

TIME FOR A RESET: THE SHAREHOLDER COMMONS INVITES SHAREHOLDERS TO SUBMIT A NEW KIND OF PROPOSAL

In light of the COVID crisis, growing social instability and increasingly dangerous climate destruction, shareholder activism pushing incremental change at individual companies is no longer enough. Universal owners – long-term diversified shareholders – have an immediate responsibility to address the broken system over which they hold critical levers of power and upon which their investments and beneficiaries depend.

The Shareholder Commons is seeking shareholders to sponsor a new type of proposal that goes beyond risk mitigation and ESG integration. This new approach will explicitly redirect companies to a systems-first model that rejects corporate profits derived from the exploitation of common resources and vulnerable populations. Our proposals take two forms:

- The first is a request that a company consider conversion to a public benefit corporation in order to ensure that it can fully account for its effect on society and the environment. Exemplar proposals for **DuPont, Walmart, 3M and Amazon** are available for review and we invite shareholders of these companies to sponsor them. We will also draft and assist with a version for any company in your portfolio that has signed onto the Business Roundtable's Statement of the Purpose of a Corporation, which purported to raise the importance of stakeholders to corporations. A partial list of those companies is available [here](#).
- The second form of proposal asks for disclosure with respect to the social and environmental costs the company externalizes and how those costs affect the portfolios of diversified shareholders. Exemplars for **Coca-Cola, Altria, Archer Daniels Midland, DuPont, Walmart, Raytheon and Exxon Mobil** are available for review and sponsorship, but as with the PBC proposals, we would be happy to draft a version for any company in your portfolio that you wish to engage with.

We believe that each of these proposals highlights a critical issue that is not being fully addressed: the fact that even a company that reports on ESG matters and reduces its negative social and environmental impacts can continue to be rewarded for profits that come from externalized costs, *even when the company's diversified shareholder base suffers from those costly externalities*. These proposals will put negative business impacts into their full context by proposing that a company's disclosure and legal obligations specifically address the effect of externalized costs.

We invite interested asset owners to watch this brief, 15-minute [video](#) introducing the project, which includes an explanation of these [slides](#). We have also retained legal counsel to review these proposals and will provide necessary support to create the best chance we can to facilitate inclusion in proxy statements, as well as to explain the importance of these proposals to stakeholders.

This project provides an exciting opportunity for shareholders to participate in an important first step towards moving business to a systems-first mindset, one which requires the rejection of financial returns based on exploitation of common resources and vulnerable communities and prioritizes the health of the overall economy so that it can serve the best interests of people and planet alongside profit. We hope you will join us in turning the tide of active stewardship towards the systems-first approach that our world so desperately needs. Please email us to set up time to discuss how you can support a proposal.