



PORTFOLIOS ON THE BALLOT 2024

Systems-First Voting in 2024

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PLEASE NOTE: *Portfolios on the Ballot* is primarily a dynamic, [web-based publication](#) that will be supplemented as needed to guide shareholders throughout the proxy season. This static PDF version is offered for those needing a printable copy. However, readers are encouraged to refer to the web version for up-to-date information.

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ABOUT PORTFOLIOS ON THE BALLOT

Welcome to *Portfolios on the Ballot 2024* (POTB), the first publication specifically designed to help investors vote their proxies on a systems-first basis. POTB flags initiatives designed to protect the social and environmental systems that support all the companies in a diversified portfolio. In short, we highlight initiatives that can protect your entire portfolio from the bad choices of individual companies.

POTB is published by [The Shareholder Commons](#) (TSC), a nonprofit organization dedicated to helping investors protect their common interests in the social and environmental systems upon which we all rely.

FREQUENTLY ASKED QUESTIONS

Because POTB is different from other proxy voting guides, we start with a few questions and answers:

WHAT DOES IT MEAN TO VOTE ON A “SYSTEMS-FIRST BASIS”?

Systems-first voting recognizes that overall market return is the most important factor in the financial performance of a diversified portfolio, and that market returns depend upon the systems that support the economy. See the Background section for a deeper dive into the financial rationale for systems-first voting, or watch this short [video](#) prepared by friends of TSC at Cambridge University, who use the term “universal ownership” to describe the same perspective.

HOW IS PORTFOLIOS ON THE BALLOT DIFFERENT FROM OTHER PROXY VOTING GUIDES?

POTB highlights campaigns supported by the rationale of protecting or improving the systems that support the economy, thereby enhancing the financial performance of any diversified portfolio. In contrast, most proxy analyses focus only on the effect that a vote has on the financial performance of the company where the vote is taken.

CAN YOU PROVIDE AN EXAMPLE?

One of the proposals we flag asks the Board of Alphabet (GOOG; GOOGL) to address risks from the use of artificial intelligence. Rather than simply arguing that this will lead to higher returns at Alphabet itself, the proponent argues, “We believe that shareholders, many of whom are widely diversified and may feel the impacts of the potential negative externalities of Alphabet’s AI activities throughout their investment portfolios, would benefit from improved oversight.” Another asks Shell PLC to align its greenhouse gas emissions targets with the goal of the Paris Agreement, arguing that “[a] vote for this proposal is warranted by investors who seek to ensure a long-term future for the Company and to protect the value of their entire investment portfolios.”

HOW CAN INVESTORS USE PORTFOLIOS ON THE BALLOT?

POTB includes a table that you can use to find upcoming meetings involving systems-first initiatives. The table allows you to sort these meetings by date, company, or subject matter; it can also be exported into a spreadsheet. The table contains links to the portion of POTB that describes each initiative and the systems-first arguments being made in favor of the proposal. More votes will be added to the table as the 2024 proxy season progresses, and we will provide a periodic update that alerts you to upcoming meetings that include systems-first initiatives. You can subscribe to the updates [here](#).

DOES POTB INCLUDE RECOMMENDATIONS?

TSC does not generally make specific voting recommendations. However, we strongly believe that investors are best served if their proxy votes account for systemic impact. Accordingly, we do indicate how a shareholder who agreed with a proponent's systemic argument would vote. This allows investors who use POTB to contrast that vote with the alternative decision they might make if they believed the proposal were contrary to the financial interests of the company in question and if they were concerned only with the impact of the vote on that company. In addition, POTB does include recommendations that shareholders vote FOR a number of proposals that The Shareholder Commons is actively supporting. TSC is not a proxy advisor, law firm, or investment advisor, and POTB does not constitute proxy advisory services, legal advice, or investment advice.

ARE ALL THE INITIATIVES INCLUDED IN POTB EXPRESSLY SUPPORTED BY SYSTEMS-FIRST ARGUMENTS?

POTB flags resolutions and other initiatives that expressly refer to the need for shareholders to reduce systemic risks to protect their diversified investments. In some situations, the proposal itself references diversified portfolios, while other shareholder campaigns have amplified (or plan to amplify) this argument in supportive materials such as proxy memos or exempt solicitations. As the proxy season progresses and those documents are published, POTB will be updated with such links in both the POTB narrative report and related spreadsheet provided below. In certain cases, a third party has provided systemic stewardship and diversified investor arguments in support for shareholder actions. In those cases, POTB identifies that third party as an Action Supporter.

WHAT IF I HAVE A SYSTEMS-FIRST PROPOSAL THAT ISN'T INCLUDED IN POTB?

[Let us know!](#) We will be updating POTB throughout the 2024 proxy season and providing updates on upcoming meetings to investors.

DOES POTB INCLUDE ALL THE 2024 SHAREHOLDER INITIATIVES WITH SYSTEMIC IMPLICATIONS?

No. In many cases, investors propose shareholder action that have important systemic implications, but only make the case that the initiative will increase value at the company where the vote takes place. We think that is a mistake, as we discuss in more detail in the Background section. One purpose of POTB is to demonstrate the efficacy of the systems-first argument to the investor community, and to encourage proxy voters to account for systemic concerns when voting on any matter, even if the supporting materials do not specifically reference portfolio effects.

CAN FIDUCIARIES VOTE ON A SYSTEMS-FIRST BASIS?

While we cannot provide legal advice, we can tell you that the arguments we flag in POTB are arguments for voting proxies to preserve and enhance the value of portfolios through systemic impact. One global law firm has explained why such voting is critical to diversified investors in a very long memo available [here](#). We have tried to distill some of that learning in a memo available [here](#). POTB does not constitute proxy advisory services, legal advice, or investment advice. TSC is not a proxy advisor, law firm, or investment advisor.

WHAT NEXT STEPS CAN I TAKE?

- There are several ways to add systems-first perspective to your proxy voting:
- [Sign up](#) for our periodic updates, allowing you to focus on pending meetings.
- Sign up for one of [our webinars](#), and ask your colleagues to join us as well.
- Update your proxy voting guidelines with [language](#) that reflects the importance of systemic impacts.
- Make sure your advisors, including asset managers, proxy advisors, and consultants, are aware of your concern with the systemic impact of companies' practices.
- Ask [TSC](#) to meet with colleagues or help you shape a systems-first argument for your own engagements.
- You may also be able to enlist a [service provider](#) to use POTB to vote your shares.

If you want to begin reading about individual initiatives, you can skip to the [2024 Highlights](#) and [Systems-First Proxy Opportunities Section](#). If you would like to learn more about the concept of systems-first voting, you can read the Background Section, which immediately follows.

SYSTEM STEWARDSHIP RESOURCES

TSC has prepared [case studies](#) on climate change, antimicrobial resistance, and income inequality/living wages, addressing the need for investors to vote systemically on these issues. Readers interested in a deeper discussion of systems-first action can consult these studies or find a book-length treatment [here](#).

BACKGROUND

Modern investing requires diversification. Optimizing the financial risk and return of a portfolio requires broad diversification. This allows savers to earn the high returns available from risky assets (such as common stock), while diversifying away the risks that accompany concentration on one company or sector.

Diversification prioritizes overall market returns. This diversification means that the most important factor determining investment returns over the long term will be the return of the market itself, rather than whether any particular company in a portfolio does better or worse than the market.

Diversified investors considering systemic questions should prioritize overall market returns to protect their portfolios. When considering a vote that is linked to the performance of a social or environmental system, investors should ask, "How will my vote affect my overall return from the market?" because overall returns are what allow investors to meet their financial goals and liabilities.

Often, the answer to this broad question is the same as the answer to the narrow question, "What vote will optimize returns at the company in question?" For example, the answer to the question of whether to support a resolution favoring shareholder rights may be "yes" under either analysis, because those rights will create greater accountability, so that the company is more likely to protect shareholders' financial interests, improving both company returns and total market returns.

For some systemic questions, however, the interests of individual companies are different from the interests of diversified shareholders have in optimizing overall market returns. It is not always the case that the vote that is best for company returns is best for portfolio returns. The strategy that maximizes

cash flows for a company may involve the creation of social and environmental costs that threaten the systems that support the economy upon which diversified portfolios depend.

