

If the 2026 season proved anything, it is that shareholder engagement is still a meaningful lever for impact and that its continued viability can no longer be taken for granted. Our advocacy partners, participating clients, and the companies they engaged made meaningful progress on issues that carry very real financial, environmental, and social consequences. They secured commitments on nature, chemical safety, plastics, workforce disclosure, data privacy, and the governance of artificial intelligence. And yet, the regulatory framework that makes this form of engagement possible was subject to an increasingly hostile landscape.

On November 17, 2025, the SEC's Division of Corporation Finance announced that it would stop reviewing company requests to exclude shareholder proposals, and on August 14, 2026, it made that withdrawal indefinite.^{1,2} What does this mean in practice? A company can now leave a shareholder proposal off its ballot without the SEC reviewing that decision. In the past, disputes over these exclusions were resolved through the agency's review process. Now they must be settled in court, which raises the cost of participation for smaller filers.

The primary concern was that companies would begin excluding proposals more freely once the SEC stepped back. Fortunately, the season's data do not bear that out. Companies sought to exclude just 30% of shareholder proposals overall, down from 39% in 2025.³ For LNW clients, whose resolutions are filed through established advocacy partners, the practical effect was limited: two of the 67 companies, or 3%, excluded a client-supported resolution from their proxy materials.

This is an encouraging result and is consistent with our view that engagement creates value for shareholders and companies alike. The regulatory picture, however, has since continued to move at odds with this view. Throughout 2026, federal regulators have again proposed a series of rollbacks to the rules that give shareholders a voice. The most significant came in September, when the SEC proposed eliminating the federal rule that, for more than 80 years, has allowed shareholders to place proposals on company ballots.^{4,5} Like all investors who file resolutions, LNW clients and our advocacy partners rely on this rule. Without it, the ability to file would depend on state law and each company's own bylaws, and engagements could become harder to pursue.

Nothing is final, and any changes would likely not take effect until after the 2027 season, so we expect to continue offering clients these opportunities in the coming year. We are following these developments closely with our advocacy partners and will keep participating clients informed of what they mean for the program.

A Productive Season for Engagement

Despite that backdrop, the results driven by LNW clients and our advocacy partners held up exceedingly well. LNW clients supported resolutions at 67 companies across nine issue areas. Twelve of those engagements ended with the company agreeing to take meaningful action, and fourteen went to a public vote with results reported in company proxy materials. At a further 21 companies, dialogue was productive enough that our advocacy partners chose to continue the conversation rather than file a resolution. And finally, five resolutions have been filed and are awaiting a vote later in the year.

67 companies engaged	12 negotiated commitments	14 brought to a vote	21 in ongoing dialogue
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While individual engagements continued to secure corporate commitments, the number of proposals filed across the field fell for another year. Total shareholder proposal submissions dropped from 951 in 2025 to approximately 789, the lowest level in a decade.⁶



These trends are visible in LNW's own program. In 2025, LNW clients supported resolutions at 86 companies, of which 11% concluded in a negotiated commitment. In 2026, the number of engagements fell by roughly a fifth, to 67, yet the number of companies that agreed to a resolution request rose from nine to 12, causing the conversion rate to climb from 11% to 18%.⁷ The share reaching a public vote held steady at 21%.

LNW Client Engagements and Outcomes



Fewer engagements produced more agreements, which is compelling evidence that the contraction in filing volume did not translate into a contraction in results.

