FEP

FREE ENTERPRISE PROJECT

2022

INVESTOR VALUE VOTER GUIDE

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... stakeholder capitalism and most of the central evils of woke capital, including equity, climate-catastrophism and a propertyless society (for us peons, anyway), were either invented or embraced and promoted by the World Economic Forum (WEF) and its founder Klaus Schwab.

DIRECTOR'S LETTER

Fellow shareholders,

I am delighted to present to you the 2022 *Investor Value Voter Guide*, the third in our series of annual guides to voting your shareholder proxies in the interests of healthy and productive companies and solid economic growth; and against the new racism and sexism of "equity," politically driven, climate-catastrophist zero-carbon schedules and the other hard-left goals of so-called stakeholder capitalism and ESG.

As you will see in these pages, the AYS coalition has submitted – and placed on proxy ballots – more proposals than ever before. But while the numbers are up, the focus of those proposals has remained largely the same. As ever, the coalition's goals are to force executives away from competent management of their companies for the benefit of provable long-term company value in concert with fiduciary duty, and toward the adoptions of left-wing political policies that usually reduce, sometimes radically, that provable long-term value. (In this respect, just consider the disastrous developments at Disney that are exploding and expanding as we write the last works of this report. Disney's long-term value is certainly not enhanced by its opposition to an entirely sensible Florida law that Disney lied about in opposing it, and as a result Disney faces the loss of massive special regulatory exemptions. This provides the perfect archetype of what happens when companies act in accord with AYS coalition values.)

This increase in the total number of proposals to oppose was facilitated in part by a relaxation of the SEC staff's rules under which shareholder proposals may be omitted. The rule change was consistent with the whole tenor of the SEC under new Chairman Gary Gensler, who is working hard to politicize every aspect of federal oversight of U.S. corporations. The rule change primarily benefits left-wing proponents, given their overwhelming preponderance in total proposal submissions.

The rule changes couldn't help but benefit FEP's shareholder proposal efforts as well, though. While some staff bias remains, it is constrained by the rule changes; as a result, we will have (or in a few cases already have had) about 20 FEP proposals on proxy ballots this year. And we are joined on the field by allies, most notably this year the National Legal and Policy Center, which has filed a suite of excellent proposals. We have endorsed a number of those proposals and hope that you will join us in supporting those as well.

We have also, as usual, provided you with an update of what the last year has wrought, including the beginning of a series of lawsuits with FEP as plaintiff, thanks to strategic partnerships with a variety of public-interest law firms working for the good guys.

And our Part III dives deeply into the relationship between the American ESG/"stakeholder capitalism" agenda and Davos's World Economic Forum (WEF), and WEF's fundamental identity as an effort to bring European-style government/corporate cooperation – as a conspiracy against individual liberty – to the United States.

I think you'll enjoy this year's *Guide*, and find it very useful and informative. Let me end by exhorting each of you, once again, to be active shareholders in every way you can. Vote your proxies. Contact the companies in which you're invested to let them know how, and why, you oppose their politicization in ways that will undermine American capitalism and the American way of life. Get a crowd together and go protest at corporate offices – after alerting the media. Tell your investment houses to stop voting proxies generated by your investments against your interests. Let the local outlets of giant companies, such as franchisees or distributors, know that as long as their C-suites swing left, you'll be taking your local custom elsewhere.

Only by adopting the left's tactics (in the polite, dignified way) can we defeat the left's malicious and mendacious purposes.

Thank you so much, as ever, for your interest and your efforts. Our joint pushback is having some effect already, and we can expect to win once we have begun fully to fight.

Very best,

Scott Shepard
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AUTHORS' **PAGE**

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Before joining FEP, Scott taught at the Wake Forest School of Law and the Willamette University College of Law and served as a policy director with the Yankee Institute and the manager of the Water Law Project at the Pacific Legal Foundation. He also has experience in government and private practice.

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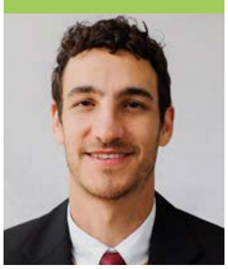
She received her J.D. from the University of the Pacific, and a B.A. with distinction from the University of Michigan in Political Science.



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INTRODUCTION TO THE FREE ENTERPRISE PROJECT

At the National Center for Public Policy Research's Free Enterprise Project (FEP), we want to save American capitalism.

That means ending "stakeholder capitalism," an insurrection of C-suite executives that is neither capitalism nor genuinely representing stakeholders. Executives cannot coherently represent the interests of all stakeholders, as they pretend. Rather, they pick stakeholders who share their preestablished personal policy preferences, and then claim that those preferences are the genuine interests of all. Then they use this fraud to override the true, demonstrated financial interests of the company and of its shareholders – the real capitalists. This is illegal, immoral and the antithesis of capitalism. It is politicized managerial socialism, just undertaken by pompous executives rather than hectoring bureaucrats. It must be stopped.

Saving capitalism also means ending the hard-left politicization of American corporations by the eruption of so-called "ESG" initiatives. ESG stands for environmental, social and governance, but proposals and policies that arise under that label are mostly either just hard-left policies or, in effect, scams.

The hard-left category includes, for instance, proposals and initiatives to introduce the new racism, sexism and orientation discrimination into the workplace through programs arising out of Critical Race Theory (CRT) and its allied doctrines. Under these "equity" initiatives, companies are pushed or volunteer to discriminate against white people, men and straight people now to make up for other discrimination against other people by other people in the past. These initiatives also label hard work and reward for individual initiative and achievement as evil, racist concepts, and demand that wealth and power be distributed according to a race, sex and orientation spoils system. This would sap away any reason for anyone to work and produce at all – just as it always has in any previous socialist, spoils-system construct. And when it's pushed by wealthy, powerful white male CEOs, it represents their selling great masses of white people and men into penury and powerlessness, just so long as they get to keep their own riches and status. It is profoundly corrupt, and must be stopped.

The other primary ESG push is essentially a scam, pressuring American corporations to go "carbon-zero" by a politicized, fixed date. The proponents of these pushes argue that we need to move on the politicized schedule in order to save the planet by ending climate change. But their schedules are built without regard to financial or technological reality, and on the basis not of science but of climate-catastrophist modeling. They also don't consider that China, India and the rest of the developing world have made it clear that they have no interest in going along with our schedules, so that under any conceivable scenario, North America, Europe and Australia going zero-carbon will not have any measurable effect on the climate. The ESG boosters, both in and out of C-suites, want to make our lives poorer, less reliable and less safe, while enriching the enemies of the West, for no possible good outcome except their own self-aggrandizement. This too must be stopped.

And so FEP fights with an ever-growing arsenal of tools, strategies and allies to defeat the leftist takeover of American business and capital, the latest stage in the left's "long march through the institutions," a strategy and label cadged, naturally, from Chairman Mao.

One of our methods – the first we adopted, and for a long time were nearly the only organization on the center/right pursuing – is shareholder activism. Why would a conservative organization engage in activity that is largely the province of liberal interest groups? It is precisely because the left has been so effective at moving corporate America far to the cultural and political left that we *must* engage. For decades, business leaders have only heard from left-wing activists, and now the results of that engagement are clear.

As conservatives and libertarians, we believe in strong property rights and a large and well-functioning private sector. Shareholder activism is thus a natural and strong suit for us. Shareholders are simply proportional owners of the companies in which they own shares. It's entirely right and proper that they – we – as owners should have our voices heard in how the companies are run.

WHAT YOU CAN DO

The time has come for the center and the right to begin to emulate the left – not, certainly, in worldview, but in tactics. As shareholders, we must begin to sue corporate managers when they forsake their fiduciary duties to us, the company's owners. And in response to the pretenses of stakeholder capitalism, ESG, wokeism and the rest, we must brace ourselves to new duties:

- as engaged customers, objecting in person and in writing, in the world and on the Internet;

- as discerning customers, who, if they decide to abandon a particularly noxious company, let that company know clearly and in certain terms what it is that pushed them away;

- as community activists, organizing and participating in protests of the worst corporate malefactors, directors and self-appointed masters, at corporate headquarters, annual shareholder meetings and other high-profile locations and occasions;

- as proud employees, resisting (when possible) corporate racism and sexism regardless of the race or sex of the target (all racism is racism; all sexism is sexism – the standards have to be objective, and uniformly applied), including by litigation;

- as insistent investors, not only with individual corporations, but with investment houses, demanding exchange-traded funds (ETFs) and other investment options that cater to our moral and ethical concerns and interests, as the ESG funds cater to the left; and

- as motivated constituents, demanding legislation at the state level that would forbid companies from using monopoly power to deny equal service without discrimination to all customers, regardless of their viewpoints or political participation; that would require investment houses to vote proxies according to the wishes of their own investors, not according to their own personal policy preferences; and other enactments that would help to end this monopolist threat to the Republic.

The more indisputably we all demonstrate, together, that huge numbers of stakeholders oppose everything that the self-proclaimed champions of the stakeholder demand, and the harder we challenge them to defend their positions in every possible venue, the quicker we will reveal the movement as the sham that it is – which will go a long way to returning American corporations to the middle lane, working for the success of their companies rather than the destruction of our liberties.

PART 1: **WHAT'S NEW FOR '22?**

In this voter guide we will, as we have the last two years, describe FEP's efforts to bring to shareholder ballots proposals that require corporations to wrestle with the implications of and risks that arise from their hard-left turn toward overt discrimination on the basis of race (anti-white), sex (anti-man), orientation (anti-straight), viewpoint (anti-sane) and industry (anti-carbon, -gun, -speech), from the unraveling fraud of "stakeholder capitalism" and from the sheer lunacy of carbon-energy elimination on political schedules derived from climate-catastrophist modeling and wholly biased research.

We are delighted to report that we have many more proposals to recommend to you this year than we have had in the last two. This is in part because of developments at the U.S. Securities and Exchange Commission (SEC) that we will tell you about – a silver lining on an otherwise dark cloud, as new SEC Chairman Gary Gensler strives to make far-left political bias a permanent feature of the SEC's oversight of American corporations.

The increase in center/right proposals also arises, though, thanks to allies who have joined us on the field. The National Legal and Policy Center (NLPC)[1] has begun filing shareholder proposals again in the 2022 season, many of which we are delighted to recommend to you. National Center Fellow Steve Milloy,[2] a biostatistician and securities lawyer who founded JunkScience.com, is also submitting again this year. And we are working to build the ranks of the center/right response to woke takeover even further for 2023.

As our little army of Davids is growing, so is the FEP team's own reach. Last year, we asked each of you not only to vote your proxies for the happy few good shareholder proposals and against the As You Sow (AYS) coalition's raft of awful ones, but also to get involved in more direct ways. Simultaneously, we promised to expand the scope of our own interventions. Both of these developments came to pass, as we will report below.

We again offer advice about the AYS coalition proposals to oppose – proposals that have grown more threatening by their express adoption of woke ideology. Most of these this year will be variations on themes we have seen in past years; for those, we will update and reprise our advice from those years, focusing particularly on any new and troubling adaptations that the coalition has made.

We, also, though, must note two significant aspirational developments that were revealed by AYS in the webinar launching its *2022 Proxy Preview*.[3] There the presenters offered a vision of AYS's future plans that, while not much reflected in this year's proposals, should put us on our guard about what to expect in the coming years.

[1] *Corporate Integrity Project,* National Legal and Policy Center (2022), *available at* https://www.nlpc.org/corporate-integrity-project/ (last accessed Mar. 29, 2022).
[2] *Steve Milloy*, JunkScience.com, *available at* https://junkscience.com/who-is-steve-milloy/ (last accessed Mar. 29, 2022).
[3] *Proxy Preview 2022,* As You Sow (Mar. 17, 2022), *available at* https://www.asyousow.org/gallery/videos/2022/3/17/tzw4vygr6ug9upfzclqtumdzuxujd7 (last accessed Mar. 29, 2022).

WOKE DISNEY WORLD

The most important of these is the planned expansion in the scope of the coalition's demands for current discrimination to make up for discrimination by other people against other people in the past – or even just to ensure equality of outcomes.

In effect, AYS plans to drag the whole lunatic contraption of "intersectionality,"[4] or the aggregation of any number of identity-based grievances, into American corporate life. Not satisfied merely with the current goal – racial discrimination against white employees and other "stakeholders" (in the name, naturally of "antiracism," because in the new-speak of the woke left, "anti" means "very") – they look forward to insisting that companies actively and aggressively discriminate against men and against straight and able-bodied people as well. The next step in this process will then be "victim stacking," so that, say, handicapped black lesbians who identify as female (because they can claim special status in four ways) get the most favorable treatment, while able-bodied straight white people who identify as men (because they are men) face the highest bars of discrimination.

The end point of all this would be not the end of racial or any other kind of division, but the sowing of genuinely systemic, permanent tribal division and hate – not just on racial grounds, but on every ground conceivable. And because its final feature would be a spoils system based on these identity grounds that results in equality of outcome – everyone having the same quantity of stuff, and of power – it would sap away any incentive to strive, to struggle and to thrive. The goal of equity, then, is a poverty-stricken society animated by identity-based hate.

The AYS webinar speakers also revealed the coalition's desire to push corporations to end all political donations entirely. Their argument is, naturally, that they – the coalition – have forced corporations to promise to be good, but the corporations still too often contribute to evil (*i.e.*, center/right) candidates, and so they should be forced to stop making any donations at all.

There is a kernel of truth in this, but of course it is not the kernel the coalition intends. We agree that corporations should refrain from political-donation decisions that are based not on the proven financial interests of the company, but instead on hard-left political considerations. Those sorts of donations don't end well. Just consider most recently Disney CEO Bob Chapek's decision to put Disney shareholders' assets into the fight against the Florida legislation that will stop creepy groomer teachers from talking to five- to eight-year-old children about sex and sexual identity.[5] Then consider that Disney is a company that makes goods and services pretty much exclusively *for children*. Then feel deeply queasy. It would indeed be good to see this stop.

But corporations must conduct – as they conducted before the woke infiltration of corporations began – one specific type of lobbying and political involvement: the type that is aimed at stopping politicians from picking corporate pockets or regulating them into unprofitability and an inability to support high employment and low-cost consumption. Of course, this is exactly the sort of political involvement the almost-always wrong AYS coalition wants to stop.

If this no-contributions push really is a long-term AYS goal, rather than simple wishcasting by the speakers, then it must rest on the conclusion that corporations are – quite wisely – unwilling to drop all contributions to center/right politicians.

[4] James Lindsay, *Intersectionality*, New Discourses (Feb. 4, 2020), *available at* https://newdiscourses.com/tftw-intersectionality/ (last accessed Mar. 29, 2022).
[5] Mary Margaret Olohan, *DeSantis Undeterred By Disney Criticism Of Florida Parental Rights Bill*, Daily Wire (Mar. 9, 2022), *available at* https://www.dailywire.com/news/desantis-undeterred-by-disney-criticism-of-florida-parental-rights-bill (last accessed Mar. 29, 2022); Tweet from Walt Disney Company (Mar. 28, 2022), *available at* https://twitter.com/WaltDisneyCo/status/1508494672817123330 (last accessed Mar. 29, 2022).

This would be the wise conclusion for executives to reach: given the anti-business and pro-regulation character of the politicians who support AYS-style proposals, such a move would violate their fiduciary duties.

It appears that if the coalition can't get the entirely stacked deck it seeks (i.e., contributions only to its anti-business, anti-capitalist allies), then it will try to shut corporations out of the game altogether, rendering corporations incapable of protecting themselves from political pillage and rapine.

Note, of course, that the coalition is not looking to stop unions from undertaking their massive donation and lobbying campaigns, nor those of munificently endowed left-wing foundations and activists – just as the Koch Brothers were framed as history's greatest monsters,[6] while George Soros is treated as a benevolent saint even though his every effort seems designed to make American life more dangerous, less stable and ultimately much poorer and less free.[7]

Both the intersectional-victimhood push and the demand that corporations either contribute and lobby, if at all, only in direct opposition to their legally appropriate goals push the United States toward a corrupt, decrepit, poverty-stricken socialist dystopia animated by identity-group competition for the scraps remaining after the rewards for hard work and high achievement have been eliminated. This is not an accident: it is the final goal of all woke, critical-theory, "equity"-based efforts, whether or not all of the proponents fully understand or acknowledge the fact.

WEF FOUNDER KLAUS SCHWAB

This year's *Voter Guide* also includes a detailed report about the World Economic Forum (WEF). Over the last couple of years, it has become increasingly clear that much of this talk of a "great reset" and a new way of life worldwide has emanated from WEF, as has been the impetus for so much of the "stakeholder capitalism" mendacity and the crippling ESG agenda that we have explained in detail in past years.

WEF's vision for the future is simply monstrous, as we will reveal in Part III of this *Guide*. And it is the vision that woke American corporations are pushing so strenuously. This group is led by Larry Fink, the CEO of BlackRock, as he usurps the power, influence and votes that properly belong to BlackRock's investors and shareholders – the true capitalists – to force WEF's plans down the throats of corporations nationwide. Fink's connection with WEF is explored, as are our efforts to respond to Fink's attempted insurrection against American capitalism on behalf of C-suite executives.

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[6] Tim Dickinson, *Inside the Koch Brothers' Toxic Empire*, Rolling Stone (Sep. 24, 2014), *available at* https://www.rollingstone.com/politics/politics-news/inside-the-koch-brothers-toxic-empire-164403/ (last accessed Mar. 29, 2022).
[7] Andrew Ross Sorkin, *George Soros Has Enemies. He's Fine With That*, New York Times (Oct. 25, 2019), *available at* https://www.nytimes.com/2019/10/25/business/dealbook/george-soros-interview.html (last accessed Mar. 29, 2022).

A YEAR OF **GROWTH**

The year since our last *Voter Guide* has been one of growth, both for our nascent coalition and for the scope of FEP's own efforts. You may recall that in last year's *Guide* we called on readers to get involved in a variety of ways, including activism, attempts to seek legal reform and even lawsuits. Many of you have joined the fight, even as we have moved to practice what we preach even more aggressively.

As we mentioned, NLPC has joined us in submitting a steady stream of shareholder proposals on behalf of conservative and libertarian positions, the fundamental mission being to get companies back to running those companies well, and intruding into politics only so far as necessary to keep interfering and corrupt politicians from hogtying or ransacking them. The Association of Mature American Citizens (AMAC),[8] the conservative response to the AARP's hard turn left, and various student groups are working with us to add their voices to our confrontations with woke corporations, including at shareholder meetings, in communications to investor- and consumer-relations departments and otherwise. And so many of you are working with us directly: not only voting your proxies but getting actively involved in letting corporations know that you're not going to put up with their hard-left interference on the strength of your investments any longer.

We at FEP have also formed partnerships with a number of nonprofit law firms to help push the cause. We are the plaintiff in two cases that challenge the laws and regulations that are fostering and enforcing the new leftism on corporate America. In the first, which is being litigated by the New Civil Liberties Alliance (NCLA),[9] we are challenging the SEC's approval of a new NASDAQ rule that would establish quotas for women and for racial, ethnic and orientational minorities on the boards of companies listed on NASDAQ.[10] (In this effort we are supported by a coalition of 17 center/right state attorneys general in an *amicus* brief.[11]) In the second, a lawsuit helmed by the Pacific Legal Foundation (PLF),[12] we are challenging a California statute that sets similar quotas for companies incorporated or headquartered in California.[13]

Through a new partnership with the American Civil Rights Project (the ACR Project),[14] we are pursuing effective legal redress for the "equity"-based policies of discrimination sweeping through too many companies, while also gearing up to demand access to corporate records from companies that are manifestly – and often proudly – engaged in such discrimination. As we've said in the past, some of these companies are only going

[8] *About Us: Overview*, Association of Mature American Citizens, *available at* https://amac.us/about-us/ (last accessed Apr. 14, 2022).
[9] *National Center for Public Policy Research v. SEC*, New Civil Liberties Alliance, *available at* https://nclalegal.org/national-center-for-public-policy-research-v-sec/ (last accessed last accessed Apr. 14, 2022).
[10] Thomas Franck, *SEC Approves Nasdaq's Plan to Boost Diversity on Corporate Boards*, CNBC (Aug. 6, 2021), *available at* https://www.cnbc.com/2021/08/06/sec-approves-nasdaqs-plan-to-boost-diversity-on-corporate-boards.html (last accessed Apr. 14, 2022).
[11] *Brief for the States of Arizona, et al. as Amicus Curiae Supporting Petitioner, Alliance for Fair Board Recruitment and National Center for Public Policy Research v. Securities and Exchange Commission*, No. 21-60626 (5th Cir. Dec. 27, 2021), *available at* https://www.texasattorneygeneral.gov/sites/default/files/images/executive-management/NASDAQ%20SEC%20CA5%20State%20Amicus%20Br%20Filed.pdf (last accessed Apr. 14, 2022).
[12] *California's Race Quota Requires Discrimination on Corporate Boards*, Pacific Legal Foundation, *available at* https://pacificlegal.org/case/ca-board-quota/ (last accessed Apr. 14, 2022).
[13] *Id.*
[14] Dan Morenoff, *Woke Capital Is Butting up Against Corporate Law Constraints*, American Civil Rights Project (June 23, 2021), *available at* https://www.americancivilrightsproject.org/blog/woke-capital-is-butting-up-against-corporate-law-constraints/ (last accessed Apr. 14, 2022).

to come to their senses after a raft of lawsuits reminds them that they are not above the law, regardless of whatever novel (and repugnant) critical theories they embrace.

Meanwhile, we continue to submit public comments in opposition to the Biden Administration's attempts to lock hard-left doctrine into corporate investing and governance. One such comment opposed the SEC's efforts to force investment houses to vote investors' proxies in alignment with the recommendations of proxy advisory services that only support left-wing proposals.[15] (This is discussed further in the next section.) Another opposed the Department of Labor's attempt to force pension fund managers to abandon their fiduciary duty in investing those pension funds, and instead to invest in ways that will hurt pensioners but advance ESG.[16]

FEP has also increased its engagement with conservative leaders on Capitol Hill and in various statehouses. Last May, FEP educated dozens of Republican senators on the dangers of ESG investing, ESG shareholder activists and the rigged corporate proxy vote. National Center Executive Vice President Justin Danhof talked with the senators about potential legislative and regulatory means to address these issues. This led to further discussions on the Hill with both Danhof and FEP Director Scott Shepard engaging leading senators and staffers on a range of ESG / woke capital issues. FEP has also educated numerous state leaders on potential legislation to reign in the power of BlackRock and to use state pension funds to push back on ESG.

And of course many of you are aware of – and participate in – our letter-writing and petition campaigns that help companies to understand the deep well of frustration and disgust that is growing in the American people in response to their reckless political commitments (such as the destruction of women's and girls' sports that would be achieved by the passage of the "Equality Act," or the betrayal involved in their opposition to Georgia's and other states' election-integrity laws). In these efforts you and we do these companies a vital service, helping them to understand the dangers that they face – in the form of additional regulation, legislation and litigation, and reduced valuations – as a result of these ill-considered interventions.

If CEOs are going to meddle in politics – which they will continue to do – then we, as shareholders, must demand that they fully and coherently explain why.

[15] Free Enterprise Project, *Public Comment to Securities and Exchange Commission Proposed Rulemaking: Proxy Disclosures*, National Center for Public Policy Research (Dec. 9, 2021), *available at* https://nationalcenter.org/wp-content/uploads/2021/12/Comment-Letter-on-Proposed-Proxy-Disclosure-Rule-10Nov2021-FINAL.pdf (last accessed Apr. 14, 2022).

[16] Free Enterprise Project, *Public Comment to Department of Labor Proposed Rulemaking: Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights*, National Center for Public Policy Research (Dec. 10, 2021), *available at* https://nationalcenter.org/wp-content/uploads/2021/12/FEP-Comment-Department-of-Labor-RIN_-1210-AC03.pdf (last accessed Apr. 14, 2022).

LAST YEAR'S BIG SHAREHOLDER **ENGAGEMENT CAMPAIGNS**

Corporate influence – through messaging, contributions and company policies – can be extremely potent in the public square. So when corporations take a stand on legislation, it's important for us, as shareholders, to vet their commitment to that stance. How much of it is genuine, how much of it is appeasement, and why are they getting involved at all? In the lead up to last year's shareholder meeting season, corporations were picking sides (either neutral or left-wing – never conservative) on legislation for two hot-button issues in particular, resulting in very vocal objections by some corporations to the voting-integrity laws in Georgia and Texas[17] and the (supposed) mass corporate support for the Equality Act as declared by the Human Rights Campaign (HRC).[18]

Given the insincerity of corporate opposition to voting-integrity laws (in that the companies had stronger voting-integrity rules for their own annual shareholder meetings than the ones Georgia and Texas put in place for their elections) and the relative silence from corporations on the Equality Act (in light of HRC's claim of widespread corporate support), when shareholder season came around, FEP pushed hard on CEOs' commitment to these stances. For the most part, what we learned was that the corporations that opposed the Georgia bill wouldn't affirm their positions when questioned, or identify any specific provisions that they opposed;[19] nor were almost any willing to repeat their stances with regard to the subsequent Texas bill.[20] We also learned that HRC has lied about widespread support for the operative portions of the Equality Act, just as it has lied about the content of that Act and more recently about the Florida anti-groomer ("don't say gay," in HRC's false rendition)[21] legislation, and for years about its plans in the wake of achieving gay-marriage rights.[22]

EQUALITY ACT

If passed, the Equality Act would coercively remodel company hiring practices, allow men to legally use women's restrooms and other facilities established to enhance the personal safely of women, destroy girls' and women's sports, and strip away longstanding religious liberties in potential violation of the U.S. Constitution.[23] Woke as American CEOs may be, the Equality Act is so radical that even most of them

[17] Matthew Impelli, *A Full List of Companies That Have Advocated Against Georgia's New Voting Law*, Newsweek (Apr. 1, 2021), *available at* https://www.newsweek.com/full-list-companies-that-have-advocated-against-georgias-new-voting-law-1580435 (last accessed Apr. 14, 2022).
[18] *Business Coalition for the Equality Act*, Human Rights Campaign, *available at* https://www.hrc.org/resources/business-coalition-for-equality (last accessed Apr. 14, 2022).
[19] *Bank of America, Coca-Cola Backpedal From Georgia Election Law Criticism*, National Center for Public Policy Research (Apr. 20, 2021), *available at* https://nationalcenter.org/ncppr/2021/04/20/bank-of-america-coca-cola-backpedal-from-georgia-election-law-criticism/ (last accessed Apr. 14, 2022).
[20] Scott Shepard, *Big Business Learns Lesson from Georgia, No Mass Boycott of Texas*, Townhall Finance (May 14, 2021), *available at* https://nationalcenter.org/ncppr/2021/05/14/big-business-learns-lesson-from-georgia-no-mass-boycott-of-texas/ (last accessed Apr. 14, 2022).
[21] Delphine Luneau, *Breaking: Human Rights Campaign, Equality Florida Vow to Fight for Full Repeal of Vile, Dangerous New Law Signed by Florida Governor DeSantis*, Human Rights Campaign (Mar. 28, 2022), *available at* https://www.hrc.org/press-releases/breaking-human-rights-campaign-equality-florida-vow-to-fight-for-full-repeal-of-vile-dangerous-new-law-signed-by-florida-governor-desantis (last accessed Apr. 14, 2022).
[22] *Corporate America Champions LGBT Equality in Record Numbers*, Human Rights Campaign (Dec. 9, 2013), *available at* https://www.hrc.org/press-releases/corporate-america-champions-lgbt-equality-in-record-numbers (last accessed Apr. 14, 2022).
[23] Jeff McAlister, *McAlister: Consequences of the Equality Act*, Longview News-Journal (Mar. 6, 2021), *available at* https://www.news-journal.com/opinion/mcalister-consequences-of-the-equality-act/article_030c3780-7d47-11eb-a98c-ffdd31819037.html (last accessed Apr. 14, 2022).

know that it's in their best interest not to support it in whole. But that didn't stop HRC from doing it for them.[24]

HRC, which describes itself as the world's largest LGBTQ+ advocacy group, claims that more than 400 U.S. corporations back the Equality Act.[25] But, as we learned when FEP questioned CEOs during shareholder meetings last year, the claim turned out to be a bluff, revealing that HRC has been blatantly dishonest about corporate support for the Act.[26] While the CEOs refused to endorse the many controversial provisions in the bill, they were nonetheless very careful in avoiding the specifics of our questioning and even more careful not to offend HRC.[27] This is likely because corporations, while evidently not in support of the operative portions of the Act, are still terrified of receiving a poor score on HRC's annual Corporate Equality Index.[28] Aware of this leverage against corporations, HRC has been free in its misrepresentations, understanding that corporations would stay silent about HRC's assertions. But all it took was a gentle poke to reveal the truth.

When National Center Executive Vice President Justin Danhof questioned the CEOs of Marriott International and Wyndham about their support for the Equality Act and explicitly pointed out to them some of the clearly radical provisions of the bill, moderators at the shareholder meetings who prescreened the questions made sure to avoid the particulars of Danhof's question.[29] Instead, they simply asked CEOs what they thought about the Equality Act and if they are generally committed to gender equality.[30]

Interestingly, even though these softball questions provided the easiest possible opportunity for CEOs to support the Act as they weren't directly challenged to support all of the worst provisions of the bill, they still didn't. Left-wing CEOs generally jump at the chance to support left-wing legislation. But in these cases, even when HRC had already claimed that they supported the Act and when they were asked to support it in the least challenging way possible, they still didn't do it. In CEO-speak, that means that they don't support the Act but are too cowardly to admit it. Other companies asked about their support for the Act – and for the anti-women and anti-religious-liberty provisions of the Act specifically – refused to reply at all. This speaks to these corporations' cowardice, but certainly not to their fulsome support of the legislation.

