IMPACT REPORT

December 2024

PHENIX CAPITAL

PUBLIC EQUITY
FUNDS AT A GLANCE

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If you are a fund investor

and would like to have a live demo of the Phenix Capital Impact Database, please visit www.phenixcapitalgroup.com/impact-database and register your interest.

If you are an impact fund manager

and would like to be considered for listing on the Phenix Capital Impact Database please email sales@phenixcapitalgroup.com. Listing is free of charge.

ABOUT PHENIX CAPITAL

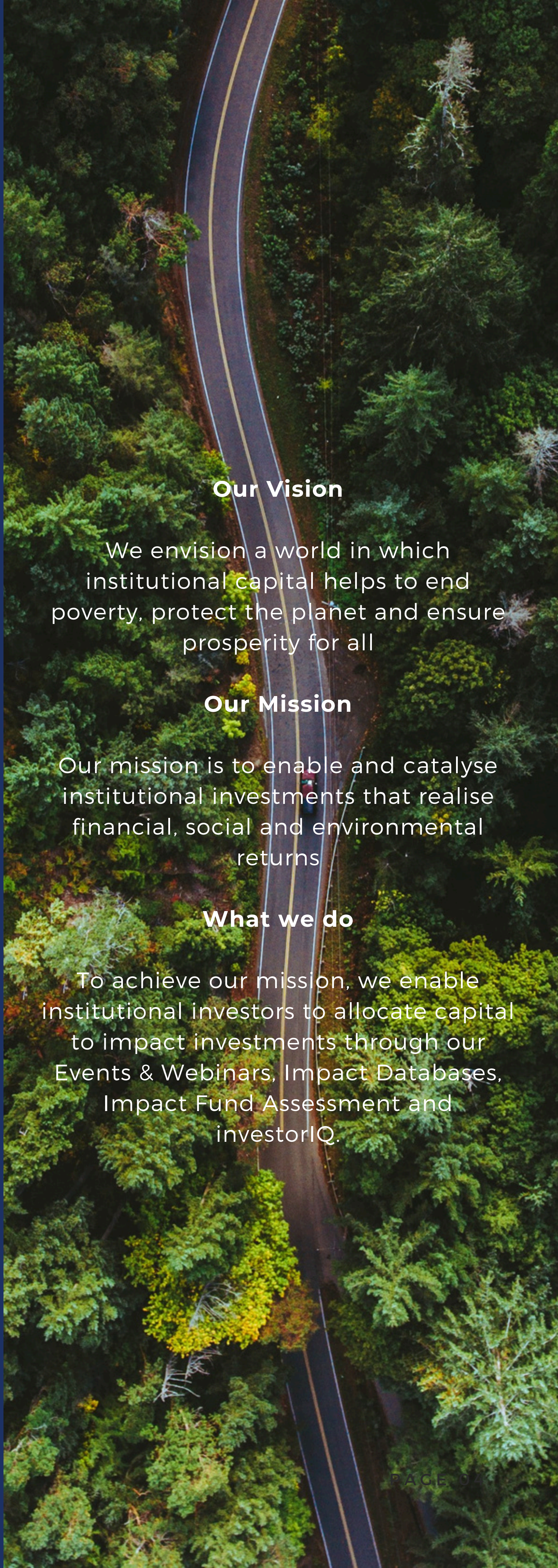
CATALYSING INSTITUTIONAL CAPITAL TOWARDS THE SDGS

Phenix Capital Group is an impact investment consultant that enables institutional investors to make impact investments.

We assist asset owners and asset managers in aligning their investments with their values, financial objectives, and the Sustainable Development Goals.

www.phenixcapitalgroup.com

Signatory of:



Our Vision

We envision a world in which institutional capital helps to end poverty, protect the planet and ensure prosperity for all

Our Mission

Our mission is to enable and catalyse institutional investments that realise financial, social and environmental returns

What we do

To achieve our mission, we enable institutional investors to allocate capital to impact investments through our Events & Webinars, Impact Databases, Impact Fund Assessment and investorIQ.

ABOUT IMPACT DATABASE

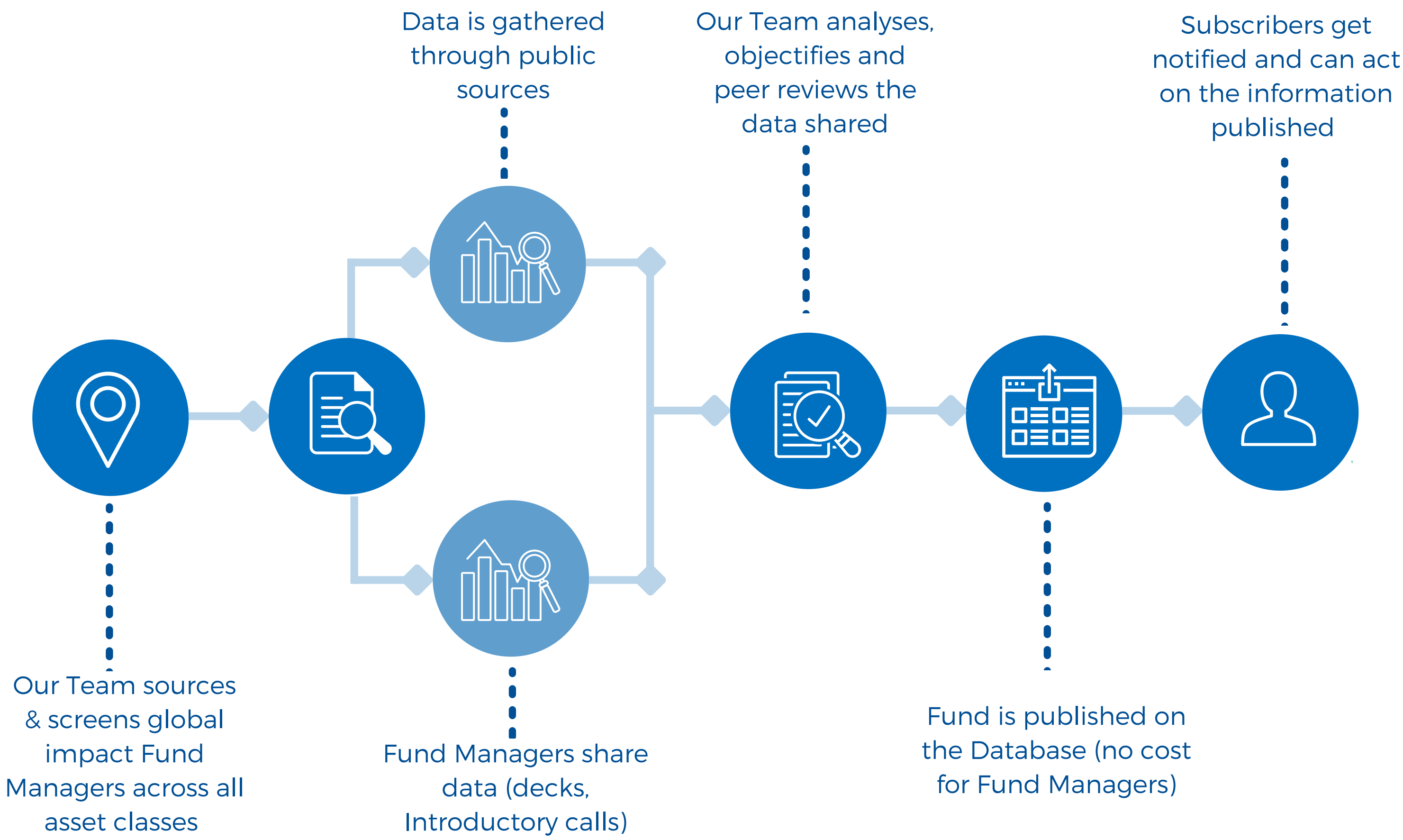
Phenix Capital's mission is to enable the allocation of capital from institutional investors towards social and environmental solutions while supporting the 2030 Sustainable Development Goals (SDGs). With the Impact Database, Phenix Capital aims to provide investors with access to and intelligence on the impact fund market opportunities available to them.