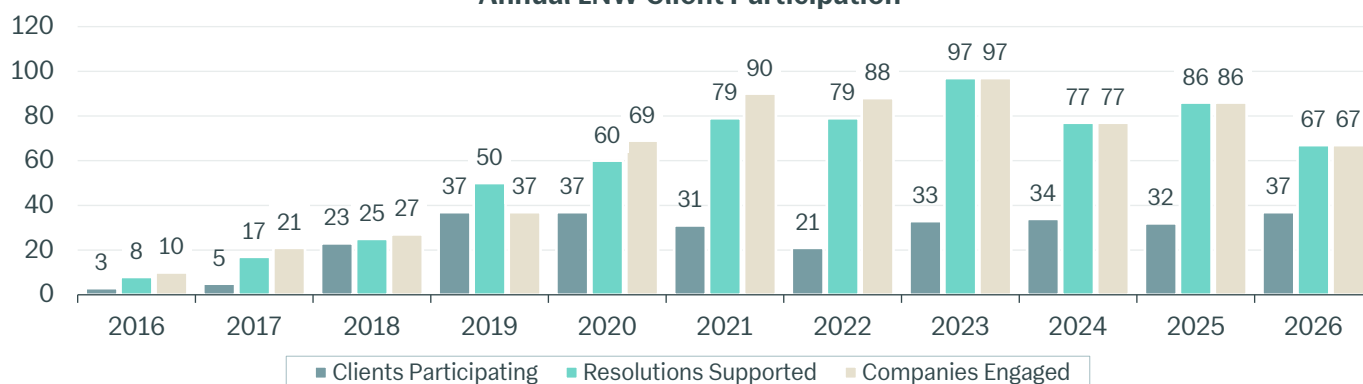
THE LNW PROGRAM

How Impact Advocacy Works at LNW

Each year, eligible LNW clients have the opportunity to lend their voice to critical impact issues. We work with shareholder advocacy organizations that draft resolutions requiring investor authorization to be filed for corporate annual meetings. We notify eligible clients when these opportunities arise, and those who choose to participate sign a letter authorizing the filing of resolutions on their behalf as a lead filer, a co-filer, or an endorser. Throughout the season we provide participating clients with updates on progress and outcomes, and we summarize their collective participation in this annual report.

In 2026, LNW clients worked with three advocacy partners: As You Sow, which accounted for the majority of engagements, together with Rhia Ventures on reproductive health and data privacy and Open MIC on artificial intelligence governance.

Annual LNW Client Participation



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

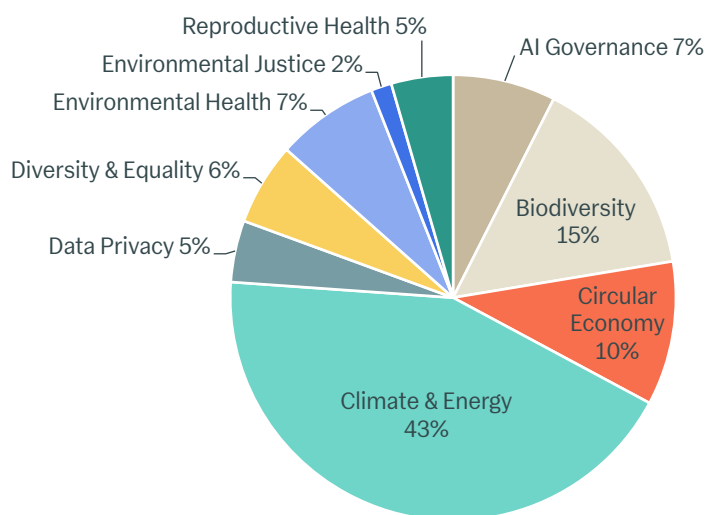
In 2026, 37 participating clients signed letters supporting resolutions at 67 companies across nine issue areas, authorizing 754 filing and endorsement letters.



2026 Topics of Engagement

For the 2026 annual meeting season, LNW clients authorized advocacy organizations to file, co-file, and endorse shareholder resolutions across the following areas.

2026 Client Engagements by Topic



AI Governance

Artificial intelligence is being deployed across industries faster than governance frameworks have matured, creating a range of risks that shareholders have begun to treat as material: the spread of AI-generated misinformation, cybersecurity exposure from generative tools, and revenue tied to military or dual-use applications. Client resolutions asked technology companies to assess these risks and to describe how boards oversee them. The theme is growing quickly across the market, with AI-related proposals reaching 20 filings in 2026, up from 18 in 2025 and 12 in 2024, and roughly 90% appearing on ballots.⁶ Investors have been notably receptive: Morningstar found that AI-related resolutions have historically drawn average support of about 30%, roughly double the average for environmental and social proposals generally.⁸

Biodiversity

Companies depend on healthy ecosystems, and investors increasingly treat the loss of nature as a financial risk alongside climate. More than 730 organizations across 56 countries have now committed to reporting on their nature-related risks.⁹ Client resolutions asked pharmaceutical companies to disclose the risks of relying on horseshoe crab blood to test injectable drugs now that synthetic alternatives are available.¹⁰ They also asked grocers to address illegal deforestation in their avocado supply chains, where new tools can now screen out fruit grown on illegally cleared land.

