabet's business interest in maintaining the quality of its search product.

While the growth of AI offers significant business opportunity, continued investment without clear guard rails also presents substantial risks. In response, shareholders filed a resolution urging Alphabet to issue a report assessing the risks posed by its role in AI-driven misinformation and disinformation to its operations and finances and to public welfare; disclosing what steps it plans to take to remediate those harms; and sharing how it will measure the effectiveness of such efforts. The resolution was brought to a vote at Alphabet's annual meeting and was supported by 17.6% of shareholders overall and 45.7% of independent shareholders. Open MIC intends to re-file the resolution next year.

## 2024 Resolutions Summary

AYS = As You Sow, RHIA = Rhia Ventures

| Status | Topic | Company | Org. | Resolution Request | Outcome |
| --- | --- | --- | --- | --- | --- |
| Brought to Vote | Climate Change | Casey's General Stores Inc | AYS | Climate transition plan and GHG reduction goals. | Supported by 22.1% of shareholders. |
| Brought to Vote | Climate Change | Chubb Ltd | AYS | 1.5°C aligned medium- and long-term GHG targets for company's underwriting, insuring, and investment activities. | Supported by 28.3% of shareholders. |
| Brought to Vote | Climate Change | Constellation Brands Inc | AYS | Climate transition plan and GHG reduction goals. | Supported by 26.8% of shareholders and 31.0% of independent shareholders. |
| Brought to Vote | Climate Change | Cummins Inc | AYS | Establish a link between emissions reduction and executive compensation. | Supported by 16.5% of shareholders. |
| Brought to Vote | Climate Change | DTE Energy | AYS | Climate transition plan and GHG reduction goals. | Supported by 11.6% of shareholders. |
| Brought to Vote | Climate Change | General Motors Co | AYS | Report on the impacts of mining on biodiversity. | Supported by 12.6% of shareholders. |
| Brought to Vote | Climate Change | Granite Construction Inc | AYS | Report on risk of environmentally high-risk projects. | Supported by 18.0% of shareholders. |
| Brought to Vote | Climate Change | Old Dominion Freight Line Inc | AYS | Climate transition plan and GHG reduction goals. | Supported by 24.4% of shareholders and 31.4% of independent shareholders. |
| Brought to Vote | Climate Change | Skechers USA Inc | AYS | Climate transition plan and GHG reduction goals. | Supported by 12.8% of shareholders and 39.3% of independent shareholders. |
| Brought to Vote | Climate Change | Tesla Inc | AYS | Report on the impacts of mining on biodiversity. | Supported by 7.7% of shareholders and 11.4% of independent shareholders. |
| Brought to Vote | Climate Change | The Travelers Companies Inc | AYS | Disclose and reduce GHG emissions from underwriting, insuring and investment activities aligned with Net Zero. | Supported by 15.5% of shareholders. |