Bristol Myers Squibb,[31] Capital One[32] and Pfizer[33] did explicitly support the Act when we questioned them about it, but of those only Pfizer was willing to support every provision of the bill – and even Pfizer in its admission continued to lie about the import of these provisions, claiming that no religious liberties would be diminished by the Act[34] even though the Act itself explicitly repeals the 1993 Religious Freedom Restoration Act.[35]

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24 *Business Coalition for the Equality Act*, Human Rights Campaign (Mar. 2016), *available at* https://www.hrc.org/resources/business-coalition-for-equality (last accessed Apr. 14, 2022).

25 *Id.*

26 *Corporate Leaders Unable to Defend Support for So-Called "Equality Act,"* National Center for Public Policy Research (May 17, 2021), *available at* https://nationalcenter.org/ncppr/2021/05/17/corporate-leaders-unable-to-defend-support-for-so-called-equality-act/ (last accessed Apr. 14, 2022).

27 *Id.*

28 Stephen R. Soukup, *The Dictatorship of Woke Capital: How Political Correctness Captured Big Business*, Encounter Books ("Soukup, Dictatorship") (Feb. 23, 2021), *available at* https://www.encounterbooks.com/books/dictatorship-woke-capital/ (last accessed Apr. 14, 2022).

29 *Corporate Leaders Unable to Defend Support for So-Called "Equality Act,"* National Center for Public Policy Research (May 17, 2021), *available at* https://nationalcenter.org/ncppr/2021/05/17/corporate-leaders-unable-to-defend-support-for-so-called-equality-act/ (last accessed Apr. 14, 2022).

30 *Id.*

31 *Bristol Myers Squibb Slammed for Efforts to Destroy Women's Sports and Religious Freedom*, National Center for Public Policy Research (May 4, 2021), *available at* https://nationalcenter.org/ncppr/2021/05/04/bristol-myers-squibb-slammed-for-efforts-to-destroy-womens-sports-and-religious-freedom/ (last accessed Apr. 14, 2022).

32 *Capital One Condemned Over Support for Mislabeled Equality Act, Which Discriminates Against Women and Americans of Faith*, National Center for Public Policy Research (May 6, 2021), *available at* https://nationalcenter.org/ncppr/2021/05/06/capital-one-condemned-over-support-for-mislabeled-equality-act-which-discriminates-against-women-and-americans-of-faith/ (last accessed Apr. 14, 2022).

33 *Embracing Diversity and Equality in New and Meaningful Ways*, Pfizer (2019), *available at* https://www.pfizer.com/sites/default/files/investors/financial_reports/annual_reports/2019/our-bold-moves/unleash-the-power-of-our-people/embracing-diversity-and-equality-in-new-and-meaningful-ways/ (last accessed Apr. 14, 2022).

34 Margaret M. Madden, *Letter to the Free Enterprise Project*, Pfizer, *available at* https://nationalcenter.org/wp-content/uploads/2022/03/Shepard-Response-9.21-HRC-letter.pdf (last accessed Apr. 14, 2022).

35 *Religious Freedom Restoration Act of 1993,* Pub. L. No. 103-141, 107 Stat. 1488 (Nov. 16, 1993); Scott Shepard, *Letter to Margaret M. Madden: Ongoing Discrimination at Pfizer*, National Center for Public Policy Research (Oct. 6, 2021), *available at* https://nationalcenter.org/wp-content/uploads/2022/03/Pfizer-discrimination-follow-up-letter-FINAL.pdf (last accessed Apr. 14, 2022).

It is clear then that HRC's mendacity rolls on. But so does its power. Consider that not one company explicitly denounced the Act, despite its appalling provisions. In the end, our campaign successfully revealed which CEOs were genuinely ultra-woke and which were cowards capitulating to HRC – and it also ratified the need to build institutions and systems on the right that can respond comprehensively to HRC's power and deceit.

ELECTION INTEGRITY

As with the Equality Act, corporate opposition to election-integrity laws in Georgia and Texas was often thoughtless and largely performative. FEP questioned CEOs during shareholder meetings to expose their woke charade, while revealing which corporations genuinely do oppose efforts to provide American political elections the same safeguards that they demand for their own corporations' proxy votes. To wit: corporations had claimed that the legislation, which required all voters to present identification, was racist, but were unwilling to confirm (and usually explicitly revoked) such claims in the face our questions – at meetings where entry and voting privileges and procedures were carefully restricted and monitored.[36]

FEP questioned CEOs about which specific provisions they found objectionable, and how they justified requiring integrity-ensuring measures for corporate voting – and to ensure the security of their corporate premises – while opposing the same standards for the election of the president of the United States and other public offices. Our campaign was met with significant success. Most CEOs who had initially opposed the law retreated almost immediately, declaring fuzzily that they just wanted fair and open elections,[37] which of course we all do. However, a few stayed the course, later opposing Texas's law as well,[38] though still without providing any substantive arguments against its provisions.

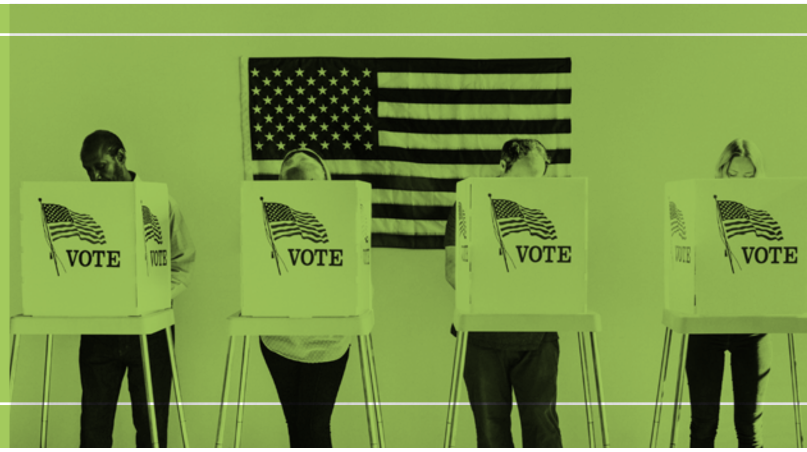
During last year's shareholder meetings, FEP Director Scott Shepard questioned the CEOs of Delta and Coca-Cola – two Georgia-based behemoths that were publicly vocal in their opposition to the bill – asking if they could explain in detail why requiring ID to vote is racist.[39]

Again, just as when FEP questioned CEOs about the Equality Act, moderators paraphrased and watered down the questions.

Coca-Cola CEO James Quincey reiterated opposition to the bill, but without providing any explanation as to why.[40] Delta CEO Ed Bastian provided no support of the bill and even expressed the desire for a "bipartisan" effort for a "collaborative solution."[41] Bank of America CEO Brian Moynihan said the same.[42]

[36] *Bank of America, Coca-Cola Backpedal From Georgia Election Law Criticism*, National Center for Public Policy Research (Apr. 20, 2021), *available at* https://nationalcenter.org/ncppr/2021/04/20/bank-of-america-coca-cola-backpedal-from-georgia-election-law-criticism/ (last accessed Apr. 14, 2022).
[37] *Id.*
[38] Scott Shepard, *Big Business Learns Lesson from Georgia, No Mass Boycott of Texas*, Townhall Finance (May 14, 2021), *available at* https://nationalcenter.org/ncppr/2021/05/14/big-business-learns-lesson-from-georgia-no-mass-boycott-of-texas/ (last accessed Apr. 14, 2022).
[39] *Bank of America, Coca-Cola Backpedal From Georgia Election Law Criticism*, National Center for Public Policy Research (Apr. 20, 2021), *available at* https://nationalcenter.org/ncppr/2021/04/20/bank-of-america-coca-cola-backpedal-from-georgia-election-law-criticism/ (last accessed Apr. 14, 2022).
[40] *Id.*
[41] *Delta Loves to Virtue Signal, and It Shows*, National Center for Public Policy Research (June 17, 2021), *available at* https://nationalcenter.org/ncppr/2021/06/17/delta-loves-to-virtue-signal-and-it-shows/ (last accessed Apr. 14, 2022).
[42] *Bank of America, Coca-Cola Backpedal From Georgia Election Law Criticism*, National Center for Public Policy Research (Apr. 20, 2021), *available at* https://nationalcenter.org/ncppr/2021/04/20/bank-of-america-coca-cola-backpedal-from-georgia-election-law-criticism/ (last accessed Apr. 14, 2022).

..some of these companies are only going to come to their senses after a raft of lawsuits reminds them that they are not above the law...



In the end, it became clear that woke CEOs had carelessly jumped on the opportunity to virtue signal their support for the left-wing agenda when it was trending in the news without bothering to read the bill, to consider its implications, to compare the rules their own companies had enacted or to gauge likely public response. This left them having to then embarrassingly tiptoe away from their support when it became clear to them that nearly everyone – left and right – is in agreement that requiring ID to vote isn't racist and that it's actually racist to think that requiring ID would suppress the African American vote.

One CEO however, Levi Strauss's Chip Bergh, stood by his position that the law in Georgia was racist.[43] And he did the same thing in Texas. After the embarrassments in Georgia, we had hoped that corporate support for election-integrity legislation would die away when Texas passed a similar law. Thankfully some CEOs learned their lessons,[44] but Levi Strauss, American Airlines,[45] Dell and Microsoft doubled down in Texas,[46] effectively advertising that they hadn't learned from their mistakes in Georgia. Again, no CEO was willing to explain why exactly the Texas legislation was racist, simply asserting that it was. All in all, our campaign was effective in exposing the veneer of most of the corporate opposition to election integrity measures, as well as in identifying which CEOs were unhinged enough to remain committed to their ill-considered, crumbling stance.

There are, sadly, plenty of CEOs who are genuinely committed to the woke agenda, but very often – as in the cases of the Equality Act and election-integrity laws – most are largely bluffing. And when they are, we need to continue to call their bluff. But we also need to vote against the most brazen and politicized CEOs and directors until they not only stop bluffing, but undo their hard-left politicization of American business and get back to running their businesses well. (See our companion investor guide, *Balancing the Boardroom: How Conservatives Can Combat Corporate Wokeness*,[47] for guidance on how to do that.)

It is vital that we build on our campaigns from last year by continuing to question the authenticity of corporate support for the woke agenda of the day. If CEOs are going to meddle in politics – which they will continue to do – then we, as shareholders, must demand that they fully and coherently explain why.

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[43] *Levi Strauss CEO Chip Bergh Doubles-Down on Claim that Georgia Law Is Racist*, National Center for Public Policy Research (Apr. 21, 2021), *available at* https://nationalcenter.org/ncppr/2021/04/21/levi-strauss-ceo-chip-bergh-doubles-down-on-claim-that-georgia-voter-law-is-racist/ (last accessed Apr. 14, 2022).

[44] Scott Shepard, *Big Business Learns Lesson from Georgia, No Mass Boycott of Texas*, Townhall Finance (May 14, 2021), *available at* https://nationalcenter.org/ncppr/2021/05/14/big-business-learns-lesson-from-georgia-no-mass-boycott-of-texas/ (last accessed Apr. 14, 2022).

[45] *American Airlines Claims It Took Controversial Policy Stand to Please Employees, NAACP,* National Center for Public Policy Research (June 9, 2021), *available at* https://nationalcenter.org/ncppr/2021/06/09/american-airlines-claims-it-took-controversial-policy-stand-to-please-employees-naacp/ (last accessed Apr. 14, 2022).

[46] Scott Shepard, *Big Business Learns Lesson from Georgia, No Mass Boycott of Texas*, Townhall Finance (May 14, 2021), *available at* https://nationalcenter.org/ncppr/2021/05/14/big-business-learns-lesson-from-georgia-no-mass-boycott-of-texas/ (last accessed Apr. 14, 2022).

[47] Ethan Peck and Scott Shepard, *Balancing the Boardroom: How Conservatives Can Combat Corporate Wokeness*, Free Enterprise Project, National Center for Public Policy Research (Mar. 2022), *available at* https://nationalcenter.org/BTB22/ (last accessed Apr. 14, 2022).

SEC **UPDATE**

The overriding new development at the SEC has been the departure of Chairman Jay Clayton, a Trump appointee, and the ascension of Gary Gensler, a hard-left activist and Biden appointee. (In the interim the role was filled by Allison Herren Lee, a climate-catastrophe maximalist.) This has largely been very bad news. For the first time in its nearly 90-year history, the SEC is run by a chairman intent on politicizing the SEC, and on doing so in a way that locks in hard-left political constructs for as long as possible. Both of these developments undermine American capital markets, especially the public markets that are available to small investors.

The SEC was established to protect smaller, Main-Street investors by, relevantly, requiring companies to disclose information that such investors would legitimately wish to know about the companies in deciding whether to invest in them. This mandate arose in response to the 1929 crash and the depression that followed. It was thought that had companies been forced into more honest disclosure in the roaring 1920s, the investing frenzy that ended in disaster might have been curtailed.

Heretofore, the information that companies have had to disclose has been limited by a materiality standard: only information that was directly relevant – material – in some non-speculative way to a prudent investor's decisions has had to be disclosed. The definitions of what information is material have been constrained and apolitical. The SEC has not required companies to spend a great deal of shareholder money to collect information that is only tangentially relevant, if at all, to investors' decisions, or that is politically motivated.

Chairman Gensler and his majority of SEC commissioners seek to change all of that. They have proposed climate-related disclosure rules that will cost corporations vast amounts of money in compliance without providing Main Street shareholders with the information that they need to invest wisely.

The inherent bias of the rule is given away immediately with the commission's admission that the "climate risk disclosure requirements [are] aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures," which is a Mike Bloomberg-led council of WEF-types and sustainability officers, who have committed not to making thoughtful decisions based on complete evidence, but on accepting as given all of the climate-catastrophist positions and then demanding disclosure based on those assumptions.[48]

Never, not surprisingly, are corporations called upon to assess the risk that the catastrophists' assumptions are wrong or insufficiently supported; that early "transition to carbon-zero" will lead to harms both to the corporations themselves or to American society; or that handing the profits from carbon-energy production to our deadly geopolitical enemies undermines the sustainability of our entire civilization. Rather, the proposed rule would demand that corporations just assume that political zero-carbon schedules are possible, inevitable and costless, and then proceed accordingly. (The proposed rule was released on March 21. FEP will file a comment in opposition, and work with our allies to raise general and sustained opposition to the rule on regulatory, legislative, legal and popular fronts.)

[48] *The Enhancement and Standardization of Climate-Related Disclosures for Investors (p. 27 and passim)*, U.S. Securities and Exchange Commission (Mar. 21, 2022), *available at* https://www.sec.gov/rules/proposed/2022/33-11042.pdf (last accessed Mar. 29, 2022).

Gensler's politicization of the commission extends deep into the shareholder proposal and proxy voting processes as well. First, the commission released a proposed rule that it was pleased to label a "proxy disclosure" rule, but which was fundamentally designed to capture in amber an exclusively left-wing understanding of shareholder proposals. In order to do that, the rule would establish mandatory proxy-vote reporting categories derived from the results of investment-house votes on shareholder proposals that got through the SEC staff review process in only one single year, 2020. But that year was one of two years in which the opacity of the review process and the bias of the results were at their height. No FEP proposals survived the review process in 2020, a result accompanied by no explanations at all of the grounds for the staff's decisions.[49]

Moreover, the proposed rule's focus on which proposals in this deeply biased sample the deeply biased institutional investors (discussed further within, and in previous *Voter Guides*[50]) have shown the most interest is fundamentally mistaken. As we explained in our comment opposing the proposed rule,

> [t]he reporting categories, if they are necessary at all, should not correspond to the proposals that the proxy exercisers were most engaged about, but rather the subjects about which the ultimate beneficial owners are legitimately interested. The reporting is for their benefit, not that of the proxy exercisers, and the reporting is, in theory, supposed to be designed to give those ultimate beneficial owners the chance to review and critique the whole of proxy exercisers' behaviors, including their decisions about what to focus on. Any categories and subcategories of disclosure should be based on the interests and concerns of those ultimate beneficial owners, not proxy exercisers.
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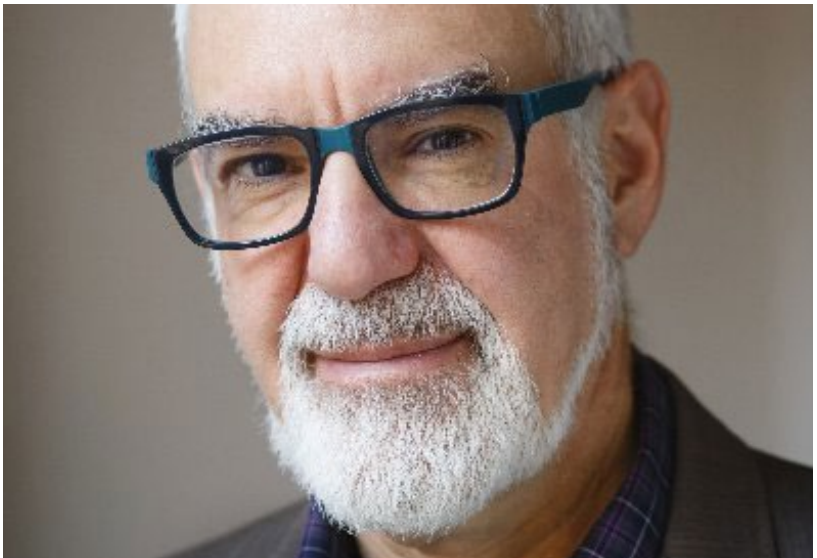
> * * *
>
> Those ultimate beneficial owners must, absent objective evidence to the contrary, be assumed to inculpate a spectrum of viewpoints and interests in roughly the same proportion as Americans generally, which is to say over time to evince an approximate 50/50 right/left split. Reporting categories and subcategories should reflect that wide diversity of viewpoints and interests, not the narrow concentration achieved by current leftwing capture of this mode of corporate influence.[51]

We have made an aggressive effort to confront the SEC with the bias of its staff and the illegal opacity of its processes.

[49] Scott Shepard, *Re: Proposed Rule, Proxy Disclosures* (File Number S7-11-21), Rule Comment to SEC (p. 2, 5-10), National Center for Public Policy Research (Dec. 9, 2021), *available at* https://nationalcenter.org/wp-content/uploads/2021/12/Comment-Letter-on-Proposed-Proxy-Disclosure-Rule-10Nov2021-FINAL.pdf (last accessed Mar. 29, 2022).

[50] *Investor Value Voter Guide 2020*, National Center for Public Policy Research (2020), *available at* https://nationalcenter.org/investor-value-voter-guide-2020/ (last accessed Mar. 29, 2022); *Investor Value Voter Guide 2021*, National Center for Public Policy Research (2021), available at https://nationalcenter.org/investor-value-voter-guide-2021/ (last accessed Mar. 29, 2022).

[51] Scott Shepard, *Re: Proposed Rule, Proxy Disclosures* (File Number S7-11-21), Rule Comment to SEC (p. 1-2), National Center for Public Policy Research (Dec. 9, 2021), *available at* https://nationalcenter.org/wp-content/uploads/2021/12/Comment-Letter-on-Proposed-Proxy-Disclosure-Rule-10Nov2021-FINAL.pdf (last accessed Mar. 29, 2022).



AYS CEO ANDREW BEHAR

In other words, the SEC pretends that it is moving to mandate additional disclosures about how investment houses vote their investors' proxy ballots to give those investors more material information that they need in order to decide where to invest. But its proposed voting system would obscure the whole process by mandating a reporting system that highlights left-wing proposals and interests and effectively ignores center/right concerns altogether. A fair and neutral reporting system would, as we suggested in our comment, simply require investment houses "to report, in easily accessible and searchable form, the names of the proposals on which they had cast votes, a brief, objective summary of the proposal, and a brief explanation of the basis for their vote, along with links to the research and other evidence upon which they relied."[52] The great benefit of our proposed system is that it would require investment houses to provide at least some explanation for their votes – subjecting their own opaque and biased decisions to at least some investor review. But while this is exactly the material disclosure needed, it is also the very disclosure which Gensler's biased commission least wants to see, as it would undermine the bias Gensler is eager to formalize.

Gensler's SEC has also tried to fortify the left by severely restricting the grounds upon which the SEC staff may allow companies to omit shareholder proposals from their proxy statements.[53] In particular, the new rules significantly limit companies' ability to claim that a proposal can be omitted because the subject matter of the proposal implicates the "ordinary business operations" of the company.[54] This limitation applies in particular with regard to proposals that raise issues of "human capital management," which is to say employee- or workplace-related proposals. [55]

These rule changes were almost certainly designed to help the left-wing shareholder activists of the As You Sow (AYS) coalition and its confrères. Given that left-wing organizations have historically submitted about 95 percent of the total number of proposals each year, with FEP pretty much alone in representing the center and the right – i.e., the vast majority of Americans – relaxed rules that allow many more proposals to get through will primarily help to get leftist proposals on ballots. And this has been the case, with AYS proposals surging in sheer number and the number that have survived staff review.

As it happens, though, there is a small silver lining in this last aspect of the SEC's hard turn toward politicization. We have, as we have reported to you over the years, made an aggressive effort to confront the SEC with the bias of its staff and the illegal opacity of its processes. Last fall, this included laying out the facts of that bias in the "proxy disclosure" rulemaking process. In response, we think, to these efforts, the staff has been notably less biased (but still quite biased) in its application of this year's new rules to our proposals. They have shown similar relative neutrality to our new and returning allies in the center/right shareholder-proposal field. As a result of the new allies, the total number of center/right proposals submitted this year has grown, and as a result of the diminished

[52] Scott Shepard, *Re: Proposed Rule, Proxy Disclosures* (File Number S7-11-21), Rule Comment to SEC (p. 11), National Center for Public Policy Research (Dec. 9, 2021), *available at* https://nationalcenter.org/wp-content/uploads/2021/12/Comment-Letter-on-Proposed-Proxy-Disclosure-Rule-10Nov2021-FINAL.pdf (last accessed Mar. 29, 2022).

[53] *Shareholder Proposals: Staff Legal Bulletin* No. 14L, U.S. Securities and Exchange Commission (Nov. 3, 2021), *available at* https://www.sec.gov/corpfin/staff-legal-bulletin-14l-shareholder-proposals (last accessed Mar. 29, 2022).

[54] *Id.*

[55] *Id.*

bias the number that have survived staff scrutiny to appear on proxy ballots or lead to negotiated withdraws has risen significantly. To be sure, there is one series of negative decisions from the staff this year that we're pretty sure would have gone the other way if substantially similar, but left-wing, proposals had been under consideration. And in its last FEP-related decision of the year, the staff found that our viewpoint-nondiscrimination proposal to BlackRock could be omitted, despite the fact that it raises a core human capital management issue. In fact, it was the only proposal raising a significant human capital management issue that was found omissible this year. So SEC staff bias against the center/right remains, as does its illegally opaque review system. We expect that our current suit against the SEC will not be the only one FEP finds itself taking on.

In the end Gensler's politicized SEC is a disaster. Most immediately it is a disaster because if it is successful then the commission will be an explicit and adamant arm of the hard-left's drive toward the new racism, sexism and orientational discrimination of equity, the economic cataclysm of politicized zero-carbon schedules and the other derangements of the modern left.

But in the longer term there lurks an even more disastrous consequence, more destructive because it's more fundamental. Gensler may pretend to himself that his left-wing politicization of the SEC, and therefore of oversight of American public corporations – the heart of the American economy, and therefore the bedrock of the world economy – will last forever. But it won't. Before too long there will be a center/right majority on the commission, and then, at very least, the politicization will be undone. But unless that return to neutral is supported and cemented by SEC-reform legislation, the pressure will be potentially overwhelming for the center/right majority to do its own politicizing, to sweep out the evil influences of Gensler's left-wing lurch.

That might sound great – and if there is to be a politicized SEC, far better that it be politicized to the right. But a perpetual politicized pendulum at the SEC would itself be a catastrophe, regardless of which party is pushing its policy preferences. Businesses require stable, predictable and neutral regulation. Companies that have to spend vast sums complying with a different set of party-driven demands every four or eight years not only will waste that money, but will find it impossible to predict, to plan or to invest wisely or confidently.

This will cut deep into the competitiveness of American public corporations. It will shift profits, assets and growth to competitors, including foreign corporations and private firms (though Gensler looks set to try to kneecap the latter as well[56]). Most of all, it will radically diminish the prospects and profits for Main Street investors, the very people that the SEC is charged to protect.

Gensler's politicization plans are corrupt, and a violation and rejection of his duty as SEC chairman. FEP will continue to fight this corruption in regulatory processes, in the courts and in the shareholder-proposal process. We urge you to join us with your proxy votes, of course, but also in getting involved – personally or as part of larger groups to which you belong – to begin submitting center/right shareholder proposals as well. FEP can only submit one proposal per company per year, and then only at companies where we own enough shares. The AYS coalition can submit many hundreds of shareholder proposals every year because it is such a massive coalition of disparate actors. We need your help to build that for the right.

[56] *The SEC's Private Market Takeover*, The Wall Street Journal (Mar. 15, 2022), *available at* https://www.wsj.com/articles/the-secs-private-market-takeover-gary-gensler-hester-peirce-11647375870 (last accessed Apr. 14, 2022).

MORE MARKET POLITICIZATION **AT THE DEPARTMENT OF LABOR**

DOL SECRETARY MARTY WALSH

Gensler's moves at the SEC appear to have been coordinated with the Biden Administration's Department of Labor (DoL) appointees to force pension fund managers to vote the proxies properly owned by the plan's beneficiaries in hard-left ways. A proposed rule that would achieve that end should not survive judicial review for a number of reasons, including its violations of the Employee Retirement Income Security Act (ERISA, the federal statute that governs private pensions offered by large employers) and its improper delegation of authority to biased and conflicted foreign entities. FEP made these arguments in a public comment opposing the proposed rule,[57] and are helping to build the eventual case against it, should it be promulgated in anything like its current form.

The Trump Administration's DoL enacted two rules that were properly designed to ensure that pension managers (1) exercise their fiduciary duties to act in the best financial interest of pension holders; and (2) engage in appropriate oversight of those it may outsource responsibilities to, such as proxy advisory firms. The first of these rules amended the "investment duties" regulation under Title I of ERISA.[58] It required plan fiduciaries to select investments and investment courses of action based solely on financial considerations.[59] The second established that managers could not simply rely on proxy advisory services in voting proxies; rather, they had to undertake their own research to ensure that the decisions were appropriate on objective financial grounds, rather than justified by political consideration or made on the basis of biased research.[60]

These are the right rules. In fact, they're really just explications of ERISA itself, which sensibly requires pension fund managers to invest in ways that maximize the benefits of pension beneficiaries, and otherwise subjects managers to fiduciary duties that include the obligation not to self-deal. This means making no decisions that are guided by a manager's personal interests, including their personal policy preferences. In light of these statutory obligations, the Trump-era rules established that managers could only vote their funds' proxies if they had established by credible and objective research that the vote was in the best financial interest of the pension fund.

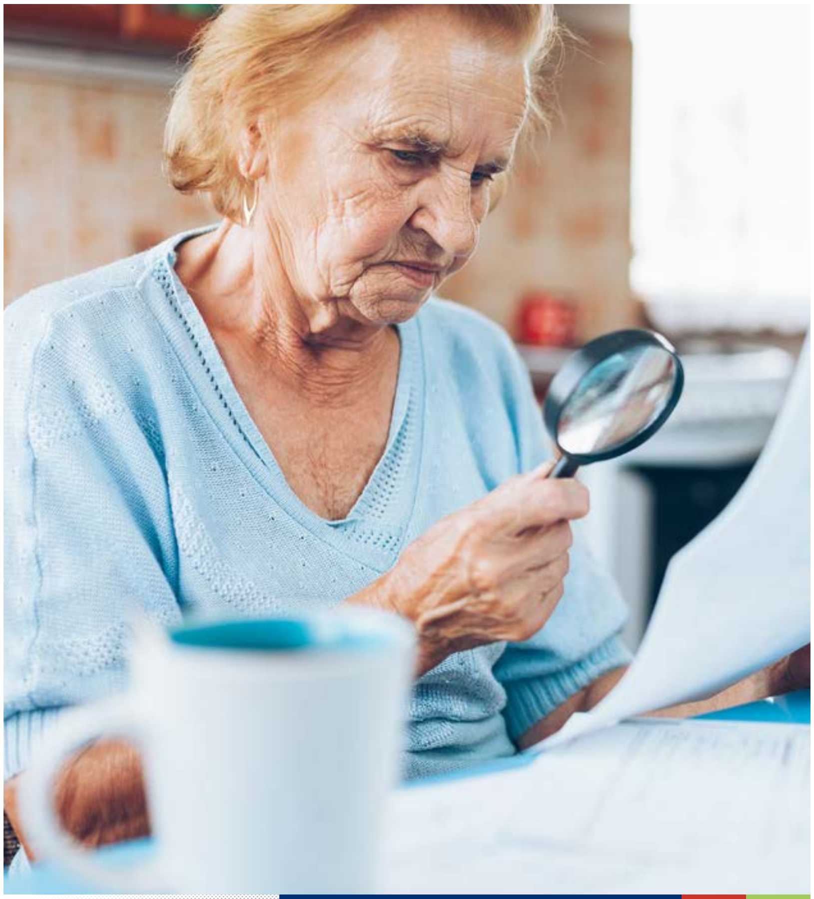
The newly proposed rule undoes all of that. Rather, it would effectively coerce pension

[57] Free Enterprise Project, *Public Comment to Department of Labor Proposed Rulemaking: Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights*, National Center for Public Policy Research (Dec. 10, 2021) *available at* https://nationalcenter.org/wp-content/uploads/2021/12/FEP-Comment-Department-of-Labor-RIN_-1210-AC03.pdf (last accessed Mar. 28, 2022).
[58] *Financial Factors in Selecting Plan Investments*, 85 Fed. Reg. 72,846 (Nov. 13, 2020).
[59] *Id.*
[60] *Fiduciary Duties Regarding Proxy Voting and Shareholder Rights*, 85 Fed. Reg. 81,658 (Dec. 16, 2020).

managers into investing in and voting for overtly political ESG shareholder resolutions. And because fund managers simply lack the resources to research hundreds of shareholder proposals, and their expected effects on returns, every year, the rule would force reliance by fund managers on Institutional Shareholder Services (ISS) and Glass-Lewis – the wholly political, foreign-owned, left-wing, highly conflicted proxy advisory services – without requiring that either the fund managers or the proxy advisory firms demonstrate that they have issued their guidance on the sole basis of full and objective research demonstrating that the guidance is legitimately in the best interest of the funds and/or the underlying companies.[61] This would roll back critical protections and transparency measures for fund participants. While the DoL claims that the proposed rule will decrease uncertainty and increase transparency, it will patently do neither. Instead, it will force fund managers to make vital decisions on unexamined and unreported grounds, thus decreasing transparency, reliability and reliably responsible behavior.