Circular Economy

Plastic production is projected to become a leading driver of global oil demand, and absent further action the flow of plastic into the ocean could nearly triple by 2040.¹¹ Synthetic fibers account for about 63% of global fiber production and shed microscopic fragments during manufacturing and ordinary wear; an estimated 200,000 to 500,000 tonnes of textile microfibers reach the oceans each year, and researchers have since identified them in drinking water, food, indoor air, and human tissue. Client resolutions asked apparel and retail companies to measure and reduce microfiber shedding and to disclose their plastic packaging footprints.



Climate & Energy

Climate remains the program's largest area of engagement, focused on how banks finance emissions, how utilities plan their transition to cleaner energy, and how insurers respond to mounting losses from extreme weather. New this year were resolutions addressing the electricity demand created by artificial intelligence, as the number of proposed U.S. gas plants nearly tripled in response to data center growth.¹² Client resolutions asked technology companies to explain how they will meet their climate commitments amid that growth, and asked banks, utilities, and insurers to disclose how they are managing climate-related risks.

Data Privacy

Companies increasingly collect, aggregate, and license sensitive personal information, often through third parties several steps removed from the consumer. Where that data can be linked to reproductive or gender-affirming care, its onward sharing raises privacy and human rights concerns alongside regulatory and reputational exposure. Client resolutions asked firms to assess the risks arising from their data consent and sharing practices, including effects on consumer access to care. The dialogues covered anonymization methods, policies governing law enforcement data requests, data deletion practices, and whether reproductive-health data warrants heightened safeguards.

Diversity & Gender Equality

Workforce composition and retention data give investors a window into how effectively a company attracts and keeps talent, and research continues to link diversity at the executive level to stronger long-term financial performance.¹³ That evidentiary base is now at risk. Workforce diversity proposals declined market wide and the proposed rescission of EEO-1 reporting would remove the standardized federal data these resolutions rely on.^{6,14} Client resolutions asked companies to disclose workforce retention and diversity data and to report on the effectiveness of their equity practices, disclosures that become harder to compare across companies if the underlying reporting requirement disappears.

Environmental Health

PFAS – the “forever chemicals” used in coatings, packaging, and medical products – persist in the environment and the human body and are associated with cancer, immune dysfunction, and reproductive and developmental harm, while litigation and state-level restrictions continue to expand. Separately, regenerative agriculture programs have become common among large food companies, but many omit any measurable commitment to reducing synthetic pesticide use, leaving a gap between the label and the practice. Client resolutions asked food companies to put quantified pesticide reduction at the center of those programs and asked a healthcare manufacturer to disclose how it manages PFAS across its product lines.

Environmental Justice

Industrial facilities, distribution hubs, and waste handling operations are disproportionately sited in low-income communities and communities of color, concentrating air pollution, truck traffic, and hazardous waste exposure in neighborhoods with the least capacity to absorb them. Client resolutions asked companies to commission independent evaluations of how their operations affect surrounding communities, rather than relying on internal assessments.

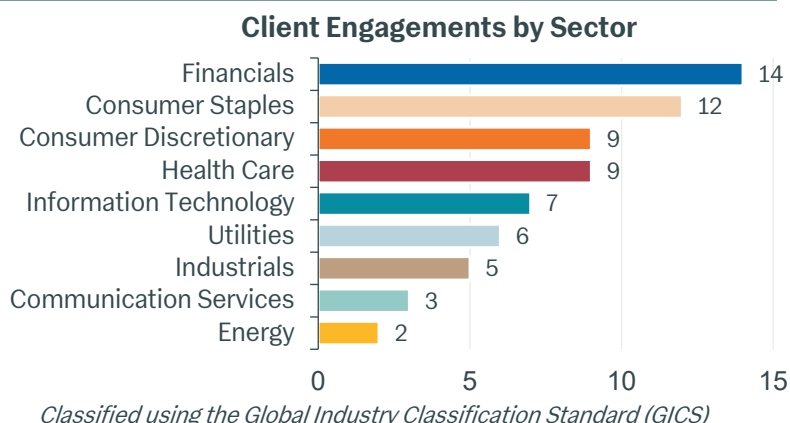
Reproductive Health

State laws restricting reproductive health care create costs that fall directly on employers: difficulty recruiting into affected states, higher turnover, relocation and travel benefit expenses, and operational disruption where care is unavailable. These resolutions asked companies to report on that exposure and on how benefit design addresses it.