| Status | Topic | Company | Org. | Resolution Request | Outcome |
|---|---|---|---|---|---|
| Brought to Vote | Consumer Packaging | Altria Group Inc | AYS | Producer responsibility for cigarette butts. | Supported by 8.5% of shareholders. |
| Brought to Vote | Consumer Packaging | Keurig Dr Pepper Inc | AYS | Transition to reusable packaging. | Supported by 8.9% of shareholders. |
| Brought to Vote | Consumer Packaging | Restaurant Brands International Inc | AYS | Transition to reusable packaging. | Supported by 27.3% of shareholders and 40.9% of independent shareholders. |
| Brought to Vote | Consumer Packaging | The Hershey Co | AYS | Producer responsibility for plastic packaging. | Supported by 5.5% of shareholders and 54.2% of independent shareholders. |
| Brought to Vote | Diversity, Equity & Inclusion | Cintas Corp | AYS | Disclosure of key diversity and inclusion metrics. | Supported by 25.5% of shareholders and 30.9% of independent shareholders. |
| Brought to Vote | Diversity, Equity & Inclusion | Danaher Corp | AYS | Disclosure of key diversity and inclusion metrics. | Supported by 14.1% of shareholders and 16.2% of independent shareholders. |
| Brought to Vote | Diversity, Equity & Inclusion | Dell Technologies Inc | AYS | Disclosure of key diversity and inclusion metrics. | Supported by 2.9% of shareholders. |
| Brought to Vote | Diversity, Equity & Inclusion | United Parcel Service Inc | AYS | Disclosure of key diversity and inclusion metrics. | Supported by 22.6% of shareholders. |
| Brought to Vote | Governance | Alphabet | Open MIC | Report on misinformation and disinformation. | Supported by 17.6% of shareholders and 45.7% of independent shareholders. Open MIC intends to re-file next year. |
| Brought to Vote | Governance | Meta Platforms | Open MIC | Report on misinformation and disinformation. | Supported by 16.7% of shareholders and 53.6% of independent shareholders. Open MIC intends to re-file next year. |
| Brought to Vote | Petrochemicals | General Mills Inc | AYS | Disclosure of pesticide use by all non-de minimis suppliers. | Supported by 28.0% of shareholders. |
| Brought to Vote | Petrochemicals | Phillips 66 | AYS | Petrochemical risks: single-use plastics. | Supported by 11.7% of shareholders. |
| Brought to Vote | Petrochemicals | Westlake Corp | AYS | Petrochemical risks: single-use plastics. | Supported by 6.6% of shareholders and 27.2% of independent shareholders. |
| Brought to Vote | Sexual & Reproductive Health | McKesson | RHIA | Report on risks caused by laws regarding reproductive health medications. | Supported by 17.2% of shareholders and will likely be re-filed. |
| Ongoing Engagement | Climate Change | Delta Air Lines Inc | AYS | Carbon offset disclosures and policies. | The company has made steady progress with its climate strategy. As a result, AYS has chosen not to re-file. |

| Status | Topic | Company | Org. | Resolution Request | Outcome |
|---|---|---|---|---|---|
| Ongoing Engagement | Climate Change | Monster Beverage Corp | AYS | Climate transition plan and GHG reduction goals. | The company is moving to sign a Science Based Targets initiative (SBTi) commitment letter after internal discussions regarding GHG emissions disclosures and target setting. |
| Ongoing Engagement | Climate Change | Performance Food Group Co | AYS | Climate transition plan and GHG reduction goals. | The company has made progress committing to greater GHG emissions disclosures and reduction targets. AYS will continue to engage with the company. |
| Ongoing Engagement | Climate Change | Southern Co | AYS | Climate transition plan for Scope 3 emissions. | Other members of Climate Action 100+ (CA100+) plan to file a proposal with the company this season. |
| Ongoing Engagement | Climate Change | Walmart Inc | AYS | Establish a link between emissions reduction and executive compensation. | AYS will only be engaging with Walmart this year because the company is continuing to make significant progress on various CA100+ benchmarks and linking the compensation of company officers to its performance on various project level climate-related initiatives. |
| Ongoing Engagement | Consumer Packaging | McDonald's Corp | AYS | Sustainable packaging policies for plastics. | The company has fulfilled the first portion of its 2023 shareholder agreement by engaging, on-time, with AYS to produce its forthcoming report on opportunities for reusable packaging. |
| Ongoing Engagement | Consumer Packaging | PepsiCo Inc | AYS | Producer responsibility for plastic packaging. | AYS met, at the company's request, to discuss 2024 Plastic Promises Scorecard.<br><br>After further review with the company, AYS found that it has made significant voluntary contribution to support recycling, so AYS decided not to file this season. |
| Ongoing Engagement | Consumer Packaging | Philip Morris International Inc | AYS | Producer responsibility for cigarette butts. | AYS is still working through its preferred approach with other shareholders with experience engaging tobacco companies who want to be part of the dialogue. This has delayed its initial engagement and will delay filing until it has had more extended dialogue. |
| Ongoing Engagement | Consumer Packaging | The Kroger Co | AYS | Sustainable packaging policies for plastics. | AYS is continuing to engage the company through an active dialogue and is seeing progress in advancing goals. |