Three main variables have been central to construct, monitor and update the database: **funds considered have an impact proposition, institutional scale, and target market-rate returns.**

Impact Investing goes beyond negative screening and using Environmental, Social and Governance (ESG) integration to reduce harm or avoid risks, to generating intentional positive impact. Phenix Capital defines impact investing as **investing with the dual mandate of financial return and positive societal or environmental impacts**, with the notion of measuring the positive and negative impact of investments, ensuring both **intentionality and additionality** among these.

Phenix Capital's Impact Database features funds that align with this definition through their creation of solutions for global social and environmental issues, whilst prioritising financial returns. This category of impact investments can be referred to as **financial-first impact investments**.

FUND SOURCING PROCESS



INTRODUCTION

Listed equities may be one of the last asset classes to join the impact investing movement, but harnessing their impact potential has a three-fold benefit: scale, shareholder power, and legacy.

Public equities make up nearly 36% of the total market capitalisation, equivalent to $77 trillion, according to MSCI's global asset class composition at the end of 2023. Meanwhile, private equity, the asset class of choice for the majority of impact funds (see *Private Equity Impact Report 2024*), makes up only 1.7% of total market capitalisation.

Private equity investments need a place to go after they have matured, and initial public offerings are a favourite exit strategy for many entrepreneurial ventures. Once public, shareholders can then become the driving force for change and keeping the impact promise of previously private businesses.

Until recently, integration of Environmental, Social and Governance (ESG) factors were the main form of responsible investing in public equities, with investors relying on company sustainability ratings offered by groups including Bloomberg, FTSE Russell, MSCI, S&P, and Moody's.

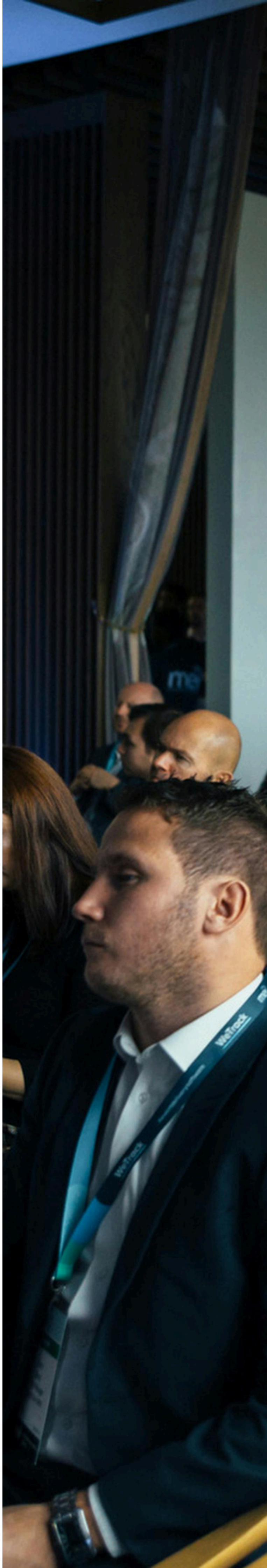
While ESG scores are a useful tool to help companies evaluate and manage their resilience to ESG risks and opportunities, these frameworks have their own challenges. According to *EY Global Institutional Investor Survey 2024*, while 88% of investors surveyed have increased their use of ESG information, 92% worry that ESG-related initiatives harm short-term corporate performance.

ESG scores combined with exclusion approaches have given investors tools to implement a 'do no harm' investing lens. At the end of 2023, 1,667 institutional investors had committed to divest $40.76 trillion from fossil fuels alone, but do these strategies actively direct capital towards companies that bring change?

Recent research funded by the European Research Council highlighted seven strategies for influencing the fossil fuel industry: divestment, shareholder engagement, hiring practices, engaging the financial sector, engaging indirect financial actors, litigation, and green investment.

Most of these strategies can be used by shareholders in any company or industry wanting to influence change. For this reason, to turbo-charge tangible change both socially and environmentally, finding ways to move the needle on public equity impact investing is crucial.

Impact investors typically outline the 'Theory of Change' at the start of the investment process.



INTRODUCTION

Investor intentionality, the expected contribution to impact for each investment, is set by providing goals ahead of allocating money. This ability to articulate intentionality ahead of investing is possible in both public and private markets.

There are still a number of challenges to impacting investing in public equities. The first is the ability to attribute impact additionality specifically to an investor, and keep track of their contribution, given the sheer number of shareholders. The second is the ability to ensure impact continues after the investment is exited.