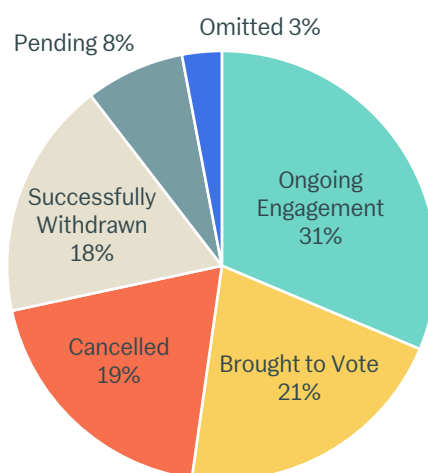
2026 Engagements by Sector

The 2026 engagements were concentrated in sectors where climate, nature, and social considerations most often intersect with long-term value. Financials represented the largest share, reflecting continued engagement with banks and insurers on climate underwriting risk, followed by Consumer Staples, which includes many of the food, beverage, and household goods companies involved in the biodiversity, circular economy, and environmental health resolutions.



Outcomes of the 2026 Season

Not every resolution reaches a shareholder vote. In a season shaped by private negotiation and a more difficult filing environment, the way an engagement is resolved provides useful context alongside the vote results themselves.

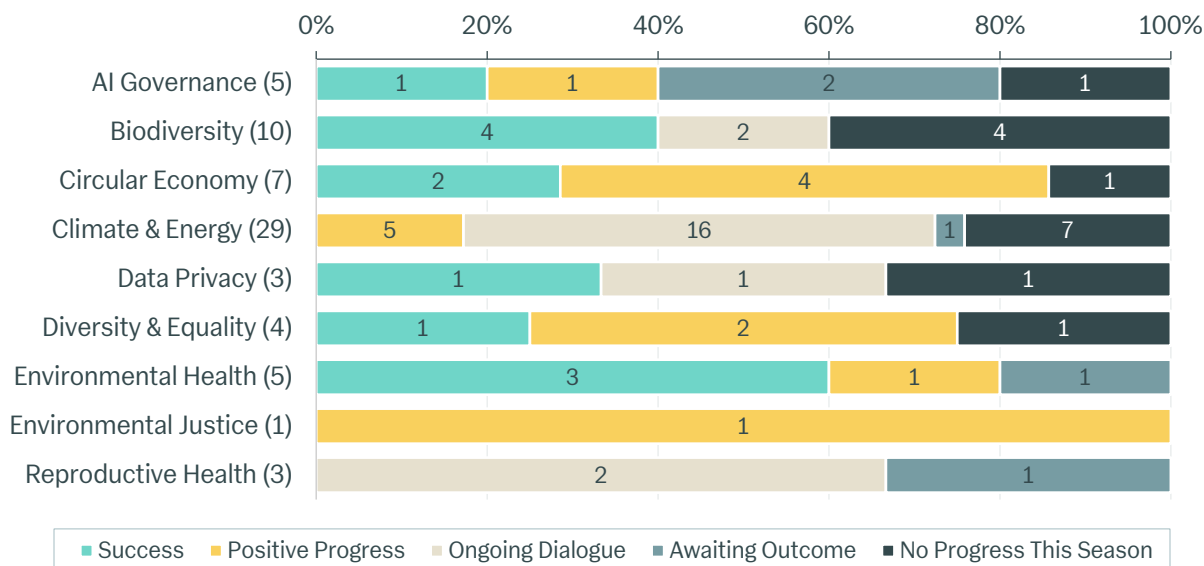


- **Ongoing Engagement (31%).** Dialogue continues without a filed resolution, often because a company is improving disclosure, they are leaders among their competitors, or because the advocacy organization considers continued dialogue more productive than escalation.
- **Brought to Vote (21%).** The resolution appeared on the company's proxy and results were publicly reported. Outcomes of 10% or more are generally considered a meaningful signal to management.
- **Cancelled (19%).** The planned filing did not proceed this season, most often because the advocacy organization prioritized other filings.
- **Successfully Withdrawn (18%).** The company agreed to enough of what the resolution requested that the proposal was withdrawn.
- **Pending (7%).** The resolution has been filed and is awaiting a vote or other update, typically at a company whose annual meeting falls later in the year.
- **Omitted (3%).** The company excluded the proposal from its proxy materials.



Progress By Theme

While outcome counts describe how engagements concluded, they say less about how far each theme advanced. A progress scale helps show how much ground we are gaining within each engagement theme.¹⁵



Viewed this way, themes tend to fall into two groups. Where a resolution can name a specific, verifiable action a company is able to take, i.e. adopt an existing certification, publish a specific metric, or substitute an approved alternative, engagements tend to progress through negotiated agreement. Environmental health, biodiversity, and circular economy often land here, and together they account for nine of the year's 12 commitments. Where the ask is systemic, as with decarbonizing a loan book or retaining a diverse and talented workforce, it is challenging for a single commitment to settle the issue, and progress often accrues over time through sustained dialogue.

Resolution Spotlights

1. Abbott and Amgen move on horseshoe crab-derived testing

Biodiversity · As You Sow