| Status | Topic | Company | Org. | Resolution Request | Outcome |
|---|---|---|---|---|---|
| Successfully Withdrawn | Apparel Circularity/ Microplastics | Lululemon Athletica Inc | AYS | Report on microplastic pollution. | The company committed to publicly disclose its progress on remediating microfiber pollution through its annual Impact Report. The company agreed to work with peers to advance the ranking process for fiber fragmentation levels and determine what methodologies need to be refined to be able to publicly communicate fiber shedding and to set a fabric shedding reduction goal. |
| Successfully Withdrawn | Apparel Circularity/ Microplastics | Nike Inc | AYS | Report on microplastic pollution. | The company committed to publicly disclose, by the end of 2024, its latest research on the microfiber shedding rates of Nike materials, supplier engagement on microfiber shedding, and industry collaborations to refine global microfiber testing methodologies to mitigate plastic microfiber pollution. |
| Successfully Withdrawn | Apparel Circularity/ Microplastics | VF Corp | AYS | Report on microplastic pollution. | The proposal was withdrawn after the company reached an agreement with Green Century, AYS' partner in the engagement. |
| Successfully Withdrawn | Climate Change | International Paper Co | AYS | Adopt a policy that climate metrics in executive compensation will be quantitative and measurable. | The company agreed to be an early adopter of the Task Force on Nature-related Financial Disclosures (TNFD) framework to conduct a science-based, context and geography-specific impact and dependency assessment. The company will also disclose the sourcing areas and species information for its full fiber supply chain. |
| Successfully Withdrawn | Climate Change | The Mosaic Co | AYS | Climate transition plan and GHG reduction goals. | Withdrawn to avoid No Action due to late receipt of proof of ownership. |
| Successfully Withdrawn | Consumer Packaging | Yum Brands Inc | AYS | Transition to reusable packaging. | The company has agreed to produce and publish, by Q2 2024, the report on reusables requested in AYS' proposal. The report will include data and findings regarding the company's reusables pilots to-date, recommendations for new actions to expand reusables, and an analysis of how use of reusable packaging can reduce plastic pollution. |
| Successfully Withdrawn | Diversity, Equity & Inclusion | Take-Two Interactive Software Inc | AYS | Disclosure of key diversity and inclusion metrics. | The company committed to release, no later than Summer 2025, promotion, hiring and |

| Status | Topic | Company | Org. | Resolution Request | Outcome |
|---|---|---|---|---|---|
| | | | | | turnover rates of its employees, sharing this data by each gender, race and ethnicity category established by the Equal Employment Opportunity Commission. Gender data will be reported on a global basis, whereas race and ethnicity data will be reported for U.S. employees in alignment with EEO-1 categories. |
| Successfully Withdrawn | Governance | Molina Healthcare Inc | AYS | Alignment of stated corporate values with political and electioneering expenditures. | The company has agreed to issue a report detailing its approach to political and electioneering expenditures. It will include the rationale for the expenditures, monitoring and assessment systems in place to ensure expenditures are in alignment with company values and are in the best interest of the company, and response systems if misalignment is found. The report will be made public by June 30, 2024. |
| Successfully Withdrawn | Racial Justice | Manhattan Associates Inc | AYS | Plans for racial equity & DEI disclosure. | AYS has agreed to withdraw its resolution as the company has agreed to improve external disclosure related to its corporate DEI policies. The company has also begun to internally track promotion, retention and recruitment rates and will continue to discuss the public release of these metrics with AYS. |
| Successfully Withdrawn | Climate Change | JM Smucker Co | AYS | Regenerative agriculture and climate goals. | AYS reached an agreement with the company resulting in the withdrawal of its proposal. The company agreed that reducing pesticide use in its supply chains is one objective of its sustainable agriculture program. The company also agreed to increase reporting on regenerative agriculture practices. |
| Successfully Withdrawn | Sexual & Reproductive Health | Ross Stores Inc | RHIA | Report on any reproductive and maternal health services and support for employees. | Rhia Ventures had a productive engagement with the company leading to the withdrawal of the proposal. |
| Cancelled | Governance | AbbVie Inc | AYS | Eliminate or issue report on personal use of corporate aircraft perquisite for executives. | AYS decided to no longer file resolutions related to personal use of corporate aircraft proposals for the 2024 proxy season. |