This is where having an actively engaged and value-aligned board is key. Until recently, active engagement was the preserve of activist investors focused on unlocking shareholder value, but now deeper value attached to environmental and social impact is starting to become more common place.

Previously investors were divided between divestment and engagement, but today the process is being refined so that changes can be made using both strategies. So how can investors be persuaded to take that next step to give an impact framework to their listed equity mandate?

Education, regulation and allocating via impact-focused listed equity funds, an easy first step is to "see how it's done", are all important drivers. In this survey, the Phenix Database has highlighted the 274 public equity funds run by 126 managers, equivalent to 10.6% of all of the impact funds in the database.

For education, various bodies have published reports on how to establish impact strategies in listed equities including, Global Impact Investing Network's 2023 *Guidance for pursuing impact in listed equities*.

WHEB Asset Management, a firm focused solely on impact investing in listed equities, is sharing its experience. For example, it has found that of the universe of listed equities, only 15% of public companies meet their positive impact threshold criteria and are potential candidates for investment.

Together with the Impact Investing Institute and Friends Provident Foundation, WHEB has also brought together leading public market investors to share their experience and ideas for advancing good impact investment practice at a round table earlier this year.

A paper published in 2021 by Harvard Kennedy School found a number of interesting factors that emerged when looking at listed equity funds that align their investment thesis to advancing the UN Sustainable Development Goals (SDGs).

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One interesting example from the Harvard study showed the diversification benefits of SDG alignment; these portfolios had some 50% less common stocks and typically had longer holding periods of up to four years.

Regulation is starting to emerge to give investors, particularly in the retail space, some structure and understanding around impact investing (and the various sustainability labels). In the US alone, equity mutual funds made up half the mutual fund assets in June 2023, equivalent to $12,686 billion in assets.

But it is the UK Financial Conduct Authority's Sustainability Disclosure Requirements (SDR), which aim to minimise greenwashing and enhance integrity and transparency of impact products. Work is still needed to get measuring, monitoring and reporting to a level that is appropriate for listed equities. This will require the development of metrics, indices, and benchmarks.

That said, with groups such as WHEB and Snowball sharing their impact frameworks and metrics it is easier for others to take their first steps and be part of creating appropriate structures for listed equity impact investing.

While private market investments are likely to deliver a greater impact for every dollar invested, it is clear that public markets offer the possibility of permanent capital to scale up impact.

To achieve the SDGs by 2030, annual investments of around $5 trillion – $7 trillion are estimated to be required across all sectors. Global pension funds alone control some $55.7 trillion, according to Thinking Ahead Institute's 2024 *Global Pension Assets Study*, and the equity allocations of these, combined with those of all other asset owners, contain a powerhouse of voting rights.

As mentioned earlier, public markets offer an exit route for private businesses that chose to list and achieve scale. But one of the most exciting and potentially catalytic areas of public equity impact investing is 'people power'.

In this month's interview, Andrew Behar, CEO of As You Sow, talks about how the group empowers shareholders to drive long-term lasting change for good at corporations, which has been shown to also drive returns and profitability.

Report Highlights:

- 10% average proportion of public equity funds over 5 yrs
- 50% of the listed impact funds focus on 2-5 SDGs as themes
- 34% of investors in listed impact funds are foundations

IMPACT THEMES MAPPED AGAINST THE SDGS

The Phenix Capital Group has mapped the SDGs against Impact Themes, which are based on **the most globally endorsed terms used by practitioners in the financial sector** and what's used by generally accepted frameworks, to enable both fund managers and fund allocators to better **understand how the SDGs and it's sub-goals translate into outcome-based investment areas -** by the name that they are commonly known and referred to in the financial industry.

Mapped against the SDGs' sub-goals, our Impact Themes offer a comprehensive way for investors and fund managers in the financial industry to identify what social or environmental outcome is generated by an impact investment and its contribution to the Sustainable Development Goals.

THE REVAMPED IMPACT THEMES ARE ALREADY AVAILABLE IN OUR IMPACT DATABASE FOR FUND FILTERING, VIA THE FUND SEARCH FUNCTION.

BE PART OF THE
IMPACT REPORT

Every month Phenix Capital Group publishes a new Impact Report, bringing up-to-date data on impact investments and interviews with impact fund managers and investors from the field.

PAST REPORTS INCLUDE:

See all Impact Reports on our webiste, visit: https://phenixcapitalgroup.com/impact-report

WOULD YOU LIKE TO BE FEATURED IN THE NEXT EDITION?

Featured interviews are carefully chosen taking into consideration the theme from the month and the expertise of the person to be interviewed, besides the company where he or she works.

Talk to our team about opportunities to be featured. Upcoming report topics include:

YEAR	REPORT THEME
2025	TBA

Contact us to learn more about how to be featured in our reports.