Shareholders can and should vote in their own interests (or the interests of their beneficiaries), even when those interests conflict with isolated company interests. Shareholder stewardship is not limited to advocacy designed to preserve or enhance a company's long-term value: if a portfolio company creates social or environmental costs that threaten their overall portfolio returns, investors can (and should) use their stewardship tools to oppose such behavior, even if doing so could reduce enterprise value at an individual company.

Corporate leaders focus on managing enterprise risk but are not experts at managing systemic and portfolio risk. Leadership teams at companies occupy themselves with the management of enterprise risk – identifying, assessing, and managing risks for improved decision-making and business continuity for the company itself, meaning they only focus on the individual business opportunities and risks. When company interests diverge from diversified portfolio interests, shareholders are ideally situated to provide management with a portfolio perspective using their proxy votes.

COMMERCIAL SERVICE OFFERS POTB-LINKED VOTING PLATFORM

If you are interested in prioritizing systems-first voting to protect your diversified portfolio, there is at least one commercial service that now allows investors to build a voting policy that will default to voting FOR on proposals that are flagged in *Portfolios on the Ballot*, as well as AGAINST directors where a director campaign is flagged. [iconik](#) is a proxy voting platform that helps investors [analyze their managers' voting choices](#) and build customized voting policies. Contact Alan Reid at [iconik \(alan@iconikapp.com\)](#) for more information.



The iconik platform uses the information that TSC makes publicly available through *POTB* to offer this service and not affiliated with or endorsed by TSC.

2024 HIGHLIGHTS

TSC has collected over 60 shareholder initiatives that integrate arguments in the proposal or supporting materials that aim to address diversified investors' common interests in a thriving economy. These initiatives illustrate the growing interest of investors in addressing environmental and social issues from a systemic perspective.

HIGHLIGHTS OF THIS PROXY SEASON INCLUDE:

- Proposals designed to accelerate reductions in greenhouse gas emissions. Companies targeted include **Illinois Tool Works** and **Shell**.

- Proposals at **Meta Platforms** and **Alphabet** to improve oversight over the development of artificial intelligence.
- Supporting TSC’s [Antimicrobial Resistance \(AMR\) Guardrail](#), a proposal at McDonald’s addresses the abuse of antimicrobials in supply chains.
- Proposals at **Bank of America** and **Citigroup**, asking that asset management clients be offered customized voting platforms allowing them to vote in the best interests of their diversified portfolios.
- Proposals at **Walmart**, **Target**, **Home Depot**, and **Amazon** asking companies to pay workers a living wage or report on the impacts of failing to do so, including proposals supporting TSC’s [Living Wage Guardrail](#).
- Other matters include fair treatment of shareholder nominees, tax transparency, and conversion to benefit corporation status.
- Nonprofit advocacy organization [Majority Action](#) has issued reports recommending voting AGAINST certain directors at companies that lag on climate change mitigation and FOR certain proposals it believes will advance racial equity through proxy voting. Majority Action’s underlying arguments in favor of these proposal include protection of the systems that support diversified portfolios.

This report, published in mid-March 2024, will be supplemented regularly as the proxy season progresses and more proposals and campaigns go to a shareholder vote.

2024 SYSTEM STEWARDSHIP PROXY OPPORTUNITIES

Immediately below, we present the heart of *Portfolios on the Ballot*: a compendium of 2024 proxy season votes that proponents contend will have broad systemic effects and a corresponding impact on diversified portfolio returns. The substance of these proposals addresses company practices that may impoverish the social and environmental systems that support investors’ broad portfolios.

A table of these proxy actions can be found in Appendix A of this document as well as the [web-based version of this report](#). The web version of this information will be updated regularly throughout the proxy season as more information is released by the proponents.

To receive a weekly update of this information and alerts as to upcoming meetings, register [here](#).

TSC is not a proxy advisor or investment advisor, and POTB does not constitute proxy advisory services or investment advice.

CLIMATE AND BIODIVERSITY

Climate Change Increases Portfolio Risk for All Investors

The failure to address the climate crisis presents a dire threat to long-term, diversified investors. While individual companies may be able to improve profits by emitting carbon well beyond the limits of the

Paris Accords, a failed transition would mean that the average portfolio could suffer a [30% reduction in returns](#) over the next 40 years compared to a Paris-compliant scenario. As stated in TSC's case study on climate change:

the relationship between GHG emissions and long-term returns of diversified portfolios . . . shows why shareholders can and must steward companies away from GHG trajectories that threaten the climate system, regardless of the impact such stewardship has on individual company enterprise value.

The case study, [Climate Change & the Engagement Gap: Why Investors Must Do More than Move the Needle, and How They Can](#), addresses the climate risk to diversified portfolios in detail.

SHAREHOLDER CAMPAIGNS

TITLE OR TOPIC: ALIGN GHG EMISSIONS REDUCTION TARGETS TO PARIS AGREEMENT

COMPANIES: SHELL (SHEL)

FILERS: Follow This and twenty-seven institutional investors with **€4 trillion in assets under management, including Amundi, Scottish Widows, and Candriam**. View [press release](#) for details.

Action Item: Twenty-seven institutional investors, who collectively manage more than US\$4.2 trillion in assets and who own close to 5% of the company's stock, co-filed a resolution at Shell PLC, asking the company to align its medium-term greenhouse gas emissions reduction targets for Scope 3 (usage of products) with the goal of the Paris Agreement (limiting global warming to well below 2°C and pursuing efforts to limit temperature increases to 1.5°C above pre-industrial levels).

Impact on Diversified Shareholders: Scope 3 emissions include emissions by customers, which make up the bulk of emissions generated by fossil fuel producers such as Shell. Many investors believe that such producers cannot address their role in creating the economic risks arising from the climate crisis without managing their Scope 3 emissions. This proposal may thus be considered critical to managing emissions that could negatively affect diversified portfolios. The supporting statement argues, "[a] vote for this proposal is warranted by investors who seek to ensure a long-term future for the Company and to protect the value of their entire investment portfolios."

Bottom Line: Diversified investors who believe that fossil fuel producers must take responsibility for their Scope 3 emissions to protect the value of portfolios can vote FOR this proposal to encourage Shell to account for its customers' emissions.

TITLE OR TOPIC: REPORT ON CLIMATE TRANSITION PLANNING

COMPANIES: BANK OF AMERICA (BAC), JP MORGAN CHASE BANK (JPM), MORGAN STANLEY (MS)

LEAD FILER: As You Sow

CO-FILER(S): Arjuna Capital (Bank of America, JP Morgan Chase)

Action Item: These proposals press financial institutions to evaluate and disclose the proportion of client emissions that come from clients that are not on a pathway to meet a 1.5°C goal and how the companies plan to meet their own emissions reduction targets in light of this information.

Impact on Diversified Shareholders: The proposals raise the concern that these leading banks, with trillions of dollars in assets under management and holding billions of dollars in long-term debt to a wide variety of industries and sectors, are supporting clients who are not reducing emissions on a trajectory sufficient to address the risks that climate change poses to the economy. The proposal questions how these banks will meet their own emission reduction targets without understanding their clients' emissions trajectory. In the words of the supporting statement for the Bank of America proposal, "[f]ailure to meet targets also contributes to systemic climate risk to harm investors' portfolios."

Bottom Line: By raising the specific concern that these banks are pursuing business that contributes significantly to climate risk, these proposals address risks that could threaten investors' entire portfolios. The proponents are asking diversified shareholders to vote FOR these proposals to account for these risks to their portfolios.

TITLE OR TOPIC: MANAGING CLIMATE RISK BY SETTING SCIENCE-BASED TARGETS.

COMPANIES: W. W. GRAINGER (GWW), ILLINOIS TOOL WORKS (ITW)

LEAD FILER: Arjuna Capital

CO-FILER(S): First Affirmative (Illinois Tool Works)

Action Item: These proposals ask the companies to issue near- and long-term science-based greenhouse gas reduction targets aligned with the Paris Agreement's 1.5°C goals, including both operational and supply chain emissions related to the company.