| Status | Topic | Company | Org. | Resolution Request | Outcome |
|---|---|---|---|---|---|
| Cancelled | Governance | Caterpillar Inc | AYS | Stock holding requirements: requiring that senior executives retain a significant percentage of shares acquired through equity compensation programs for a significant period of time. | AYS decided to cancel most of its 2024 CEO Pay resolutions due to a loss of program funding. |
| Cancelled | Governance | Darden Restaurants Inc | AYS | Stock holding requirements: requiring that senior executives retain a significant percentage of shares acquired through equity compensation programs for a significant period of time. | AYS decided to cancel most of its 2024 CEO Pay resolutions due to a loss of program funding. |
| Cancelled | Governance | Illinois Tool Works Inc | AYS | Stock holding requirements: requiring that senior executives retain a significant percentage of shares acquired through equity compensation programs for a significant period of time. | Program manager decided not to proceed. |
| Cancelled | Climate Change | The Hartford Financial Services Group Inc | AYS | Disclose and reduce GHG emissions from underwriting, insuring, and investment activities aligned with Net Zero. | AYS determined this resolution was lower priority and resources were prioritized for other resolutions. |
| Cancelled | Climate Change | Allstate Corp | AYS | Disclose and reduce GHG emissions from underwriting, insuring, and investment activities aligned with Net Zero. | AYS did not proceed with filing a resolution this season but will continue to engage with the company and monitor its climate action with the possibility of filing next year. |
| Cancelled | Climate Change | Campbell Soup Co | AYS | Report on assessing systemic climate risk from retirement plan options. | AYS had no engagements, only sent outreach letters, with no response.<br><br>Upon re-evaluating its strategy with the company, AYS' staff decided not to move forward with this filing. |

| Status | Topic | Company | Org. | Resolution Request | Outcome |
|---|---|---|---|---|---|
| Cancelled | Climate Change | Comcast Corp | AYS | Report on assessing systemic climate risk from retirement plan options. | AYS had no engagements, only sent outreach letters, with no response. Due to low votes, AYS is re-thinking its strategy for the 401K resolutions. |
| Cancelled | Climate Change | CVS Health Corp | AYS | Report on biodiversity impact assessment. | Domini was the planned partner and decided not to file. |
| Cancelled | Climate Change | Diamondback Energy Inc | AYS | Report on methane measurement. | AYS did not file as the resolution was filed by another Ceres member. |
| Cancelled | Climate Change | FedEx Corp | AYS | Climate transition plan and GHG reduction goals. | AYS determined this resolution was lower priority and resources were prioritized for other resolutions. |
| Cancelled | Climate Change | Microsoft Corp | AYS | Report on assessing systemic climate risk from retirement plan options. | AYS had no engagements, only sent outreach letters, with no response.<br><br>Upon re-evaluating its strategy with the company, AYS' staff decided not to move forward with this filing. |
| Cancelled | Climate Change | RPM International Inc | AYS | Climate transition plan and GHG reduction goals. | After further research, AYS decided not to move forward with the engagement this season as it is on track with peers and not a significant emitter. |
| Cancelled | Climate Change | United Airlines Holdings Inc | AYS | Adopt a policy that climate metrics in executive compensation will be quantitative and measurable. | AYS will only be engaging with the company to learn more about its compensation practices and upcoming plans to incorporate emission reduction incentives. |
| Cancelled | Consumer Packaging | Procter & Gamble Co | AYS | Producer responsibility for plastic packaging. | After reviewing the company's new ranking and related performance data on the coming scorecard, AYS found that the company has improved producer responsibility practices that had resulted in a low ranking on the previous scorecard. As a result, AYS no longer sees it as a laggard in the area of producer responsibility and decided not to file a proposal with the company. |
| Cancelled | Diversity, Equity & Inclusion | Avnet Inc | AYS | Disclosure of key diversity and inclusion metrics. | AYS determined this resolution was lower priority and resources were prioritized for other resolutions. |
| Cancelled | Diversity, Equity & Inclusion | Bruker Corp | AYS | Disclosure of key diversity and inclusion metrics. | The resolution was not filed due to a shift in AYS' program strategy. |