In short, this administration is happy to make pension beneficiaries poorer, so long as pension fund managers are coerced to vote for hard-left shareholder proposals, and against those from the center/right. So much for the left's claim to be on the side of workers.

FEP filed a comment arguing that the DoL should just scrap this proposed rule and enforce what's in place. This is unlikely. As we noted, though, our arguments and those of allied commenters have established a strong case that the proposed rule is illegal



– a case that will surely be put to the federal courts in an effort to void the rule.

But this rule provides another example of the administration's reckless and lawless attempts to politicize American capital markets. And it underscores the need for those of us on the center/right to come to grips with the fact that our goal is not to pass the fewest laws, but to pass the right laws to maximize freedom, prosperity and simple good sense. This is the perfect place for narrow and targeted legislation that would update ERISA to forbid any reliance on partisan, foreign entities in the pension fund investment process.

Meanwhile, FEP and its allies will continue to look for ways both to reveal to the American people the malice of and danger posed by ISS and Glass-Lewis, and to look for ways to challenge their illegitimate, conflicted and partisan stranglehold on the proxy advisory market.

[61] *Investor Value Voter Guide 2020* (p. 2, 5, 9, 31), National Center for Public Policy Research (2020), *available at* https://nationalcenter.org/investor-value-voter-guide-2020/ (last accessed Mar. 29, 2022); *Investor Value Voter Guide 2021* (p. 38), National Center for Public Policy Research (2021), *available at* https://nationalcenter.org/investor-value-voter-guide-2021/ (last accessed Mar. 29, 2022).

PART 2:
2022 SHAREHOLDER PROPOSALS

2022 PROPOSALS TO SUPPORT

Last year we noted that the selection of conservative proposals was rather small. This year we are delighted to give conservative voters many more opportunities to express their support for right-of-center resolutions. In part because of new, laxer standards at the SEC, FEP was able to place many more proposals on proxy ballots this year than in 2021. We have also been joined this year by our friends at NLPC, which has greatly ramped up its Corporate Integrity Project and has put forward many high-quality conservative resolutions.[62]

As we in the center/right majority of the country have seen, merely opposing the left's lunacy is not enough. We need to act in support of the causes we believe in. Conservative and independent investors have more chances to do that this year than ever before just by casting their proxy ballots in favor of simple sanity.

FEP & ALLIED RESOLUTIONS TO SUPPORT (a)

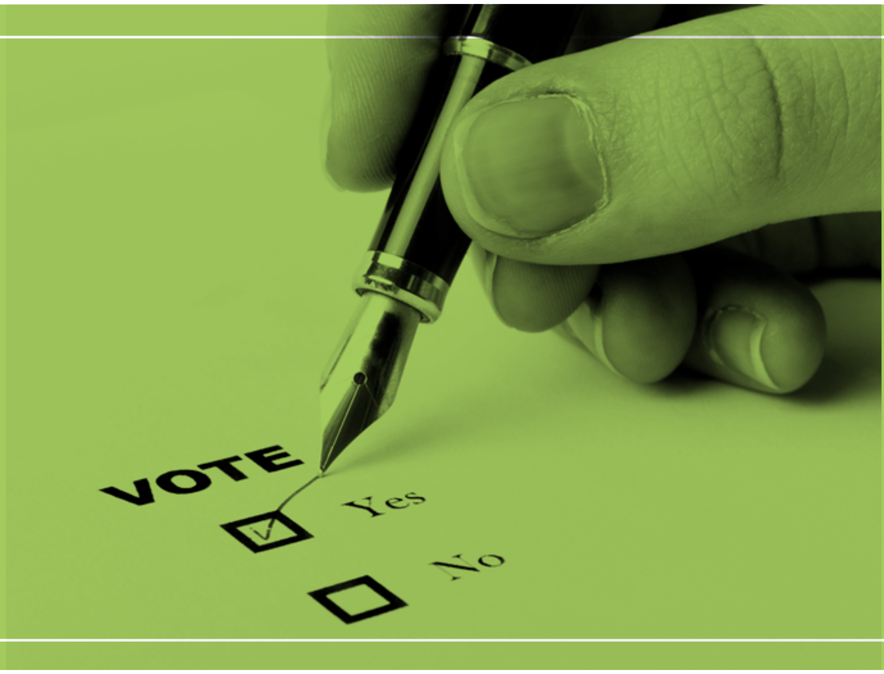
Company	*Proposal*	*Proponent*	*Month*
Alphabet	Disclose communications with Biden Administration	NLPC	June
Amazon	Withdrawn - EEO now contains viewpoint discrimination	FEP	Withdrawn
AT&T	Commission a racial equity audit	FEP	May
Bank of America	Commission a racial equity audit	FEP	April
Bank of America	Report on charitable giving	NLPC	April
Best Buy	Withdrawn - company will now only take ESG action when it is in the best interest of shareholder value	FEP	Withdrawn
BlackRock	Report on the potential risks associated with omitting "viewpoint" and "ideology" from its EEO policy	FEP	May
Boeing	Report on charitable giving	NLPC	April
Citibank	Commission a nondiscrimination audit	FEP	April
Comcast	Report on the potential risks associated with omitting "viewpoint" and "ideology" from its EEO policy	FEP	June

[62] *Corporate Integrity Project,* National Legal and Policy Center, *available at* https://www.nlpc.org/corporate-integrity-project/ (last accessed Mar. 31, 2022).

FEP & ALLIED RESOLUTIONS TO SUPPORT (b)

Company	*Proposal*	*Proponent*	*Month*
ConocoPhillips	Lobbying disclosure	NLPC	May
Costco	Report on charitable contributions	FEP	Failed (3.2%)
CVS	Commission a civil rights/nondiscrimination audit	FEP	May
Disney	Commission a nondiscrimination audit	FEP	Failed (2.7%)
Disney	Risk of ties to Chinese Communist Party	NLPC	Failed (36.8%)
General Motors	Child labor in supply chain	NLPC	June
Goldman Sachs	Report on charitable contributions	FEP	April
Johnson & Johnson	Commission a racial equity audit	FEP	April
JP Morgan	Viewpoint/ideological diversity on Board	NLPC	May
Levi Strauss	Commission a racial equity audit	FEP	April
McDonald's	Lobbying disclosure	NLPC	May
Meta Platforms	Commission a civil rights/B27 audit	FEP	May
Pfizer	Political expenditures	FEP	April
Target	Withdrawn - language added to EEO policy foreswearing discrimination on suspect grounds anywhere in hiring/employment process	FEP	Withdrawn
Twitter	Commission a civil rights/nondiscrimination audit	FEP	May
Verizon	Risk of ties to Chinese Communist Party	Steve Milloy	May
Walmart	Commission a civil rights/nondiscrimination audit	FEP	June
Wells Fargo	Report on charitable giving	NLPC	April

The corporations insist that they are not discriminating... but the evidence that they offer to suggest that they are not discriminating often simply confirms that they are discriminating in exactly the ways that caused us to lodge our proposals.



2022 PROPOSALS TO OPPOSE

We have labeled these proposals the same way that the AYS coalition members have, in order to make it easy to find and vote against them. Note, however, how these often misleading titles reveal the deep mendacity of so much of AYS's communications.

PROPOSALS TO OPPOSE: Crippling Climate, Carbon and Related Proposals (a)

Company	*Proposal*	*Proponent*	*Month*
Air Products & Chemicals	Adopt net-zero GHG reduction targets	Nathan Cummings Foundation	withdrawn
Allegheny Technologies	Report on Paris-compliant plan to cut carbon footprint	As You Sow	withdrawn
Alphabet	Establish board committee on sustainability	Sustainvest Asset Management	June
Amedisys	Report on Paris-compliant plan to cut carbon footprint	As You Sow	June
American International Group	Limit/end fossil fuel financing/underwriting	Presbyterian Church (USA)	May
American Water Works	Report on Paris-compliant plan to cut carbon footprint	Proxy Impact	May
Antero Resources	Report on Paris-compliant plan to cut carbon footprint	Mercy Investment Services	June
Antero Resources	Report on methane emissions/reduction targets	New York State Common Retirement Fund	June
Bank of America	Issue audited climate transition plan	Sierra Club	April
Bank of America	Limit/end fossil fuel financing/underwriting	Trillium Asset Management	April
Berkshire Hathaway	Report on GHG emissions financing	As You Sow	May
Berkshire Hathaway	Report on climate-related transition plan	Hermes Investment Management	May
BJ's Restaurants	Adopt net-zero GHG reduction targets	Trillium Asset Management	June
BJ's Wholesale Club	Adopt net-zero GHG reduction targets	Trillium Asset Management	June
Boeing	Report on climate-related transition plan	As You Sow	April
Builders FirstSource	Adopt net-zero GHG reduction targets	Green Century Capital Management	June
Carnival	Report on Paris-compliant plan to cut carbon footprint	New York State Common Retirement Fund	withdrawn
Caterpillar	Report on Paris-compliant plan to cut carbon footprint	As You Sow	June
Charter Communications	Report on climate-related transition plan	Not disclosed	April
Cheesecake Factory	Report on net-zero GHG goals	As You Sow	May
Cheniere Energy	Report on Paris treaty compliance & LNG	Stewart W. Taggart	May
Chevron	Adopt GHG reduction targets	Follow This	May
Chevron	Report on methane emissions/reduction targets	Mercy Investment Services	May
Chevron	Issue audited climate transition plan	As You Sow	May
Chevron	Report on risk/benefits of ending Arctic operations	Green Century Capital Management	May
Chubb Limited	Report on GHG emissions financing	As You Sow	May
Chubb Limited	Limit/end fossil fuel financing/underwriting	Green Century Capital Management	May
Citigroup	Limit/end fossil fuel financing/underwriting	Harrington Investments	April
Citigroup	Issue audited climate transition plan	Sierra Club	April
CMS Energy	Report on Scope 3 GHG emissions goals	Srs. of the Presentation Blessed Virgin Mary	withdrawn
Comcast	Report on retirement plan alignment with climate goals	As You Sow	May
ConocoPhillips	Adopt GHG reduction targets	Follow This	May
Costco Wholesale	Adopt net-zero GHG reduction targets	Green Century Capital Management	Passed (70%)
Darling Ingredients	Adopt net-zero GHG reduction targets	Trillium Asset Management	withdrawn
Dollar General	Report on GHG emissions targets	NJ Division of Investments	withdrawn
Dollar Tree	Report on net-zero GHG goals	As You Sow	June
Dominion Energy	Adopt goals/reduce Scope 3 GHG emissions	As You Sow	withdrawn
Dominion Energy	Adopt goals/reduce Scope 3 GHG emissions	David Backer	May
Dominion Energy	Report on stranded carbon asset risks	Freeda Cathcart	May
Dominion Energy	Report on capex alignment with GHG goals	NYC pension funds	withdrawn
DTE Energy	Adopt goals/reduce Scope 3 GHG emissions	As You Sow	May
Duke Energy	Adopt goals/reduce Scope 3 GHG emissions	As You Sow	withdrawn
Duke Energy	Issue audited climate transition plan	CalSTRS	May
Eastman Chemical	Report on Paris-compliant plan to cut carbon footprint	New York State Common Retirement Fund	withdrawn
Entergy	Issue audited climate transition plan	Presbyterian Church (USA)	withdrawn

PROPOSALS TO OPPOSE: Crippling Climate, Carbon and Related Proposals (b)

Company	*Proposal*	*Proponent*	*Month*
Eversource Energy	Report on Paris-compliant plan to cut carbon footprint	New York State Common Retirement Fund	withdrawn
ExxonMobil	Adopt GHG reduction targets	Follow This	May
ExxonMobil	Report on climate-related transition plan	Arjuna Capital	May
ExxonMobil	Issue audited climate transition plan	Christian Brothers Investment Services	May
Foot Locker	Report on net-zero GHG goals	As You Sow	withdrawn
Goldman Sachs	Limit/end fossil fuel financing/underwriting	Sierra Club	May
Group	Report on GHG emissions financing	As You Sow	withdrawn
Group	Limit/end fossil fuel financing/underwriting	Green Century Capital Management	May
HCA Healthcare	Adopt net-zero GHG reduction targets	As You Sow	April
Helios Technologies	Report on Paris-compliant plan to cut carbon footprint	As You Sow	June
IDACORP	Report on Paris-compliant plan to cut carbon footprint	Proxy Impact	May
J.B. Hunt Transport Services	Adopt net-zero GHG reduction targets	Trillium Asset Management	withdrawn
JPMorgan Chase	Limit/end fossil fuel financing/underwriting	Harrington Investments	May
JPMorgan Chase	Report on carbon finance reduction goals	Sierra Club	May
JPMorgan Chase	Limit/end fossil fuel financing/underwriting	Tulipshare	May
Kraft Heinz	Report on Paris-compliant plan to cut carbon footprint	Domini Social Investments	withdrawn
Kroger	Report on refrigerants and GHG emissions	Friends Fiduciary	June
Kroger	Adopt net-zero GHG reduction targets	Green Century Capital Management	June
Lowe's	Adopt net-zero GHG reduction targets	Mercy Investment Services	withdrawn
Macy's	Report on Paris-compliant plan to cut carbon footprint	Mercy Investment Services	withdrawn
Marathon Oil	Report on flaring reduction plans	MN State Brd of Investment	withdrawn
Marathon Oil	Issue audited climate transition plan	As You Sow	May
Marathon Petroleum	Adopt GHG reduction targets	Follow This	April
Marathon Petroleum	Report on climate transition plan social impact	Teamsters	May
MGE Energy	Report on Scope 3 GHG emissions goals	Sinsinawa Dominicans	withdrawn
Middleby	Adopt net-zero GHG reduction targets	Trillium Asset Management	May
Monster Beverage	Report on Paris-compliant plan to cut carbon footprint	As You Sow	June
Moody's	Report on climate-related risk ratings	SumOfUs	withdrawn
Morgan Stanley	Limit/end fossil fuel financing/underwriting	Sierra Club	May
NextEra Energy	Adopt board oversight of climate change	Connecticut Retirement Plans	withdrawn
O'Reilly Automotive	Report on Paris-compliant plan to cut carbon footprint	As You Sow	withdrawn
Occidental Petroleum	Adopt Paris-compliant strategy to cut GHG emissions	Follow This	May
Phillips 66	Adopt Paris-compliant strategy to cut GHG emissions	Follow This	May
Post Holdings	Report on GHG emissions targets	Franciscan Srs. of Perpetual Adoration	withdrawn
PPL Corporation	Issue audited climate transition plan	Presbyterian Church (USA)	May
Range Resources	Report on methane emissions/reduction targets	Unitarian Universalists	May
Ross Stores	Report on climate-related transition plan	As You Sow	May
S&P Global	Report on climate-related risk ratings	SumOfUs	withdrawn
SBA Communications	Adopt net-zero GHG reduction targets	Trillium Asset Management	May
Skechers U.S.A.	Report on Paris-compliant plan to cut carbon footprint	As You Sow	May
Southern	Adopt goals/reduce Scope 3 GHG emissions	As You Sow	withdrawn
Standard Motor Products	Report on Paris-compliant plan to cut carbon footprint	As You Sow	May
Tesla	Stop using cryptocurrency/minimize its e-footprint	Karen Ros Robertsdottir	October
Texas Instruments	Adopt board oversight of climate change	NJ Division of Investments	April
TJX	Adopt net-zero GHG reduction targets	Boston Common Asset Management	June
Tractor Supply	Adopt GHG reduction targets	Clean Yield Asset Management	withdrawn
Travelers	Report on GHG emissions financing	As You Sow	May
Travelers	Limit/end fossil fuel financing/underwriting	Green Century Capital Management	May
United Parcel Service	Adopt net-zero GHG reduction targets	Trillium Asset Management	May
United Parcel Service	Report on GHG goals and financial priorities	The Shareholder Commons	May
UnitedHealth Group	Report on Paris-compliant plan to cut carbon footprint	As You Sow	June
US Foods Holding	Adopt net-zero GHG reduction targets	Green Century Capital Management	May
Valero Energy	Report on GHG emissions targets	Mercy Investment Services	April
Valero Energy	Issue audited climate transition plan	As You Sow	April
Vulcan Materials	Report on Paris-compliant plan to cut carbon footprint	New York State Common Retirement Fund	withdrawn
Wells Fargo	Limit/end fossil fuel financing/underwriting	Sierra Club	April
Williams-Sonoma	Report on use of carbon offsets	As You Sow	June
Zillow Group	Report on Paris-compliant plan to cut carbon footprint	As You Sow	withdrawn

PROPOSALS TO OPPOSE: Codifying Racism and Sexism in Corporate Practices (a)

Company	*Proposal*	*Proponent*	*Month*
3D Systems	Report on board diversity matrix	James McRitchie	May
3M	Report on "environmental justice" approach	New York State Common Retirement Fund	May
Activision Blizzard	Review/report on workplace bias policy	New York State Common Retirement Fund	June
Activision Blizzard	Report on diversity programs	As You Sow	June
Activision Blizzard	Disclose EEO-1 data	Unitarian Universalists	June
Alphabet	Report on racial justice impacts/plan	Bon Secours Mercy Health	June
Alphabet	Report on/end ties to police/military	Edward Feigen	June
Alphabet	Report on board diversity	Arjuna Capital	June
Altria	Report on racial justice impacts/plan	Srs. of St. Francis of Philadelphia	May
Amazon.com	Report on gender/minority pay disparity	Arjuna Capital	May
Amazon.com	Report on pandemic impact on diversity	AFL-CIO	May
Amazon.com	Report on racial justice impacts/plan	New York State Common Retirement Fund	May
Amazon.com	Report on differential race/gender injury rates	NYC pension funds	withdrawn
American Express	Report on diversity programs	As You Sow	withdrawn
American International Group	Report on diversity programs	As You Sow	May
American Water Works	Report on racial justice impacts/plan	Trillium Asset Management	May
Anthem	Report on racial justice impacts/plan	Trillium Asset Management	May
Apple	Report on gender/minority pay disparity	Arjuna Capital	Failed (34.5%)
Apple	Report on racial justice impacts/plan	SEIU Master Trust	Passed (53.5%)
Badger Meter	Report on board diversity	NorthStar Asset Management	April
Berkshire Hathaway	Report on diversity programs	As You Sow	May
Best Buy	Report on gender/minority pay disparity	Proxy Impact	June
Cactus	Report on board diversity	Boston Trust Walden	withdrawn
Cerner	Report on software and racial equity	Parnassus Investments	withdrawn
Charles Schwab	Report on diversity programs	Proxy Impact	withdrawn
Charles Schwab	Report on racial justice impacts/plan	As You Sow	withdrawn
Charter Communications	Report on diversity programs	As You Sow	April
Charter Communications	Disclose EEO-1 data	Calvert Investment Management	April
Chemours	Report on "environmental justice" approach	New York State Common Retirement Fund	April
Chevron	Report on racial justice impacts/plan	Srs. of St. Francis of Philadelphia	May
Chipotle Mexican Grill	Report on gender/minority pay disparity	Arjuna Capital	May
Chipotle Mexican Grill	Report on diversity programs	Nathan Cummings Foundation	May
Chipotle Mexican Grill	Report on racial justice impacts/plan	New York State Common Retirement Fund	May
CIGNA	Report on gender/minority pay disparity	Proxy Impact	April
Citigroup	Report on indigenous people policy	Srs. of St. Joseph of Brentwood	April
Coca-Cola	Report on racial justice impacts/plan	CommonSpirit Health	April
Comcast	Review/report on workplace bias policy	Arjuna Capita	June
Comcast	Report on racial justice impacts/plan	SEIU Master Trust	June
CorVel	Report on board diversity	Boston Trust Walden	August
Danaher	Report on diversity programs	As You Sow	withdrawn
Dollar General	Disclose EEO-1 data	Boston Trust Walden	May
Dollar General	Report on racial justice impacts/plan	As You Sow	May
Dollar Tree	Report on racial justice impacts/plan	New York State Common Retirement Fund	June
Dow	Report on racial justice impacts/plan	School Srs. of Notre Dame, St. Louis	May
Electronic Arts	Report on diversity programs	New York State Common Retirement Fund	August
Entergy	Report on racial justice impacts/plan	As You Sow	May
Eversource Energy	Report on racial justice impacts/plan	As You Sow	withdrawn
Exelon	Report on diversity programs	As You Sow	withdrawn
First Community Bankshares	Report on board diversity	New York State Common Retirement Fund	April
Goldman Sachs	Report on racial justice impacts/plan	SEIU Master Trust	April
Hasbro	Report on diversity programs	As You Sow	withdrawn
HCA Healthcare	Report on diversity programs	New York State Common Retirement Fund	withdrawn
Home Depot	Report on gender/minority pay disparity	Arjuna Capital	withdrawn

PROPOSALS TO OPPOSE: Codifying Racism and Sexism in Corporate Practices (b)

Company	*Proposal*	*Proponent*	*Month*
Home Depot	Report on racial justice impacts/plan	SEIU Master Trust	May
Home Depot	Report on board diversity	NorthStar Asset Management	May
Honeywell International	remediation	Franciscan Sisters of Allegany, NY	May
Intel	Report on racism at company	NorthStar Asset Management	May
IntercontinentalExchange	Adopt goals for improving minority representation	Trillium Asset Management	May
Invesco	Report on racial justice impacts/plan	SEIU Master Trust	May
Johnson & Johnson	Report on racial justice impacts/plan	Trillium Asset Management	April
JPMorgan Chase	Provide detailed report on pay by job category	Jan Ott	May
Kinder Morgan	remediation	As You Sow	withdrawn
Kroger	Disclose EEO-1 data	New York State Common Retirement Fund	June
LHC Group	Report on racial justice impacts/plan	Trillium Asset Management	June
Lowe's	Report on gender/minority pay disparity	Arjuna Capital	June
Marriott International	Report on inequality and financial priorities	The Shareholder Commons	May
Martin Marietta	Report on racial justice impacts/plan	As You Sow	May
Match Group	Report on racial justice impacts/plan	New York State Common Retirement Fund	June
Maximus	Report on racial justice impacts/plan	SEIU Master Trust	March
McDonald's	Report on racial justice impacts/plan	SOC Investment Group	May
Meta Platforms	Report on board oversight of human rights risk	Harrington Investments	May
Mondelez International	Report on racial justice impacts/plan	SHARE	May
Monster Beverage	Report on diversity programs	New York State Common Retirement Fund	June
Netflix	Report on diversity programs	As You Sow	June
NextEra Energy	Report on diversity programs	As You Sow	May
NiSource	Report on racial justice impacts/plan	As You Sow	May
Oracle	Report on racial justice impacts/plan	SEIU Master Trust	November
Ormat Technologies	Report on executive diversity	Trillium Asset Management	withdrawn
PayPal	Report on diversity programs	As You Sow	May
PayPal	Report on racism at company	NorthStar Asset Management	May
Pfizer	Report on diversity programs	As You Sow	April
Pfizer	Report on racial justice impacts/plan	SEIU Master Trust	April
Proto Labs	Report on board diversity matrix	James McRitchie	May
Republic Services	Report on racial justice impacts/plan	Parnassus Investments	May
Ross Stores	Report on diversity programs	As You Sow	May
Salesforce.com	Report on diversity programs	As You Sow	June
Salesforce.com	Report on racial justice impacts/plan	Tulipshare	June
SEI Investments	Disclose EEO-1 data	Boston Trust Walden	withdrawn
Silgan Holdings	Report on board diversity	Connecticut Retirement Plans	June
Southern	Report on racial justice impacts/plan	SEIU Master Trust	May
Starbucks	Review/report on workplace bias policy	New York State Common Retirement Fund	Failed (32.05%)
Stericycle	Report on racial justice impacts/plan	Teamsters	May
SVB Financial Group	Report on racial justice impacts/plan	Trillium Asset Management	April
Take-Two Interactive Software	Report on diversity programs	New York State Common Retirement Fund	September
Target	Report on gender/minority pay disparity	Proxy Impact	withdrawn
Tesla	Review/report on workplace bias policy	New York State Common Retirement Fund	October
Tractor Supply	Report on inequality and financial priorities	The Shareholder Commons	May
Travelers	Report on underwriting racist policing	Arjuna Capital	May
Travelers	Report on racial justice impacts/plan	Trillium Asset Management	May
Tyson Foods	Report on racial justice impacts/plan	American Baptist Church	withdrawn
Uber Technologies	Report on racial justice impacts/plan	As You Sow	May
Union Pacific	Report on diversity programs	As You Sow	May
United Parcel Service	Report on diversity programs	As You Sow	May
Valero Energy	Report on racial justice impacts/plan	SEIU Master Trust	April
Veeva Systems	Report on board diversity matrix	James McRitchie	June
Verizon Communications	Report on racial justice impacts/plan	Zevin Asset Management	May

PROPOSALS TO OPPOSE: Codifying Racism and Sexism in Corporate Practices (c)

Company	*Proposal*	*Proponent*	*Month*
Verizon Communications	Adopt board oversight of human capital management	Robert A. Rehm	withdrawn
Vicor	Report on board diversity	Connecticut Retirement Plans	June
Visa	Report on diversity programs	As You Sow	withdrawn
Walmart	Report on pay and racial justice	Franciscan Srs. of Perpetual Adoration	June
Walt Disney	Report on gender/minority pay disparity	Arjuna Capita	Passed (50.4%)
Waste Management	Report on racial justice impacts/plan	Teamsters	May
Wells Fargo	Report on indigenous people policy	American Baptist Church	April
Wells Fargo	Report on racial justice impacts/plan	SEIU Master Trust	April
Wells Fargo	Report on board diversity	Arjuna Capita	April
XPO Logistics	Report on racial justice impacts/plan	Teamsters	May
Zoom Video Communications	Report on diversity programs	New York State Common Retirement Fund	June

PROPOSALS TO OPPOSE: Destroying the American Corporation

Company	*Proposal*	*Proponent*	*Month*
Alphabet	Report on societal impacts and financial priorities	The Shareholder Commons	June
Apple	Become public benefit corporation	The Shareholder Commons	Failed (3.1%)
BlackRock	Report on societal impact of investment stewardship	The Shareholder Commons	May
Berkshire Hathaway	Establish board committee on sustainability	Illinois State Treasurer	May
Cathay General Bancorp	Publish sustainability report	Boston Trust Walden	May
East West Bancorp	Publish sustainability report	Boston Trust Walden	withdrawn
Green Dot	Publish sustainability report	Boston Trust Walden	withdrawn
Kroger	Report on executive pay links to ESG metrics	Zevin Asset Management	June
Meta Platforms	Report on societal impacts and financial priorities	The Shareholder Commons	May
Moderna	Report on COVID-19 vaccine technology transfer	Oxfam America	April
Pfizer	Report on COVID-19 vaccine technology transfer	Oxfam America	April
State Street	Report on societal impact of investment stewardship	The Shareholder Commons	May
Twitter	Nominate human rights expert to the board	Arjuna Capital	May

PROPOSALS TO OPPOSE: Radicalizing Corporate Lobbying & Political Spending (a)

Company	*Proposal*	*Proponent*	*Month*
3M	Report on environmental risks and political influence efforts	The Shareholder Commons	May
Abbott Laboratories	Lobbying	Unitarian Universalists	April
AbbVie	Report on all political influence spending values congruency	As You Sow	May
AbbVie	Lobbying	Zevin Asset Management	May
Advance Auto Parts	Review/report on election spending	Boston Common Asset Management	May
AECOM	Lobbying	John Chevedden	withdrawn
Alphabet	Review/report on climate change advocacy	Zevin Asset Management	June
Alphabet	Lobbying	Boston Common Asset Management	June
Altria	Lobbying	Trinity Health	May
Amazon.com	Review/report on climate change advocacy	Srs. of the Presentation Blessed Virgin Mary	May
Amazon.com	Lobbying	Teamsters	May
American Airlines Group	Review/report on climate change advocacy	Presbyterian Church (USA)	withdrawn
American Airlines Group	Lobbying	John Chevedden	June
American International Group	Review/report on climate change advocacy	Mercy Investment Services	withdrawn
Amgen	Report on all political influence spending values congruency	As You Sow	May
Amgen	Review/report on climate change advocacy	Boston Trust Walden	withdrawn
Amgen	Report on lobbying values congruency	Mercy Investment Services	May
Analog Devices	Review/report on election spending	Boston Common Asset Management	withdrawn
AT&T	Report on election spending values congruency	As You Sow	April
Biogen	Lobbying	Boston Common Asset Management	June

PROPOSALS TO OPPOSE: Radicalizing Corporate Lobbying & Political Spending (b)