Impact on Diversified Shareholders: According to the proposals, these companies neglect Scope 3 emissions and lack climate plans. Scope 3 emissions come from both upstream emissions (such as transportation of materials to facilities, waste generated in operations, business travel, and commuting) and downstream emissions (such as distribution, transportation, and end-of-life treatment for products). The UN Global Compact [estimates](#) that more than 70% of a company's total emissions can be attributed to Scope 3 categories. For this reason, many investors believe economic risks created by climate change cannot be adequately addressed without action by companies to measure and manage their Scope 3 emissions. As the supporting statement for the Grainger proposal puts it:

Every incremental increase in temperature above 1.5 degrees will increase physical, transition, and systemic risks for companies and investors alike... Up to 10 percent of global economic value could be lost by 2050.

Bottom Line: These proposals highlight the risk failure to manage Scope 3 emissions poses to the economy broadly, and thus to diversified shareholders. Proponents believe voting FOR these proposals will encourage the companies to create and implement emissions reduction plans that will reduce long-term risk to diversified portfolios.

TITLE OR TOPIC: DEEP-SEA MINING

COMPANIES: GENERAL MOTORS (GM), TESLA (TSLA)

LEAD FILER: As You Sow

Action Item: These proposals at General Motors and Tesla ask the companies to address the effects of deep-sea mining on global ecosystems. At General Motors, the proposal seeks disclosure of the company's policies on the topic, while the proposal at Tesla seeks a moratorium on deep-sea mining or an explanation why the company cannot commit to such a moratorium.

Impact on Diversified Shareholders: The proposals explain that deep sea mining for mineral deposits can be devastating to marine ecosystems, and that destruction of these habitats and ecosystems can affect systemic issues such as food supply and the ocean’s ability to absorb carbon dioxide that would otherwise contribute to climate change. These systemic risks may threaten the long-term value of diversified portfolios.

Although the proposals and supporting statements do not refer to the impact deep-sea mining has on diversified portfolios, we understand the filer intends to address the risks to diversified shareholders in materials it will distribute in support of these proposals.

Bottom Line: Diversified investors who believe extraction of deep-sea minerals by these companies threatens systems that are critical to protecting the value of diversified portfolios can vote FOR this proposal to protect long-term financial returns.

TITLE OR TOPIC: REQUEST TO BECOME A BENEFIT CORPORATION

COMPANY: DOMINION ENERGY (D)

LEAD FILER: Ruth McElroy Amundsen

Action Item: This proposal asks Dominion Energy to take the steps needed to amend its articles of incorporation to become a Benefit Corporation.

Impact on Diversified Shareholders: The “benefit corporation” is a legal structure that serves as an alternative to the conventional for-profit corporation. Benefit corporations are required to consider positive social and environmental impact as a goal, alongside of earning profits. The proposal suggests that Dominion’s status as a conventional Virginia corporation may be a cause of the company’s attempts to throttle the development of new solar projects that would serve to reduce excess carbon emissions. In other words, the company may be pursuing profits at the expense of the broader economy. As the supporting statement explains:

Even if the Company believed that slowing its own climate transition enhances financial performance, failure to address climate change harms its diversified shareholders, who depend upon healthy systems to support the economy in which their investments are embedded: a warming planet will create serious economic costs globally, and lowered GDP will directly reduce returns to diversified investors.

Bottom Line: Diversified investors who believe the structure of a conventional Virginia corporation interferes with the company’s ability to manage its climate impact can vote FOR this proposal asking the company to become a benefit corporation.

TITLE OR TOPIC: CONDUCT AND DISCLOSE A BIODIVERSITY IMPACT AND DEPENDENCY ASSESSMENT

COMPANY: The Home Depot (HD)

FILER: Domini Impact Investments

Action Item: This proposal requests the company conduct and disclose an assessment related to the company’s impact and dependency on biodiversity, including the full value chain and use of its products sold.

Impact on Diversified Shareholders: The proposal states, “nature and biodiversity are systemically important to climate, livelihoods, Indigenous Peoples’ rights, and thriving economies,” and underpins both the satisfaction of basic human needs as well as the health and safety of society’s workforce. For diversified investors, the proposal identifies numerous connections between the economy and issues related to nature and biodiversity:

The World Economic Forum ranks biodiversity loss and ecosystem collapse among the four most severe global risks, and the World Bank estimates the collapse of ecosystem services could result in an annual global GDP decline of \$2.7 trillion. While the World Economic Forum estimates that over half of the world’s GDP is moderately or highly dependent on nature and its services, all of the world’s GDP is dependent on nature to some extent.

As discussed elsewhere in POTB, reductions in GDP can translate directly into reduced value for diversified portfolios. Although the text of this shareholder proposal does not refer to the impact of biodiversity loss on diversified portfolios, we understand the filer intends to address the risks to diversified shareholders in materials it will distribute in support of this proposal.

Bottom Line: Diversified investors who believe that biodiversity loss may increase risk in their portfolios can vote FOR this proposal.

TITLE OR TOPIC: PUBLISH A JUST TRANSITION REPORT

COMPANY: Kroger (KR)

LEAD FILER: Domini Impact Investments

Action Item: This proposal asks Kroger to publish a just transition report related to assessing and addressing the impacts of climate change and ensuring fundamental labor protections are upheld for workers in the agricultural supply chain. This proposal seeks consistency with the International Labour Organization’s just transition guidelines.

Impact on Diversified Shareholders: As [defined](#) by the UN, the term “just transition” refers to “ensuring that no one is left behind or pushed behind in the transition to low-carbon and environmentally sustainable economies and societies.” The European Bank for Reconstruction and Development further [explains](#) that “a just transition seeks to ensure that the substantial benefits of a [green economy transition](#) are shared widely, while also supporting those who stand to lose economically – be they countries, regions, industries, communities, workers or consumers.” The proposal at Kroger identifies farmworkers as a significantly at-risk group in the company’s supply network and mentions the supply chain risk related to failure to adapt to these climate change risks: “Farmworkers face heightened climate related risks, including heat related illness and death, exhaustion and heat stress, mental health stressors, increased pesticide exposure, as well as other severe human rights violations including forced labor.”

Failure to manage a just transition contributes to inequality, and as discussed in the sections of *POTB* addressing payment of living wages, inequality threatens the value of the economy overall, which in turn threatens the value of diversified portfolios. Although the text of this shareholder proposal does not refer to the impact a just transition may have on diversified portfolios, we understand the filer intends to address the risks to diversified shareholders in materials it will distribute in support of this proposal.

Bottom Line: Diversified investors concerned about the risk to their portfolios posed by the failure of Kroger to manage a just transition for workers in its supply chain can vote FOR this proposal.

TITLE OR TOPIC: OIL & GAS - 1.5°C MISALIGNMENT

COMPANIES: CONOCOPHILLIPS (COP), EXXONMOBIL (XOM), OCCIDENTAL PETROLEUM (OXY)

ACTION SUPPORTER: Majority Action

SUPPORTIVE INFORMATION: [Proxy Voting for a 1.5°C World](#)

Action Item: Majority Action has issued a proxy voting guide identifying climate laggards in the energy, utilities, and financial service industries and recommending votes against some or all the directors of such companies. Majority Action believes that voting on board elections is the most powerful tool available to shareholders and that it is appropriate to use such votes to hold directors accountable when companies are not transforming their businesses in line with a 1.5°C scenario.

Majority Action's proxy voting guide recommends that shareholders: VOTE AGAINST ALL BOARD MEMBERS at the above three oil & gas companies due to the companies' failure to set medium-term GHG reduction targets covering at least 95% of scope 1 and 2 emissions and relevant scope 3 emissions.

Impact on Diversified Shareholders: Majority Action [reports](#) that 2023 was the hottest year on record but will likely be the coolest going forward given the advancement of climate change. In its model proxy voting language, Majority Action explains why the climate issues it focuses on threaten the portfolios of diversified shareholders:

The physical and financial risks posed by climate change are systemic, portfolio-wide, and undiversifiable. Therefore, the actions of companies that directly or indirectly impact climate outcomes pose risks to the financial system as a whole, and to our entire portfolio. To protect the value of our portfolio as a whole, we will hold boards accountable at portfolio companies that fail to adhere to scientific recommendations needed to limit warming to 1.5°C over preindustrial levels by the end of the century.

Bottom Line: The board's role is to oversee company management. Investors concerned that the directors of these oil & gas companies are not protecting the interests of shareholders in their diversified portfolios can consider voting AGAINST (including with WITHHOLDING votes from) each of these directors.