| Status | Topic | Company | Org. | Resolution Request | Outcome |
|---|---|---|---|---|---|
| Cancelled | Diversity, Equity & Inclusion | Chemed Corp | AYS | Disclosure of key diversity and inclusion metrics. | The resolution was not filed due to a shift in AYS' program strategy. |
| Cancelled | Diversity, Equity & Inclusion | DexCom Inc | AYS | Disclosure of key diversity and inclusion metrics. | The company released its EEO-1 form so AYS did not file. |
| Cancelled | Diversity, Equity & Inclusion | DXC Technology Co | AYS | Disclosure of key diversity and inclusion metrics. | Dialogue-only, not filed. After having initial dialogue with the company, it was determined that there were too many planned filings and filings with other companies would have a higher impact. |
| Cancelled | Diversity, Equity & Inclusion | Ensign Group Inc | AYS | Disclosure of key diversity and inclusion metrics. | The resolution was not filed due to a shift in AYS' program strategy. |
| Cancelled | Diversity, Equity & Inclusion | NXP Semiconductors NV | AYS | Disclosure of key diversity and inclusion metrics. | AYS could not identify any qualifying shareholders. |
| Cancelled | Diversity, Equity & Inclusion | Vertex Pharmaceuticals Inc | AYS | Disclosure of key diversity and inclusion metrics. | The resolution was not filed given a shift in AYS' program strategy. |
| Cancelled | Diversity, Equity & Inclusion | Avnet Inc | AYS | Disclosure of key diversity and inclusion metrics. | AYS determined this resolution was lower priority and resources were prioritized for other resolutions. |
| Cancelled | Diversity, Equity & Inclusion | ResMed Inc | AYS | Disclosure of key diversity and inclusion metrics. | AYS shifted its program strategy for some DEI proposals and the company was no longer under consideration for filing in 2024. |
| Cancelled | Governance | Hilton Worldwide Holdings Inc | AYS | Paid sick leave. | Program manager decided not to proceed. |
| Omitted | Climate Change | Chevron Corp | AYS | Report impact of asset transfers on disclosed greenhouse gas emissions. | Blocked by the company at the SEC. AYS' resolution asked the company to report annually on its divestitures of its assets with material climate impact, and to report whether the purchasers of these divested assets disclose its GHG emissions. The SEC decided that this is micromanagement and omitted the resolutions. |
| Omitted | Climate Change | Exxon Mobil Corp | AYS | Report impact of asset transfers on disclosed greenhouse gas emissions. | Blocked by the company at the SEC. AYS' resolution asked the company to report annually on its divestitures of its assets with material climate impact, and to report whether the purchasers of these divested assets disclose its GHG emissions. The SEC decided that this is micromanagement and omitted the resolution. |