Company	*Proposal*	*Proponent*	*Month*
Boeing	Lobbying	Midwest Capuchins	April
Caterpillar	Lobbying	James McRitchie	June
Charles Schwab	Lobbying	Friends Fiduciary	May
Charter Communications	Report on all political influence spending values congruency	As You Sow	May
Charter Communications	Lobbying	SEIU Master Trust	April
Chemed	Review/report on election spending	John Chevedden	withdrawn
Chevron	Lobbying	Philadelphia Public Employees Retirement System	May
CIGNA	Report on all political influence spending values congruency	Clean Yield Asset Management	April
CME Group	Lobbying	Boston Common Asset Management	May
Costco Wholesale	Require indirect political spending reporting	James McRitchie	withdrawn
Coterra	Review/report on election spending	Nathan Cummings Foundation	withdrawn
CSX	Report on all political influence spending values congruency	Clean Yield Asset Management	May
DaVita	Review/report on election spending	Friends Fiduciary	June
Delta Air Lines	Lobbying	John Chevedden	June
DISH Network	Review/report on election spending	New York State Common Retirement Fund	May
Dollar General	Review/report on election spending	John Chevedden	May
Dominion Energy	Report on election spending values congruency	Nathan Cummings Foundation	May
Douglas Emmett	Lobbying	SEIU Master Trust	May
Ecolab	Lobbying	Boston Common Asset Management	May
Eli Lilly	Report on all political influence spending values congruency	As You Sow	withdrawn
Eli Lilly	Report on lobbying values congruency	CommonSpirit Health	May
Eli Lilly	Lobbying	SEIU Master Trust	May
Exelon	Lobbying	SEIU Master Trust	April
Expeditors International of Washington	Review/report on election spending	John Chevedden	May
ExxonMobil	Review/report on climate change advocacy	BNP Paribas Asset Management	May
ExxonMobil	Lobbying	United Steelworkers	May
ExxonMobil	Review/report on election spending	Unitarian Universalists	May
Flowers Foods	Review/report on election spending	Teamsters	May
GEO Group	Lobbying	SEIU Master Trust	omitted
Gilead Sciences	Report on lobbying values congruency	Maryknoll Sisters	May
Hanesbrands	Review/report on election spending	New York State Common Retirement Fund	withdrawn
HCA Healthcare	Lobbying	Teamsters	April
HCA Healthcare	Review/report on election spending	John Chevedden	April
Healthpeak	Lobbying	SEIU Master Trust	April
Home Depot	Report on election spending values congruency	Tara Health Foundation	May
Honeywell International	Review/report on climate change advocacy	Proxy Impact	May
Invesco	Lobbying	James McRitchie	May
Johnson & Johnson	Report on lobbying values congruency	SHARE	April
JPMorgan Chase	Review/report on climate change advocacy	Boston Trust Walden	withdrawn
JPMorgan Chase	Report on election spending values congruency	Education Foundation of America	May
Las Vegas Sands	Review/report on election spending	New York State Common Retirement Fund	June
Lockheed Martin	Review/report on climate change advocacy	Mercy Investment Services	withdrawn
Lyft	Lobbying	Teamsters	June
Merck	Review/report on climate change advocacy	Boston Trust Walden	May
Meta Platforms	Review/report on climate change advocacy	Zevin Asset Management	May
Meta Platforms	Lobbying	United Church Funds	May
Netflix	Lobbying	Boston Common Asset Management	June
NextEra Energy	Review/report on climate change advocacy	BNP Paribas Asset Management	May
NRG Energy	Review/report on climate change advocacy	Unitarian Universalists	April
Old Dominion Freight Line	Review/report on election spending	Teamsters	withdrawn
PepsiCo	Report on all global influence spending	Harrington Investments	May
Pfizer	Report on all political influence spending values congruency	Tara Health Foundation	April
PPG Industries	Review/report on election spending	Nathan Cummings Foundation	withdrawn
Progressive	Review/report on election spending	New York State Common Retirement Fund	May
ProLogis	Lobbying	SEIU Master Trust	April
Quanta Services	Lobbying	SEIU Master Trust	withdrawn
Roper Technologies	Review/report on election spending	Nathan Cummings Foundation	withdrawn
Royal Caribbean Cruises	Review/report on election spending	New York State Common Retirement Fund	May
Salesforce	Lobbying	Boston Common Asset Management	June
Travelers	Lobbying	First Affirmative Financial Network	May

PROPOSALS TO OPPOSE: Radicalizing Corporate Lobbying & Political Spending (c)

Company	*Proposal*	*Proponent*	*Month*
Truist Financial	Review/report on climate change advocacy	Friends Fiduciary	withdrawn
Twitter	Review/report on election spending	New York State Common Retirement Fund	May
Uber Technologies	Review/report on climate change advocacy	Unitarian Universalists	May
Uber Technologies	Lobbying	Teamsters	May
Ulta Beauty	Review/report on election spending	New York State Common Retirement Fund	June
Union Pacific	Review/report on climate change advocacy	Boston Trust Walden	May
United Airlines Holdings	Lobbying	John Chevedden	May
United Parcel Service	Review/report on climate change advocacy	Mercy Investment Services	May
United Parcel Service	Lobbying	Boston Trust Walden	May
UnitedHealth Group	Review/report on climate change advocacy	Boston Trust Walden	June
UnitedHealth Group	Report on all political influence spending values congruency	Education Foundation of America	June
Verisign	Review/report on election spending	New York State Common Retirement Fund	May
Walgreens Boots Alliance	Require indirect political spending reporting	Myra K. Young	withdrawn
Walmart	Review/report on climate change advocacy	School Srs. of Notre Dame, Central Pacific	June
Walmart	Lobbying	Zevin Asset Management	June
Walt Disney	Lobbying	Mercy Investment Services	Failed (32.58%)
Waters	Review/report on election spending	Boston Common Asset Management	May
XPO Logistics	Lobbying	SEIU Master Trust	May

PROPOSALS TO OPPOSE: Increasing Corporate Censorship of the Right

Company	*Proposal*	*Proponent*	*Month*
Meta Platforms	Report on problematic media content management	As You Sow	May
Meta Platforms	Report on board oversight of human rights risk	Harrington Investments	May
Yelp	Report on problematic media content management	As You Sow	June

PROPOSALS TO OPPOSE: Abortion

Company	*Proposal*	*Proponent*	*Month*
Kroger	Report on reproductive health rights risks	Unitarian Universalists	June
Lowe's	Report on reproductive health rights risks	Education Foundation of America	May
TJX	Report on reproductive health rights risks	Trillium Asset Management	June
Walmart	Report on reproductive health rights risks	Clean Yield Asset Management	June

PROPOSALS TO OPPOSE: Forcing Disarmament

Company	*Proposal*	*Proponent*	*Month*
General Dynamics	Report on human rights effects of high-risk products/services	Franciscan Sisters of Allegany, NY	May
Lockeed Martin	Report on human rights effects of high-risk products/services	Srs. of St. Francis of Philadelphia	April
Mastercard	Report on payment network and weapons sales	Rhode Island Pension Fund	June
Northrop Grumman	Report on human rights effects of high-risk products/services	Srs. of St. Francis of Philadelphia	May
PNC Financial Services Group	Report on nuclear weapons financing	Srs. of St. Joseph of Brentwood	April
Sturm, Ruger	Report on human rights risk assessment	CommonSpirit Health	May

ANALYSIS OF 2022 **SHAREHOLDER PROPOSALS**

While FEP and other right-of-center proponents have filed nearly 50 proposals this year, with FEP leading the way at 30, the AYS coalition has also increased its efforts, filing more than 500 resolutions. These numbers represent absolute and relative progress for our side, with our percentage of the total proposals filed finally approaching 10 percent – though, obviously, that figure still falls far too short.

In this section we will discuss FEP and allied proposals in detail, including consideration of new tactics that we have developed this year. We will also spend significant space covering the left's ESG resolutions, the motivations of the AYS proponents and why we recommend voting against most AYS proposals.

FEP & ALLIED PROPOSALS

This year, FEP submitted 30 proposals on five topics, including civil rights and nondiscrimination, viewpoint diversity, stakeholder capitalism, charitable giving and lobbying congruency.

CIVIL RIGHTS AND NONDISCRIMINATION

This year we unveiled new resolutions focused on corporate America's newfound obsession with Critical Race Theory (CRT) and its allied propaganda tool, "antiracism." Many of our proposals focus on the CRT-infused employee training programs that too many corporations have recently installed with seemingly little thought for the legal and reputational risks involved.

Americans witnessed racial riots throughout 2020 of a magnitude not seen in decades. After a Minneapolis police officer took the life of George Floyd, organizations such as Black Lives Matter (BLM) organized anti-police protests in scores of major American cities. Many of these protests turned into riots that became violent and destructive, resulting in up to $2 billion in property damage.[63]

[63] Noah Manskar, *Riots Following George Floyd's Death May Cost Insurance Companies up to $2B*, New York Post (Sep. 16, 2020), *available at* https://nypost.com/2020/09/16/riots-following-george-floyds-death-could-cost-up-to-2b/ (last accessed Mar. 31, 2022).

And despite the mainstream media's support for these riots – regularly claiming they were "mostly peaceful," [64] and even "fiery but mostly peaceful" – it is estimated that at least 30 people were killed during their progress.[65]

Millions of Americans watched in horror as rioters burned cities, looted stores and desecrated historic monuments and places of worship. Yet somehow America's corporate elites saw something completely different.

Corporate America initially opened its collective wallet wide to BLM and its allies, pouring massive sums into these so-called civil rights organizations. According to the *Washington Post*, America's 50 largest public companies and their foundations pledged nearly $50 billion to "racial justice" causes in the year following George Floyd's death.[66]

But money was never going to be enough to assuage far-left racial agitators. As we noted in last year's *Voter Guide*, liberal shareholder proponents flooded corporate ballots with so-called racial equity audits in 2021. In describing the goals of these proposals, we explained:

> Demands for "equity" are demands to reconfigure corporate activity from profitable production to aggressive left-wing social engineering, which, with its explicitly racist and sexist overtones, will require comprehensive discrimination against the race(s) and the sex that the left disfavors at any given time. [This disfavored category always includes whites and men, but sometimes includes Asian as well, and – astonishingly – any black or "brown" people (their term, not ours) who dare to adopt center/right principles.]
>
> Included within the coalition's expansive notion of "equity," as this proposal reveals, is "antiracism," which it describes as "the practice of identifying, challenging, and changing the values, structures, and behaviors perpetuating systemic racism." Antiracism is racist to its very core, reviving horrifying concepts such as intergenerational and race-wide guilt, unique race-wide handicaps that cannot be overcome and other monstrosities that have caused untold evil in the past.[67]

APPLE'S RACIAL AUDIT

Many of the left's race-based proposals were wildly successful, and that success is continuing this year. At Apple's shareholder meeting held in March 2022, 53.5 percent of shares were voted in favor of a Service Employees International Union (SEIU) proposal seeking a racial audit and an action plan on racial initiatives.[68] Pressure from shareholder activists, combined with internal corporate pressure (often put into the mouths of "stakeholders," but never after any coherent effort to confidentially gauge the concerns of *all* stakeholders), also spawned an entire cottage industry of corporate race-training peddlers.

In the spring of 2021, corporate whistleblowers from many big-name companies began leaking internal corporate training documents that reflected CRT tenets. We received some of these materials at FEP, but it was City Journal's Christopher Rufo who did yeoman work in uncovering this coordinated corporate indoctrination.[69]

[64] Joe Concha, *CNN Ridiculed for 'Fiery but Mostly Peaceful' Caption With Video of Burning Building in Kenosha*, The Hill (Aug. 27, 2020), *available at* https://thehill.com/homenews/media/513902-cnn-ridiculed-for-fiery-but-mostly-peaceful-caption-with-video-of-burning/ (last accessed Mar. 31, 2022).
[65] Jordan Boyd, *Death Toll Rises To An Estimated 30 Victims Since 'Mostly Peaceful Protests' Began*, The Federalist (Aug. 19, 2020), *available at* https://thefederalist.com/2020/08/19/death-toll-rises-to-an-estimated-30-victims-since-mostly-peaceful-protests-began/ (last accessed Mar. 31, 2022).
[66] Tracy Jan, Jena McGregor and Meghan Hoyer, *Corporate America's $50 Billion Promise*, The Washington Post (Aug. 23, 2021), *available at* https://www.washingtonpost.com/business/interactive/2021/george-floyd-corporate-america-racial-justice/ (last accessed Mar. 31, 2022).
[67] *Investor Value Voter Guide 2021* (p. 21), National Center for Public Policy Research (2021), *available at* https://nationalcenter.org/investor-value-voter-guide-2021/ (last accessed Mar. 29, 2022).
[68] *Proxy Preview 2022* (p. 62), As You Sow (2022), *available at* https://www.proxypreview.org/2022/report (last accessed Mar. 31, 2022).
[69] Ethan Peck and Scott Shepard, *Balancing the Boardroom: How Conservatives Can Combat Corporate Wokeness* (p. 9-14), National Center for Public Policy Research (Mar. 2022), *available at* https://nationalcenter.org/balancing-the-boardroom/ (last accessed Mar. 31, 2022).

Armed with these training materials, and appalled at their content, we crafted proposals designed to make companies contemplate the inherent risks associated with such objectively racist pursuits.

For example, in our proposal to Levi Strauss, we explained:

> Many companies have been found to be sponsoring and promoting overtly and implicitly discriminatory employee-training and other employment and advancement programs, including Bank of America, American Express, Verizon, Pfizer, CVS and Levi Strauss itself.
>
> This disagreement and controversy create massive reputational, legal and financial risk. If the Company is, in the name of equity, diversity and inclusion, committing illegal or unconscionable discrimination against employees deemed "non-diverse," then the Company will suffer in myriad ways – all of them both unforgivable and avoidable.
>
> In developing the audit and report, the Company should consult civil-rights and public-interest law groups – but it must not compound error with bias by relying only on left-leaning organizations. Rather, it must consult groups across the spectrum of viewpoints.[70]

DISNEY'S WHITE PRIVILEGE SURVEY

The contents of these trainings made major headlines in 2021. For example, Coca-Cola introduced programming that called on its white employees to "be less white." [71] American Express held a high-profile event for its staff featuring Khalil Muhammad, a great-grandson of Nation of Islam founder Elijah Muhammad, who claimed that capitalism itself was founded on racism.[72] And among other absurd exercises, Disney had its employees fill out a white privilege survey.[73] Based on this reporting, we also filed a proposal with Disney.

At the Disney shareholder meeting in March, National Center Executive Vice President Justin Danhof presented FEP's resolution, noting:

> Critical Race Theory (CRT) debases human existence by reducing it to a singular element that no one can control – skin tone. This absolutely racist teaching focuses on so-called "white privilege" being at the root of everything in society and insists that white people are ALWAYS the oppressor, and everyone else is oppressed to one degree or another… CRT doesn't teach history. It teaches racial histrionics rooted in Marxist philosophy.
>
> Given all this, why would Disney subject its employees to CRT trainings?[74]

[70] *2022 Notice of Annual Meeting of Shareholders and Proxy Statement* (p. 60), Levi Strauss & Co. (2022) (Internal citations omitted), *available at* https://d18rn0p25nwr6d.cloudfront.net/CIK-0000094845/6c9cb199-717b-4f1e-9284-c1ff9f15442d.pdf (last accessed Mar. 31, 2022).

[71] Lia Eustachewich, *Coca-Cola Slammed for Diversity Training That Urged Workers to Be 'Less White,'* New York Post (Feb. 23, 2021), *available at* https://nypost.com/2021/02/23/coca-cola-diversity-training-urged-workers-to-be-less-white/ (last accessed Mar. 31, 2022).

[72] Tyler O'Neil, *American Express CRT Training Urged Staff to Adopt a Hierarchy, Putting 'Marginalized' Above 'Privileged,'* Fox Business (Aug. 11, 2021), *available at* https://www.foxbusiness.com/politics/amex-crt-training-urged-staff-to-adopt-a-hierarchy-putting-marginalized-above-privileged (last accessed Mar. 31, 2022).

[73] Dana Kennedy, *Disney Goes Woke With New Anti-Racist Agenda for Employees*, New York Post (May 8, 2021), *available at* https://nypost.com/2021/05/08/disney-goes-woke-with-new-anti-racist-agenda-for-employees/ (last accessed Mar. 31, 2022).

[74] Justin Danhof, *Disney Shareholder Meeting - Proposal #8 Statement*, National Center for Public Policy Research (Mar. 9, 2022), *available at* https://nationalcenter.org/wp-content/uploads/2022/03/Disney-2022-Shareholder-Meeting-Statement.pdf (last accessed Mar. 31, 2022).

STOP CRITICAL RACE THEORY

Disney CEO Bob Chapek said exactly nothing in defense of the company's overtly racist employee programming.

Conservative investors will have the chance to vote on quite a few of these and similar resolutions during the 2022 shareholder season.

Throughout the proposal-filing process, we had some interesting interactions with business leaders on these racial topics. Many companies with which we engaged followed the model of the school boards and teachers who got caught indoctrinating students with CRT during the COVID-19 pandemic. At first, many school districts defended CRT and its use in the classroom. After the true horrors of CRT and antiracism were revealed to parents and the public, though, school boards (and their allies in the mainstream media) switched tunes and claimed that no one was teaching CRT but rather simply teaching history.[75] This is a classic left-wing dodge, and many in the corporate world tried to pull this con on us.

This studied obtuseness has flowed through to the opposition statements that many corporations have included in their proxy statements. But note an oddity that arises consistently in these statements: The corporations insist that they are not discriminating, and so do not need to conduct an audit of their behavior, but the evidence that they offer to suggest that they are not discriminating often simply confirms that they are discriminating in exactly the ways that caused us to lodge our proposals.

Equity is current discrimination (against white people, men, straight people or the whole trifecta) and they are doing it, and it does violate the law. The misunderstanding (or head-in-the-sand stubbornness) that causes companies to actually confirm and celebrate their bigotry while trying to defend themselves only underscores the deep risk that all of this creates for corporations.

Some companies, though, have taken a wiser route. After considering our proposal, Target, for instance, agreed to amend its Equal Employment Opportunity and Harassment-Free Workplace Policy to state that it would make decisions "regarding employment opportunities, including hiring, promotion, and advancement, without regard to 'protected category' characteristics," a protection which precludes discrimination even against groups that are not generally honored with the label "diverse." As a result of this agreement, we withdrew our proposal. (We reached similar agreements with Best Buy in response to one of the "stakeholder capitalism" proposals discussed below, and with Amazon in response to our viewpoint-nondiscrimination proposal.)

[75] Casey Chalk, *Leftists: Critical Race Theory Is Not Being Taught In Schools. But When It Is, It's Just History*, The Federalist (July 12, 2021), *available at* https://thefederalist.com/2021/07/12/leftists-shifting-the-story-on-critical-race-theory-education-exposes-their-hypocrisy/ (last accessed Mar. 31, 2022).

RealClear Markets

'Equity'-Based Discrimination At a Retailer Near You

Scott Shepard | March 16, 2022

https://www.realclearmarkets.com/articles/2022/03/16/equity-based_discrimination_at_a_retailer_near_you_821969.html

Corporate America's panicked embrace of "equity" in the summer of 2020 isn't going to end well for anyone, most particularly the companies that have embraced it the hardest.

This shouldn't be a surprise. After all, what "equity" means – according to its own creators and proponents – is active, affirmative discrimination now to make up for other discrimination by other people against other people in the past. Racial equity thus means discriminating against white people now because of their race to make up for discrimination against black people in the past. Gender equity means sticking it to men now to, well, you get the picture. And that then slides into orientation equity, where clarity is lost because it demands discrimination in favor of the "queer community" (their term), but that "community" by its own declaration can't be defined because it's a magical spectrum of endless self-identification.

Likewise, "antiracism" preaches that all white people are inherently racist because they're implicitly supremacist. They must forever make restitution for that immutable trait by accepting inferior status, while any resistance to this new racism establishes their white fragility, which is itself a demonstration of their ingrained supremacism. Joseph Heller could only have gaped in awe at the intricacy of this perpetual question-begging machine.

The panic and the lockdowns partially explain why so many companies jumped thoughtlessly on board such a rickety and ruinous contraption. George Floyd was killed; cities exploded; companies rushed to support BLM (though most of them were fairly vague about what that meant); and far too many slapped "equity" into the name of their Diversity & Inclusion programs to create Diversity, Equity & Inclusion (DEI) departments – without, it appears likely, stopping to think about what "equity" actually meant.

But for the lockdowns we would hope that someone at those companies would have said, "Um, well, you know, do we really want to have a department of affirmative racial and sex-based discrimination?" Given the increasingly complete hard-left monoculture in too many c-suites, though, that may just be wishful thinking.

The companies that now realize that they moved too fast and have gotten themselves into a public-relations bind – backing away from illegal and immoral discrimination while trying not to activate the baying woke mob – will probably pay some marginal price for their haste. Yet their willingness to recognize the problem and take careful steps to eliminate it provides a reliable indication that they are companies still run by adults who are capable of considering the companies' best interests rather than their own or their CEOs' personal policy preferences.

Then, though, there are some – too many – companies for which no amount of communication or time to contemplate would have shaken them from their determination to discriminate, nor has it in the years since the 2020 riots.

Consider Levi Strauss & Co. You may be wearing its jeans now. If so, beware. The company, led by CEO Chip Bergh, holds active racism and sexism as some of its highest accomplishments. In an astonishing recent development, Levi's brand president Jennifer Sey quit the company, even after having the glittering prize of the CEO's office offered to her if only she'd tow the hard-left line. Sey had dared to call for the opening of San Francisco's schools as evidence increased that lockdowns were ineffective and kids largely immune from serious COVID harms. For this, Levi Strauss (which, given her position in the company, has to have ultimately meant Chip Bergh himself) labeled this mother of two black children "anti-Black" and demanded that she go on an apology tour. She declined, resigned, and turned down a million-dollar severance package to let the world know the darkness and stupidity that informs Levi Strauss' corporate behavior.

The broad mass of employees who hold positions less lofty than brand president are unlikely to get the same offer when Levi's systemic discrimination blocks their career advancement. The company is not coy about this. On its own website Levi's congratulates itself for its illegal and immoral bias. Though women and racial and ethnic minorities are already statistically overrepresented throughout the company, it still actively discriminates against white people and men (and presumably straight people) in hiring and promotion, and has "doubled down" on forcing bigoted equity and antiracism theory on employees throughout the company. This isn't about diversity, which has been achieved. It is about discriminating against white people and men, and nothing else.

Similar active and open discrimination infects Starbucks and even McDonald's, both of which have committed themselves to active employment discrimination on the basis of race and ethnicity (and, in the case of McDonald's, also of sex and orientation).

But perhaps the strangest case so far is Lowe's, which sponsored and distributed racist employee-training programs in a depressingly familiar way, but then also established a program to support small businesses, the primary purpose of which appears to be discrimination against straight white guys. All small businesses are invited to participate, except those run by white men. The apparently inferior white men and their businesses can only participate if they make the additional showing – required of no other participants – that they have either served in the military or are sexual-orientation minorities.

This is some of the starkest, and dumbest, discrimination imaginable. First there is this baffler: How exactly are the white guys who seek to escape exclusion by claiming orientation-minority status meant to prove their claims? But more importantly, the sign Lowe's posts with this program is: "White men may not apply unless they can demonstrate specific additional 'achievements.'" Pure, unvarnished bigotry.

This sort of discrimination would be laughable were it not threatening to become the corporate norm.

We can hope – and there is some reason to believe – that better-led companies are backing away from this disaster of racism and sexism. Levi's, Starbucks, McDonald's and Lowe's, though (along with too many others) are too indoctrinated and too committed to see common sense on their own. They either can't see or won't acknowledge the profound risks they've created for their companies.

Only outside pressure will help. Shareholder activism by the non-woke, in strength equal to theirs, is one method of response. Lawsuits (which, once they begin and the plaintiff's bar realizes the possibilities, will flourish) and significant settlements will also bring home to these CEOs and boards that antidiscrimination laws still apply, regardless of their heady theories. And then a wave of high-profile resignations and firings at the highest levels will offer encouragement and enlightenment to the others.

Until then, the strength of a company's embrace of the new discrimination of "equity" provides useful clues about how effectively that company is run, and what its proper valuation should be.

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Why Is American Express Blocking An Audit Of Its Race-Based Staff Training?

Justin Danhof | January 17, 2022

https://thefederalist.com/2022/01/17/why-is-american-express-blocking-an-audit-of-its-race-based-staff-training/

American Express pledged a whopping $1 billion to advance "social justice," yet the company is trying to hide some of those supposed racial justice efforts from the light of day.

Recently, the company's top lawyer petitioned the federal government seeking its permission to block the contents of American Express's race-based employee training programs, among other racial initiatives, from public view. The feds should not abide the charge card giant's attempted obfuscation.

The American Express legal request came after we at the Free Enterprise Project filed a shareholder resolution asking the company to conduct a racial-equity audit, including of its race-based employee trainings, and to issue a report on its findings.

American Express argues that shareholders don't have a right to view these materials. It asked the U.S. Securities and Exchange Commission (SEC) for permission to remove our proposal from its annual proxy statement. If its lawyers prevail, AmEx will disenfranchise its investors by denying them the right to vote on our resolution.

But if the company's racial trainings are noble and worthy of its employees' time, why would American Express seek to block its shareholders from viewing and evaluating them? Surely if the company thinks its materials are helping with the "task of overcoming our country's racist heritage," as one of its leaked training materials states, then it would want those lessons shared near and far. Perhaps the charge card company's protestations mean that what is known about these re-education programs are only the tip of the iceberg — and what is known is damning.

AmEx Borrows from CRT Playbook

In August, an AmEx whistleblower provided journalist Christopher Rufo a slew of documents that are part of the company's "Anti-Racism Initiative." The program is a treasure trove of racist tripe right out of the critical race theory playbook.

For example, employees must rate their levels of privilege — based on skin-surface characteristics — and then if members of a subordinate group are present in a room, one must defer to them before one speaks. So, if, for example, a black female is present in a room, all white folks should stay silent until that black female gives her opinion or analysis of the topic.

Just out of curiosity, as a straight white male who holds the most senior position at the firm, does American Express Chief Executive Officer Stephen Squeri need to wait for everyone else in the room to speak before chiming in? Those meetings must take forever.

At one notable event as part of this initiative, AmEx invited Khalil Muhammad — a descendant of Nation of Islam founder Elijah Muhammad — to tell the employees of a charge card company that capitalism is rooted in racism. All this uncovered insanity is part of why we are seeking the company's full slate of potentially racist bilge through our shareholder proposal.

What's to Hide?

Why would an AmEx whistleblower expose a company's practices if they are all above board and increase corporate productivity and moral? The programs are clearly causing discord within the halls of American Express and much of corporate America. The rest of AmEx's "anti-racism initiative" is likely horrifyingly worse since the firm is expending scarce legal resources (and shareholder money) to try and block our resolution.

We firmly believe that our proposal would help AmEx, its employees, its shareholders, and other similarly situated corporations. Employee trainings should be designed to increase worker morale and productivity. As we note in our proposal: "[t]raining materials that are too controversial or toxic to release to shareholders are necessarily inappropriate for use with employees, so that publication will increase executive thoughtfulness and decrease overall company risk, to the benefit of all stakeholders."

Will the Biden administration's SEC do the right thing and allow our proposal to go forward? After all, President Biden and his allies regularly tout CRT-type trainings and he reimposed them on federal workers after President Trump ended the practice. If Biden's SEC agrees with him that these trainings are valid and upright, they should have no qualms about allowing our resolution to proceed to AmEx's shareholders for a vote.

Justin Danhof is the executive vice president for the National Center for Public Policy Research.

POLITICAL/LOBBYING CONGRUENCY

Over the years, liberal groups have filed hundreds of shareholder proposals designed to defund conservative politicians, organizations and causes. Their vehicle for these efforts is political or lobbying incongruency proposals. The AYS model is rather simple, but effective. First an AYS group will find an innocuous statement by a company that indicates its support for, say, the environment or women's rights. It will then file a resolution essentially asserting that the company is lying to shareholders because it donates to such-and-such conservative politician or is a member of some trade association.[76] In the eyes of the myopic leftists who write proposals, all conservative politicians and trade associations hate the environment and women. This is wildly disingenuous, lacking in nuance and in most instances just plain false. As we said, though, it is effective.

This year, we've decided that two can play that game.

We filed a resolution with Pfizer that turns the AYS political congruency proposal on its head. We noted numerous company statements and policies that are inconsistent with the company's fiscal support for many of America's most extreme far-left politicians. After noting that "Pfizer's politically focused expenditures appear to be misaligned with the company's purpose, values and interests," we listed the following examples:

- Pfizer's fundamental purpose and legal duty, as a Delaware business corporation, are to maximize long-term shareholder value by deft development, production and sale of pharmaceuticals. Yet it has supported many candidates who support government-run single-payer or universal health-care programs that will stifle innovation and resources that support research and development, all while increasing taxes exponentially. This will undermine Pfizer's long-term prospects.

- Pfizer's nondiscrimination policy states that "[a]ll workplace decisions are made without regard to personal characteristics protected under applicable laws and Pfizer policy, including race, age, gender, religion, etc. We do not tolerate discrimination, harassment, or retaliation of any kind." Yet it has funded many candidates and advocacy organizations that support legislation and regulation that would force Pfizer and other companies into facial discrimination against white and male employees, while demeaning the talents and responsibility of other employees.

- Pfizer opposes the "use of all forms of forced, bonded, indentured, or compulsory labor," and recognizes that "the risks of modern slavery are particularly likely where our business partners rely upon migrant workers," but it supports many candidates who have failed to support legislation that would end Uyghur forced labor and who fuel the vulnerable migrant worker problem here by opposing sensible border security.

- Pfizer recognizes "the rights to a healthy environment, life, health, water and sanitation, and standard of living," but it supports many candidates who oppose even minimal, commonsense pro-life policies to protect society's most vulnerable members.[77]

Corporations face constant attacks for any involvement with conservative politicians or causes. They are even attacked for membership in trade associations such as the U.S. Chamber of Commerce, the Business Roundtable and the National Association of Manufacturers even though these groups have all decidedly turned to the hard left. (Someone ought to inform the folks at AYS). It's about time companies start hearing from right-of-center voices with similar complaints.