TITLE OR TOPIC: O&G AND ELECTRIC UTILITIES – 1.5°C MISALIGNMENT

COMPANIES: CHEVRON (CVX), BERKSHIRE HATHAWAY (BRK), NRG ENERGY (NRG), SOUTHERN COMPANY (SO), WEC ENERGY GROUP (WEC), DOMINION ENERGY (D), AMERICAN ELECTRIC POWER (AEP)

ACTION SUPPORTER: Majority Action

SUPPORTIVE INFORMATION: [Proxy Voting for a 1.5°C World](#)

Action Item: As explained above, Majority Action is recommending votes against directors at climate laggards in the energy, utilities, and financial service industries when companies fail to transform their businesses in line with a 1.5°C scenario.

Majority Action’s proxy voting guide recommends that shareholders: VOTE AGAINST THE CHAIR AND/OR LEAD INDEPENDENT DIRECTOR, AND RELEVANT COMMITTEE CHAIRS at the above one oil and gas company and six electric utilities based on the following criteria:

- The oil & gas company’s potential future investments on new upstream oil & gas projects exceeds the IEA’s Announced Pledges Scenario (APS, >1.7°C) allowance,
- The electric utilities either (1) omit relevant scope 3 emissions from ambitions for 2050 net zero GHG emissions or medium-term GHG target, or (2) maintain planned fuel capacity that exceeds the IEA’s Announced Pledges Scenario (APS, >1.7°C) allowance.

Impact on Diversified Shareholders: As reported above, Majority Action’s asserts that the climate issues it focuses on threaten the portfolios of diversified shareholders.

Bottom Line: The board’s role is to oversee company management. Investors concerned that the directors of this oil & gas company and these electric utilities are not protecting the interests of shareholders in their diversified portfolios can consider voting AGAINST (including by WITHHOLDING votes from) each of these lead independent directors and committee chairs.

TITLE OR TOPIC: ELECTRIC UTILITIES, BANKS, INSURERS – 1.5°C MISALIGNMENT

COMPANIES: DUKE ENERGY (DUK), FIRSTENERGY (FE), PPL (PPL), GOLDMAN SACHS (GS), JPMORGAN CHASE (JPM), BANK OF AMERICA (BAC), BERKSHIRE HATHAWAY (BRK), CHUBB (CB), THE HARTFORD (HIG), TRAVELERS (TRV), W.R. BERKLEY (WRB)

ACTION SUPPORTER: Majority Action

SUPPORTIVE INFORMATION: [Proxy Voting for a 1.5°C World](#)

Action Item: As explained above, Majority Action is recommending votes against directors at climate laggards in the energy, utilities, and financial service industries when companies fail to transform their businesses in line with a 1.5°C scenario.

Majority Action’s proxy voting guide recommends that shareholders: VOTE AGAINST THE RELEVANT COMMITTEE CHAIR(S) at the above three utilities, three banks, and five insurers under the following circumstances:

- The electric utility’s InfluenceMap “Real-world climate policy engagement” score is below a C-, indicating significant misalignment to the Paris Agreement,
- The bank either (1) has failed to set sector-specific oil & gas targets for its financed emissions in terms of absolute emissions or (2) has no exclusion policies for fossil fuel projects, or
- The insurer has not disclosed its insurance-associated emissions.

Impact on Diversified Shareholders: As reported above, Majority Action’s asserts that the climate issues it focuses on threaten the portfolios of diversified shareholders.

Bottom Line: The board’s role is to oversee company management. Investors concerned that the directors of these electric utilities, banks, and insurers are not protecting the interests of shareholders in their diversified portfolios can consider voting AGAINST (including by WITHHOLDING votes from) each of these committee chairs.

DISINFORMATION & AI

Artificial intelligence brings opportunities and critical risks.

The rapid development of generative Artificial Intelligence (AI) has the potential to heighten significant risks related to disinformation, wealth inequality, and [human rights violations](#). These factors threaten critical systems that undergird diversified portfolios and should be weighed by shareholders using their governance rights to protect the value of those portfolios.

SHAREHOLDER CAMPAIGNS

TITLE OR TOPIC: REPORT ON GENERATIVE ARTIFICIAL INTELLIGENCE MISINFORMATION AND DISINFORMATION RISKS

COMPANIES: ALPHABET (GOOG, GOOGL) AND META PLATFORMS (META)

LEAD FILER: Arjuna Capital

CO-FILER(S): Open MIC, Eko

Action Item: These proposals seek reports from the boards on each company’s role in facilitating misinformation and disinformation generated, disseminated, and/or amplified by the company’s AI. The proposals specifically seek information not only on risks to the companies but also to “public welfare,” and request descriptions of the companies’ plans to remediate harms and measure effectiveness of those efforts.

Impact on Diversified Shareholders: The proposals reference concerns of high “political risk,” “inaccurate and invented information,” and the enablement of “precise ad targeting that could propagate disinformation among voters.” The ICT for Peace Foundation compares the spread of mis/disinformation online to “industrial pollutants that harm the environment” because just as environmental damage becomes an externality for polluters that do not bear the full cost, “social media platforms benefit financially from the engagement generated by misinformation without accounting for its societal impact.” While the proposals do not explicitly address the risks misinformation poses to a healthy global economy or the diversified portfolios that depend on it, we understand the filer intends to address the risks to diversified shareholders in materials it will distribute in support of these proposals.

Bottom Line: Diversified investors who believe these technology companies must deploy AI with particular care to protect the global economy (and thus their own portfolios) from the risks of misinformation can vote FOR these proposals to encourage Alphabet and Meta to account for these risks.

TITLE OR TOPIC: AI PRINCIPLES AND BOARD OVERSIGHT

COMPANY: ALPHABET (GOOG, GOOGL)

LEAD FILER: Trillium Asset Management

Action Item: This proposal asks Alphabet to amend the charter of the company’s Audit and Compliance Committee to include responsibilities around the implementation of AI. The company’s [AI Principles](#) include seven commitments, including “be socially beneficial,” “avoid creating or reinforcing unfair bias,” be tested for safety, be accountable to people, and incorporate privacy into design.

Impact on Diversified Shareholders: The proposal references public reporting on Alphabet’s rollout of AI and the protection of children, which the proponent points to as suggesting the need for board-level oversight. The proposal also expressly describes the benefits of improved oversight to diversified shareholders, as quoted in the sidebar.

Bottom Line: The proposal is supported by arguments that failure to take care in developing such AI poses a threat not just to the companies where the proposals have been filed, but to diversified portfolios. Investors concerned about these threats can vote FOR this proposal to encourage Alphabet to account for these risks.

FAIR WAGES AND ECONOMIC EQUALITY

Wealth inequality threatens diversified investor returns.

Current levels of poverty wages and inequality threaten the global economy with losses that will burden investment portfolios over the next 30 years and beyond. Conversely, higher wages lead to increased productivity and consumption in a virtuous macroeconomic cycle that benefits investment portfolios. Corporate behaviors such as tax avoidance, compensating workers below levels that can sustain basic needs, and ignoring human rights violations in their supply chains exacerbate existing levels of income inequality and threaten investors’ diversified portfolios, which will internalize the costs these behaviors impose on critical systems that undergird the economy. The risks low wages and inequality pose to diversified shareholders are discussed at length in our case study, [Living Wage & the Engagement Gap Using a Systems Lens to Build Portfolio Value Through Improved Wages.](#)



In support of a proposal to improve its governance with respect to AI, Trillium Asset Management argues:

“We believe that shareholders, many of whom are widely diversified and may feel the impacts of the potential negative externalities of Alphabet’s AI activities throughout their investment portfolios, would benefit from improved oversight.”



SHAREHOLDER CAMPAIGNS

TITLE OR TOPIC: ESTABLISH LIVING WAGE COMPENSATION POLICY THAT OPTIMIZES PORTFOLIO VALUE FOR COMPANY SHAREHOLDERS

COMPANIES: WALMART (WMT), TARGET (TGT)

FILERS: Legal & General Investment Management (LGIM), Nathan Cummings Foundation (Walmart)

SUPPORTIVE INFORMATION: Majority Action has issued a proxy voting guide, [Proxy Voting for Racial Equity](#), that recommends shareholders vote FOR these proposals at Walmart and Target.