Pharmaceutical companies test injectable drugs and devices for bacterial contamination using blood harvested from horseshoe crabs, a species whose eggs feed at least 11 migratory shorebirds. Approximately 1.07 million crabs were collected for biomedical use in 2024 and an estimated 185,000 did not survive.¹⁶

Synthetic recombinant alternatives became fully recognized under U.S. Pharmacopeia standards in May 2025, addressing the primary commercial objection to transition.¹⁰ The resolutions asked companies to disclose the risks associated with continued reliance on crab-derived testing.

Outcome: Abbott agreed to publicly commit to assessing synthetic alternatives, to notify suppliers of its intent to transition, and to participate in industry surveys tracking progress. A parallel dialogue with Amgen produced a commitment to disclose quantitative transition progress in its 2026 Sustainability Report, including validation results and timelines through 2027 – moving the company from a general statement of intent to a dated, measurable disclosure.



2. Walmart and Sprouts address deforestation in avocado supply chains

Biodiversity · As You Sow

Mexico supplies close to 90% of U.S. avocado imports, most from Michoacán, where orchard expansion has cleared substantial areas of forest, in many cases in violation of federal law, affecting the Monarch Butterfly Biosphere Reserve.¹²

Satellite-based Pro Forest Avocado certification screens out fruit grown on land illegally cleared, providing retailers with a practical compliance tool. The resolutions asked both grocers to assess how effectively their due diligence policies exclude illegally deforested fruit.

Outcome: Sprouts agreed to require Pro Forest Avocado certification of its suppliers. Walmart agreed to engage its Michoacán suppliers not already certified and to encourage them to pursue certification. A related engagement confirmed that Kroger's avocado supply is now 80% certified.

3. Travelers pressed on the climate-driven insurance market

Climate & Energy · As You Sow

As extreme weather losses mount, insurers are raising premiums and withdrawing coverage, and a widening insurability gap affects housing markets and the broader economy. Global insured catastrophe losses reached roughly \$108 billion in 2025, the sixth consecutive year above \$100 billion,¹⁷ and U.S. homeowners' premiums have climbed about 24% since 2021.¹²

For a second consecutive year, the resolution asked Travelers to disclose how its decisions to raise rates and reduce coverage are affecting its ability to retain customers and sustain its homeowners' business.

Outcome: The proposal received 14.8% support at the May 2026 annual meeting – the highest vote of any client-supported climate resolution this year, though narrowly short of the 15% second-year threshold required for re-filing.¹⁸ The result sits well above the 2026 market average for environmental proposals and reflects sustained investor attention to climate exposure in the insurance sector.