| Status | Topic | Company | Org. | Resolution Request | Outcome |
|---|---|---|---|---|---|
| Omitted | Climate Change | JPMorgan Chase & Co | AYS | Report on climate transition planning. | Blocked by the company at the SEC. |
| Omitted | Climate Change | Morgan Stanley | AYS | Report on climate transition planning. | Blocked by the company at the SEC. The SEC decided that the proposal focused on ordinary business and constituted micromanagement, omitting the resolution. |
| Omitted | Diversity, Equity & Inclusion | Align Technology Inc | AYS | Disclosure of key diversity and inclusion metrics. | Blocked by the company at the SEC. Lost due to a technical issue with the proof of ownership. |
| Pending | Climate Change | Oracle Corp | AYS | Report on assessing systemic climate risk from retirement plan options. | |
| Pending | Climate Change | Palo Alto Networks Inc | AYS | Report on assessing systemic climate risk from retirement plan options. | |

The table above does not include resolutions that were cancelled without planned ongoing engagement. It is meant to show a sample of resolutions supported by LNW clients and is provided for illustrative purposes only; the companies listed may or may not be held in specific client accounts. The table refers to only those proxies which are considered ESG initiatives and may not represent all proxies voted. For more information on our proxy voting policy, please contact your LNW team.

## DISCLOSURE

LNW refers to Laird Norton Wetherby Trust Company, LLC, a State of Washington chartered trust company; LNW Trust Company of South Dakota, LLC, a state of South Dakota charted trust company; and two investment advisers registered with the Securities and Exchange Commission, LNW Wealth Management, LLC and Laird Norton Wetherby Wealth Management, LLC.

All content presented is for informational purposes only and is from sources believed to be reliable. No warranty is either expressed or implied by its presentation. This content is not, and should not be, considered a recommendation, offer, nor solicitation of an offer by LNW or its affiliates to buy, sell or hold any security or other financial product; nor is it an endorsement or affirmation of any specific investment strategy. It should not be assumed that any information contained serves as the receipt of, or as a substitute for, personalized investment advice from LNW. LNW manages portfolios according to each client's specific investment needs. Therefore, each client's portfolio has its unique set of circumstances and consequently, investment results. Past performance is no guarantee of future results. Inherent in any investment is the potential for loss. LNW's outlook may change if new information is provided by the client or if there are material changes in the market or investment recommendations. While LNW intends to add value to our clients in non-investment related areas of tax and financial planning, LNW does not hold itself out to be practicing income tax professionals or estate planning attorneys; you should consult your tax advisor and/or estate planning attorney for any legal or accounting needs. Third-party content linked in this report is prepared by independent outside parties. LNW does not guarantee the accuracy or completeness of information in these articles and assumes no liability for damages resulting from or arising out of the use of such information. To the extent that content contains information about specific companies, securities and/or investment strategies, including whether they are profitable or not, such information is provided as a means of illustrating a potential investment thesis at the time of the article's publication and is not reflective of any or all securities held by clients nor the experience of any client; the holdings and performance of which may be materially different from any investments discussed. To the extent you have any questions regarding the applicability of any specific data presented above to your situation, you are encouraged to consult with the professional advisor of your choosing. A copy of LNW's current ADV2 discussing our advisory services, fees and other relevant information is available upon request.

This presentation is provided as a general introduction to LNW's approach to impact investing and is not intended as investment advice or a recommendation of any specific portfolio or investment strategy.

Impact investing is associated with the broad consideration of actual and potential non-financial risks of Environmental, Social, and Governance (ESG) factors, and how those factors may affect the financial performance of a company and its securities. For example, environmental changes and extreme events associated with climate change could increasingly affect companies' financial performance. Similarly, poor labor relations or discriminatory practices could lead to financial liability, employee turnover and understaffing, and damage to companies' reputation. ESG investing generally seeks to avoid these risks, and increasingly also aims to achieve certain positive impacts through investing in key areas believed by the investment manager to be positively affected by corporate investment and, in some cases, related shareholder advocacy. Avoiding risk and achieving positive impact are different objectives. Since the field of ESG/impact investing continues to develop, it remains to be seen how effective investment managers will be, especially in the area of impact. ESG ratings of companies are often based on subjective measures, and may include corporate self-reporting, different and inconsistent third-party rating systems, as well as data points that are associated with positive or negative outcomes but where causation has not been established. It is also possible that companies that do have positive impact in the areas identified, or that successfully avoid some or most of the ESG risks noted, will not have favorable financial returns. Accordingly, their stock prices could underperform their peers despite alignment with ESG objectives.