Action Item: These proposals ask each company to establish wage policies that provide workers with minimum earnings necessary to meet a family's basic needs (a living wage) "because Company compensation practices that fail to provide a living wage are harmful to the economy and therefore to the returns of diversified shareholders."

These proposals are part of TSC's efforts to encourage investors to support a living wage guardrail, [as described here](#).

Impact on Diversified Shareholders: These proposals provide evidence to demonstrate the benefit to diversified shareholders of closing wealth gaps. For example, the supporting statements cite 2020 research that found that if key racial gaps for Black Americans (such as wages, education, housing, and investment) had been closed in 2000, US\$16 trillion could have been added to the U.S. economy. The same study found that closing those gaps in 2020 could have added US\$5 trillion to the U.S. economy over the ensuing five years. As TSC details in our [living wage case study](#), failing to pay people adequately exacerbates income inequality, which [stunts the nation's economic growth](#) by decreasing disposable income and damaging individuals' health and well-being, among other factors.

As the supporting statements say, "[t]he costs and risks created by low wages and inequality will directly reduce long-term diversified portfolio returns because a drag on GDP directly reduces returns on diversified portfolios."

Bottom Line: These proposals make a direct case that diversified shareholders should support the payment of a living wage by these companies to preserve the value of their portfolios, because paying a living wage protects overall market returns by preserving the economy. Investors should vote FOR these proposals.



Supporting the living wage guardrail facilitated by TSC, these proposals explain:

"Closing the living wage gap worldwide could generate an additional \$4.56 trillion every year through increased productivity and spending, translating to a more than 4 percent increase in annual GDP."



TITLE OR TOPIC: TAX TRANSPARENCY

COMPANIES: EXXONMOBIL (XOM), CHEVRON (CVX)

LEAD FILER: Oxfam America

CO-FILER(S): KLP, Folksam, Benedictine Sisters of Mount St. Scholastica (both XOM and CVX); Nordea, Benedictine Sisters of Baltimore, Benedictine Sisters of Boerne Texas, and the Province of Saint Joseph of the Capuchin Order (XOM).

Action Item: These proposals, filed by numerous proponents including Nordea, a European asset manager with approximately EUR400 billion under management, ask each company to issue a tax transparency report prepared using indicators and guidelines set forth in the Global Reporting Initiative's (GRI) Tax Standard.

Impact on Diversified Shareholders: The shareholder proposals refer readers to the [GRI Tax Standard](#), which explains that "taxes... are a key mechanism by which organizations contribute to the economies of the countries in which they operate." Furthermore, the lead filer's [public statement](#) cites a 2023 report that public country-by-country reporting (PCbCR) could reduce tax revenue losses attributed to cross-border profit shifting by US\$311 billion.

These losses have an economic impact, as governments require revenue to function effectively. The EU Tax Observatory estimates that countries may experience a loss of up to 1.32% of GDP annually due to corporate profit shifting. Diversified portfolios may absorb these economic losses. Although the text of these shareholder proposals does not refer to the impact tax avoidance has on diversified portfolios, we understand the lead filer intends to address the risks to diversified shareholders in materials it will distribute in support of these proposals.

Bottom Line: Investors concerned with the impact tax avoidance may have on their diversified portfolios can consider voting FOR these proposals.

TITLE OR TOPIC: LIVING WAGE REPORT

COMPANIES: THE HOME DEPOT (HD); AMAZON.COM (AMZN)

LEAD FILER: Zevin Asset Management

Action Item: These proposals ask each company to oversee the preparation of a living wage report intended to provide investors with information they can use to assess the company's compliance with international human rights standards related to wages. The proposals also ask that each company assess systemic risks stemming from income inequality.

Impact on Diversified Shareholders: The proposals argue that high levels of income inequality threaten diversified investor portfolios "by slowing economic growth, limiting upward mobility, and exacerbating political polarization." The supporting statements argue that closing the living wage gap could increase global GDP by as much as 4% per year.



These proposals, led by Zevin Asset Management, point to what the proponent believes are serious concerns about how a sub-living wage may affect diversified investors:

"Inadequate pay thus materially reduces the intrinsic value of the global economy, which in turn affects investment portfolios."



Bottom Line: The filer is seeking support for these proposals based, in part, on the threat such wages pose to diversified portfolios. Investors concerned with the impact low pay has on their diversified portfolios—even if profitable when viewed through from the narrow perspective of an individual employer—can address that concern by voting FOR these proposals.

TITLE OR TOPIC: RACIAL EQUITY AUDIT

COMPANY: WALMART (WMT)

ACTION SUPPORTER: Majority Action

SUPPORTIVE INFORMATION: [Proxy Voting for Racial Equity](#)

Action Item: Majority Action has issued a proxy voting guide on racial equity that recommends shareholders vote FOR the racial equity audit proposal at Walmart filed by United for Respect, Adrian Dominican Sisters, CommonSpirit Health, Daughters of Charity, Province of St. Louise.

Impact on Diversified Shareholders: Majority Action’s [Equity in the Boardroom Report](#) identifies racial equity as an issue that “poses idiosyncratic and systematic risks that depress returns for long-term diversified investors.”

For this proposal at Walmart, Majority Action’s proxy voting [guide](#) explains that Walmart is the largest private sector employer of Black and Latine people while it also serves many communities of color. Citing a study that points to discrepancies in Walmart’s customer service that reproduce racial and socioeconomic disadvantage, Majority Action’s guide states that a racial equity audit could assist Walmart in identifying how it can better serve the needs of the BIPOC community. Majority Action’s voting guide further states that “[f]iduciaries must adopt a racial equity lens to proxy voting in order to effectively mitigate these risks, which cannot simply be diversified away.”

In additional supportive information shared with TSC, Majority Action explained that Walmart is the U.S.’s largest retailer, its largest grocer, its largest importer of consumer goods, and its largest private employer of Black [workers](#). Majority Action also explains that Walmart’s corporate practices and policies set the standard and have far-reaching effects on not just the low-wage labor market, but also the retail, grocery, and logistics industries and that a rigorous and comprehensive racial equity audit could identify and address racial disparities at not just Walmart but also at suppliers and competitors, unlocking opportunities for equitable value creation across the economy that would benefit diversified investors generally.

Bottom Line: The existing significant racial wealth gap in the U.S. [constrains the economy](#). Diversified investors who believe that a racial wealth gap may be harmful to their investments can consider voting FOR this proposal.

TITLE OR TOPIC: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

COMPANY: MAXIMUS (MMS) and Tesla (TSLA)

FILERS: SOC Investment Group and Service Employees International Union (SEIU) (Maximus); Shareholder Association for Research & Education (SHARE), Domini, SOC Investment Group (Tesla)

ACTION SUPPORTER: Majority Action (Maximus)

PROXY MEMO OR SUPPORTIVE INFORMATION: [Proxy Voting for Racial Equity](#) (Maximus)

Action Item: These proposals ask the company to adopt and disclose a non-interference policy that upholds the right to freedom of association and collective bargaining, in line with International Labour Organization standards.

At Maximus, Majority Action’s voting guide recommends a vote FOR this proposal.

Impact on Diversified Shareholders: Economic Policy Institute [research](#) demonstrates that unions “help reduce disparities and strengthen our democracy” and “counteract disparate labor market outcomes by race and gender that result from occupational segregation, discrimination, and other labor market inequities related to structural racism and sexism.” TSC’s own [case study](#) on the living wage gap highlighted the fact that closing inequalities like these could significantly benefit the economy: “closing the living wage gap worldwide could generate significant increases in the well-being of workers, leading to a more than 4% increase in global GDP.”

Specifically supporting the proposal at Maximus, Majority Action’s [report](#) identifies racial equity as an issue that “poses idiosyncratic and systematic risks that depress returns for long-term diversified investors.” Related to unionizing specifically, the voting guide points to research that shows that “labor unions help to reduce centuries of entrenched racial disparities in wages, healthcare access, and economic security.” Lastly, the guide comments that given the role that unions play in closing the racial wealth gap, “addressing fundamental labor rights in stewardship is one way for investors to mitigate the systemic risks of racialized inequality.”

While the proposal at Tesla does not reference effects on diversified shareholders, we understand that the shareholder proponents intend to file an exempt solicitation in support of the proposal that will address impacts on diversified portfolios.