4. IQVIA agrees to review health data sharing practices

Data Privacy · Rhia Ventures

Healthcare data companies aggregate and license large volumes of sensitive personal information. Where that data can be linked to reproductive or gender affirming care, its onward sharing raises privacy and human rights questions that also carry regulatory and reputational risk for the company.

The resolution asked IQVIA to assess the risks and costs arising from its digital data consent and sharing practices. Rhia Ventures was joined by advisors from the Center for Democracy and Technology and Open MIC, and the discussion covered anonymization methods, policies on law enforcement data requests, data deletion, and heightened safeguards for reproductive health data.

Outcome: The company responded constructively and entered a month-long dialogue, after which the proposal was withdrawn.



5. CVS Health expands disclosure of AI risk oversight

AI Governance · Open MIC

CVS Health has reported plans to spend more than \$20 billion over the next decade on artificial intelligence initiatives, including AI-powered “personal health agents” that analyze complete patient records, insurance claims, and wearable data.

The resolution raised concerns that the board may not be exercising sufficient oversight of cybersecurity threats arising from that adoption and asked the company to strengthen its oversight of AI risk.

Outcome: Following negotiations with Open MIC, CVS Health agreed to increase disclosure of its AI policies and practices in forthcoming shareholder filings, with particular attention to AI risk, corporate governance, and board oversight.

6. Target shareholders vote on plastic microfiber disclosure

Circular Economy · As You Sow

Textiles are the third-largest market for plastic, and synthetic fibers, which account for roughly 63% of global fiber production, shed microscopic fibers during manufacturing and ordinary wear. An estimated 200,000 to 500,000 tonnes reach the oceans each year.¹⁹

As a large apparel retailer, Target faces transition risk as regulators consider requirements to measure and reduce microfiber pollution, and as competitors adopt low-shed fabrics.

Outcome: At Target’s June 2026 annual meeting the proposal received 18.6% support, the highest overall result of the season among LNW client resolutions and met the first-year threshold for re-filing.

2026 Resolutions Summary

Status	Topic	Company	Org	Resolution Request	Outcome
Brought to Vote	AI Governance	Alphabet Inc.	OM	Prevent material risks from AI-generated misinformation.	Supported by 9.3% (28.9% of independent shareholders).
Brought to Vote	Circular Economy	Hyatt Hotels Corp.	AYS	Adopt sustainable packaging policies for plastics.	Supported by 0.4% (5.7% of independent shareholders).
Brought to Vote	Circular Economy	Lowe’s Companies, Inc.	AYS	Disclose plastic packaging footprint and set reduction goals.	Supported by 17.8%; passed the first-year threshold.
Brought to Vote	Circular Economy	Philip Morris International Inc.	AYS	Take producer responsibility for plastic cigarette butts.	Supported by 4.7%.
Brought to Vote	Circular Economy	Target Corp.	AYS	Reduce plastic microfiber shedding from apparel.	Supported by 18.6%; passed the first-year threshold.