PUBLIC EQUITY FUNDS

DATA OVERVIEW

269

Public Equity Impact Funds

126

Public Equity Impact Fund Managers

€238 m

Median capital raised by Public Equity Impact Funds*

175

Public Equity Impact Funds with a Global Strategy

€170 bn

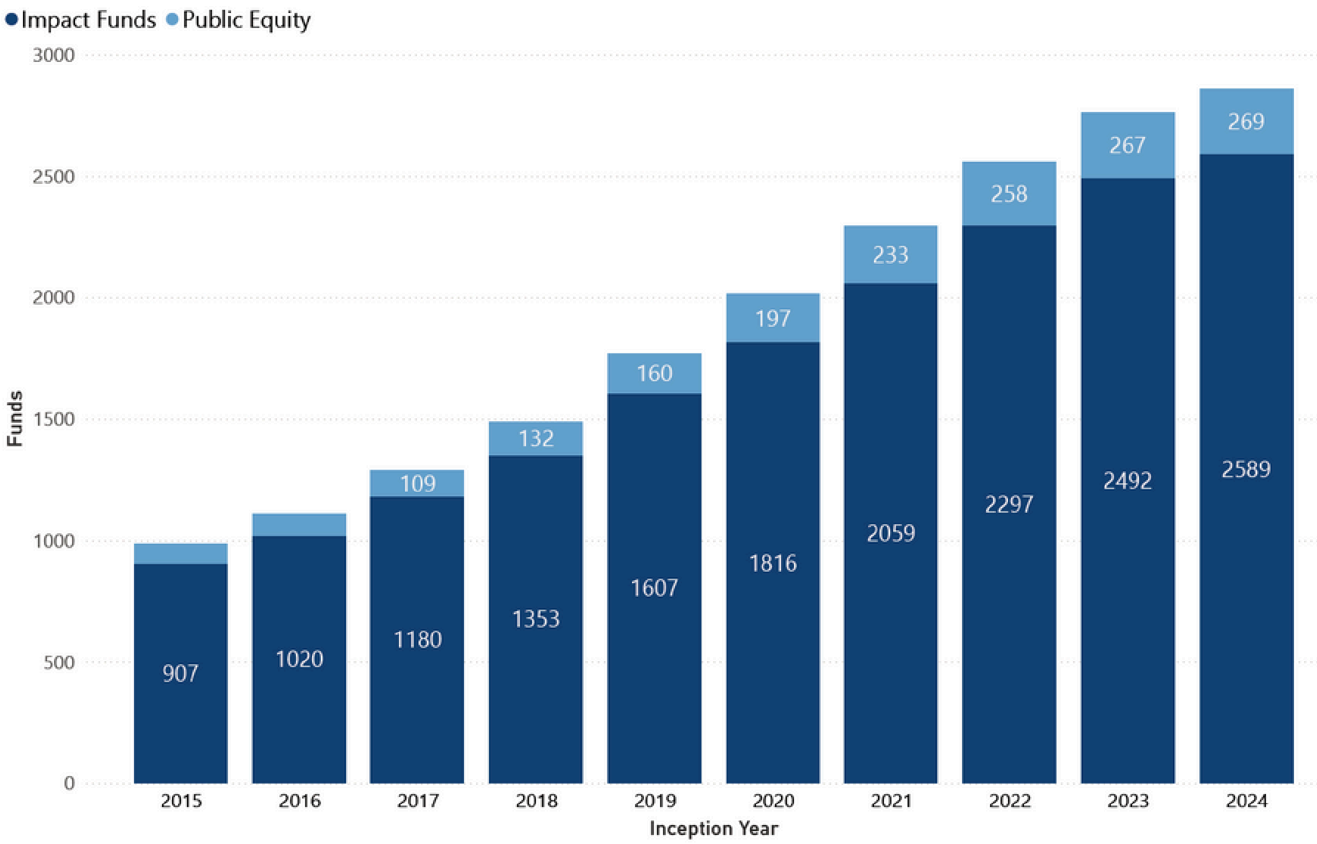
Total capital raised by Public Equity Impact Funds

5

Average number of Impact Themes targeted by Public Equity Impact Funds

*Funds in the bottom 10% of capital raised were excluded from the analysis to ensure a representative median.

Impact Funds Market Growth



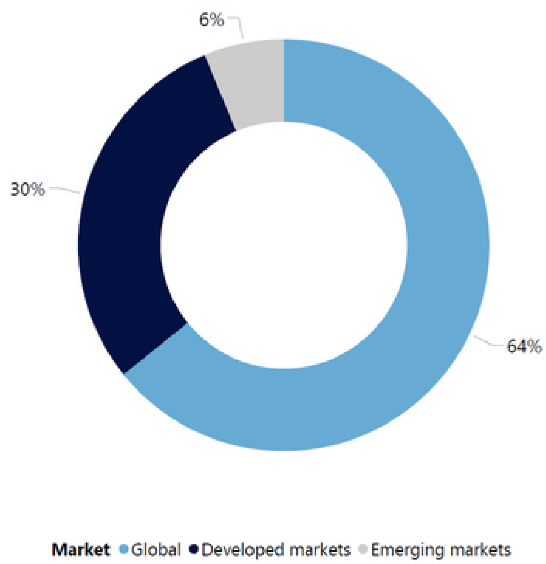
In December 2024, there were a total of 2,858 impact funds in the Phenix Impact Database. Of these, 269 were public equity funds, equivalent to 9.4% of the total universe in the impact fund database.

There has been a 153.7% growth rate in the total number of listed equity impact funds since 2017. But over the last five years, the proportion of public equity impact funds compared to all of the other impact asset classes has averaged 9.8%.

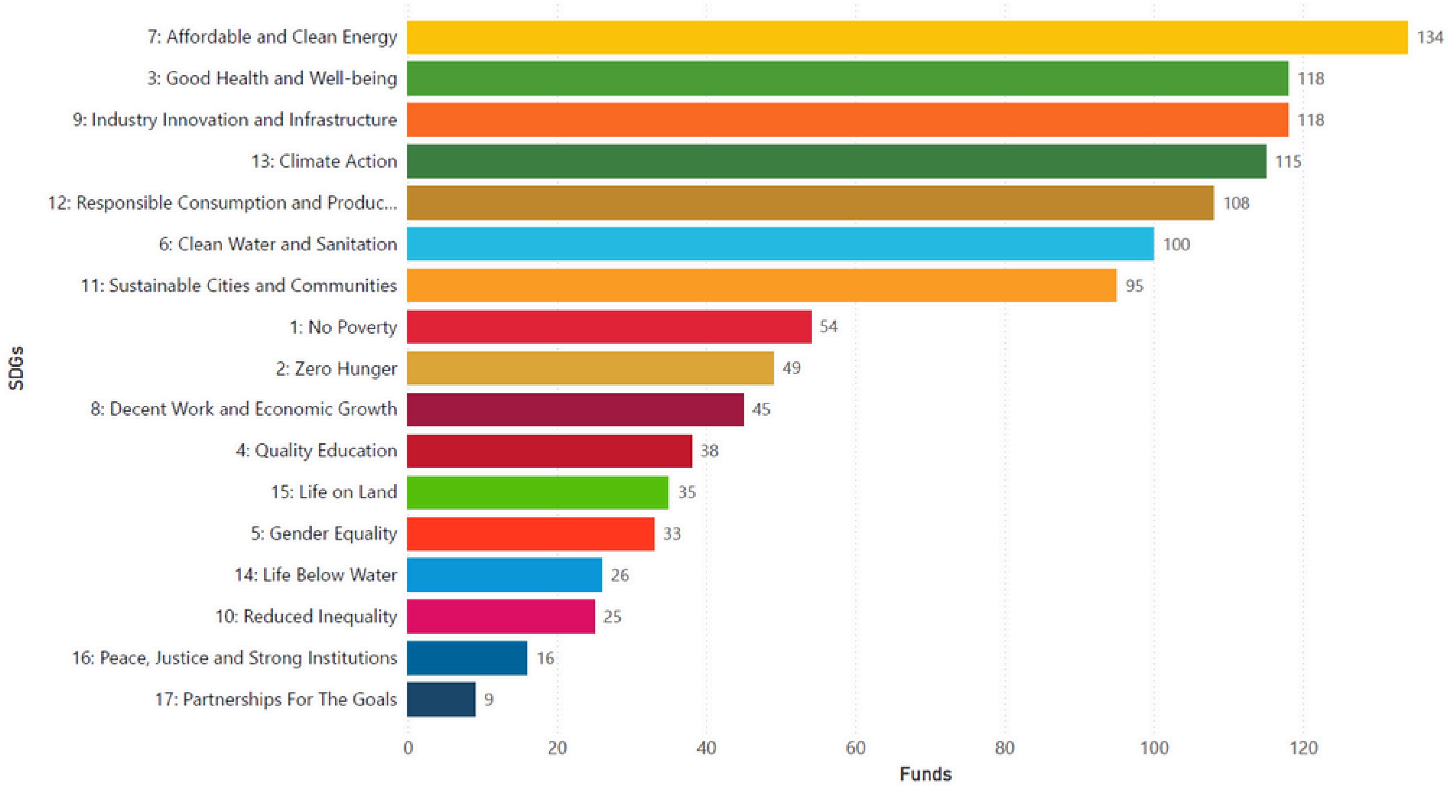
Public equity impact funds have raised €170 billion in assets under management, across five main themes, with €238 million, the median amount raised per fund. There are 126 public equity impact managers, an 8.6% growth in the number of managers with offerings in this impact asset class.