Bottom Line: Diversified investors who believe that support for labor unions and freedom of association may benefit their investments can consider voting FOR these proposals.

TITLE OR TOPIC: WORKPLACE AND GUN SAFETY

COMPANY: WALMART (WMT)

ACTION SUPPORTER: Majority Action

SUPPORTIVE INFORMATION: [Proxy Voting for Racial Equity](#)

Action Item: Majority Action has issued a proxy voting guide on racial equity that recommends shareholders vote FOR the workplace and gun safety proposal at Walmart filed by United for Respect, Bon Secours, Mercy Health.

Impact on Diversified Shareholders: Majority Action’s voting guide explains that BIPOC workers experience higher rates of work-related diseases, injuries, and psychological stress compared to their white counterparts and that nearly half of Walmart’s hourly associates are people of color. According to the guide, those associates have raised concerns about both workplace safety issues and violence from customers and coworkers, identifying this issue as both one related to systemic racism and the physical and mental health of the public.

Majority Action’s [report](#) identifies racial equity as an issue that “poses idiosyncratic and systematic risks that depress returns for long-term diversified investors.” The voting guide further states that “[f]iduciaries

must adopt a racial equity lens to proxy voting in order to effectively mitigate these risks, which cannot simply be diversified away.”

Bottom Line: Diversified investors who believe that harm to the physical and mental health of workers, especially employees of color, may be harmful to the shareholder’s diversified investments can consider voting FOR this proposal.

ASSET MANAGER VOTING

Bringing systems-first proxy voting to large asset managers.

Many financial institutions manage portfolios for institutional and individual clients, most of whom diversify their portfolios to optimize risk and return. These clients are at risk if asset managers only consider the impact their voting has on individual companies, and all investors are at risk if the financial industry fails to recognize the importance of system stewardship and systems-first voting to investors.

SHAREHOLDER CAMPAIGNS

TITLE OR TOPIC: PROXY VOTING ALIGNMENT

COMPANIES: GOLDMAN SACHS GROUP (GS), JP MORGAN CHASE (JPM)

LEAD FILER: The Maryknoll Sisters of St. Dominic (JP Morgan Chase); Presbyterian Church (Goldman Sachs)

CO-FILER(S): Benedictine Sisters of Mount St. Scholastica (JP Morgan Chase)

Action Item: Proposals at Goldman Sachs and JP Morgan Chase ask the companies to review and report on their proxy voting record and policies related to diversity and climate change. The supporting statements suggest the reviews disclose incidents of misalignment between the companies’ policies and voting records compared to the goals of the Paris Agreement or other initiatives in which the banks take part, compare the companies’ track records with those of other major investment firms and funds, and identify recommendations to strengthen voting guidelines related to climate change and diversity.

Impact on Diversified Shareholders: The proposals highlight what the proponents view as a discrepancy between the asset managers’ voting records on climate- and diversity-related shareholder proposals and their public stances on the materiality of climate and diversity issues. The proponents point to concerns about the asset managers’ focus on “near-term risk for a specific company” rather than “risk to the whole portfolio” which the proponent describes as shortsighted. As examples of these misalignments, the proposals point to discrepancies such as JP Morgan’s membership in the Principles for Responsible Investment, which urges investors to vote by prioritizing “addressing systemic sustainability issues,” compared to the company’s voting record in 2023 of only supporting 15 climate resolutions out of 65.

Bottom Line: Shareholders who feel that alignment between the asset managers’ public stances and proxy voting behavior would benefit diversified portfolios should consider voting FOR these proposals.

CORPORATE GOVERNANCE

Good corporate governance affects companies' prioritization of wide-ranging issues that impact diversified investors.

Corporate governance ensures transparency, accountability, and company responsiveness to shareholder interests. Governance structures should provide shareholders the means to elect directors and otherwise engage as owners of the company. Shareholder votes to enhance corporate governance can ensure that companies are attuned to the interests of diversified shareholders.

SHAREHOLDER CAMPAIGNS

TITLE OR TOPIC: FAIR TREATMENT OF SHAREHOLDER NOMINEES

COMPANIES: AMAZON, INC. (AMZN), COGNIZANT TECHNOLOGIES (CTSH), IMPINJ (PI)

LEAD FILER: Jim McRitchie

Action Item: These proposals ask each company to adopt and disclose a policy related to the treatment of shareholder nominees for board membership. The proposals encourage a policy that treats shareholder nominees and Board nominees equitably and without unnecessary administrative or evidentiary requirements.

Impact on Diversified Shareholders: Recent regulatory developments have reduced barriers to “proxy access,” providing a greater opportunity for shareholder nominees for directors to appear on companies’ proxy cards. These shareholder proposals seek policies to ensure that company management does not place unfair hurdles in the way of shareholders seeking such access. This issue has particular resonance for diversified shareholders because their interests may diverge from those of corporate management with respect to corporate practices that externalize significant costs that threaten diversified portfolio returns. As the supporting statement explains:

Company interference in [the proxy access] process is especially dangerous because financial theory recommends that most shareholders diversify their portfolios.

Such diversified investors have an interest in ensuring our Company does not profit from practices that threaten social and environmental systems upon which diversified portfolios depend. Company directors influenced by executives, in contrast, may prioritize Company profitability over systems that are of critical importance to shareholders.

Bottom Line: The proponent argues that corporate governance structures that allow shareholders to effectively use the proxy access provision will likely benefit diversified shareholder portfolios by reducing entrenchment of boards that prioritize company profits over sustainability issues that are financially significant to diversified portfolio returns. Diversified investors who believe they would benefit from better access to the corporate proxy card can vote FOR these proposals.

TITLE OR TOPIC: LOBBYING DISCLOSURE / POLITICAL CONTRIBUTIONS CONGRUENCY

COMPANIES: WELLS FARGO (WFC), ELI LILLY (LLY), COMCAST (CMCSA)

ACTION SUPPORTER: Majority Action

SUPPORTIVE INFORMATION: [Proxy Voting for Racial Equity](#)

Action Item: Majority Action has issued a proxy voting guide on racial equity that recommends shareholders vote FOR the lobbying disclosure proposal at Eli Lilly filed by Service Employees International Union (SEIU) and at Wells Fargo filed by John Chevedden and Reynders, McVeigh Capital Management. Additionally, Majority Action recommends voting FOR the political congruency proposal at Comcast filed by Arjuna Capital.

Impact on Diversified Shareholders: Majority Action's [report](#) states that:

Corporations' political and policy agendas often exacerbate racial disparities and undermine the public-facing statements they make on racial justice. In addition to entrenching racial inequities and undermining democracy, unbridled corporate political influence poses risks to the long-term portfolios of diversified investors. While political rent-seeking in the form of election spending or lobbying may help one company, it can cause externalities for other companies, taxpayers, consumers, and workers – which ultimately hampers economic value creation and portfolio growth upon which long-term diversified investors depend.

Bottom Line: In the 2022 federal elections cycle, businesses [spent](#) US\$3.5 billion on political contributions and over US\$4 billion on lobbying their interests to U.S. political candidates. Diversified investors concerned about how misaligned corporate political contributions and lobbying may affect their investments can consider voting FOR these proposals.

HUMAN RIGHTS

Respecting human rights can positively affect economic stability and growth.

Research has [shown](#) that improvements in respect for human rights and civil liberties “boost economic growth rate,” while the International Labour Organization estimates that 4% of global GDP is [lost](#) due to work-related conditions. Failure to prevent exposure to human rights abuses in the supply chain can lead to supply chain snarls that ripple throughout the entire economy.

SHAREHOLDER CAMPAIGNS

TITLE OR TOPIC: HUMAN RIGHTS IMPACT ASSESSMENT OF AI DRIVEN ADVERTISING PRACTICES

COMPANIES: META PLATFORMS (META), ALPHABET (GOOG, GOOGL)

LEAD FILER: Mercy Investment Services (Meta); Shareholder Association for Research and Education (SHARE) Canada (Alphabet)

Action Item: These proposals seek an independent third-party human rights impact assessment (HRIA) examining the actual or potential human rights impacts of each company's use of artificial intelligence in targeted advertising.