[76] For more on the AYS political congruency proposals, see "Corporate Political Activity" on p. 32; *Proxy Preview 2022* (p 40, 43, 45), As You Sow (2022), *available at* https://www.proxypreview.org/2022/report (last accessed Mar. 31, 2022).
[77] *Proxy Statement for 2022 Annual Meeting of Shareholders* (p. 79), Pfizer (2022), *available at* https://d18rn0p25nwr6d.cloudfront.net/CIK-0000078003/66adfb37-a8f7-458f-8dd0-882239e3d881.pdf (last accessed Mar. 31, 2022).

Corporate America is regularly, and increasingly, funding the destruction of American culture. Whether through support for politicians such as Sen. Elizabeth Warren (D-MA) and Rep. Alexandria Ocasio-Cortez (D-NY), who would turn the United States into a socialist nightmare, or sponsoring BLM, HRC and the Southern Poverty Law Center (SPLC) – groups that foment extreme racial, gender and sexual ideologies, including attempts to indoctrinate young children – corporate America is responsible for this entire monstrosity.

In addition to our Pfizer resolution, NLPC also filed lobbying disclosure resolutions, including with ConocoPhillips[78] and McDonald's.[79] Strong support for these proposals will send a clear message that conservatives are paying attention to how corporations spend shareholder money. And we don't approve.

CHARITABLE GIVING

FEP has two proposals focused on corporate charitable donations this year. The first proposal was presented at Costco's annual meeting in January.[80] The second proposal, to Goldman Sachs, will be considered at its shareholder meeting in April.[81] NLPC has also filed numerous charitable giving resolutions this year, including at Bank of America,[82] Boeing, and Wells Fargo.[83] The purpose of these resolutions is to ensure that companies properly vet and monitor their charitable giving programs to ensure that funds are used for their intended purposes.

As we explained at Costco's annual meeting:

> Corporate philanthropy should work to improve the communities with which it engages. Unfortunately, many far-left nonprofits are fostering further destruction of already downtrodden communities. To best shepherd shareholder funds, the company should report on all the groups receiving donations, the intention of the grants, how the donations are monitored, and what safeguards are in place to ensure the funds are used for the intended purposes.[84]

[78] *Proxy Statement 2022 (p. 130)*, ConocoPhillips (2022), *available at* https://conocophillips.gcs-web.com/static-files/83895b2a-f566-4479-9d9f-1ee4bc08203a (last accessed Mar. 31, 2022).
[79] *2022 Notice of Annual Shareholders' Meeting and Proxy Statement (p. 110)*, McDonald's Corp. (2022), *available at* https://d18rn0p25nwr6d.cloudfront.net/CIK-0000063908/81a11288-b069-417c-940c-0a32446b9e66.pdf (last accessed Mar. 31, 2022).
[80] *Notice of Annual Meeting of Shareholders (p. 26)*, Costco Wholesale Corp. (2022), *available at* https://investor.costco.com/static-files/e237bec7-b7c7-4ed0-b2d1-eda62c1882db (last accessed Mar. 31, 2022).
[81] *Annual Meeting of Shareholders Proxy Statement (p. 75)*, The Goldman Sachs Group, Inc. (2022), *available at* https://www.goldmansachs.com/investor-relations/financials/proxy-statements/2022/2022-proxy-statement-pdf.pdf (last accessed Mar. 31, 2022).
[82] *2022 Proxy Statement (p. 97)*, Bank of America Corp. (2022), *available at* https://investor.bankofamerica.com/regulatory-and-other-filings/proxy-statements/content/0001193125-22-067335/0001193125-22-067335.pdf (last accessed Mar. 31, 2022).
[83] *Notice of Annual Meeting and Proxy Statement (p. 127*), Wells Fargo & Co. (2022), *available at* https://www08.wellsfargomedia.com/assets/pdf/about/investor-relations/annual-reports/2022-proxy-statement.pdf (last accessed Mar. 31, 2022).
[84] Sarah Rehberg, *Costco Opposes FEP's Call For More Transparency Over Charitable Giving*, National Center for Public Policy Research (Jan. 21, 2022), *available at* https://nationalcenter.org/ncppr/2022/01/21/costco-opposes-feps-call-for-more-transparency-over-charitable-giving/ (last accessed Mar. 31, 2022).

PATRISSE CULLORS

While there are many radical left-wing charities funded by big business, such as Planned Parenthood, HRC and the SPLC, perhaps no group received more money, with less vetting, than BLM.

BLM co-founder Patrisse Cullors resigned from the organization last May amid questions about the organization's finances and her personal spending spree on an array of high-end residences.[85] Washington state ordered BLM to cease fundraising in July because of its failure to file necessary forms and its lack of fiscal transparency.[86] California issued a similar order in February, noting that fines and penalties would be assessed if BLM didn't come into compliance, and that its principals might be held personally liable for compliance failure.[87]

BLM's coffers are (or at least very much should be) overflowing, as it reportedly has $60 million on hand, but reports have shown that no one knows who is in control of those funds.[88] Any company donating to BLM today would be doing a great disservice to its investors, just as the collapse of BLM illustrates that companies should all along have closely monitored their donations and put enforceable restrictions on how those donations were to be used.

The corporate race to fund so-called civil-rights organizations must be scrutinized, and an accounting must be made to shareholders, whose money it is that corporate executives have so irresponsibly misappropriated. The corporations are ultimately responsible for fully vetting potential donor groups. Our charitable giving proposals remind corporate leaders of these important obligations and seek to protect shareholder value and corporate reputations.

VIEWPOINT DIVERSITY

As cancel culture continues to stampede large swaths of conservatives into silence or out of public life entirely, we've continued our efforts to get companies to amend their equal employment opportunity (EEO) policies to protect employees from being terminated for the sin of wrongthink. Companies that claim to care about diversity must protect it in all forms – including viewpoints and legally protected political activities.

At FEP, we've engaged with leading American businesses for the past 15 years. And we've long noted that part of the left's success in its march through the corporations is a bottom-up strategy. The most vocal employees are unabashed leftists seeking to push businesses to publicly back their pet causes, be it abortion, transgenderism or funding of groups such as BLM. On the other hand, conservative employees generally keep quiet out of a very real fear of reprisal. While we noted this phenomenon over a decade ago, the dynamic has now become obvious to even the casual news observer. Thankfully, there are signs that a few employees have had enough of this blatant discrimination and are starting to speak out.

Jennifer Sey, a Levi's brand president for 20 years, quit her job in February over the company's maltreatment of her because she didn't support the government's draconian COVID lockdowns. She even turned down a $1 million severance package so that she would be free to tell her story.[89]

[85] Natalie O'Neill, *Black Lives Matter Co-founder Patrisse Cullors Resigns Amid Controversy*, New York Post (May 27, 2021), *available at* https://nypost.com/2021/05/27/black-lives-matter-co-founder-patrisse-cullors-resigns-amid-controversy/ (last accessed Mar. 31, 2022).
[86] Andrew Kerr, *California Threatens to Hold BLM's Leaders Personally Liable Over Missing Financial Records*, Washington Examiner (Feb. 1, 2022), *available at* https://www.washingtonexaminer.com/news/california-threatens-to-hold-blms-leaders-personally-liable-over-missing-financial-records (last accessed Mar. 31, 2022).
[87] *Id.*
[88] Evan Simko-Bednarski, *BLM Has $60M on Hand – But Who Controls It Is Unclear, Report Shows*, New York Post (Jan. 28, 2022), *available at* https://nypost.com/2022/01/28/blm-has-60m-on-hand-but-its-unclear-who-controls-it-report/ (last accessed Mar. 31, 2022).
[89] Jennifer Sey, *Yesterday I Was Levi's Brand President. I Quit So I Could Be Free*, Common Sense (Feb. 14, 2022), *available at* https://bariweiss.substack.com/p/yesterday-i-was-levis-brand-president?s=r (last accessed Mar. 31, 2022).

A group of conservative employees at Disney penned an open letter to the company's leaders in March calling out the House of Mouse's one-sided politics. They wrote:

> Over the last few years, one group of cast members has become invisible within the company. The Walt Disney Company has come to be an increasingly uncomfortable place to work for those of us whose political and religious views are not explicitly progressive. We watch quietly as our beliefs come under attack from our own employer, and we frequently see those who share our opinions condemned as villains by our own leadership.[90]

These demoralized Disney staffers also noted that they were too scared to fill out an anonymous company survey asking if they felt welcome at the workplace, for fear they would be found out.[91] Imagine being so stifled by your employer that you're scared to take an anonymous survey. Well, that's exactly the hostile work environment that these Disney workers face, as do millions more across corporate America. We hope these Disney employees sue and take the company to the cleaners.

We also hope our proposals provide even more space for conservative – and commonsense – employees to stand up for their values in the workplace.

STAKEHOLDER CAPITALISM

In 2019, the Business Roundtable issued a new statement of purpose, declaring that the era of shareholder primacy was dead and that "stakeholders" instead would henceforth reign supreme.[92] The statement was absurd then as it is now. Good businesses have always paid attention to their customers, employees and communities. But this version of stakeholder capitalism is a gigantic fraud. CEOs who declare responsibility to everyone have responsibility to no one. And so on any given issue, they are free to pick a stakeholder of their choice to support – usually a loud left-wing voice with whom they already agree.[93]

Our stakeholder capitalism resolutions are designed to highlight the fraud of today's stakeholder model and test whether CEOs are truly committed to all stakeholders or just those with whom they have aligned (left-wing) personal policy preferences.

OTHER ALLIED PROPOSALS

China and Human Rights Abuses

Corporate America's cozy relationship with the Chinese Communist Party (CCP) has come under intense scrutiny in recent years. This was highlighted earlier this year when corporate sponsors of the Beijing Olympics – which many called the Genocide Olympics – came under fire from both sides of the political spectrum.

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[90] Disney Employees, *Disney Employees' Open Letter in Favor of a Politically Neutral Disney,* 2022, *available at* https://docs.google.com/forms/d/e/1FAIpQLSdueiXmPfww_2iQttbvfxTIcC7i-JOq5awsHNI2Q6XW46UT7Q/viewform (last accessed Mar. 31, 2022).
[91] *Id.*
[92] *Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans,'* Business Roundtable (Aug. 19, 2019), *available at* https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans (last accessed Mar. 31, 2022).
[93] *Investor Value Voter Guide 2021 (p. 40)*, National Center for Public Policy Research (2021), *available at* https://nationalcenter.org/investor-value-voter-guide-2021/ (last accessed Mar. 29, 2022).

Many businesses leaders moralize about social issues in America... as they simultaneously turn a blind eye to true human rights abuses conducted by the CCP.

At FEP, we confronted Visa over this issue at its annual meeting in January. We asked:

> Visa is sponsoring the upcoming Beijing Olympics even though the U.S. government is boycotting the games over China's human rights atrocities. Last June, a bipartisan congressional committee questioned and condemned Visa and other companies for sponsoring the Olympics, but the company's representative was evasive on the issue. You've had a lot of time to think about it. Do you believe the U.S. State Department's assessment that China is committing a genocide against Uyghurs and other Muslim minority groups and, if so, why would you sponsor the Olympic games? [94]

Visa executives refused to even address the question.

Thankfully a few of our allies have submitted proposals on this topic. NLPC filed a proposal with Disney highlighting the reputational risk of its close ties with the CCP. [95] National Center Fellow Steve Milloy filed a similar proposal with Verizon.

The operative portion of Milloy's proposal states:

> Shareholders request that, beginning in 2022, Verizon report to shareholders on the general nature and extent to which corporate operations involve or depend on Communist China, which is a serial human rights violator and a geopolitical threat and adversary to the US. The report should exclude confidential business information but provide shareholders with a basic sense of Verizon's reliance on activities conducted within, and under control of the Communist Chinese government. [96]

Interestingly, NLPC's proposal received quite a bit of support, clocking in at 36.8 percent of the shares voted.[97] This human rights issue – involving both slave labor and genocide of the minority Muslim Uyghur population at the hands of the CCP – animates factions from both the political right and left.[98] Tellingly, during As You Sow's annual webinar promoting its *Proxy Preview*, Heidi Welsh of Sustainable Investments Institute noted that human rights issues in China are the one area in which they could "agree with the other side." [99]

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[94] *Visa Slammed for Sponsoring the Upcoming Beijing Olympics*, National Center for Public Policy Research (Jan. 25, 2022), *available at* https://nationalcenter.org/ncppr/2022/01/25/visa-slammed-for-sponsoring-the-upcoming-beijing-olympics/ (last accessed Mar. 31, 2022).

[95] NLPC Staff, *Shareholder Proposal on Human Rights Highlights Disney's Complicity in China Genocide*, National Legal and Policy Center (Mar. 9, 2022), *available at* https://www.nlpc.org/corporate-integrity-project/shareholder-proposal-on-human-rights-highlights-disneys-complicity-in-china-genocide/ (last accessed Mar. 31, 2022).

[96] Rule 14a-8 Review Team, *Letter to Jeffrey D. Karpf, Re: Verizon Communications Inc. (the "Company") Incoming letter dated January 6, 2022*, U.S. Securities and Exchange Commission (Mar. 17, 2022), *available at* https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2022/milloyverizon031722-14a8.pdf (last accessed Mar. 31, 2022).

[97] *Proxy Preview 2022 (p. 84)*, As You Sow (2022), *available at* https://www.proxypreview.org/2022/report (last accessed Mar. 31, 2022).

[98] Allan Smith, *Senators Introduce Bipartisan Bill Targeting Forced Labor in Supply Chain*, NBC News (Feb. 8, 2022), *available at* https://www.nbcnews.com/politics/congress/senators-introduce-bipartisan-bill-targeting-forced-labor-supply-chain-rcna15275 (last accessed Mar. 31, 2022).

[99] *Proxy Preview 2022*, As You Sow (2022), *available at* https://www.proxypreview.org/2022/report (last accessed Mar. 31, 2022).

While As You Sow and its affiliated entities regularly claim they are nonpartisan (and their allies in the mainstream media oft repeat the lie), Welsh had an accidental moment of truth. As FEP has explained in this annual guide and at scores of shareholder meetings for more than a decade, As You Sow is a hard-left collection of organizations working to change the culture by directing business behavior. By singling out only one unifying issue, Welsh simply reinforced our point.

All that said, we welcome the left's support for these resolutions. Many businesses leaders moralize about social issues in America – invariably in ways that would make those problems worse, while creating others – as they simultaneously turn a blind eye to true human rights abuses conducted by the CCP. Shareholders should hold those business leaders accountable, and these resolutions provide an avenue to do just that.

NLPC has also filed a human rights proposal with General Motors seeking disclosure of any child labor in the car maker's supply chain.

True Board Diversity

Based on numerous proposals FEP has previously filed, NLPC filed a proposal this year with JPMorgan Chase asking the company to diversify its board of directors. While AYS calls for boards to diversify based on what people look like, which pronouns they prefer and with whom they arrange their personal lives, we and NLPC seek viewpoint and ideological diversity – something that is sorely lacking at many large companies. The entire reason our companion voter guide, *Balancing the Boardroom*, exists is because the left has steadily and purposefully been taking over corporate boards. True board diversity resolutions are one means to solve that problem.

Corporate / Government Censorship Collusion

NLPC filed a novel proposal with Alphabet (parent company of Google and YouTube), asking the company to disclose its communications with the Biden Administration regarding content removal.[100] Since Alphabet regularly and unjustifiably removes conservative content, and folks at the White House have admitted they communicate with tech giants about content removal, this proposal makes a lot of sense. It could also shed light on whether Alphabet is acting as an appendage of the state – meaning it's potentially liable for such discrimination.

We've continued our efforts to get companies to amend their EEO policies to protect employees from being terminated for the sin of wrongthink.

[100] Paul Chesser, *NLPC Demands Alphabet Disclose Censorship Requests from Biden Admin*, National Legal and Policy Center (Jan. 11, 2022), *available at* https://www.nlpc.org/corporate-integrity-project/nlpc-demands-alphabet-disclose-censorship-requests-from-biden-admin/ (last accessed Mar. 31, 2022).

AS YOU SOW PROPOSALS

The AYS coalition continues to push American corporations down the path toward its liberal woke agenda, with the added impetus this year of a record number of ESG resolutions. According to AYS, proponents filed a record 529 ESG proposals for the 2022 proxy season, up more than 20 percent from the same time last year. [101]

Although the subjects of these proposals cover the leftist spectrum, the top three issues generally pushed by AYS and coalition proponents are, as they have been in previous years: climate change, racial "justice and equity" initiatives and political influence/spending.[102] Proposals concerning issues such as board and worker diversity have decreased from last year, but only because of leftist gains and corporate acquiescence in those areas.[103]

In the following pages we review the latest proposals submitted by the coalition. We focus particularly on proposals that are new, appear with great frequency or are particularly pernicious.

We also briefly analyze a few proposals that will not appear on any shareholder ballots because they were withdrawn by their proponents. We know from our own experience that withdrawal usually follows a negotiated agreement between the proponent and the company – giving the proponents some of what they sought in their proposal. As The Wall Street Journal explained in 2019,

> The real measure of success is the record 48% of proposals characterized as social or environmental that were filed and then withdrawn in 2018, according to ISS. That's up from an average of 38% over the prior seven years. Such proposals are often withdrawn after a company accedes to at least some of the shareholder demands.[104]

The details of these settlements are often not released, but the very fact of the withdrawal of especially noisome proposals provides significant evidence of corporate collusion against free and neutral markets and against basic American liberties. In order to underscore the dangers arising from withdrawal agreements – and the need for shareholder activism outside of the annual meeting process to convey to C-suites that these racist, catastrophist agreements are unacceptable to ultimate shareholders – we have included in the charts at the beginning of Part 2 the proposals that have been withdrawn, presumably after agreement with the firms.

CRIPPLING CLIMATE, CARBON & RELATED PROPOSALS

The AYS coalition increased its efforts this year to introduce climate-related and ostensibly anti-fossil fuel proposals. There are 145 proposals about the environment in the 2022 season, up from 91 last year.[105] Furthermore, 68 of the 101 resolutions about carbon-asset risk address greenhouse-gas emissions.[106] This is more than twice as many proposals on the topic as last year.[107] Most of these proposals seek net-zero status by 2050; a few others focus on deforestation or water.[108]

[101] Heidi Welsh & Michael Passoff, *Proxy Preview 2022*, at 5 (March 2022), *available at* https://www.proxypreview.org/2022/report (last accessed Mar. 21, 2022)
[102] *Id.* at 4loc.
[103] *Id.*
[104] John D. Stoll, *This Proxy Season, It's Revenge of the Nurdles*, The Wall Street Journal (Apr. 12, 2019), *available at* https://www.wsj.com/articles/this-proxy-season-its-revenge-of-the-nurdles-11555074005 (last accessed Apr. 6, 2021).
[105] *Proxy Preview* at 6.
[106] *Id.*
[107] *Id.*
[108] *Id.*

Many proposals this year focus not only on reducing the direct carbon footprint of a company – "Scope 1 emissions" in climate-catastrophist parlance – but also on Scope 2 and Scope 3 emissions, which are the "indirect" emissions of a company – which is to say, emissions by other actors. This means that these proposals push companies to report on and to search for ways to cut not only the carbon emissions that they directly control, such as emissions from their own furnaces or fleets, but also emissions from their entire supply chain, including the emissions of their energy providers and even the emissions generated by the business travel and commuting of their employees.[109] (All of this is referred to as a company's entire "value chain." [110])

Scope 3 emissions generally make up the majority of companies' greenhouse gas emissions, yet are largely outside of their control.[111] Although both Scope 2 and Scope 3 emissions are indirect, Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company, whereas Scope 3 includes all other indirect emissions that occur in a company's value chain.[112]

More than two dozen proposals introduced this year ask companies to set greenhouse-gas emission goals with a focus on Scope 1, 2, and 3 emissions.[113] According to AYS, "[w]hile 2021 saw more generalized requests seeking company plans to reconfigure businesses to cut carbon footprints in line with the Paris climate accord, this year specificity is back in spades. More proposals ask about indirect 'Scope 3' emissions from supply chains and products, and more seek net-zero emissions goals and reports."[114] In doing so, they are proposing that emissions goals apply to the "full value chain," with a few variations.[115] Shareholders should be particularly on high alert for these types of resolutions, as phrases such as "its full value chain" indicate a focus on Scope 3 emissions that include a company's supply chain and activities outside of the control of the company.

Trying to control Scope 3 emissions – such as the commuting habits of one's employees (e.g., how far they can live from the office, whether they drive a personal vehicle or take public transportation) – represents a reputational and financial risk to the company. A company would, for instance, severely limit its talent pool if it forbade employees from living beyond a certain geographic limit from the office simply because it insisted on enforcing arbitrary Scope 3 emissions standards. This would alienate workers who for familial, financial or simple preferential reasons wanted to live in the suburbs and commute rather than live in the middle of a busy city.

And if a company did decide to allow commuters, would it in turn dictate its employees' mode of transportation? Will internal memoranda pressure employees to use the train instead of a personal vehicle? And if a company is kind enough to allow its employees to drive, will it only allow them to park on the premises if the vehicles are electrically powered?

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[109] *Scope 1 and 2 Inventory Guidance*, EPA Center for Corporate Climate Leadership, *available at* https://www.epa.gov/climateleadership/scope-1-and-scope-2-inventory-guidance (last accessed Mar. 21, 2022); *see also Scope 3 Inventory Guidance*, EPA Center for Corporate Climate Leadership, *available at* https://www.epa.gov/climateleadership/scope-3-inventory-guidance (last accessed Mar. 22, 2022).
[110] *Scope 3 Inventory Guidance*, EPA Center for Corporate Climate Leadership, *available at* https://www.epa.gov/climateleadership/scope-3-inventory-guidance (last accessed Mar. 22, 2022).
[111] *Id.*
[112] *Briefing: What are Scope 3 Emissions?*, Carbon Trust, *available at* https://www.carbontrust.com/resources/briefing-what-are-scope-3-emissions#:~:text=Scope%202%20covers%20indirect%20emissions,in%20a%20company%27s%20value%20chain. (last accessed Mar. 29, 2022).
[113] *Proxy Preview* at 6.
[114] *Id.* at 15.
[115] *Id.* at 17.

China, the world's largest carbon emitter, by itself exceeds the greenhouse gas emissions of the U.S. and the developed world combined, making such costly demands on U.S. companies fruitless.

A Scope 3 emissions-reduction crusade would essentially force companies to dictate private employee behavior while losing a wealth of good employees who were unwilling to submit to such dictation. And this constitutes just one minor way in which a focus on Scope 3 will distort company decision making while lowering productivity and profitability – all at massive expense.

Furthermore, as we have considered in prior years, and address in more detail below, trying to control Scope 3 emissions is completely irrelevant to climate considerations. Indeed, China, the world's largest carbon emitter, by itself exceeds the greenhouse gas emissions of the U.S. and the developed world combined, making such costly demands on U.S. companies fruitless.[116]

Nonetheless, this year coalition members have proposed that eight companies – Builders FirstSource, Costco Wholesale, Darling Ingredients, J.B. Hunt Transport Services, Lowe's, TJX, Timken and US Foods Holding – commit to specific "reduction targets" in achieving net-zero emissions by 2050, all concerning the full value chain of the company.[117] (Proposals have since been withdrawn at Darling Ingredients, J.B. Hunt and Lowe's.) Companies are requested to develop "short, medium, and long-term science-based greenhouse gas emissions reduction targets, inclusive of emissions from its full value chain, in order to achieve net-zero emissions by 2050 or sooner and to effectuate appropriate emissions reductions prior to 2030."[118] Alarmingly, this proposal was already passed at Costco's shareholder meeting earlier this year.[119] It passed with 70 percent of the shareholder vote, with one report indicating that at least one (if not more) of the large investment firms – BlackRock, State Street, or Vanguard – supported the proposal, as did CalPERS, the California public-sector pension fund.[120]

[116] Lucy Handley, *India Targets 2070 for Net-Zero Emissions; China Makes No New Commitments,* CNBC (Nov. 1, 2021), *available at* https://www.cnbc.com/2021/11/01/india-targets-2070-for-net-zero-emissions-china-makes-no-new-commitments.html (last accessed Mar. 22, 2022).
[117] *Proxy Preview* at 17.
[118] *Id.*
[119] Costco 2022 Proxy Statement, Proposal 5 at pg. 32 *available at* https://materials.proxyvote.com/Approved/22160K/20211111/NPS_487477/?page=32 (last accessed Mar. 21, 2022).
[120] Emile Hallez, *Behind That Bombshell Shareholder Vote at Costco,* Investment News (Feb. 3, 2022), *available at* https://www.investmentnews.com/costco-shareholder-vote-emissions-216778 (last accessed Mar. 21, 2022).

A similar resolution from Trillium Asset Management is pending at five companies.[121] These include SBA Communications, BJ's Restaurants, BJ's Wholesale Club, Middleby and United Parcel Service (UPS).[122] The Trillium proposal seeks

> independently verified short, medium, and long-term science-based greenhouse gas emissions reduction targets, inclusive of emissions from its full value chain, in order to achieve net-zero emissions by 2050 or sooner and to attain appropriate emissions reductions prior to 2030, in line with the Paris Agreement's goal of maintaining global temperature rise at 1.5 degrees Celsius.[123]

This proposal is new at all five companies with the exception of UPS, where a similar proposal has failed the last two years.[124]

In all, at least 29 companies are facing shareholder proposals that would require the adoption of net-zero greenhouse gas emissions targets in some form.[125] The nearly three dozen other greenhouse-gas emissions proposals would require reports on greenhouse gas emissions targets and Paris-compliant plans to reduce emissions.[126] (The latter sort of proposals, requiring only reports, have been much more common in past years.)

Notably, more than 60 percent of the proponents introducing greenhouse gas emissions-related proposals, which comprised the vast majority of environmental proposals introduced this year, came from network members of the Ceres Foundation.[127] The Ceres Foundation counts major investment firms and government entities among its members, including BlackRock, Blackstone, Fidelity, Morgan Stanley, State Street, Vanguard, Wells Fargo Asset Management, CalPERS, Fannie Mae, the New York City Comptroller, the New York State Comptroller, the Oregon Office of the State Treasurer and the Washington State Investment Board.[128] This makes it all but certain that these entities will vote for Ceres Foundation members' proposals come meeting time, but it also illustrates the extent to which banks and investment houses are direct sponsors of proposals that will result in vast expenditures by corporations to no purpose – expenses that will reduce the overall value of the targeted companies and reduce the returns of investors in these banks and investment houses. This violates the fiduciary duties of the CEOs and directors of these companies and raises deep questions about the conflicts and self-dealing considerations that are driving these actors.

Other AYS coalition members introducing greenhouse-gas proposals this year include the Nathan Cummings Foundation, Trillium Asset Management, the New Jersey Division of Investments and the Minnesota State Board of Investment, among others.[129]

As if pushing for arbitrary greenhouse gas emissions-reduction timelines is not egregious enough, AYS is attempting to micromanage the way in which companies achieve these goals. It argues, for example, that it is unacceptable for companies to reach emissions goals by using carbon offsets.

[121] *Proxy Preview* at 17.
[122] *Id.*
[123] *Id.*
[124] *Id.*
[125] *Proxy Preview* at 16-17.
[126] *Id.*
[127] *Ceres Investor Network on Climate Risk and Sustainability,* Ceres, *available at* https://www.ceres.org/networks/ceres-investor-network (last accessed Mar. 22, 2022).
[128] *Id.*
[129] *Id.*

One particularly egregious new AYS proposal raises concern about what it deems to be Williams-Sonoma's reliance on carbon offsets to reach its net-zero goal. According to AYS, "Williams-Sonoma has committed to achieve 'carbon neutrality' by 2025 for its Scope 1 and 2 emissions, saying it will 'offset any [greenhouse gases] we don't eliminate[,] making our impact neutral.' This implies that the company will rely on offsets to meet its targets."[130] AYS's resolution asks whether carbon credits are intended to substitute for emissions reductions.[131] Pushing the company to adopt the most crippling definition of net zero, AYS asserts that "[c]ompanies and shareholders must have a common understanding of what net zero means, and accepted methods of achieving it. Many companies are relying on offsets to achieve long-term net zero targets, rather than decarbonization of their own enterprise and supply chain emissions." [132]

AYS thus seeks not only company adoption of net-zero emissions targets, but adoption using AYS's maximalist parameters. As its *2022 Proxy Preview* and proposals establish AYS does not equate carbon offsets with emissions reductions, the only way to reach AYS's net-zero goals is to reduce real company emissions, regardless of the effect on company performance.[133] And even that is not enough for AYS, which intends to demand even more corporate spending even after the companies have destroyed themselves through politicized carbon elimination. As it explained, "[t]o fulfill net-

zero goals, companies first must reduce emissions in their operations. Later, they can invest in additional carbon removal." [134] We of course recommend voting against AYS's proposal at Williams-Sonoma, and any other similar proposals, as they are dangerous and futile.

To be sure, we have considered the climate-change and carbon-related proposals and their underlying premises in depth in prior editions of the *Investor Value Voter Guide*, and further in a 2020 National Policy Analysis.[135] In those pieces we explored many (but almost certainly not all) of the ways in which the coalition's climate policies and proposals are almost criminally dangerous. As alluded to above, they presume that all countries are fulfilling their climate promises,[136] and that if such promises were kept, their carbon-limitation goals would be achieved.[137] This is what makes such requirements on U.S. companies futile. It ignores that the Paris Agreement and subsequent emendations do not even hypothetically limit the key carbon producers, including China and India, from increasing carbon production for many years.[138] All of this makes significant reductions in carbon production by western corporations pointless.

But pointless doesn't mean costless. We have also demonstrated in those pieces the emptiness – if not the mendacity – of the AYS coalition's claims about the affordability and reliability of "renewable" energy.[139] As we showed, "renewable energy" is not cost-competitive with oil and natural gas – as any resident of a northern state knows by simple comparisons of the cost to heat a home all winter with electric heat rather than with oil or gas.