Status	Topic	Company	Org	Resolution Request	Outcome
Brought to Vote	Climate & Energy	Adobe Inc.	AYS	Assess systemic climate risk in retirement-plan options.	Supported by 9.8%; passed the first-year threshold.
Brought to Vote	Climate & Energy	Meta Platforms, Inc.	AYS	Report a climate transition plan for AI data centers.	Supported by 6.9% (22.3% of independent shareholders).
Brought to Vote	Climate & Energy	Southern Company	AYS	Disclose climate transition planning and GHG reductions.	Supported by 9.7%; passed the first-year threshold.
Brought to Vote	Climate & Energy	The Travelers Companies, Inc.	AYS	Disclose how climate risk affects insurability and the customer base.	Supported by 14.8%; narrowly short of the 15.0% second-year threshold.
Brought to Vote	Climate & Energy	Wells Fargo & Co.	AYS	Address climate-related risk and financed emissions.	Supported by 9.3%.
Brought to Vote	Diversity & Equality	Berkshire Hathaway Inc.	AYS	Improve oversight of subsidiary workforce practices.	Supported by 15.0% (27.7% of independent shareholders).
Brought to Vote	Diversity & Equality	Workday, Inc.	AYS	Disclose workforce diversity and retention data.	Supported by 3.7% (13.9% of independent shareholders).
Brought to Vote	Environmental Health	Archer-Daniels-Midland Co.	AYS	Disclose pesticide reduction from its regenerative agriculture program.	Supported by 8.9%; passed the first-year threshold.
Brought to Vote	Environmental Justice	United Parcel Service, Inc.	AYS	Report on community impacts related to environmental injustice.	Supported by 10.3%; passed the first-year threshold.
Successfully Withdrawn	AI Governance	CVS Health Corp.	OM	Strengthen board oversight of AI and cybersecurity risk.	Company agreed to expand disclosure of AI policies, risk, and board oversight.
Successfully Withdrawn	Biodiversity	Abbott Laboratories	AYS	Disclose risks of horseshoe crab-derived endotoxin testing.	Company agreed to assess synthetic alternatives, notify suppliers, and join industry surveys.
Successfully Withdrawn	Biodiversity	Merck & Co., Inc.	AYS	Disclose risks of horseshoe crab-derived endotoxin testing.	Technical withdrawal; engagement ongoing into the new year.
Successfully Withdrawn	Biodiversity	Sprouts Farmers Market, Inc.	AYS	Address illegal deforestation in avocado supply chains.	Company agreed to require Pro Forest Avocado certification for its suppliers.
Successfully Withdrawn	Biodiversity	Walmart Inc.	AYS	Address illegal deforestation in avocado supply chains.	Company agreed to engage Michoacán suppliers on Pro Forest Avocado certification.



Status	Topic	Company	Org	Resolution Request	Outcome
Successfully Withdrawn	Circular Economy	The Gap, Inc.	AYS	Reduce plastic microfiber shedding.	Company will add a microfiber section to its Impact Report and guide customers.
Successfully Withdrawn	Circular Economy	Lululemon Athletica Inc.	AYS	Reduce plastic microfiber shedding.	Company committed to measure and reduce microfiber shedding at the supplier level.
Successfully Withdrawn	Data Privacy	IQVIA Holdings Inc.	Rhia	Assess risks from digital data consent and sharing practices affecting healthcare access.	Company responded constructively; month-long dialogue led to withdrawal.
Successfully Withdrawn	Diversity & Equality	PulteGroup, Inc.	AYS	Report Racial Justice Scorecard results.	Company shared improved metrics and agreed to bi-annual meetings.
Successfully Withdrawn	Environmental Health	The Hershey Company	AYS	Disclose pesticide reduction in regenerative agriculture.	Company will disclose pesticide reduction aims and continue dialogue.
Successfully Withdrawn	Environmental Health	Johnson & Johnson	AYS	Disclose PFAS use-reduction practices.	Company will publicly address PFAS for the first time and benchmark peers.
Successfully Withdrawn	Environmental Health	PepsiCo, Inc.	AYS	Disclose pesticide reduction in regenerative agriculture.	Company will publish pesticide reduction data from regenerative suppliers.
Omitted	Climate & Energy	Broadcom Inc.	AYS	Assess systemic climate risk in retirement-plan options.	Company excluded the proposal from its proxy statement.
Omitted	Climate & Energy	Chubb Ltd.	AYS	Disclose climate-related risk.	Company excluded the proposal from its proxy statement.

AYS = As You Sow; Rhia = Rhia Ventures; OM = Open MIC. The table above does not include resolutions resolved through ongoing dialogue, filings still pending, or engagements that were cancelled or cannot be disclosed. 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 only to those proxies considered ESG initiatives and may not represent all proxies voted. For more information on LNW's proxy voting policy, please contact your Client Service team.



ABOUT THE AUTHORS



Justina Lai leads the impact investing strategy at LNW and works with the LNW client service teams to guide clients in developing effective impact investment strategies and integrating impact investments across their portfolios. She also leads the effort to integrate impact considerations across LNW's business strategy and operations to create shared value for all stakeholders (clients, employees, shareholders, suppliers, the community and the environment) and spearheads the firm's diversity, equity and inclusion initiative.



Kyle Schultz brings to LNW a unique combination of quantitative rigor and deep sustainability expertise, with a career spent advancing impact investing and ESG research across wealth management and institutional asset management. He is passionate about helping clients align their investments with their values while delivering meaningful, measurable outcomes.

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ABOUT LNW

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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.