Impact on Diversified Shareholders: As the proposals describe, the companies rely heavily on the revenue garnered through advertising on their platforms, and those ads target specific users or user groups based on “algorithm decision-making systems.” The proposals further point to “[c]oncerns around fairness, accountability, non-discrimination and transparency [that] have prompted regulators globally to develop regulations aiming at regulating the use and development of responsible AI while promoting transparency and effective human rights due diligence.” Human rights violations resulting from the incorporation of AI into the algorithms these companies use could adversely affect the economy by eroding social cohesion, diminishing trust in democracy, and increasing economic inequality through skills gap amplification, job displacement, and wealth concentration, ultimately impeding innovation and economic growth, threatening the long-term performance of diversified portfolios.

While the proposals do not reference effects on diversified shareholders, we understand the shareholder proponents intend to file exempt solicitations in support of these proposals that will address impacts on diversified portfolios.

Bottom Line: The potential human rights risks of AI may match its potential for innovation and improvement. Diversified investors who believe they would benefit from better transparency around how companies address human rights violations in targeted advertising can vote FOR these proposals.

TITLE OR TOPIC: HUMAN RIGHTS IMPACT ASSESSMENT

COMPANY: WALMART (WMT)

LEAD FILER: Oxfam America

CO-FILERS: Sisters of Charity of Saint Elizabeth; Dominican Sisters of Sinisawa, School Sisters of Notre Dame, Mercy Investment Services, Congregation of Saint Joseph, Intercommunity Peace & Justice Center; Congregation of the Benedictine Sisters, Boerne, Texas; Missionary Oblates of Mary Immaculate-US Province

Action Item: This proposal asks the company to publish a HRIA relating to one or more “high-risk commodity[ies]” in the company’s supply chain or facility in its operations.

Impact on Diversified Shareholders: The proposal describes news reporting during the COVID-19 pandemic featuring concerning working conditions for Walmart frontline workers, including punishment for using sick time, as well as a recent study indicating “at least half of Walmart’s hourly workers earn under US\$29,000 annually – below a living wage.” The proposal also points to publicly reported issues such as Walmart suppliers illegally using child migrant labor and forced labor in Cambodia. Human rights violations such as these, both in and outside the United States, can dampen economic growth as they perpetuate wealth inequality.

While the proposal does not reference effects on diversified shareholders, we understand the shareholder proponents intend to file an exempt solicitation in support of this proposal that will address impacts on diversified portfolios.

Bottom Line: Shareholders who feel Walmart’s assessment of its human rights impacts in its facilities and through supplier relationships would benefit their diversified portfolios should consider voting FOR this proposal.

PUBLIC HEALTH

A healthy population is vital for economic resilience and growth.

Effective and equitable public health measures are essential for maintaining a strong economy. Widely accessible and affordable public health interventions mitigate the economic burden of healthcare expenditures, freeing up resources for other critical sectors. Moreover, a healthier population creates a more productive workforce, which in turn fosters consumer confidence and spending, driving economic growth and stability in the long term.

SHAREHOLDER CAMPAIGNS

TITLE OR TOPIC: COMPLY WITH EXPERT GUIDELINES ON ANTIMICROBIAL USE

COMPANIES: MCDONALD'S CORPORATION (MCD), RESTAURANT BRANDS INTERNATIONAL (QSR), YUM! BRANDS (YUM)

FILERS: Legal & General Investment Management (LGIM) and Amundi Asset Management

Action Item: These proposals ask the companies to institute a policy requiring compliance with World Health Organization (WHO) Guidelines on Use of Medically Important Antimicrobials in Food-Producing Animals throughout their supply chains.

This proposal is part of the [Antimicrobial Resistance \(AMR\) Guardrail](#) supported by TSC.

Impact on Diversified Shareholders: As described by the proposals, “[a]ntibiotics overuse is known to exacerbate antimicrobial resistance (“AMR”), which the WHO [describes](#) as ‘one of the top 10 global public health threats facing humanity’... By 2050, AMR could cause \$100 trillion in lost global production, thus lowering the economy’s intrinsic value and devastating portfolio returns for institutional investors.” The proposals further contends that company’s decision not to “prioritize broad AMR risks [do] not account for [their] diversified owners’ interests in optimizing public health, the economy, and their long-term portfolio returns.”

Bottom Line: The proposals state that “[b]y changing [company] policies and adhering to the WHO Guidelines, [the company] could save lives, contribute to a more resilient economy, and protect [their] diversified investors’ portfolios.” Shareholders should vote FOR these resolutions.



Antimicrobial resistance (AMR) is one of the top 10 public health threats facing humanity.

AMR poses a systemic, global threat to public health and the economy. When the efficacy and availability of life-saving drugs are compromised, the entire economy suffers. And when the economy suffers, investors lose.



TITLE OR TOPIC: PATENTS AND ACCESS

COMPANIES: JOHNSON & JOHNSON (JNJ), ABBVIE (ABV)

LEAD FILER: Mercy Investment Services (Johnson & Johnson); Friends Fiduciary (AbbVie)

Action Item: These proposals seek the establishment of a process or policy, as well as subsequent reporting, from each company regarding possible impacts of their patent-seeking practices beyond the primary patent.

Impact on Diversified Shareholders: Healthy populations are a main driver of a productive workforce. As a result, when people are unable to access medical supplies, or medications, or vaccinations, economic growth may suffer alongside population health. The proposals describe the complex web of patents that drug companies often pursue in an effort to maintain intellectual property protections on branded drugs, which, the proposals assert, “play[s] an important role in maintaining high prices and impeding access.” The proposals further emphasize the cost to consumers: “U.S. prices for branded drugs were nearly 3.5 times higher than prices in 32 OECD member countries.”

While the proposals do not reference effects on diversified shareholders, we understand that the shareholder proponents intend to file exempt solicitations in support of these proposals that will address impacts on diversified portfolios.

Bottom Line: Access to medicine is critical for a healthy population. Shareholders who are concerned about the negative repercussions of high drug prices on their portfolios should consider voting FOR these resolutions.

TITLE OR TOPIC: RACIAL AND ETHNIC DISPARITIES IN PUBLIC HEALTH OUTCOMES

COMPANIES: UNITED HEALTH GROUP, INC. (UNH)

LEAD FILER: Mercy Investment Services

Action Item: This proposal asks the board to oversee a third-party audit analyzing the racial and ethnic disparities in the company’s business.

Impact on Diversified Shareholders: The proposal notes that CDC data demonstrate higher rates of illness and death experienced by racial and ethnic minority groups and that the impact of racial inequities “costs \$320B annually in health care spending.” As noted for other healthcare proposals in this publication, a healthy population leads to more productive workers in the economy. More than 40 percent of U.S. residents identify as a member of a racial or ethnic minority category, [according to the U.S. Census](#), representing a large proportion of the U.S. population that may be affected by the concerns addressed in this proposal.

While the proposal does not reference effects on diversified shareholders, we understand the shareholder proponents intend to file an exempt solicitation in support of this proposal that will address impacts on diversified portfolios.

Bottom Line: Healthcare outcome disparities by race and ethnicity may undermine workforce productivity, increase healthcare costs, and perpetuate socioeconomic inequalities, ultimately hindering economic growth and stability. Shareholders who are concerned about the potential impact of healthcare disparities on the economy and their portfolios should consider voting FOR these resolutions.

TITLE OR TOPIC: ARTICLES OF ASSOCIATION – HEALTHIER PRODUCTS

COMPANY: NESTLE (NSRGY)

LEAD FILER: ShareAction

SHAREHOLDER MEMO: [Investor Briefing: Why Nestlé’s shareholders should support the 2024 health resolution](#)

Action Item: The resolution asks for an amendment to the company’s Articles of Association to require an annual report on various social issues including KPIs on food and beverage healthfulness and asks for a company-set time-bound target on increasing the proportion of sales derived from healthier products.

Impact on Diversified Shareholders: According to the investor briefing [memo](#) filed by the proponent, more than half (51%) of the global population will be overweight or live with obesity by 2035 unless prevention, treatment and support improve. The economic impact of overweight and obesity on the world is set to reach \$4.32tn – around 4% of current global GDP – annually by 2035. While the resolution does not expressly speak to diversified investor risk, the proponent’s briefing memo clearly identifies the threat of diet-related ill health worldwide hurts economies and therefore portfolios of diversified long-term investors:

For diversified investors, a healthy economy is a far more important driver of overall portfolio returns than the performance of a single company. While selling products that are less healthy may generate short-term financial returns for Nestlé, the externalities this creates negatively affect its shareholders who don’t just own Nestlé, but rely on a growing economy to support their entire portfolios. Indeed, a number of studies have shown that broader economic factors explain 75-94% of average portfolio return.