LNW will generally use third-party managers, including mutual fund or exchange traded fund managers, in constructing portfolios focused on impact consideration. While LNW will review these managers' own policies and practices with respect to ESG/impact investing, LNW is highly dependent on their self-reports. As noted above, these managers are, in turn, likely relying on corporate self-reporting, as well as evolving industry standards. No investment approach or strategy can guarantee a positive return or that losses will be avoided.

## SOURCES

[1] Morningstar. "ESG Shareholder Resolutions: The Big Three Still Hold the Key." September 2024.
[2] BlackRock. "2024 Global Voting Spotlight." September 2024.
[3] Morningstar. "ESG Shareholder Resolutions: The Big Three Still Hold the Key." September 2024.
[4] Nutrients. "Microplastics: A Real Global Threat for Environment and Food Safety: A State of the Art Review." January 2023.
[5] United Nations Framework Convention on Climate Change. "The Glasgow Climate Pact – Key Outcomes From Cop26." 2021.
[6] Wall Street Journal. "The Business Case for More Diversity." October 26, 2019.
[7] Financial Times. "Lex in depth: the $900bn cost of 'stranded energy assets'." February 3, 2020.
[8] Board of Governors of the Federal Reserve. "Greater Wealth, Greater Uncertainty: Changes in Racial Inequality in the Survey of Consumer Finances." October 18, 2023.
[9] New York Times. "U.S. Life Expectancy Plunged in 2020, Especially for Black and Hispanic Americans." July 21, 2021.
[10] Centers for Disease Control and Prevention. "Provisional Mortality Data – United States, 2021." April 29, 2022.
[11] Centers for Disease Control and Prevention. "Provisional Mortality Data – United States, 2022." May 5, 2023.
[12] Centers for Disease Control and Prevention. "Mortality in the United States — Provisional Data, 2023." August 8, 2024.
[13] Roll Call. "Investors Push Companies to Make Business Case on Abortion." February 12, 2020.
[14] U.S Securities and Exchange Commission. "Procedural Requirements and Resubmission Thresholds Under Exchange Act Rule 14a-8." April 7, 2023.
[15] National Oceanic and Atmospheric Administration. "Draft Report on Microfiber Pollution." September 14, 2022.
[16] ibid
[17] European Environment Agency. "Microplastics from textiles: towards a circular economy for textiles in Europe." February 10, 2022.
[18] European Commission. "Microplastics." Accessed October 21, 2024.
[19] California Water Views. "California Becomes First Government in World to Require Microplastics Testing for Drinking Water." September 15, 2022.
[20] Nike. "Protecting the Planet."
[21] Under Armour. "Under Armour's Breakthrough Fiber-Shed Test Method Now Available For Industry." December 12, 2023.
[22] Tech Policy. "Study Suggests We Should Worry About Political Microtargeting Powered by Generative AI." February 7, 2024.
[23] NBC News. "Fake Joe Biden robocall tells New Hampshire Democrats not to vote Tuesday." January 22, 2024.
[24] Fortune. "Sam Altman, the man behind ChatGPT, is increasingly alarmed about what he unleashed. Here are 15 quotes charting his descent into sleepless panic." June 8, 2023.
[25] Forbes. "Google's Gemini Headaches Spur $90 Billion Selloff." February 26, 2024.
[26] 404 Media. "Google Search Really Has Gotten Worse, Researchers Find." January 16, 2024.