There are 175 listed equity funds with a global focus, which is an increase of 17.5% since 2023, which make up 64% of the total public equity impact fund universe. The remainder has 30% dedicated to developed markets, and only 6% to the emerging markets.

Market targeted by Public Equity Funds



SDGs Most Targeted by Public Equity Funds



Funds that align their investment thesis to the UN Sustainable Development Goals (SDGs) distinguish themselves for their portfolio differentiation (50% less common stocks) and long holding periods of up to fours years, according to a Harvard Kennedy School study titled [Impact In Public Equities](#).

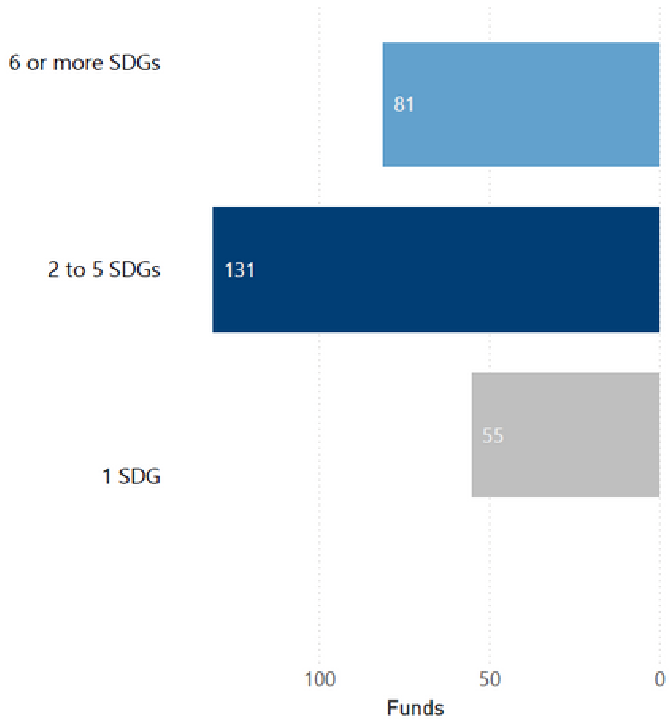
The SDGs make an ideal thematic framework for listed equity investing. According to Phenix Capital, 50% of the listed equity impact funds focus on between two and five SDGs. There were 81 funds that selected six or more SDGs, and only 20% of the listed fund universe focused on a single SDG.

The breakdown of the top five SDGs is exactly the same as the 2023 report with nearly 50% of the funds selecting SDG7: Affordable & Clean Energy as their core theme.

This year, SDG3: Good Health & Wellbeing and SDG9: Industry, Innovation and Infrastructure have tied for second place with 118 funds each picking the respective themes.

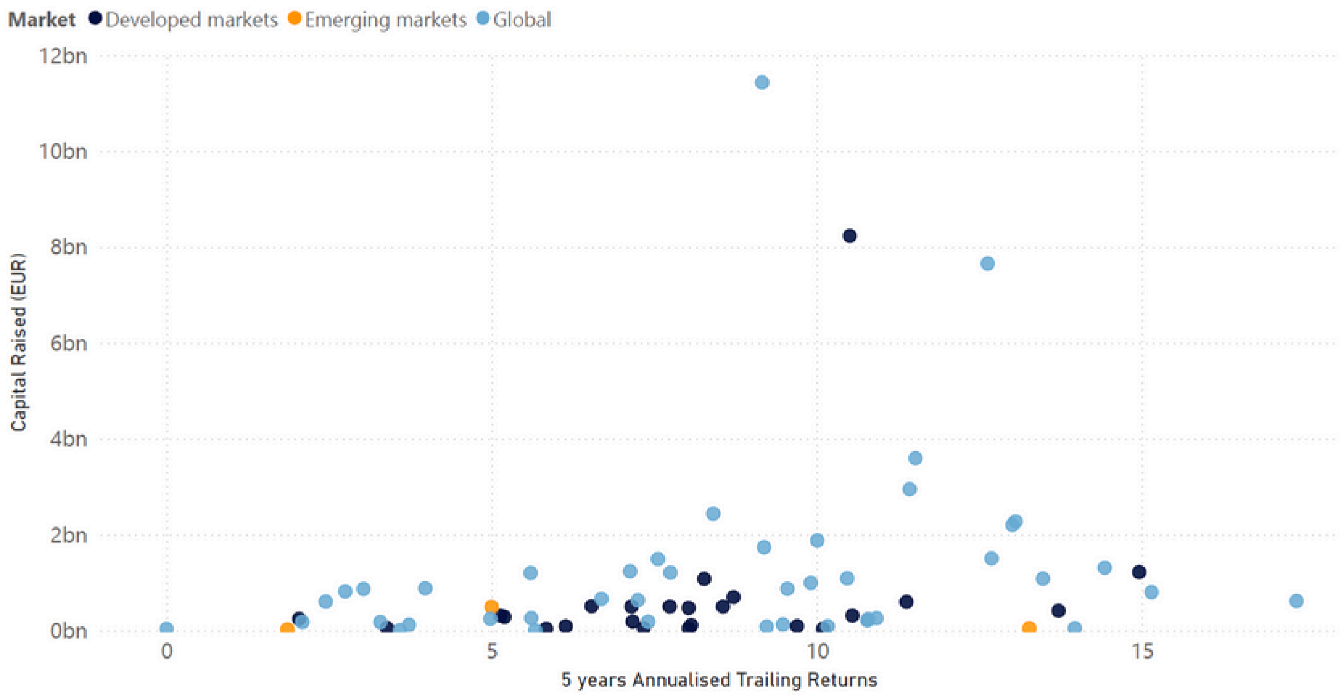
Both SDG:7 and SDG13: Climate Action saw an almost 20% rise in the number of funds compared to 2023, picking these themes.