Bottom Line: Proponents makes the case that the Nestle product mix threatens public health and therefore economic growth. Shareholders who believe that improving public health will protect their diversified investments can consider voting FOR this proposal.

APPENDIX A: TABLE OF SHAREHOLDER ACTIONS IN POTB

As of March 19, 2024

This publication will be revised occasionally throughout the proxy season. For up-to-date information, refer to theshareholdercommons.com/potb2024.

Company	Action Type	Proposal Title	POTB Category	Proponent(s) or Action Supporter
AbbVie	Proposal	Patents and Access	Public Health	Friends Fiduciary
Alphabet	Proposal	AI Principles and Board Oversight	Disinformation and AI	Trillium Asset Management, LLC
Alphabet	Proposal	Human Rights Impact Assessment of AI Driven Advertising Practices	Human Rights	Shareholder Association for Research and Education (SHARE) Canada
Alphabet	Proposal	Report on Generative Artificial Intelligence Misinformation and Disinformation Risks	Disinformation and AI	Arjuna Capital; OpenMic; Eko
Amazon	Proposal	Living Wage Report	Fair Wages and Economic Equality	Zevin Asset Management
Amazon	Proposal	Fair Treatment of Shareholder Nominees	Corporate Governance	Jim McRitchie
American Electric Power	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Bank of America Corporation	Proposal	Report on Climate Transition Planning	Climate and Biodiversity	As You Sow, Arjuna Capital; others
Bank of America Corporation	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Berkshire Hathaway	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Berkshire Hathaway	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Chevron	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Chevron	Proposal	Tax Transparency	Fair Wages and Economic Equality	Oxfam America, KLP, Folksam, and Benedictine Sisters of Mount Saint Scholastica
Chubb	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Cognizant	Proposal	Fair Treatment of Shareholder Nominees	Corporate Governance	Jim McRitchie
Comcast	Proposal	Political Contributions Congruency	Corporate Governance	Arjuna Capital (proposal received systemic stewardship support by Majority Action)
ConocoPhillips	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Dominion Energy	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Dominion Energy	Proposal	Request to Become a Benefit Corporation	Climate and Biodiversity	Virginia Distributed Solar Alliance
Duke Energy	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action

Eli Lilly	Proposal	Lobbying Expenditures Disclosure	Corporate Governance	Service Employees International Union (SEIU) (proposal received systemic stewardship support by Majority Action)
ExxonMobil	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
ExxonMobil	Proposal	Tax Transparency	Fair Wages and Economic Equality	Oxfam America, KLP, Folksam, Nordea, Benedictine Sisters of Baltimore, Benedictine Sisters of Mount Saint Scholastica, Province of Saint Joseph of the Capuchin Order, Benedictine Sisters of Boerne Texas
FirstEnergy Corporation	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
General Motors	Proposal	Disclose Deep Sea Mining Policy	Climate and Biodiversity	As You Sow
Goldman Sachs	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Goldman Sachs Group	Proposal	Proxy Voting Alignment	Asset Manager Voting	Presbyterian Church
Illinois Tool Works	Proposal	Managing Climate Risk Through Science-Based Targets and Transition Planning	Climate and Biodiversity	Arjuna Capital; First Affirmative
Impinj Inc.	Proposal	Fair Treatment of Shareholder Nominees	Corporate Governance	Jim McRitchie
Johnson & Johnson	Proposal	Patents and Access	Public Health	Mercy Investment Services
JP Morgan Chase	Proposal	Report on Climate Transition Planning	Climate and Biodiversity	As You Sow; Arjuna Capital; others
JP Morgan Chase	Proposal	Proxy Voting Alignment	Asset Manager Voting	The Maryknoll Sisters of St. Dominic, Inc.; Benedictine Sisters of Mount St. Scholastica
JPMorgan Chase	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Kroger	Proposal	Publish a Just Transition Report	Climate and Biodiversity	Domini Impact Investments
Maximus, Inc.	Proposal	Respect for Freedom of Association and Collective Bargaining	Fair Wages and Economic Equality	SOC Investment Group (systemic stewardship argument supported by Majority Action)
McDonald's Corp.	Proposal	Comply with Expert Guidelines on Antimicrobial Use	Public Health	LGIM, Amundi
Meta	Proposal	Report on Generative Artificial Intelligence Misinformation and Disinformation Risks	Disinformation and AI	Arjuna Capital; OpenMic; Eko
Meta	Proposal	Human Rights Impact Assessment	Human Rights	Mercy Investment Services
Morgan Stanley	Proposal	Report on Climate Transition Planning	Climate and Biodiversity	As You Sow
Nestle	Proposal	Amendment to the Articles of Association regarding Nestlé Nutrition and Health Strategy and disclosures (healthy sales)	Public Health	ShareAction
NRG Energy	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Occidental Petroleum	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
PPL Corp.	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Restaurant Brands International Inc.	Proposal	Comply with Expert Guidelines on Antimicrobial Use	Public Health	Trinity College, Cambridge

Shell	Proposal	Align GHG Emissions Reduction Targets to Paris Agreement	Climate and Biodiversity	Follow This and a coalition of 27 asset managers
Southern Company	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Target Corp.	Proposal	Set compensation policy that optimizes portfolio value for Company shareholders	Fair Wages and Economic Equality	LGIM
Tesla	Proposal	Moratorium on Deep Sea Mining	Climate and Biodiversity	As You Sow
Tesla	Proposal	Adopt and Disclose a Non-interference Policy on Freedom of Association and Collective Bargaining	Fair Wages and Economic Equality	Shareholder Association for Research & Education (SHARE); Domini Impact Investments; SOC Investment Group
The Hartford	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
The Home Depot	Proposal	Conduct and Disclose a Biodiversity Impact and Dependency Assessment	Climate and Biodiversity	Domini Impact Investments
The Home Depot	Proposal	Living Wage Report	Fair Wages and Economic Equality	Zevin Asset Management
Travelers Companies	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
United Health Group	Proposal	Racial and Ethnic Disparities in Public Health Outcomes	Public Health	Mercy Investment Services
W.R. Berkley	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
W.W. Grainger	Proposal	Managing Climate Risk Through Science-Based Targets and Transition Planning	Climate and Biodiversity	Arjuna Capital
Walgreens Boots Alliance	Proposal	Set compensation policy that optimizes portfolio value for Company shareholders	Fair Wages and Economic Equality	John Chevedden
Walmart Stores, Inc.	Proposal	Set compensation policy that optimizes portfolio value for Company shareholders	Fair Wages and Economic Equality	LGIM, Nathan Cummings Foundation
Walmart Stores, Inc.	Proposal	Human Rights Impact Assessment	Human Rights	Oxfam America, Sisters of Charity of Saint Elizabeth; Dominican Sisters of Sinisawa, School Sisters of Notre Dame, Mercy Investment Services, Congregation of Saint Joseph, Intercommunity Peace & Justice Center; Congregation of the Benedictine Sisters, Boerne, Texas; Missionary Oblates of Mary Immaculate-US Province
Walmart Stores, Inc.	Proposal	Racial Equity Audit	Fair Wages and Economic Equality	United for Respect, Adrian Dominican Sisters, CommonSpirit Health, Daughters of Charity, Province of St. Louise (proposal received systemic stewardship support by Majority Action)
Walmart Stores, Inc.	Proposal	Workplace Safety Policy Assessment - Gun Violence	Fair Wages and Economic Equality	United for Respect, Bon Secours, Mercy Health (proposal received systemic stewardship support by Majority Action)
WEC Energy Group	Director Vote	** Information Forthcoming -- Please return to www.theshareholdercommons.com/potb2024 after proxy release for update	Climate and Biodiversity	Majority Action
Wells Fargo	Proposal	Lobbying Expenditures Disclosure	Corporate Governance	John Chevedden and Reynders, McVeigh Capital Management (systemic stewardship argument supported by Majority Action)
Yum! Brands Inc.	Proposal	Comply with Expert Guidelines on Antimicrobial Use	Public Health	Amundi Asset Management, HESTA

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