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130 *Proxy Preview* at 22.
131 *Williams-Sonoma Inc: Carbon Offset Disclosures*, As You Sow (Jan. 4, 2022), *available at* https://www.asyousow.org/resolutions/2021/12/16-williams-sonoma-carbon-offset-disclosures (last accessed Mar. 23, 2022).
132 *Id.*
133 *Proxy Preview* at 22.
134 *Id.*
135 Scott Shepard, *Honest Climate Policy is Hard*, National Center for Public Policy Research (Oct. 23, 2020), *available at* https://nationalcenter.org/ncppr/2020/10/23/honest-climate-policy-is-hard/ (last accessed Apr. 7, 2021).
136 *Voter Guide 2020, supra*, at 9-16.
137 *Id.* at 9-16.
138 Sara Reynolds, *Fact Check: China, India, and the Paris Climate Agreement*, Ballotpedia (June 21, 2017), *available at* https://ballotpedia.org/Fact_check/China,_India,_and_the_Paris_Climate_Agreement (last accessed Apr. 7, 2021); *Voter Guide 2020, supra,* at 16.
139 *Voter Guide 2020, supra*, at 9-16.

This leads to yet another new type of proposal to keep an eye on: asking insurers and banks to stop all financing and underwriting of fossil fuels. The Presbyterian Church (USA), Trillium Asset Management, Green Century and Harrington Investments are asking four insurers and five banks to stop supporting fossil fuels. (Tellingly, all but Harrington Investments are network members of the Ceres Foundation.) At insurers American International Group, Chubb, Hartford Financial Services Group and Travelers, the resolution requests the companies to "adopt and disclose new policies to help ensure that its underwriting practices do not support new fossil fuel supplies, in alignment with the [International Energy Agency's] Net Zero Emissions by 2050 Scenario." [140]

When it comes to banks, resolutions at Citigroup, Goldman Sachs, Morgan Stanley and Wells Fargo say that "the companies should take proactive measures to ensure that the company's lending and underwriting do not contribute to new fossil fuel development… consistent with [] the UN Environmental Finance Initiative's [] recommendations to the G20 Sustainable Finance Working Group for credible net zero commitments." [141] At Bank of America, the resolution says it should "build upon its net zero commitment by adopting a policy by the end of 2022 in which the company takes available actions to help ensure that its financing does not contribute to new fossil fuel supplies that would be inconsistent" with the International Energy Agency's net-zero goal.[142]

Two similar proposals are pending at JPMorgan. One by Harrington Investments would request the bank to adopt a policy by the end of 2022 in which the company takes available actions to help ensure that its financing does not contribute to new fossil fuel supplies that would be inconsistent with the International Energy Agency's Net Zero Emissions by 2050 Scenario.[143] The other, introduced by Tulipshare, requests the bank "end its investment, underwriting, and lending activities in fossil fuels." [144]

Additionally, AYS is seeking a report from several of the same insurers on the financing and underwriting of fossil fuels. AYS wants Berkshire Hathaway, Chubb Limited, Hartford Financial Services and Travelers "each to report, if and how it intends to measure, disclose, and reduce the GHG emissions associated with its underwriting, insuring, and investment activities, in alignment with the Paris Agreement's 1.5 degree C goal, requiring net zero emissions."[145] (AYS says that it withdrew the resolution before Hartford Financial Services after the company agreed to respond substantively to the proposal and that more details will be provided during the company's annual shareholder meeting in May.)[146]

140 *Proxy Preview* at 23.
141 *Id.*
142 *Id.*
143 *Id.* at 24.
144 *Id.*
145 *Id.*
146 *Id.*

We recommend opposing all proposals that ask insurers and banks to stop financing or underwriting fossil fuels or to otherwise report on such matters. Making it more difficult and expensive for oil and gas companies to get bank loans and otherwise increase fossil fuel production at a time of 40-year-high inflation and soaring gas prices is utterly reckless. In fact, at the time of this writing, consumers have been paying more than $4/gallon nationwide for gasoline for weeks with no sign of relief in sight.[147] Without hope that prices will soon decrease, any further burden on energy companies is simply irresponsible and deaf to the needs of hardworking Americans.

Although many left-of-center talking heads have been quick to adopt White House talking points that gasoline prices (and inflation generally) are skyrocketing as a result of Russia's invasion of Ukraine, the evidence shows that prices had been climbing for more than a year and were only further exacerbated by the European conflict. One analysis, for example, shows that gasoline prices increased 48.3 percent – an increase of more than $1 per gallon – in the year between President Biden's inauguration and Vladimir Putin's invasion (from $2.38 the week of January 20, 2021 to $3.53 on February 24, 2022, when Russia waged war on Ukraine).[148] During that time, President Biden and his Administration killed the Keystone XL Pipeline, stopped oil and natural gas leases on federal lands and public waters, unveiled a "Climate Finance Plan" to "promote the flow" of capital "away from high-carbon investments," announced it would raise the royalty rate that drilling companies must pay on oil and gas leases and elevated Jennifer Granholm – who is openly adverse to fossil fuels – to the role of Energy Secretary.[149]

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All of this demonstrates that government hostility toward fossil fuels does impact the price of gasoline, whatever partisans or climate catastrophists may say. Likewise, it is clear that if shareholders make it more difficult and costly for fossil-fuel companies to work with banks and insurers, gasoline and other energy prices – and therefore the prices of all goods and services –will soar. Sadly, those in anti-fossil fuel coalitions such as AYS and Ceres Foundation no doubt understand that their policies will increase energy costs for Americans, making it more expensive to drive or to heat homes – and even desire that outcome, in hopes of forcing consumers to reduce consumption. The AYS coalition is purposefully attempting to constrain our lives and must be opposed.

AYS also has two new proposals, at Amazon and Comcast, that concern low-carbon employee retirement plan options.[150] The proposals would require these companies to examine their employees' retirement plan options and report on how they align with their climate action goals.[151] If the retirement plan options do not align with the goals, companies would be required to explain why there are no low-carbon investment options.[152] At the time of this writing, the proposals are pending review at the SEC; both companies have argued that the proposal should be omitted under the ordinary business exception.[153]

We recommend voting against these two proposals, should they end up appearing on the respective company ballots, because they push an overtly left-wing ESG agenda at the expense of retirees' bottom lines. People should of course be able to invest their retirement savings however they wish. But they should know what they're getting into – not, as AYS intends, be defrauded by the pretense that left-wing ESG investing is good for their bottom lines.

147 Jordan Mendoza and Kelly Tyko, *Gas Prices Are High and Up Another 7 Cents Nationwide. Here Is the Average Price in Each State*, USA Today (Mar. 11, 2022), *available at* https://www.usatoday.com/story/money/2022/03/10/gas-prices-state-per-gallon/9447015002/ (last accessed Mar. 23, 2022); *see also National Average Gas Prices,* AAA Gas Prices, *available at* https://gasprices.aaa.com/ (last accessed Mar. 23, 2022).
148 Deroy Murdock, *Biden Blames Putin for High Gas Prices – But This Timeline Proves It's the Prez's Own Fault*, The New York Post (Mar. 18, 2022), *available at* https://nypost.com/2022/03/18/president-biden-is-at-fault-for-high-gas-prices-not-putin/ (last accessed Mar. 23, 2022).
149 *Id.*
150 *Proxy Preview* at 80.
151 *Id.*
152 *Id.*
153 *Id.*

As FEP examined in the public comment[154] it submitted last year on the Department of Labor proposed rule entitled Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights, investors in ESG funds often pay a "greenium" when compared to investors in conventional funds.[155] ESG fund fees are more expensive than passive indexes or benchmarks[156] and can even carry fees that are as much as 40 percent higher than similar non-ESG investments.[157] In fact, research demonstrates that despite the higher fees associated with ESG investments, the returns are lower than with traditional non-ESG investments. Perhaps summing it up best, the Institute for Pension Fund Integrity warns, "[c]ertain ESG policies, exclusions, and divestments are almost certain routes to lower returns for pension funds. Policymakers should take the steps necessary to ensure that ESG considerations, whether pushed by proxy firms or others, don't unfairly threaten the retirement funds of American workers."[158]

In one particularly noteworthy study, researchers at the Boston College Center for Retirement Research studied state and local pension plans for the years 2001 to 2018.[159] Of the 176 plans it reviewed, roughly two-thirds currently have either a social-investing state mandate or an ESG policy in place.[160] The study "show[ed] a negative relationship between the rate of return and both state mandates and ESG policies" and concluded that "[t]he fact that having an ESG policy is also negatively related to returns (with 10-percent significance) appears to contradict the assertion that focusing on social factors produces market or better returns."[161]

The Boston College study is consistent with other reports on the topic of ESG returns. According to a 2018 report by the American Council for Capital Formation, three of the 10 worst performing New York City Employees' Retirement System (NYCERS)[162] private-equity funds that year were focused on ESG ventures; none of NYCERS' top 10 performing ones were in the ESG category.[163] The American Council for Capital Formation found a similarly alarming trend when it came to ESG investments by California Public Employees' Retirement System (CalPERS) pension managers.[164] According to a separate 2017 report, the Council found that four of the nine worst performing funds in the CalPERS portfolio at the time focused on supporting ESG ventures; similarly, none of CalPERS' 25 top-performing funds were ESG-focused.[165]

[154] Free Enterprise Project, *Public Comment to Department of Labor Proposed Rulemaking: Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights*, National Center for Public Policy Research (Dec. 10, 2021) *available at* https://nationalcenter.org/wp-content/uploads/2021/12/FEP-Comment-Department-of-Labor-RIN_-1210-AC03.pdf (last accessed Mar. 28, 2022).
[155] *U.S. Fund Fee Study*, at 14, Morningstar (Aug. 2021), *available at* https://www.morningstar.com/lp/annual-us-fund-fee-study (last accessed Dec. 7, 2021).
[156] Kate Ashford, *Pros and Cons of ESG Funds*, Forbes (Apr. 10, 2019), *available at* https://www.forbes.com/advisor/investing/pros-and-cons-of-esg-funds/ (last accessed Dec. 7, 2021).
[157] Charles Gasparino, *Larry Fink Shakes Big Bucks From Lefty Joe's Environmental Social Governance*, The New York Post (Oct. 30, 2021), *available at* https://nypost.com/2021/10/30/larry-fink-shakes-big-bucks-from-lefty-joe-bidens-esg/ (last accessed Dec. 7, 2021).
[158] *ESG and the Proxy Process: What Does the Research Say, at 3*, Institute for Pension Fund Integrity (Apr. 2019), *available at* https://ipfiusa.org/wp-content/uploads/2019/04/ESG-and-the-Proxy-Process-What-Does-The-Research-Say.pdf (last accessed Dec. 8, 2021).
[159] Jean-Pierre Aubry, Anqi Chen, Patrick M. Hubbard and Alicia H. Munnell, *ESG Investing and Public Pensions: An Update*, Center for Retirement Research at Boston College (Oct. 2020), *available at* https://crr.bc.edu/wp-content/uploads/2020/10/SLP74.pdf (last accessed Dec. 7, 2021).
[160] *Id.* at 5.
[161] *Id.* at 5-6.
[162] NYCERS is the largest municipal public employee retirement system in the United States. *See* NYCERS website, available at https://www.nycers.org/about (last accessed Dec. 7, 2021).
[163] Timothy M. Doyle, *Politics Over Performance: New York City Pension Funds,* American Council for Capital Formation (Jan. 11, 2018), *available at* https://accf.org/2018/01/11/politics-over-performance-new-york-city-pension-funds/ (last accessed Dec. 7, 2021).
[164] CalPERS serves employees in California state, regional and local government. It is the largest public pension fund in the United States. See the CalPERS website, *available at* https://www.calpers.ca.gov/page/about/organization/calpers-story (last accessed Dec. 7, 2021).
[165] Timothy M. Doyle, *CalPERS and the Point of No Returns*, American Council for Capital Formation (Dec. 5, 2017), *available at* https://accf.org/2017/12/05/calpers-and-the-point-of-no-returns/ (last accessed Dec. 7, 2021).

Given all of this, companies must not be coerced into providing left-wing ESG investment options, and employees must not be pressured into participating in them, without a full explanation of their financial deficiencies. By requiring companies to provide an explanation as to why they do not offer particular retirement plans focused on the environment or other ESG goals, the coalition is undoubtedly setting the stage for requiring companies to offer these types of plans to employees in the future. It is bad enough that the Biden Administration is attempting to force fund managers to incorporate left-wing ESG criteria into their investment decisions; shareholders must fight back against efforts to force private corporations to walk blithely down the same path.

On top of everything, by February at least 23 of the greenhouse gas-related proposals had been withdrawn. As previously mentioned, we know from experience that proposals are often withdrawn following a negotiated settlement with proponents whereby the proponents typically get some of what they requested from the company, but unless either the company or the proponent reveals the results of the withdrawal negotiations, the results are generally unknown.

In its *Proxy Preview*, however, AYS has once again revealed the results of several of its withdrawal negotiations. In doing so, AYS revealed the extent to which energy companies have acquiesced to left-wing environmental demands. For example, AYS withdrew proposals concerning Scope 3 greenhouse-gas emissions after reaching agreements with Dominion Energy, Duke Energy and Southern. These agreements left AYS with at least a partial win without having to jump any hurdles at the SEC or face a proxy vote. According to AYS:

> Dominion will add to its goals the emissions associated with upstream fuel consumed by its power and gas distribution businesses. Duke will add to its net-zero-by-2050 reduction target the upstream methane leakage from natural gas production, customer [] usage emissions and purchased power. Southern will improve [greenhouse-gas] disclosures by disclosing its upstream Scope 3 natural gas emissions to [the Climate Disclosure Project] in 2022 and discuss calculation methods and disclosures with the UN Oil & Gas Methane Partnership.[166]

Withdrawal negotiations also took place among other coalition members. According to AYS, "Mercy Investments withdrew when Lowe's agreed to set science-based [greenhouse-gas] targets. The other withdrawals also came after agreements at Air Products and Darling Ingredients." [167] This represents the broader shift in corporate acquiescence to environmental strong arming by the left-wing ESG movement that has been evident in recent years.

CODIFYING RACISM AND SEXISM IN CORPORATE PRACTICES

The coalition again in 2022 submitted a raft of proposals designed to introduce formal systems of racism and sexism into American corporations. We considered at length in last year's *Investor Value Voter Guide* the emptiness of the claims behind proposals that push for racist and sexist quotas on corporate boards and throughout workforces. Studies show that there are benefits to companies from viewpoint diversity of the sort that FEP backs, but none show that there is any benefit to surface-characteristic diversity (diversity of skin color or sex, for instance) that isn't wholly attributable to viewpoint differences.[168] And making distinctions on the basis of race or sex without an essential – and valid – reason to do so is still starkly unconstitutional.[169]

Combining the coalition's fervor for environmental activism with its "social justice" and equity crusades, several new proposals submitted this year focus on so-called "environmental justice" issues.[170] These include proposals seeking risk and impact reports from 3M, American Water Works, Chemours, Chevron, Honeywell International and Kinder Morgan.[171]

[166] *Proxy Preview* at 20.
[167] *Id.* at 17.
[168] *Investor Value Voter Guide 2020*, National Center for Public Policy Research (Apr. 2020), at 24-27 ("Voter Guide 2020"), *available at* http://nationalcenter.org/IVVG/ (last accessed Apr. 8, 2021).
[169] *Id.*
[170] *Proxy Preview* at 9.
[171] *Id.*

At American Water Works, the proposal asks for a third-party audit "which assesses and produces recommendations for improving the racial impacts of its policies, practices, products, and services" with contributions "from stakeholders, including civil rights organizations, employees, and customers."[172] Apparently the proposal would address concerns regarding low-income residents who would allegedly be affected by a desalinization plant.[173]

Similar proposals submitted to both Chevron and Dow seek "an independent racial equity audit, analyzing if, and how, [the company's] policies and practices discriminate against or disparately impact communities of color."[174] The proposals go on to state that the "report should clearly identify, and recommend steps to eliminate, business activities that further systemic racism, environmental injustice, threaten civil rights, or present barriers to diversity, equity, and inclusion (DEI). Input from impacted workers, community members, customers, or other relevant stakeholders should inform the audit and report."[175] While a similar proposal was submitted to Chevron last year, it was rejected by the SEC; this is the first time the proposal has been submitted to Dow.[176]

Likewise, Chemours and 3M are facing proposals seeking so-called environmental justice reports. Those proposals would require the companies to publish and update annually an "environmental justice report" on their efforts "above and beyond legal and regulatory compliance, to identify and reduce heightened environmental and health impacts from [their] operations on communities of color and low-income communities."[177] And Republic Services faces a proposal that seeks an "environmental justice audit" to assess the "racial impacts" of its operations as a waste and recycling management company.[178]

Finally, similar proposals seeking reports were introduced at Honeywell and Kinder Morgan to address coalition concerns about how the environmental impacts of companies "disproportionately affect the communities in which they operate, noting this generally means disadvantaged communities of color."[179] According to AYS, it withdrew its Kinder Morgan proposal following the company's claims that its current reporting covers the proposal.[180]

We recommend opposing the above "environmental justice" proposals as fundamentally flawed and inapposite to the real needs of low-income and minority communities. Instead of helping underserved communities (as self-proclaimed environmental justice warriors pretend), these proposals advance, by the same skewed logic of such distorted concepts as CRT, goals that only serve to keep the targeted communities dependent on government intervention by denying these communities

[172] *Id.* at 65.
[173] *Id.*
[174] *Id.*
[175] *Id.*
[176] *Id.*
[177] *Id.*
[178] *Id.*
[179] *Id.* at 65-66.
[180] *Id.* at 66.

nearby businesses capable of employing community members and allowing them thereby to rely upon themselves.[181]

If environmental justice advocates truly cared about underserved populations, they would work to encourage companies to build and expand in those neighborhoods, not make development impossible. They certainly would not push for decarbonization on politicized, catastrophist schedules. As aptly put in a recent *New York Post* op-ed by Bjorn Lomborg:

> As countries move to "net-zero carbon" emissions – the target endorsed by President Joe Biden, the European Union and many others – costs will escalate much higher again. The Bank of America has found that achieving net-zero will cost $150 trillion over 30 years, almost twice the combined annual GDP of every country on Earth. The annual cost of $5 trillion is more than all the world's governments and households spend every year on education…To ensure we can transition from fossil fuels, we need to ramp up research and development to innovate down the price of green energy. We should invest across all options including fusion, fission, storage, biofuel and other sources. Only when green energy is cheaper than fossil fuels will the world be able and willing to make the transition.[182]

The extremely high costs of turning away from fossil fuels at an artificially mandated pace will hurt most the poorer communities that the coalition pretends to care about, even as that coalition seeks to deny them the jobs and opportunities that could serve to cushion that blow.

But not only do these so-called environmental justice proposals fail to help the very communities they claim to serve, they further the profoundly racist narrative of "antiracism" – that only some communities, selected on racial grounds, are deserving of protection from deleterious corporate impacts. For instance, the proposals before Chemours and 3M that seek annual environmental justice reports on those companies' efforts "above and beyond legal and regulatory compliance, to identify and reduce heightened environmental and health impacts from its operations on communities of color and low-income communities" completely disregard any broader environmental and health impacts to the community writ large. Surely if a company were engaging in activities that were seriously harmful to the health of a surrounding community, these environmental-justice advocates would not suggest ignoring those impacts simply because the surrounding community was comprised of "non-diverse" people (such as whites, men, straight people or Christians)? But that's exactly what such narrow and racially motivated proposals suggest, and what would have to be the import of those proposals if they were adopted.

For these reasons we further recommend opposing two new proposals that seek to address purported "inequities" that the coalition argues will increase as global temperatures allegedly warm,[183] proposals the coalition claims it is "seeking to ensure a 'just transition' to a low-carbon world."[184]

The first of these proposals asks Chevron about risks and threats to "indigenous peoples" and seeks a report "assessing the benefits and drawbacks of committing to not engage in oil and gas exploration and production in the Arctic, particularly in the Arctic Refuge, as well as the financial and reputational risks to the company associated with such development."[185] The second proposal requests that Marathon Petroleum issue a report "stating how Marathon is responding to the social impact of Marathon's climate change strategy on workers and communities, consistent with the 'Just Transition' guidelines of the International Labor Organization."[186]

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[181] Derrick Hollie, *EPA's 'Environmental Justice' Plan Fails to Address Black Community Needs*, The Washington Times (Dec. 6, 2021) *available at* https://www.washingtontimes.com/news/2021/dec/6/epas-environmental-justice-plan-fails-to-address-b/ (last accessed Mar. 25, 2022); *see also Project 21 Comments the Environmental Protection Agency Draft Fiscal Year 2022-2026 Strategic Plan*, National Center for Public Policy Research (Nov. 2021), *available at* https://nationalcenter.org/wp-content/uploads/2021/11/P21-EJ-public-comment-1121.pdf (last accessed Mar. 25, 2022).
[182] Bjorn Lomborg, *The Green Agenda Is Too Expensive: We Need a Better Way to Fight Climate Change*, The New York Post (Feb. 20, 2022) *available at* https://nypost.com/2022/02/20/we-need-a-better-way-to-fight-climate-change/ (last accessed Mar. 25, 2022).
[183] *Proxy Preview* at 29.
[184] *Id.*
[185] *Id.*
[186] *Id.*

The right way to help all groups is to advance toward cleaner energy as technology and finances affordably and reliably permit, while abandoning climate-catastrophist positions and recognizing that decarbonization in North American and Europe won't matter at all because the rest of the world has no honest intention of decarbonizing as well. And the non-racist, non-sexist, non-classist way to do these things is without regard to irrelevant but invidious discrimination.

Other new proposals drawing racist distinctions in the name of antiracism include those regarding purported wage inequality. The Shareholder Commons is asking both Marriott International and Tractor Supply to report on "whether the Company participates in compensation and workforce practices that prioritize Company financial performance over the economic and social costs and risks created by inequality and racial and gender disparities."[187] This proposal faces challenges at the SEC, where the companies are arguing the proposals should fall under the ordinary-business exception. While Marriott was successful in its challenge to a similar proposal last year, neither proceeding has been determined at the time of this writing.[188]

A separate proposal at Amazon asked about differential injury rates for women and minorities, in an apparent effort to tie workplace injury differentials to differences in long-term earnings and career advancement. That proposal sought "a report examining whether Amazon's health and safety practices give rise to any racial and gender disparities in workplace injury rates among its warehouse workers and the impact of any such disparities on the long-term earnings and career advancement potential of female and minority warehouse workers."[189] The future of this proposal is also still awaiting adjudication by the SEC, as Amazon is challenging it on the grounds that it duplicates another proposal.[190]

Another new proposal at Amazon asks about the COVID-19 pandemic's impact on workforce diversity.[191] More specifically, it seeks a report on the effects of Amazon's workforce turnover on its diversity, equity and inclusion.[192] This proposal is likewise still awaiting a decision from the SEC as to its fate.

We recommend voting against these proposals, as they are nothing more than discriminatory attempts to frame issues on the basis of surface characteristics rather than merit. Consider, for example, the proposal regarding Amazon workplace injuries. If Amazon warehouses pose such severe safety risks that they impact the long-term earnings and career advancement of employees, then the sex or skin color of its employees should be irrelevant in addressing that safety problem. Yet proponents malignantly frame the issue of workplace safety – and the long-term effects of such – through the lens of alleged racism and sexism, thereby themselves enacting racism and sexism.

The same goes for the proposal at Amazon regarding workforce turnover arising from COVID. Rather than viewing the issue through the narrow and discriminatory lens of so-called diversity, equity and inclusion, proponents should be looking at the broader effects of lockdowns and vaccine mandates on the workforce as a whole – not just some limited subset thereof to suit a racist ideological agenda.

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187 *Id.*
188 *Id.* at 53.
189 *Id.*
190 Id. at 57.
191 *Id.*
192 *Id.*

If Amazon warehouses pose such severe safety risks that they impact the long-term earnings and career advancement of employees, then the sex or skin color of its employees should be irrelevant in addressing that safety problem.

(This combination creates some strange lacunae. Policies like vaccine mandates disproportionately harm minorities,[193] but somehow this doesn't concern the AYS coalition.)

Such proposals should be opposed as nothing more than variations of the noxious "antiracism" agenda that is, in actuality, racist to its very core. As we explained in detail in last year's *Investor Value Voter Guide*, the whole "antiracist" concept as pushed by the coalition revives horrifying concepts such as intergenerational and race-wide guilt, unique race-wide handicaps that cannot be overcome and other monstrosities that have caused untold evil in the past. But you don't have to take our word for it. Brave and thoughtful scholars who have always been firmly of the left have reached the same diagnosis.

John McWhorter is both a progressive and a leading voice against the woke agenda of "antiracism" and CRT. He believes the theory is "utterly misguided, under thought-out, manipulative nonsense."[194] McWhorter calls the proponents of antiracism "The Elect" because they truly believe they are doing good and see themselves as ahead of the curve in moral decency in a deeply quasi-religious way.[195] McWhorter is appalled by Robin DiAngelo's White Fragility, describing it as the catechism of antiracism:

> With racism limned as such a gruesome spiritual pollution, harbored by individuals moreover entrapped in a society within which they exert racism merely by getting out of bed, the issue of gray zones seems beside the point. By the end, DiAngelo has white Americans muzzled, straitjacketed, tied down, and chloroformed for good measure – but for what? And herein is the real problem with White Fragility. DiAngelo does not see fit to address why all of this agonizing soul-searching is necessary to forging change in society. One might ask just how a people can be poised for making change when they have been taught that pretty much anything they say or think is racist and thus antithetical to the good. What end does all this self-mortification serve?[196]

"[F]ew books about race," he notes, "have openly infantilized Black people…or simply dehumanized" them the way DiAngelo's book has.[197]

[193] Perry Stein, *Literacy Scores Show Widening Achievement Gap in D.C. During Pandemic*, The Washington Post (Mar. 17, 2022), *available at* https://www.washingtonpost.com/education/2022/03/17/dc-schools-achievement-gap-pandemic-reading/ (last accessed April 1, 2022); Jonathan Tobin, *Vaccine Mandates Will Have a Disparate Impact on Minorities*, Newsweek (Aug. 17, 2021) *available at* https://www.newsweek.com/vaccine-mandates-will-have-disparate-impact-minorities-opinion-1619755 (last accessed Mar. 30, 2021).
[194] John McWhorter, *The New Religion of Anti-Racism*, Making Sense Podcast #217 (Sep. 17, 2020), *available at* https://podcasts.apple.com/us/podcast/217-the-new-religion-of-anti-racism/id733163012?i=1000491618379 (last accessed Mar. 31, 2021).
[195] *Id.*
[196] John McWhorter, *The Dehumanizing Condescension of White Fragility*, The Atlantic (July 15, 2020), *available at* https://www.theatlantic.com/ideas/archive/2020/07/dehumanizing-condescension-white-fragility/614146/ (last accessed Mar. 31, 2021).
[197] *Id.*

"The Elect" who lead the movement are themselves deeply racist, constantly defining people by the color of their skin. In their mind, the defining characteristic of a person is race – not, as Dr. King hoped, the content of their character.[198]

Dr. James Lindsay, another leading liberal scholar, believes the antiracist theory itself reflects systemic racism. Under this theory, he explains, "it is simply impossible for racism to be absent from any situation. One may be actively racist by perpetuating racial prejudice and discrimination against non-white people (particularly black people), or passively racist by failing to notice racism in oneself or others and thus failing to address it."[199] He then makes the point that:

> One can only be "antiracist" by noticing racism all the time, in every person and every situation, even when it is not readily apparent (or a fair reading of the situation – see also, close reading and problematizing), and "calling it out." This is understood to have the effect of making racism visible to everyone and enabling it to be dismantled.[200]

In other words, antiracism theory posits racism in every situation, and then requires that whites – the only people, under the theory, capable of racism – submit to any demands to make amends for the ever-present racism that the theory itself presumes. "This is the world according to Critical Race Theory, and in such a world, you're always wrong," Lindsay writes.[201]

DESTROYING THE AMERICAN BUSINESS CORPORATION

As it did last year, the AYS coalition is continuing to try to turn American businesses into charitable corporations. But rather than introducing explicit proposals seeking to do so, as it did last year (in proposals receiving "scant" support),[202] this year the coalition has filed a raft of proposals attacking capitalism through attacks on companies' power to profit from their efforts to address the pandemic.

A new proposal by Oxfam America lodged at Moderna and Pfizer ask the companies to share their COVID-19 vaccine intellectual property with "low- and middle-income countries."[203] The proposal, which AYS describes as a "technology transfer," instructs the companies to "commission a third-party report to shareholders…analyzing the feasibility of promptly transferring intellectual property and technical knowledge ("know-how") to facilitate the production of COVID-19 vaccine doses by additional qualified manufacturers located in low- and middle-income countries, as defined by the World Bank."[204] Similarly, a new proposal at both Johnson & Johnson and Pfizer requests a report on "the public health costs created by the limited sharing of the Company's COVID-19 vaccine technologies and any consequent reduced availability in poorer nations."[205]

We recommend opposing these proposals. Requiring for-profit companies to "transfer" intellectual property and technical knowledge to other entities would effectively turn a business into a nonprofit charitable corporation, giving away its property and its production. As an initial matter, because these companies have rejected calls that that they officially become public-benefit corporations, this attempt to convert them by stealth is illegal; directors who agreed to give away shareholder property (which is what this intellectual property is) would violate their fiduciary duty under corporate law and render themselves amenable to personal liability.[206]

[198] *MLK's "Content of Character" Quote Inspires Debate*, Associated Press (Jan. 20, 2013), *available at* https://www.cbsnews.com/news/mlks-content-of-character-quote-inspires-debate/ (last accessed Apr. 2, 2021).
[199] James Lindsay, *Antiracism*, New Discourses (June 25, 2020), *available at* https://newdiscourses.com/tftw-antiracism/ (last accessed Apr. 2, 2021).
[200] *Id.*
[201] James Lindsay, *For Racial Healing, Reject Critical Race Theory*, New Discourses (Oct. 19, 2020), *available at* https://newdiscourses.com/2020/10/racial-healing-reject-critical-race-theory/ (last accessed April 9, 2021).
[202] *Proxy Preview* at 74.
[203] *Id.* at 59.
[204] *Id.*
[205] *Id.*
[206] *What is the History of Corporations in America?*, Investopedia (July 30, 2021), *available at* https://www.investopedia.com/ask/answers/041515/what-history-corporations-america.asp (last accessed Apr. 8, 2021).