Number of SDGs focused by Public Equity Funds



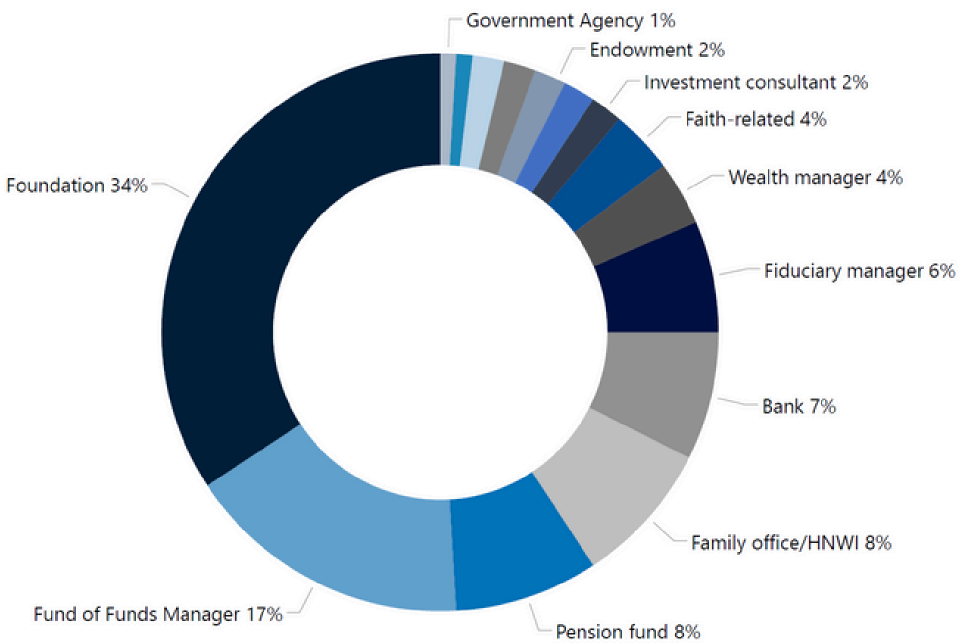
*Data may overlap as funds can target several asset classes, SDGs and/or regions.

Public Equity 5 years Annualised Trailing Return as end of Q2 2024 (EUR)