And as everyone but a socialist understands, pushing companies to give away expensively developed intellectual property would also remove the financial incentive for companies to use their talent and ingenuity to quickly adapt and develop new products, such as vaccines, as was done via Operation Warp Speed.

In another new suite of proposals, these to Alphabet, BlackRock, Meta (Facebook) and State Street, the coalition is urging these companies to abjure their fiduciary duties by prioritizing "healthy environmental and social systems," where healthy is defined to mean hard-left priorities, over company financial strength and genuine stability, and – for BlackRock and State Street – to use their investors' capital to force this suicide plan on all American corporations.[207] At Kroger the coalition seeks to tie executive compensation directly to the success the company has in immolating itself on the altar of left-wing fever dreams.[208]

RADICALIZING CORPORATE LOBBYING & POLITICAL SPENDING

The coalition has once again submitted a slew of proposals seeking to keep corporations from supporting organizations that work for constrained regulation and market freedom.[209] We have considered these proposals in depth in past years, and in Part I above. As we explained there, the AYS coalition seeks to force corporations to get their lobbying and giving duties exactly backward. Corporations have an obligation to shareholders and to their own corporate life to support causes and candidates that will allow the corporations to flourish, and to oppose causes and candidates interested in destroying the institutions and traditions of private enterprise that allow them to thrive, and those that wish to pick corporate pockets for political advantage. The AYS coalition demands that they do exactly the reverse: refrain from funding the candidates and organizations that support free enterprise, while lavishly funding organizations and candidates that want to destroy the bases of capitalism while looting existing corporations bare.

The new twist this year is that the hook for many of these proposals is, wearyingly, more waving of the modern-day bloody shirt of the "January 6 insurrection," and the demand that corporations forever decline to support any candidates who voted against certifying the vote of the Electoral College in the 2020 presidential election.[210]

This concern with January 6 is, of course, nothing but a hypocritical pose. Two things happened on January 6, 2021: some elected officials voted not to certify the Electoral College votes, and some people protested in a way that got out of hand. Those things have both happened very often before, without raising any concern or objection from the AYS coalition. Elected officials have voted not to certify the Electoral College vote *every single time* a Republican has won this century,[211] yet the coalition has not called for companies to bar contributions to those elected officials, and does not do so now. Moreover, the January 6th disturbance, as stupid as it was, was one of the milder of the "mostly peaceful" but in fact rather violent protests that rolled through 2020. Many elected officials and organizations aggressively supported those riots, and yet the AYS coalition has made no effort to force companies to cut off support for any of these elected officials or organizations.

[207] *Proxy Preview, supra*, at 79.
[208] *Id.* at 81.
[209] *Voter Guide 2021, supra*, at 34-37; V*oter Guide 2020, supra*, at 37-39.
[210] *Proxy Preview 2022, supra*, at 7, 39, 40, 63, 90.
[211] *See, e.g.,* Amanda Prestigiacomo, *Democrats Objected To Electoral Vote Certification In 2000, 2004, 2016*, Daily Wire (Jan. 4, 2021), *available at* https://www.dailywire.com/news/democrats-objected-to-electoral-vote-certification-in-2000-2004-2016 (last accessed Mar. 31, 2022).

What explains this hypocrisy is readily apparent. The AYS coalition does not care about certification votes or protests-cum-riots per se. What it cares about, now and always, is pushing corporations to support the organizations and officials who want to destroy them, and to defund organizations and candidates that seek to preserve capitalism and American prosperity.

We therefore recommend that you vote against all of these AYS initiatives, including those hanging, like last year, from the hook of climate catastrophism.

THE RETREAD GRAB BAG

Finally, there remains a string of proposals that are variations on themes that we have discussed in past years. The coalition has again offered proposals that aim to push corporations to use shareholder assets to fight against laws that would back away from the abortion-maximalist positions and adopt policies and positions consonant with the laws to which these corporations make no objection in Europe.[212]

Preferring penumbras and emanations to actual constitutional text, and the pretend sustainability of climate-catastrophism to the genuine sustainability of a strong national defense, the coalition has also submitted proposals aimed at hamstringing both the republic's and citizens' abilities to defend themselves from hostile authoritarian forces abroad or at home.[213]

Finally, and with more dull predictability, the coalition has once again sought to muzzle free American expression and debate, the very cornerstone of American civic liberty. The hard left's ideas are absurd. They cannot survive full and free debate. So the left tries to destroy debate. Two proposals, from Harrington Investments and AYS, encourage Facebook to ramp up its discriminatory censorship against any ideas that don't emanate from the hard left, or any facts that demolish the left's increasingly bankrupt narratives.[214] A similar proposal has been sent to Yahoo.

CENSORSHIP

Because fulfilling these censorship demands would entail great waves of race, sex and orientation discrimination, and would stifle any objections to the left's destruction of the American engines of productivity and the rest of its absurd schemes, they could really be included anywhere in this document. But since they so thoroughly epitomize the whole woke project of destroying American liberties by seizing control of American corporations, we will instead end this section with them.

[212] *Proxy Preview, supra*, at 7, 8, 39, 45-46, 58, 60.
[213] *Id.* at 9, 67, 73, 91.
[214] *Proxy Preview, supra,* at 78.

PART 3: THE WORLD ECONOMIC FORUM & **ITS AMERICAN CORPORATE ACOLYTES**

It may seem as though the wokification of corporate America just happened one day in the flames, lies and hypocrisy of the lockdowns-and-riots summer of 2020, but this menace has been building for a long time. As a general matter, and as we have discussed before, it is the next stage in the long march through the institutions, which has already led to the left-wing takeover of more and more of America's vital cultural structures: higher education, Hollywood, the once-mainstream news media, the civil service, public education, many religious orders, corporations and even the military.

More specifically, though, stakeholder capitalism and most of the central evils of woke capital, including equity, climate-catastrophism and a propertyless society (for us peons, anyway), were either invented or embraced and promoted by the World Economic Forum (WEF) and its founder Klaus Schwab. Schwab has been pushing these concepts for more than half a century, and his WEF touts them constantly and often very publicly.

For many years these destructive ideas remained conservation topics in Davos, Switzerland, WEF's headquarters and the host for decades to an annual soirée of the rich and preening. More recently, though, they have been forced on American firms by the foundation's primary avatars in the U.S., including investment house CEOs like Larry Fink (BlackRock) and Ronald O'Hanley (State Street) and too-big-to-fail (and therefore taxpayer-backstopped) bank CEOs such as Brian Moynihan (Bank of America) and Jamie Diamond (JPMorgan Chase).

The way that they are forcing WEF's vision on our corporations has been well considered. Fink and O'Hanley seize the power, influence and proxy votes of their investors and shareholders to push other corporations to do WEF's bidding in the mendacious name of stakeholders – who, magically, always seem to want just what O'Hanley, Fink and WEF want. Moynihan, Diamond and the other bankers de-bank or otherwise deny credit to legally and even constitutionally protected firms and industries whose products and services meet with WEF disfavor.

The dark edifice of WEF and the transmission belt, of which Fink & Co. are eager and dutiful shafts, has not yet received sufficient attention in previous *Voter Guides*. Herewith, then: first a brief sketch of WEF and its founder, Klaus Schwab; and then a copy of a letter from FEP to American corporate CEOs in response to Larry Fink's 2020 Letter to CEOs. Our letter reveals how Fink does WEF's bidding (and thereby attempts to bully other corporations to bend to his own personal will), and the dangers for Fink, BlackRock and the whole American economy arising from this course of conduct.

WORLD ECONOMIC FORUM **BACKGROUNDER**

SCHWAB / BIDEN

Founded by Klaus Schwab in 1971, WEF – a self-described "International Organization for Public-Private Cooperation"[215] – has amassed an increasingly consequential influence over the agendas of corporations and governments worldwide. Policies of WEF – ranging from its now infamous "Great Reset"[216] to "stakeholder capitalism"[217] to the transhumanist "Fourth Industrial Revolution"[218] – often read like Bond villain schemes to take over the world (and, as crazy as it sounds, to reconfigure human nature).

In a rational world, such kooky, conspiratorial evil would – and should – be cast off as tin-foil hat nonsense. But when all seven leaders of the G7 have professional working ties to WEF, and then they all parrot – word for word – the same "Build Back Better"[219] slogan on different continents to support their tyrannical COVID-19, climate-catastrophist and new-discrimination "equity" policies, then it's time to start paying attention to the one relevant common denominator between them: WEF.

To the extent that there is a conspiracy to reorganize – or dare we say, "reset" – governmental and economic systems and the relationship between them, it's not happening behind closed doors. It's out in the open. The Great Reset and WEF's agenda at large are perhaps best understood as an open conspiracy to establish a new agenda-driven framework for cooperation between the managerial class in corporations and governments, one that sets out to synchronize and pursue the utopian ambitions of the Davos-attending global elite.

In response to all of this we must together demand that American corporations rescind their partnerships and cease their sponsorships with WEF, vote WEF "Young Global Leaders" and "Agenda Contributors" off the boards of American corporations and vote out directors who continue to speak at or attend WEF conferences in Davos and elsewhere.

WHO'S INVOLVED?

Corporations, corporate leaders, elected representatives, global NGOs and individuals have partnered and participated with WEF in a number of ways. Every year, WEF holds a bourgie conference at a ski resort in Davos for the ultra-elite in business, media, academia and government to discuss how the principles of ESG and mechanism of stakeholder capitalism can finally usher in the long-awaited utopia.

215 *Our Mission*, World Economic Forum, *available at* https://www.weforum.org/about/world-economic-forum (last accessed Mar. 9, 2022).
216 Klaus Schwab, *Now Is the Time for a 'Great Reset'*, World Economic Forum (June 3, 2020), *available at* https://www.weforum.org/agenda/2020/06/now-is-the-time-for-a-great-reset/ (last accessed Mar. 22, 2022).
217 Klaus Schwab & Peter Vanham, *What is Stakeholder Capitalism?*, World Economic Forum (Jan. 22, 2021), *available at* https://www.weforum.org/agenda/2021/01/klaus-schwab-on-what-is-stakeholder-capitalism-history-relevance/ (last accessed Mar. 9, 2022).
218 *Fourth Industrial Revolution*, World Economic Forum, *available at* https://www.weforum.org/focus/fourth-industrial-revolution (last accessed Mar. 9, 2022).
219 Tweet from @hardyhatludwig (Feb. 27, 2022), *available at* https://twitter.com/hardhatludwig/status/1498098092608040967 (last accessed Mar. 22, 2022).

Woke, Inc, author Vivek Ramaswamy has described Davos as "the woke Vatican,"[220] adding that "[t]he goal [of the annual conference is] to set an agenda that entrepreneurs and CEOs [are] expected to follow."[221]

A ticket to attend on behalf of a corporation costs $28,000 a head, annual membership to WEF costs as much as $620,000 and renting a chalet for attendees and their staff can run up to $140,000 for the week.[222] CEOs are not paying for the majority of this out of their own pockets, mind you, and they are definitely not paying for the corporate partnerships. In WEF's own words, "[a] large majority of its [Davos] funding is provided by the world's most significant business entities."[223]

So to a significant extent, corporations are using shareholder money to finance ritzy vacations for their executives at a commie country club where they openly discuss how to restructure the relationship between people and public institutions in deeply intrusive ways. As a shareholder, you are funding this.

Unfortunately, the pretentious, gall-inducing elitism – bad as it is – isn't what's most concerning about Davos. Much of the high-society spectacle has recently been toned down relative to previous years, but what has replaced the Who's Who? appeal of the conference is something much worse – ideology-driven raw power. Nassim Nicholas Taleb, for example, likened Davos in 2011 to something akin to the Oscars, describing the conference as "chasing successful people who want to be seen with other successful people. That's the game."[224]

But in 2022, the in-person conference was postponed – citing COVID-19 concerns (which surely didn't stop Davos attendees from their other highly exclusive socializing) – and in its place WEF held a livestream conference on YouTube called Davos Agenda 2022. All the golden bells and whistles were gone, replaced by a sterile, chilling lecture from China President Xi Jinping.[225]

From its founding until today, whether doubling as a billionaire fraternity or not, WEF has always been primarily an ideological, agenda-driven globalist organization.

A corporate executive's simple attendance at Davos, expensive as it might be, is still the smallest form of involvement with WEF. A corporation can also become a "partner" for an annual fee and a pledge to adhere to the Davos agenda, or a "strategic partner" by spending more annually and contributing to the agenda.

[220] Tunku Varadarajan, *Can Vivek Ramaswamy Put Wokeism Out of Business?*, American Enterprise Institute (June 25, 2021), *available at* https://www.aei.org/articles/can-vivek-ramaswamy-put-wokeism-out-of-business/ (last accessed Mar. 22, 2022).
[221] Vivek Ramaswamy, *Woke, Inc.: Inside Corporate America's Social Justice Scam*, Center Street (Aug. 17, 2021), *available at* https://www.vivekramaswamy.com/wokeinc (last accessed Mar. 22, 2022).
[222] Taylor Nicole Rogers, *Davos 2021 Is Postponed – Here's What You Need to Know About the Invitation-Only Conference That Brings Billionaires Together With Business and Political Leaders at a Swiss Ski Resort*, Business Insider (Aug. 26, 2020), *available at* https://www.businessinsider.com/what-is-davos-world-economic-forum-conference-2020-1 (last accessed Mar. 22, 2022).
[223] Oliver Cann, *Who Pays for Davos?*, World Economic Forum (Jan. 16, 2017), *available at* https://www.weforum.org/agenda/2017/01/who-pays-for-davos (last accessed Mar. 25, 2022).
[224] Andrew Ross Sorkin, *The Hefty Price CEOs Pay to Be at Davos*, New York Times (Jan. 25, 2011), *available at* https://www.ndtv.com/world-news/the-hefty-price-ceos-pay-to-be-at-davos-445938 (last accessed Mar. 22, 2022).
[225] Xi Jinping & Klaus Schwab, *Special Address by Xi Jinping, President of the People's Republic of China*, World Economic Forum (Jan. 17, 2022), *available at* https://www.weforum.org/events/the-davos-agenda-2022/sessions/special-address-by-xi-jinping-president-of-the-peoples-republic-of-china (last accessed Mar. 22, 2022).

AGENDA CONTRIBUTORS

Aside from Davos attendance, membership and strategic membership, WEF has also denoted specific people and groups – often those who speak at Davos and other WEF conferences – as "Agenda Contributors." For example, Xi Jinping,[226] Joe Biden,[227] George Soros[228] and Larry Fink[229] – who sits on the board of trustees of WEF[230] – are Agenda Contributors. There are also members without a specified title, such as Anthony Fauci,[231] Bill Clinton[232] and Henry Kissinger.[233]

But perhaps none of this compares to WEF's "Young Global Leaders" (YGL) program.[234] While some members attend Davos and others contribute to it, YGL graduates are trained in WEF's worldview (and usually earlier in their careers, hence the name). This program is not some fancy public conference, but rather an annual private instructional program. Since its founding in 1993 (back then it was called "Global Leaders for Tomorrow;" it became YGL in 2003) until today, there has been a new class of graduates from the program every year, totaling in over 1,400 trainees.[235] Past graduates include world leaders such as Vladimir Putin,[236] Justin Trudeau,[237] Boris Johnson,[238] Angela Merkel,[239] Emmanuel Macron[240] and business leaders such as Bill Gates,[241] Jeff Bezos,[242] Mark Zuckerberg,[243] Larry Page[244] and Sergey Brin.[245]

But unlike most Davos attendees – who are invited for their already massive clout and purchase their tickets for an astonishing price – most YGLs attend the program before the height of their careers and influence. For example, Putin graduated before he became president of Russia and Larry Page graduated before Google became a publicly traded

226 *Xi Jinping*, World Economic Forum, *available at* https://www.weforum.org/agenda/authors/xi-jinping (last accessed Mar. 25, 2021).
227 *Joe Biden*, World Economic Forum, *available at* https://www.weforum.org/agenda/authors/joe-biden (last accessed Mar. 25, 2021).
228 *George Soros*, World Economic Forum, *available at* https://www.weforum.org/agenda/authors/georgesoros (last accessed Mar. 25, 2021).
229 *Laurence D. Fink*, World Economic Forum, *available at* https://www.weforum.org/agenda/authors/larry-fink (last accessed Mar. 25, 2021).
230 *Leadership and Governance*, World Economic Forum, *available at* https://www.weforum.org/about/leadership-and-governance (last accessed Mar. 25, 2021).
231 *Anthony S. Fauci*, World Economic Forum, *available at* https://www.weforum.org/people/anthony-s-fauci (last accessed Mar. 25, 2021).
232 *William J. Clinton*, World Economic Forum, *available at* https://www.weforum.org/people/william-j-clinton (last accessed Mar. 25, 2021).
233 *Henry A. Kissinger*, World Economic Forum, *available at* https://www.weforum.org/people/henry-a-kissinger (last accessed Mar. 25, 2021).
234 *Who We Are*, The Forum of Young Global Leaders, *available at* https://www.younggloballeaders.org/ (last accessed Mar. 22, 2022).
235 *Vision & Mission*, The Forum of Young Global Leaders, *available at* https://www.younggloballeaders.org/vision-and-mission (last accessed Mar. 22, 2022).
236 Klaus Schwab, *Strengthening Collaboration in a Fractured World-Featuring Special Guest Yo-Yo Ma*, Institute of Politics at Harvard Kennedy School (Sep. 20, 2017), *available at* https://www.youtube.com/watch?v=AoBRnrtX9U4 (last accessed Mar. 22, 2022).
237 *Id.*
238 Photo of Boris Johnson, Twitter, *available at* https://pbs.twimg.com/media/E7AGY8IXIAgHtyG.jpg (last accessed Mar. 25, 2022); Photo of Boris Johnson, Twitter, *available at* https://pbs.twimg.com/media/E7AGY8HX0AARN6f.jpg (last accessed Mar. 25, 2022),
239 *World Economic Forum, The First Forty Years: A Partner in Shaping History*, World Economic Forum (2009), *available at* https://www3.weforum.org/docs/WEF_First40Years_Book_2010.pdf (last accessed Mar. 25, 2022).
240 "Emmanuel Macron," *Community, The Forum of Young Global Leaders: Shaping the Future*, World Economic Forum, *available at* https://www.younggloballeaders.org/community?utf8=%E2%9C%93&q=macron&x=0&y=0&status=&class_year=&sector=&region=#results (last accessed Mar. 25, 2022).
241 *Global Leaders for Tomorrow, Class of 1993*, World Economic Forum, *available at* https://web.archive.org/web/20131203013754/http://www3.weforum.org/docs/WEF_GLT_ClassOf1993.pdf (last accessed Mar. 25, 2022).
242 *Global Leaders for Tomorrow, Class of 1998*, World Economic Forum, *available at* https://web.archive.org/web/20140914230101/http://www3.weforum.org/docs/WEF_GLT_ClassOf1998.pdf (last accessed Mar. 25, 2022).
243 *The Forum of Young Global Leaders*, World Economic Forum, *available at* https://web.archive.org/web/20120302121530/http://www.weforum.org/community/forum-young-global-leaders (last accessed Mar. 25, 2022).
244 "Profiles," *Young Global Leaders: Shaping the Future*, World Economic Forum, *available at* https://web.archive.org/web/20051029210229/http://www.younggloballeaders.org/scripts/modules/Profiles/page11265.html (last accessed Mar. 25, 2022).
245 "Profiles," *Young Global Leaders: Shaping the Future*, World Economic Forum, *available at* https://web.archive.org/web/20051029205517/http://www.younggloballeaders.org/scripts/modules/Profiles/page11251.html (last accessed Mar. 25, 2022).

corporation.[246] They aren't exceptions but the norm amongst YGLs. It's astonishing how many of the most powerful people in the world today have graduated from the YGL program well before the climax of their power.

Speaking about the program in 2017 at Harvard University's John F. Kennedy School of Government, Schwab said:

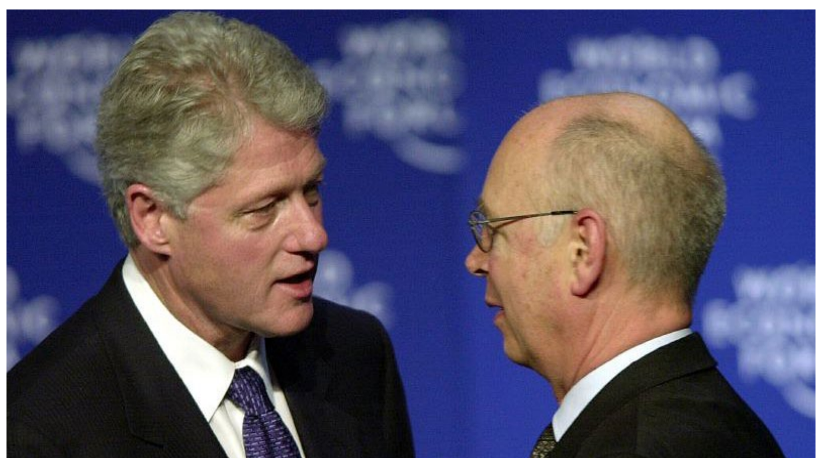
> This notion to integrate young leaders is part of the World Economic Forum since many years. And I have to say, when I mention now names, like Mrs. Merkel, even Vladimir Putin and so on, they all have been Young Global Leaders of the World Economic Forum. But what we are very proud of now, the young generation – like Prime Minister Trudeau, President of Argentina, and so on – that *we penetrate the cabinets*. So yesterday I was at a reception for Prime Minister Trudeau, and I know that half of this cabinet – or even more half of this cabinet – are for our actually Young Global Leaders of the World Economic Forum… It's true in Argentina. And it's true in France now, I mean with the president, with the Young Global Leader. But what is important for me is those Young Global Leaders have an opportunity to come here and we have established a cause.[247] (Emphasis added).

So, who is Klaus Schwab?

STAKEHOLDER SCHWAB

Klaus Schwab founded WEF, then called the European Management Forum, in 1971.[248] Even before this, Schwab was heavily entrenched in powerful political circles. In 1967, after he graduated from the John F. Kennedy School of Government with a Masters in Public Administration,[249] a then 29-year-old Schwab befriended his advisor, none other than Henry Kissinger.[250] In a conversation together at Davos in 2017, Schwab publicly thanked Kissinger for their long working relationship: "I would like to thank you personally also for the 50-year-long mentorship and all the advice you have given me," he said.[251] In 2021, Schwab said that "[p]articipating in Kissinger's seminars is where I developed my interest for geopolitical affairs."[252]

Throughout this mentorship, and through most of his reign as chairman of WEF, Schwab remained an integral part not only of geopolitical affairs, but also of academia. He worked as a professor at the University of Geneva from 1972-2003 and has received 17 honorary degrees from universities around the world.[253] Unlike most CEOs and politicians, it seems that Schwab is not playing a role or appeasing an audience; rather, Schwab seems to actually believe his utopian twaddle.



CLINTON / SCHWAB

[246] "Profiles," *Young Global Leaders: Shaping the Future*, World Economic Forum, *available at* https://web.archive.org/web/20051029210229/http://www.younggloballeaders.org/scripts/modules/Profiles/page11265.html (last accessed Mar. 25, 2022).
[247] Klaus Schwab, *Strengthening Collaboration in a Fractured World-Featuring Special Guest Yo-Yo Ma*, Institute of Politics at Harvard Kennedy School (Sep. 20, 2017), *available at* https://www.youtube.com/watch?v=AoBRnrtX9U4 (last accessed Mar. 22, 2022).
[248] *Id.*
[249] *Id.*
[250] Klaus Schwab, *Improving the State of the World: A Conversation with Klaus Schwab*, Institute of Politics at Harvard Kennedy School (Mar. 16, 202), *available at* https://www.youtube.com/watch?v=7TdiND82vFg (last accessed Mar. 22, 2022).
[251] Klaus Schwab and Henry Kissinger, *Davos 2017 - A Conversation with Henry Kissinger on the World in 2017*, World Economic Forum (Jan. 20, 2017), *available at* https://www.youtube.com/watch?v=Apjzjsa8AIg (last accessed Mar. 22, 2022).
[252] Klaus Schwab, *Improving the State of the World: A Conversation with Klaus Schwab*, Institute of Politics at Harvard Kennedy School (Mar. 16, 202), *available at* https://www.youtube.com/watch?v=7TdiND82vFg (last accessed Mar. 22, 2022).
[253] *Professor Klaus Schwab*, World Economic Forum, *available at* https://www3.weforum.org/docs/WEF_ProfessorKlausSchwab_Factsheet.pdf (last accessed Mar. 22, 2022).

Right from the start of WEF, public-private partnerships and cooperation between corporations – even competing ones – to achieve political ends has been what most animates Schwab. The same year that Schwab opened the European Management Forum, he wrote a book entitled *Modern Enterprise Management in Mechanical Engineering*, in which he argued that the management of a corporation should expressly serve a multitude of stakeholders instead of only its shareholders.[254] Schwab, perhaps more than any other figure, is responsible for formulating and advancing the concept of stakeholder capitalism.

Schwab has been on a 50-year crusade to shift corporate power away from capital-providing shareholders and toward the ruling elite.

WEF'S LONG HISTORY OF "STAKEHOLDER CAPITALISM"

Since its founding, WEF has leaned on the principles of stakeholder capitalism to further its global objectives. In its current mission statement, WEF celebrates that it was "founded on the stakeholder theory, which asserts that an organization is accountable to all parts of society,"[255] and that this stakeholder accountability includes a corporation's obligation "to shape global, regional and industry agendas."[256]

In his 1973 Davos Manifesto, Schwab wrote that the purpose of the "professional management" of a corporation is "to harmonize the different interests of the stakeholders."[257] In other words, C-suites are supposed to serve the interests of stakeholders that they handpick, even if those interests contradict the interests of shareholders.

Nearly fifty years later, stakeholder capitalism remains a central mechanism upon which WEF relies to advance its agenda. Just last year, as a follow up to his *COVID-19: The Great Reset* book, Schwab authored *Stakeholder Capitalism: A Global Economy that Works for Progress, People and Planet*. In this book, Schwab explicitly argued against Milton Friedman's classic defense of shareholders, while denoting "governments" as one of the "key stakeholders" of corporations.[258] Schwab also amicably quoted Larry Fink's defense of stakeholder capitalism: "To prosper over time every company must not only deliver financial performance but also show how it makes a positive contribution to society."[259] Schwab has been on a 50-year crusade to shift corporate power away from capital-providing shareholders and toward the ruling elite.

It's no wonder that Schwab credits himself for "pioneering the stakeholder concept."[260] He's not lying – it was absolutely his doing.

[254] *Klaus Schwab*, World Economic Forum, *available at* https://www.weforum.org/about/klaus-schwab (last accessed Mar. 22, 2022); Klaus Schwab, *Modern Company Management in Mechanical Engineering*, Verein Deutscher Maschinenbau-Anstalten (1971), *available at* https://www3.weforum.org/docs/WEF_KSC_CompanyStrategy_Presentation_2014.pdf (last accessed Mar. 28, 2022).

[255] *Our Mission*, World Economic Forum, *available at* https://www.weforum.org/about/world-economic-forum (last accessed Mar. 9, 2022).

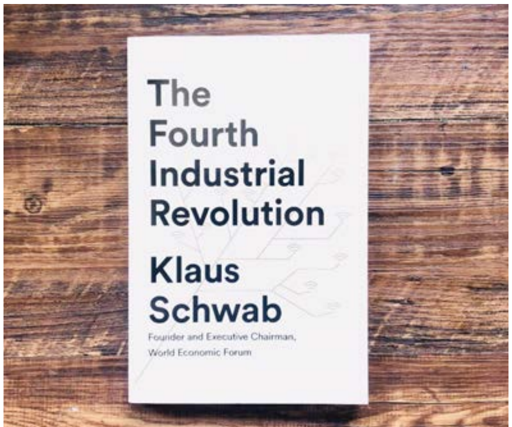
[256] *Id.*

[257] Klaus Schwab, *Davos Manifesto 1973: A Code of Ethics for Business Leaders,* World Economic Forum (Dec. 2, 2019), *available at* https://www.weforum.org/agenda/2019/12/davos-manifesto-1973-a-code-of-ethics-for-business-leaders/ (last accessed Mar. 9, 2022).

[258] Klaus Schwab & Peter Vanham, *What is Stakeholder Capitalism?*, World Economic Forum (Jan. 22, 2021), *available at* https://www.weforum.org/agenda/2021/01/klaus-schwab-on-what-is-stakeholder-capitalism-history-relevance/ (last accessed Mar. 9, 2022).

[259] Vivek Ramaswamy, *Woke, Inc.: Inside Corporate America's Social Justice Scam*, Center Street (Aug. 17, 2021), *available at* https://www.vivekramaswamy.com/wokeinc (last accessed Mar. 22, 2022).

[260] *Our Mission*, World Economic Forum, *available at* https://www.weforum.org/about/world-economic-forum (last accessed Mar. 9, 2022).



TRANSHUMANISM

WEF'S STAKEHOLDER STRATEGY TODAY

In 2020, WEF updated its 1973 manifesto to address its current objectives, which are passed off as stakeholder interests. While the agenda has expanded, the foundational concept of serving stakeholders rather than only (or primarily) shareholders remains the modus operandi of *Davos Manifesto 2020: The Universal Purpose of a Company in the Fourth Industrial Revolution*.[261]

The gall it takes to declare a "universal purpose" on behalf of any corporation, given that corporations are owned by shareholders, is maddening enough. But to then take it a step further by declaring a purpose on behalf of all corporations – and the "Fourth Industrial Revolution," no less – is something that only WEF can manage.

THE FOURTH INDUSTRIAL REVOLUTION AND THE INTERNET OF BODIES

Transhumanism, as defined by philosopher and futurist Max More, "is a class of philosophies of life that seek the continuation and acceleration of the evolution of intelligent life beyond its currently human form and human limitations by means of science and technology, guided by life-promoting principles and values."[262] In that regard, then, WEF's "Fourth Industrial Revolution" and take on the "Internet of Bodies" (IoB) is undoubtedly transhumanist.

WEF defines the Fourth Industrial Revolution as "a new chapter in human development, enabled by extraordinary technology advances," which "are merging the physical, digital and biological worlds" in a way that's "forcing us to rethink how countries develop, how organizations create value and even what it means to be human."[263] And the IoB, it claims, is a "network of human bodies and data through connected sensors" with the potential to "modify human bodies and behavior."[264]

WEF takes the Fourth Industrial Revolution and the IoB a step further, into the sci-fi horror genre, by binding them with its vision for social-credit systems.[265] The idea is that by generating and algorithmically analyzing massive amounts of medical data, in conjunction with digital health passports and other personal records, WEF and world elite can better control and organize society.[266]

Pfizer CEO Albert Bourla, a Davos regular and Agenda Contributor, is on board with this dystopian vision for the future. At a WEF conference in 2018, when asked about people's reluctance to connect their bodies to the IoB, Bourla eagerly discussed the development of an "electronic pill" which contains a "biological chip" that sends out a signal from the stomach of the patient to confirm that the pill was ingested. Enthused, Bourla added: "[i]magine the implications of that – the compliance."[267]

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[261] Klaus Schwab, *Davos Manifesto 2020: The Universal Purpose of a Company in the Fourth Industrial Revolution*, World Economic Forum (Dec. 2, 2019), *available at* https://www.weforum.org/agenda/2019/12/davos-manifesto-2020-the-universal-purpose-of-a-company-in-the-fourth-industrial-revolution/ (last accessed Mar. 9, 2022).
[262] Markus Amalthea Magnuson, *What Is Transhumanism?*, Transhumanist FAQ, *available at* https://whatistranshumanism.org/ (last accessed Mar. 28, 2022).
[263] *Fourth Industrial Revolution*, World Economic Forum, *available at* https://www.weforum.org/focus/fourth-industrial-revolution (last accessed Jan. 24, 2022).
[264] Xiao Liu and Jeff Merritt, *Shaping the Future of the Internet of Bodies: New Challenges of Technology Governance*, World Economic Forum (July 2020), *available at* https://www3.weforum.org/docs/WEF_IoB_briefing_paper_2020.pdf (last accessed Mar. 22, 2022).
[265] Xiao Liu, *Tracking How Our Bodies Work Could Change Our Lives*, World Economic Forum (June 4, 2020), *available at* https://www.weforum.org/agenda/2020/06/internet-of-bodies-covid19-recovery-governance-health-data/ (last accessed Jan. 24, 2022).
[266] *Id.*
[267] Tweet from The Vigilant Fox (Dec. 30, 2021), *available at* https://twitter.com/VigilantFox/status/1476560686662799377?s=20&t=F0UXNn8x35ScexhREaFGrA (last accessed Jan. 24, 2022).

But perhaps no WEF member is as focused on these issues as historian and author Yuval Noah Harari, another Agenda Contributor. At Davos in 2020, Harari discussed how the Fourth Industrial Revolution and IoB can be used for societal control, the likes of which would make the world of 1984 seem like a broad, sunlit upland.

"The new technologies will soon give some corporations and governments the ability to hack human beings,"[268] Harari chillingly said without any significant level of concern. "If you have enough data about me, and enough computing power and biological knowledge, you can hack my body, my brain, my life. You can reach a point when you know me better than I know myself."[269]

At a different event at the conference, Harari added, "soon, at least some corporations and governments will be able to systematically hack all the people. We humans should get used to the idea that we are no longer mysterious souls."[270]

Simply put, according to Schwab, "[t]he fourth industrial revolution is coming with enormous speed. And will change not only what we are doing but who we are."[271]

THE GREAT RESET

Perhaps no WEF agenda is as widely known as "The Great Reset," which sounds an awful lot like "Build Back Better." The Great Reset suggests that corporations and governments should use the pandemic as an opportunity to further their globalist ambitions.[272] In addition to his book by this name, Schwab also launched "The Great Reset Initiative" and outlined three main objectives of the Great Reset. The first is that the COVID-19 pandemic "is our best chance to instigate stakeholder capitalism" and that governments need to use this opportunity to "create the conditions for a stakeholder economy."[273] The second is to "ensure that investments advance shared goals" according to "ESG metrics."[274] And lastly, Schwab said, "[t]he third and final priority of a Great Reset agenda is to harness the innovations of the Fourth Industrial Revolution."[275]

It's certainly possible that Schwab's motivations may not be intentionally sinister. Unlike your typical woke CEO or politician who may toe the line out of self-interest, there are many indications that Schwab is a true ideologue and all too committed to his notions of stakeholder capitalism, modified humans and a corporate-run utopia.

As we've mentioned, you don't need a tin-foil hat to notice this open conspiracy – it's all right there in official WEF materials and conference videos – though WEF has recently been scrubbing a significant number of webpages given the heightened attention they have received as of late.[276] In light of Russia's invasion of Ukraine, for example, many took notice that both Vladimir Putin[277] and Volodymyr Zelenskyy[278] were members

268 Tweet from @backtolife_2022 (Mar. 20, 2022), *available at* https://twitter.com/backtolife_2022/status/1505579662885498881 (last accessed Mar. 22, 2022).
269 *Id.*
270 Tweet from @backtolife_2022 (June 6, 2021), *available at* https://twitter.com/backtolife_2022/status/1412450647643918341 (last accessed Mar. 22, 2022) (emphasis added).
271 *Id.*
272 *The Great Reset,* World Economic Forum, *available at* https://www.weforum.org/great-reset/ (last accessed Mar. 22, 2022).
273 Klaus Schwab, *Now Is the Time for a 'Great Reset'*, World Economic Forum (June 3, 2020), *available at* https://www.weforum.org/agenda/2020/06/now-is-the-time-for-a-great-reset/ (last accessed Mar. 22, 2022).
274 *Id.*
275 *Id.*
276 *Cyber Polygon*, World Economic Forum, *available at* https://www.weforum.org/projects/cyber-polygon (last accessed Mar. 29, 2022); Tweet from @valvalpuriam (Feb. 28, 2022), *available at* https://twitter.com/ValValpuriam/status/1498412650681843718?s=20&t=-Vd4Kt0waIDB-hCdZ4NOcg (last accessed Mar. 29, 2022); Tweet from @k3enteprises (Feb. 21, 2022), *available at* https://twitter.com/k3enteprises/status/1495837749597073408?s=20&t=-Vd4Kt0waIDB-hCdZ4NOcg (last accessed Mar. 29, 2022); Tweet from @sunrisenshine7 (Mar. 6, 2022), *available at* https://twitter.com/SunRisenShine7/status/1500626970131922944?s=20&t=-Vd4Kt0waIDB-hCdZ4NOcg (last accessed Mar. 29, 2022); Tweet from @galin07568098 (Mar. 2, 2022), *available at* https://twitter.com/Galin07568098/status/1498943153671491587?s=20&t=-Vd4Kt0waIDB-hCdZ4NOcg (last accessed Mar. 29, 2022).
277 *Vladimir Putin*, World Economic Forum, *available at* https://web.archive.org/web/20210314025357/https://www.weforum.org/people/vladimir-putin (last accessed Mar. 25, 2022).
278 *Volodymyr Zelenskyy*, World Economic Forum, *available at* https://www.weforum.org/people/volodymyr-zelenskyy (last accessed Mar. 25, 2022).

of the World Economic Forum, but WEF made sure to delete Putin's profile from its website,[279] along with any record of his association with WEF. The list of most of the other graduates from the YGL program has disappeared as well.[280]

It's entirely possible that Schwab really believes that his efforts to orchestrate a central framework for cooperation between corporations and government will usher in a globalist utopia. But that's exactly the problem – at least if you're one of the billions consigned to being "hacked" rather than the few handpicked elites who intend to do the hacking.

In the end, Schwab's motives are not all that important. Conspiracy or not, genuine or not, it is simply an objective fact that WEF is openly pushing a radical anti-human, anti-freedom agenda, and increasingly garnering influence over major corporations and governments worldwide. On precautionary grounds alone, as shareholders, we need to use our voice to keep corporations and corporate leaders as far away as possible from Schwab and WEF.

GEORGE SOROS

Many of the loudest and most aggressive proponents of stakeholder capitalism among American CEOs are also the most woke, including Larry Fink, Jamie Dimon and Brian Moynihan. Of these men perhaps Fink's influence is most pernicious, given that he is actively conducting an insurrection against his investors, using their $10 trillion in capital to force other American corporations to adopt his – always hard left – personal policy preferences.

One of the ways he achieves this end is by issuing annually a "letter to CEOs," in which he purports to give corporate executives their marching orders. These letters are always screeds combining self-congratulation, threat and the unfounded and facially ludicrous assertion that woke goals are necessary for all corporate success and are in no way partisan.

Fink's 2022 letter, released in January, is available at https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter. Within a week, FEP had written our own letter to CEOs responding to and critiquing Fink's missive. It follows.

[279] *Vladimir Putin*, World Economic Forum, *available at* https://www.weforum.org/people/vladimir-putin (last accessed Mar. 25, 2022).
[280] *Community*, The Forum of Young Global Leaders, *available at* https://www.younggloballeaders.org/community (last accessed Mar. 29, 2022).

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FOR PUBLIC POLICY RESEARCH

January 20, 2022

Dear CEO,

We have reviewed Larry Fink's 2022 letter to you and your peers, and we have reached two conclusions. Larry Fink doesn't think that you as CEO or we as shareholders are very bright, or he wouldn't make so many glaringly false assertions. And because of this, you will lead your company into true mountains of risk – reputational, legal, regulatory, legislative, and more – if you follow his lead.

Over the course of his fairly brief letter, Fink reveals that he doesn't understand (or pretends not to understand) capitalism. He makes overtly absurd claims about the non-partisan nature of his demands to the corporations in which his clients have invested. He misunderstands his fiduciary duty. And he fails to recognize that his vision for the future is already failing, in the United States and all around the world.

It's probably not fair to say that your fiduciary duty to your shareholders and your moral duties to other relevant parties require you to reject everything that Larry Fink says. But it is certainly true that you cannot simply rely on anything he says without undertaking your own full, objective, independent investigation.

Larry Fink Does Not Understand Capitalism

This may seem a surprising claim about someone whose firm controls $10 trillion of other people's assets, but if we assume that he means what he says in his letter then we can reach no other conclusion.

Fink's claims about "stakeholder capitalism" are the primary tell. He claims that stakeholder capitalism is a new understanding of capitalism, and one that is necessary for modern business. But this is wrong. Stakeholder capitalism is either just a communications-office creation – a catchy and faux-caring terms that changes nothing – or it is an insurrection by the C-suite against shareholders dressed up as caring about the wider community.

Fink and the CEOs of the Business Roundtable grandiosely announced[281] in 2019 that it had altered the "purpose of the corporation" from shareholder capitalism to a stakeholder variety. The supporters of this change made large claims about how this shift would mean big things for employees, clients, the environment – basically everyone and everything, because everyone was a stakeholder.

The Business Roundtable, though, is nothing more than a luncheon club for CEOs. It doesn't have the power to change anything by its pronouncements, far less the legal fiduciary duties that obtain to corporate executives – who, under current general-business law, work as managers for the interests of shareholders. So various shareholder representative groups on the left started proposing that corporations change their incorporation status to the public-benefit corporation form, which not only allows but requires that corporations act on behalf of specified charitable goals rather than merely maximizing shareholder value. Meanwhile, the Free Enterprise Project (FEP) of the National

[281] *One Year Later: Purpose of a Corporation*, Business Roundtable, *available at* https://purpose.businessroundtable.org/ (last accessed Mar. 29, 2022).

Center for Public Policy Research, our organization, sought confirmation from corporations that whatever their CEOs might declare at lunch, they were still working in the interests of their shareholders.

Sure enough, what we[282] and the left-of-center[283] groups found is that companies have universally confirmed that the stakeholder-capitalism pronouncement was just a public-relations bauble that hadn't changed anything. The companies were still, as under law they're obliged to, working to advance the objective financial interests of the companies' owners – the shareholders.

They affirmed what has always been true: that businesses run for the interests of shareholders will necessarily take into account the interests of employees, customers and communities for the simple reason that good and successful businesses have to treat those groups well, and are glad to do it. But the financial interest of the shareholders provides an organizing rationale for what to do when various "stakeholder" interests conflict, or derogate from the financial well-being of the corporation.

Without that unifying interest, what Fink calls stakeholder capitalism isn't capitalism at all: it's a stealth takeover of investor assets by corporate executives. This is because not all stakeholder interests can be represented in corporate decision making. Clients will want different things than employees in many instances, and some employees will wish to chart a different course than other employees do. You can no more please all of the people all of the time than you can fool them that often. So what "real" (as opposed to communications-office) stakeholder capitalism boils down to is corporate executives putting their personal-policy preferences in the mouths of stakeholders (or listening exclusively to the stakeholder representatives who "demand" whatever it is that the corporate executives want to do), and then doing whatever they want rather than following their fiduciary duty to act in the financial best interest of their shareholders – which includes conducting complete, non-partisan and objective research in determining just what is in those shareholders' best interests.

Fink accidentally acknowledges that his vision of stakeholder capitalism is the insurrectionary and self-dealing sort, a cover for his assertion of his personal policy preferences over shareholder financial interests. He admits:

> Delivering on the competing interests of a company's many divergent stakeholders is not easy. As a CEO, I know this firsthand. In this polarized world, CEOs will invariably have one set of stakeholders demanding that we do one thing, while another set of stakeholders demand that we do just the opposite.

Fink doesn't resolve these conflicts by polling all stakeholders and acting with the majority. He just listens to the groups who want to do what he wanted to do all along, and then claims he's somehow acting for all stakeholders.

That's not a fiduciarily sound mode of procedure. Nor is it any sort of capitalism at all.

To see how far Fink's vision of capitalism differs from the real thing, imagine that his stakeholder revolution were

[282] *Business Roundtable Chairman Confirms Controversial Roundtable Statement Changes Nothing*, National Center for Public Policy Research (June 2, 2021), *available at* https://nationalcenter.org/ncppr/2021/06/02/business-roundtable-chairman-confirms-controversial-roundtable-statement-changes-nothing/ (last accessed Mar. 29, 2022).
[283] *Current Resolutions*, As You Sow, *available at* https://www.asyousow.org/resolutions-tracker (last accessed Mar. 29, 2022).

to happen at a privately held company. The company executives go out to lunch one day and work out a memo to the owner, in which they explain that they have decided that they are going to manage the company for the best interests of all the company's stakeholders – not the owner; and that they were going to determine who to recognize as legitimate stakeholder representatives, and which of their interests count.

They'd all be fired and replaced before dinnertime.

Fink's stakeholder capitalism is just managerial socialism, but with the managers paid by private companies rather than by government. And in this sense, it is ever more dangerous than governmental managerial socialism, because government managers, however burrowed into the bureaucracy, are at least partially constrained by the electoral processes. Fink, though, wants to dictate American corporate policy – and through it American social and environmental policy – without ever having to face an electorate.

That's what makes his pretense that his agenda isn't uniformly partisan but rather objectively grounded so pernicious.

Fink's Demands to CEOs are Entirely Partisan
Fink claims in his letter that "stakeholder capitalism is not woke," and that it "is not about politics. It is not a social or ideological agenda." People only think it's highly pastisan, he asserts, because of efforts by "[p]olitical activists, or the media, [to] politicize things your company does." But the rest of the letter belies this claim. As an initial matter, and though Fink largely avoids using the term, the agenda that he supports is a straightforward, left-wing "ESG" agenda – with the S in that construction an initialization of "social." The first reform that Fink demands of companies, the adoption of "racial equity," is the primary left-wing social ESG goal right now. It is also the beating heart of the woke, hard-left agenda, and is so controversial that it drove the surprising election results in 2021 and is even now driving a massive realignment away from politicians and activists who embrace it. And well it should, because racial (and other) equity demands[284] straightforward discrimination[285] – discrimination against "non-diverse" groups now, on the grounds of race, ethnicity, sex and sexual orientation, to make up for past discrimination by other people against groups that Fink honors with the label diverse. The idea that this hard-left doctrine of discrimination is both non-partisan and necessary for corporate success – that overt discrimination is required to retain workers and create happy workplaces – is ludicrous.

The rest of Fink's demands to companies simply adopt the current left-wing partisan agenda. His push for politics-driven zero-carbon deadlines for American companies is a private Green New Deal – another wholly partisan position, which Fink supports by adopting wholesale all of the unproven left-wing presumptions about carbon reduction while ignoring the vast array of considerations that militate against artificial and not-yet-technically feasible schedules for carbon reduction. This blinkered and partisan treatment of the issue is perhaps best illustrated by Fink's demand that companies "issue reports consistent with the Task Force on Climate-related Financial Disclosures."[286] Such reporting pushes companies to adopt politically driven schedules, but not to consider whether those schedules will result in

[284] Christopher F. Rufo, *The Wokest Place On Earth*, Christopherrufo.com (May 6, 2021), *available at* https://christopherrufo.com/the-wokest-place-on-earth/ (last accessed Mar. 29, 2022).
[285] Ben Shapiro, *The Inequality of 'Equity'*, Real Clear Politics (Feb. 3, 2021), *available at* https://www.realclearpolitics.com/articles/2021/02/03/the_inequality_of_equity_145173.html#! (last accessed Mar. 29, 2022).
[286] *About*, Task Force on Climate-Related Financial Disclosures, *available at* https://www.fsb-tcfd.org/about/ (last accessed Mar. 29, 2022).

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any meaningful world-wide carbon reductions of the sort that will change the trajectory of climate change. (If, for instance, China and other developing companies don't join the artificial schedules – and there's every[287] indication that, rhetoric aside,[288] they have no intention[289] to do so – then even full carbon elimination by the whole American economy won't make any significant difference to the world's climate.) Nor does it push companies to fully consider the tradeoffs and opportunity costs that will arise from following a politicized schedule rather than a financial-and-technical feasibility schedule, or to weigh the financial risks that carbon-based energy development and revenue will simply be transferred away from public companies – and small investors – to private equity billionaires like Fink himself and corrupt foreign governments.[290]

BlackRock's research[291] supporting its partisan agenda is likewise incomplete, non-objective, and salted with unexamined left-wing presumptions.

BlackRock also fails completely to support any shareholder proposals or initiatives that arise from the center/ right. FEP has traditionally been the primary sponsor of such proposals and initiatives, and so we know first-hand that BlackRock supports only left-of-center efforts. While it demands present discrimination on racial and other grounds, for instance, BlackRock refuses to support resolutions that push companies toward protections against discrimination on the basis of viewpoint or worldview – even though diversity of viewpoint has been reliably shown to improve company performance, while the evidence that surface-characteristic or private-life diversity improves performance is either very weak or wholly lacking.

You can gather for yourself from all of this how reliable and complete will be the research from BlackRock's Center for Stakeholder Capitalism, the creation of which Fink touts in his letter. He claims that it will

> create a forum for research, dialogue, and debate. It will help us to further explore the relationships between companies and their stakeholders and between stakeholder engagement and shareholder value. We will bring together leading CEOs, investors, policy experts, and academics to share their experience and deliver their insights.

But if Fink rigs the results at that Center – using left-wing assumptions and talking to left-wing leaders while ignoring thoughts, facts and concerns that don't fit his left-wing agenda –he'll simply be wasting investor and shareholder money to fund yet another – wholly redundant – left-wing thinktank. We're looking forward to our invitations to participate in the Center's work, and to hear that other thinkers and organizations who oppose woke capitalism, like Vivek Ramaswamy,[292] Stephen Soukup[293] and the experts at the Heritage Foundation, the Competitive Enterprise Institute, and others have likewise been invited – but we're not holding our breath.

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287 Dorothy Li, *China Fires Up New Giant Coal Power Plant in Face of Calls for Cuts*, Epoch Times (Dec. 29, 2021), *available at* https://www.theepochtimes.com/china-fires-up-new-giant-coal-power-plant-in-face-of-calls-for-cuts_4183280.html (last accessed Mar. 29, 2022).

288 Matt Ridley, *China Is Using The Climate As A Bargaining Chip*, The Spectator World (Oct. 7, 2021), *available at* https://spectatorworld.com/topic/china-using-climate-bargaining-chip/ (last accessed Mar. 29, 2022).

289 Tsvetana Paraskova, *China Announces Major Shale Oil Discovery*, OilPrice.com (Aug. 25, 2021), *available at* https://oilprice.com/Energy/Energy-General/China-Announces-Major-Shale-Oil-Discovery.html (last accessed Mar. 29, 2022).

290 *Id.*

291 *Investment Stewardship Annual Report*, BlackRock (Sep. 2020), *available at* https://www.blackrock.com/corporate/literature/publication/blk-annual-stewardship-report-2020.pdf (last accessed Mar. 29, 2022).

292 Vivek Ramaswamy, *Woke, Inc.*: Inside Corporate America's Social Justice Scam, Center Street (Aug. 17, 2021), *available at* https://www.vivekramaswamy.com/wokeinc (last accessed Mar. 22, 2022).

293 Stephen R. Soukup, *The Dictatorship of Woke Capital: How Political Correctness Captured Big Business*, Encounter Books ("Soukup, Dictatorship") (Feb. 23, 2021), *available at* https://www.encounterbooks.com/books/dictatorship-woke-capital/ (last accessed Jan. 10, 2021).

Fink opens his letter by asserting that his motivation to foist his agenda on American companies arises simply as a response to his fiduciary duties to his shareholders and investors. His follow-up claim that the demands he makes in the name of "stakeholder capitalism" are not partisan, but are just good business – and all just happen to be exclusively left-wing – is so unlikely that it could be consonant with that fiduciary duty only if demonstrated conclusively by objective, complete and duplicatable evidence. That fact that Fink's claims are based on research that bears none of these attributes wholly eviscerates his claim. Fink envisions a day on which "every investor – even individual investors – can have the option to participate in the proxy voting process if they choose." Until then, though, he votes the vast majority of investor proxies, not just those in explicitly ESG funds, to forward his partisan personal policy agenda.

The Failures of Fink's Politics-Driven Agenda Already Abound

The failures of Fink's politically driven agenda are already everywhere. Consider that Fink urged[294] corporations vastly to increase their investments in China just as China was violating treaties to destroy liberty in Hong Kong, threaten Taiwan and Japan with war, contain millions of Uyghurs in concentration camps, and lie to the world about its responsibility for shuttering the whole globe for the best part of two years. This wasn't just bad financial advice; it was also morally reprehensible. Taken with his demands for equity-based overt discrimination at home, his complicity in discrimination, repression and increasing authoritarianism abroad perhaps shouldn't be that surprising, but it makes shockingly clear that Fink is not the man from whom any American companies should accept any lectures about morality, or any guidance generally.

China also sits at the center of Fink's energy-policy failures. While China occasionally mouths comforting platitudes about reducing carbon emissions someday, in fact it is ramping up those emissions, including by bringing massive numbers of coal-fired energy-generation plants on line. Meanwhile, in Europe, which has in large part adopted political carbon-reduction schedules like the ones Fink presses on corporations here, the result has been increases in carbon emissions because the technology does not exist to support those political schedules, requiring[295] Europe to rely on older technologies even as agenda-driven scarcity[296] has caused electricity costs[297] to soar. Europe makes clear that Fink's decarbonization plans lead to vastly higher costs for more carbon-dense energy. The former may not matter to Fink with his vast wealth, but it matters to hundreds of millions of the ordinary "stakeholders" whom Fink pretends to represent. That political decarbonization schedules have led – right now – to increased carbon production is something that would be taken seriously by a thoughtful and non-partisan investor. Fink's silence in the matter speaks loudly.

Perhaps Fink's overriding and motivating error, though, is his failure to understand that industrial planning of the sort that he demands – and demands that he direct – always fails. From the Soviet Union to post-war, pre-Thatcherite

[294] *BlackRock: Our Enemy, Their Ally,* BlackRock Loves China, *available at* https://blackrockloveschina.com/ (last accessed Mar. 29, 2022).
[295] Tsvetana Paraskova, *Depleted Gas Stocks Force Europe To Use More Coal,* OilPrice.com (June 15, 2021), *available at* https://oilprice.com/Energy/Energy-General/Depleted-Gas-Stocks-Force-Europe-To-Use-More-Coal.html (last accessed Mar. 29, 2022).
[296] Michael Shellenberger, *Finally, Bloomberg Admits Renewables Mania Caused Energy Shortages*, Michael Shellenberger (Jan. 4, 2022), *available at* https://michaelshellenberger.substack.com/p/finally-bloomberg-admits-renewables?s=r (last accessed Mar. 29, 2022).
[297] Todd Gillespie, Isis Almeida and Jesper Starn, *Europe's power crunch shuts down factories as prices hit record*, Financial Post (Dec. 22, 2021), *available at* https://financialpost.com/commodities/energy/europes-power-crunch-shuts-down-factories-as-prices-hit-record (last accessed Mar. 29, 2022).

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Britain to China's overproduced and massively ill-judged ghost-cities real-estate development, artificial selection of investment targets by politically motivated "experts" always results in stagnation and misallocation. The problem arises from substituting the dictates of so-called experts for the diffuse wisdom of markets and the invisible hand. It will not therefore be avoided by the dictates coming, as Fink wishes, from him rather than from government bureaucrats.

The Consequences of Submitting to Larry Fink

Fink's claim to be acting in accordance with his fiduciary duty for the benefit of BlackRock's shareholders and stakeholders – or for anyone – is insupportable. Following his politically partisan and divisive advice without fully conducting the complete, objective and reproducible research to establish its benefit to each corporation would similarly violate the fiduciary duties of C-suites nationwide.

The controversial, partisan and ill-considered nature of Fink's demands, meanwhile, will raise significant regulatory, legislative and other legal risks. As we have seen, "equity" demands discrimination, especially on legally problematic grounds. It will invite lawsuits from the groups of employees and other stakeholders who are discriminated against. At the same time, the American people are making their disgust at such systemic discrimination – in schools and in the workplace – increasingly clear. Fink asserted, without evidence that "[e]mployees are increasingly looking to their employer as the most trusted, competent, and ethical source of information – more so than government, the media, and NGOs." In truth, though, trust in American corporations across all of society has seldom been lower[298] – a development largely driven[299] by the hard-core politicization[300] of so many companies. This increasing distrust of corporate America raises significant risk that further politicization, of the sort that Fink demands, will result in increased investigation, regulation and legislation when power next swings away from the faction that supports Fink's left-wing agenda, while making it significantly more likely that that swing will come sooner rather than later.

Fink asserts in his letter that "access to capital is not a right. It is a privilege," and he demands that he be the one to decide, on intensely political, divisive and unpopular grounds, who is granted that access. But it seems likely that the American people will be unwilling to go along with his wish to anoint himself America's unelected economic czar, and will block his grandiosity while also looking askance at companies that have acceded to his agenda.

Larry Fink is a one-man threat to American prosperity and culture in his effort to control it all. He is not the man you should hand the keys of your company to.

But you don't need to take our word for it. At Berkshire Hathaway's annual shareholder meeting last year, Fink and BlackRock publicly backed two shareholder resolutions – one pushing "equity," the other politicized climate reporting. Warren Buffett opposed the resolutions, which were grounded in Larry Fink's notion that he knows better

[298] *Confidence In Institutions*, Gallup, *available at* https://news.gallup.com/poll/1597/confidence-institutions.aspx (last accessed Mar. 29, 2022).
[299] Scott Rasmussen, *59% Believe Companies Taking Political Positions Adds To Divisiveness In America*, ScottRasmussen.com (Apr. 6, 2021), *available at* https://scottrasmussen.com/59-believe-companies-taking-political-positions-adds-to-divisiveness-in-america/ (last accessed Mar. 29, 2022).
[300] Tim Meads, *No Surprise: Most Voters Want CEOs To Focus On Business, Not Social Issues,* Daily Wire (Nov. 29, 2021) *available at* https://www.dailywire.com/news/no-surprise-most-voters-want-ceos-to-focus-on-business-not-social-issues (last accessed Mar. 29, 2022)..

than the Oracle of Omaha how to run Buffett's own company.

Buffett called out BlackRock and the other passive investment houses. He said that "[o]verwhelmingly the people that bought Berkshire with their own money voted against those propositions. Most of the votes for it came from people who've never put a dime of their own money into Berkshire." He concluded that making all the companies across Berkshire's sprawling empire fill out a questionnaire on climate and racial statistics, because some outside organizations asked for it, was "asinine."

We couldn't agree more.

Conclusion

If Fink and BlackRock plan to vote in favor of a left-wing ESG shareholder resolution, against the fiduciary interests of your company, we at FEP will have your back. If Fink supports far-left political activists to replace the business leaders that sit on your board of directors, we at FEP will have your back. Fink's 2022 letter to CEOs continues his fervent march to remake corporate America in his far-left image. As Warren Buffett and his board made clear last year, you and your board are responsible to your shareholders. While BlackRock may be an investor in your company, Larry Fink is not your master. Just because he wants to be king of the business world, that doesn't mean you have to indulge his narcissism. We hope our letter has made clear - Fink is a king in his own mind only - and one wearing no clothes at all.

Sincerely,

Scott Shepard
Director
Free Enterprise Project
National Center for Public Policy Research

DISCLAIMER

The aggregated information included in the *2022 Investor Value Voter Guide* includes publicly available information about shareholder resolutions filed with U.S. public companies that may be on the proxy statements and voted on at annual general meetings in 2021.

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