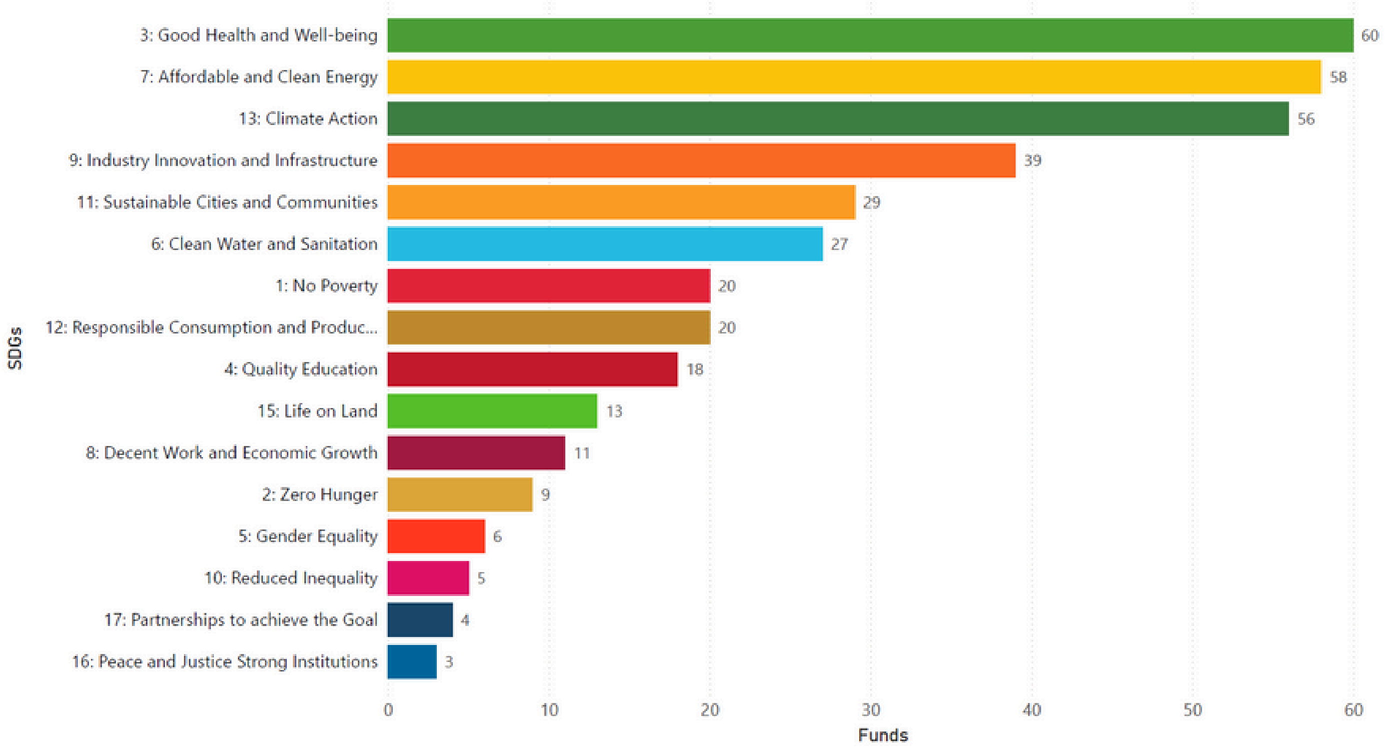


The Phenix Impact Database team collects performance data for public equity funds on a quarterly basis from public sources. The graph is a smaller sample of funds mapped in the database with a track record of at least five years and capital raised measured in Euros. It is important to highlight that the investments vary across sectors and they can be more or less focused on specific SDGs. The sample contains data from funds with a diversified number of strategies, and while last year there was only one emerging market funds, this year there are three.

Types of Investors in Public Equity Funds



SDGs Most Supported by Investors in Public Equity Funds



*Data may overlap as funds can target several asset classes, SDGs and/or regions.

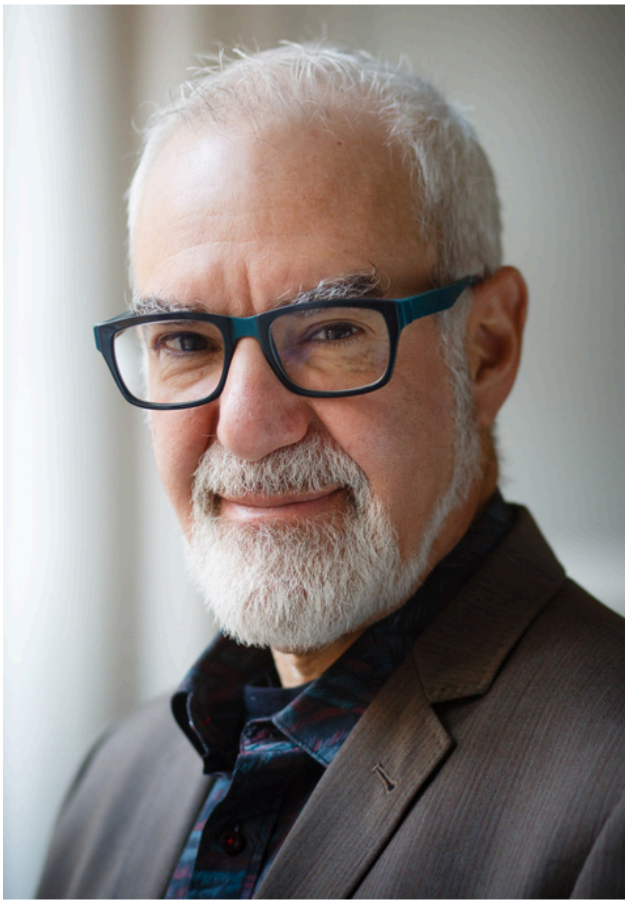
This year, we have included a new graph showing the investors that have a preference for public equity impact funds. Foundations are the largest investor category (34%) with funds of funds next (17%) and pension funds and family offices/HNWIs with 8% each.

The top five themes picked by investors in public equity impact funds are SDG3, SDG7, SDG13 and SDG9. While not in exactly the same order, the themes picked by the underlying impact funds are almost the same. SDG11: Sustainable Cities & Communities features in the top five investor themes, but 7th in the fund themes, SDG12 is in 8th place in terms of investor preference versus its 5th place for funds.

Friends Provident Foundation is the perfect example of a foundation driving change through impact investing, making its first investment in 2007. Trustees have adopted a target portfolio that could 33% of the value of the endowment used to make impact-first investments in social enterprises and impact funds by 2026.

The UK-based foundation invests in Snowball, a multi asset investor in public and private markets, effectively a fund of funds, which in turn invests in WHEB's FP WHEB Sustainability fund. It is keen to help other investors enter the impact space by providing educational resources. Its article *Unleashing the Potential of Impact Measurement in Listed Equities: The crucial role for asset managers* is a useful 'how to', with further reading links.

In April, WHEB, with the Impact Investing Institute and Friends Provident Foundation, hosted a workshop titled Delivering Impact in Public Markets. Among the public market impact investors present were: Aviva Investors, Cazenove, Columbia Threadneedle, EQ Investors, M&G, Montanaro, Regnan (profiled in last year's Public Equity Impact Report), Schroders, Snowball, Tribe Impact Capital, and Wellington Management.



ANDREW BEHAR, CHIEF EXECUTIVE OFFICER, AS YOU SOW

Andrew Behar, chief executive officer, of As You Sow, a non-profit shareholder advocacy group founded in 1992, discusses how shareholders can be empowered to create lasting change both environmentally and socially by aligning investments with values through shareholder advocacy, coalition building, and innovative legal strategies.

How did you get involved with As You Sow?

As You Sow was founded in 1992 by Tom Van Dyck, who is the head of Royal Bank of Canada's SRI Wealth Management Group. I joined as CEO in 2010 when it was already 18 years old; prior to that I was a film maker doing advanced media work for 15 years. After that I had a second career that got me involved in startups, and I started and ran a medical device company, as well as a few Internet-based companies, resulting in us selling a group of patents.

I first met Tom when we were both college age in the 80s'; we reconnected after bumping into each other at a time that he was trying to close the Indian Point nuclear reactor, which is north of Manhattan, and I was doing a bunch of TV and radio spots to help his campaign.

We reconnected in 2010 and Tom asked me to look at the nonprofit that he started back in 1992, By then I had written a lot of business plans. Once I looked at the business, I was absolutely smitten with the company's theory of change.

The basic premise was that corporate power is what is determining a great many of our environmental outcomes; our social outcomes; the governance of our financial system; and this really resonated with me. Once Tom saw how engaged I was, he asked me to write a strategic plan, as the organisation had never had one; growth had just evolved from an original concept.

So, I wrote the plan, which took about three months, and then the Board asked me to stay on and execute the plan, becoming my third career, and I'm still here, 15 years later. When I joined, the team was eight-strong and the mission was focused on environmental health. Back them it was funded by the settlements from lawsuits under California Prop 65 asking companies to remove carcinogens and reproductive toxicants from their products. Today we are funded by 80% foundation grants, usually from smaller family foundations and about 20% by individual donors.

The new plan included expanding it into the energy sector to deal with the negative financial impacts of climate change. I also wanted to expand advocacy into social areas; to look at diversity; to look at racial justice; systemic racism; and human rights. Essentially my plan, and my job, was how to expand what Tom founded; to have more coverage and talk about more issues.

Why is what As You Sow does so important?

Ultimately shareholders have property rights, and the board of directors of corporations' report to their shareholders. While governance of a corporation is in the hands of the board, it is incumbent on the shareholders to make sure that the board is doing their job properly; that they have a proper strategy that looks at long-term sustainable growth; and that they incentivise the management team to execute that strategy.

In most publicly traded corporations, however, the shareholders don't exert their power, and so companies can get off track. Often this means boards are only looking at short-term financial goals as opposed to long-term sustainable goals. Often companies forget that they serve many stakeholders: their customers, their employees, the communities in which they operate, their supply chains and their shareholders.

Many businesses still operate under Milton Friedman's macroeconomic theory, where corporations can 'dump in the commons' – effectively access a public resource for self-interest and in so doing depleting the resource — and externalise their costs to make as much profit as possible in the next quarter.

This macroeconomic system has led us to the world we have today with collapsing ecosystems; climate change; and oceans that are completely filled with plastic and collapsing. The destruction of this natural capital will ultimately cause financial collapse. There is no separation between the two and the leaders at corporations need to see that they are destroying their own supply chains.

In 2019, 181 CEO's of US companies signed a new Statement on the Purpose of a Corporation to commit to lead their companies for the benefit of all stakeholders — customers, employees, suppliers, communities and shareholders. The move led to Friedman's extractive economic model being replaced by a regenerative model along the ideas of Joseph Stiglitz. All those signing could see the future for their companies as well as their children and grandchildren and were motivated by many things, including legacy.

It is important to understand that boards of directors of these companies are people who are actually now looking and saying "How will I be remembered if the entire ecosystem collapses? If the entire global economy collapses? Is that the legacy I want to leave to my heirs?" When they stop to think about it, these boards of directors really do care about the planet and their position in it.

The inherent motivation of boards to effect change for long term sustainable growth may be there, but the systems that have been built take away the power of shareholders. In the United States, you have a hundred million people with $10 trillion in assets that literally hand off their ballots for each proxy vote to a manager that votes with management. This means we have a system that is designed to keep the status quo in power.

"WE HAVE A SYSTEM THAT IS DESIGNED TO KEEP THE STATUS QUO IN POWER. "

What your group's role?

Our job at As You Sow is to raise the issues. Essentially, we are about ideas and presenting the research behind the ideas. By this I mean that we will look at a topic. It could be pesticides and toxins in the food system. It could be recycling plastics; or it could be racial justice.

We look at it and we boil it down to what are the key performance indicators of a company. Then we gather data and are able to look at which companies are leaders and which companies are laggards in that particular sector.

We publish six to 10 score cards every year. Every quarter we update the Racial Justice Scorecard and the Workplace Equity Scorecard, and in June the 2024 Plastic Promises Scorecard came out. Once the scorecard has been published, we sit down with the companies that are laggards and show them that their competitors are outperforming financially because they are addressing these issues.

Bottom line, we develop new ideas and give boards of directors a different perspective, showing them how, if they make certain changes, they could become more competitive, more successful. We never say "do the right thing." We say, here's the data; here's a better business plan that shows how we can reduce material risk for all stakeholders, and how we can optimise long-term sustainable growth.

It's pretty hard for a board of directors, when they get a proposal like that, to ignore the numbers. Most of the companies that we sit down with say, let's do it. For those that don't the process escalates with filing a shareholder resolution, aiming to get shareholders to vote. At this point most say "Okay, if you withdraw the resolution we'll go take care of business". For the remainder, shareholders get the chance to vote and the conversation continues. Legal strategies come into play if the boards won't carry out what the shareholders have voted for. Boards report to shareholders, so, as if we have to we will vote to replace the board.

We ultimately want companies to perform better. Climate transition, for example, is one of the ways to achieve better financial performance. The oil and gas industries are the classic example. The internal combustion engine will be obsolete in a few years and the demand for oil is dropping, how are they preparing? Change is inevitable and adapting to a changing world is good business practise. Some see changes as threats, others as opportunities. Two examples of where we sat down with the boards and highlighted the changes on the horizon were Blockbuster and Kodak.

For Blockbuster, shareholders suggested they should look at the streaming businesses and maybe investing in bricks and mortar isn't the best idea in the long term. We also sat down with Kodak, and we said “maybe digital photography isn't a threat, it's an opportunity”. Incidentally, it is common knowledge that Netflix offered their start up to Blockbuster for $50 million but were rejected, and history has shown how that decision played out.

The boards of both companies did not take their shareholders advice and have since gone bankrupt. The story is similar for Exxon, whose stock price was dropping from about 2014 until 2020 when they were thrown off the Dow Jones. This was after a 2017 majority shareholder resolution vote brought by the UK’s Church Commissioners for England and New York State Common Retirement Fund. Then in 2021 shareholders had to intervene, ran a board slate, and we got a new board elected. Since then, the company's stock has done nothing but go up. It's more than doubled since then.

As the voice of the shareholders we are on the outside and can see the bigger picture. The issues are varied and different, but shareholders have a right to ask questions such as “Why are we at the bottom of the market?”, “Why are we pulling down the entire index?”. In the case of Exxon, it was lack of capital discipline by the board.

When shareholders are allowed to, they can organise themselves to instigate change. When it is a pension fund, for example, the shareholders have a fiduciary duty to the underlying pensioners; owners of the 401(k) plans. As You Sow's [Theory of Change], which is to increase corporate social responsibility and reduce shareholder risk, can actually get the companies to excel.

We work with of many faith-based investors such as the Unitarians, Catholics, and others that are members of the Interfaith Center on Corporate Responsibility. These institutional investors want their pension funds to outperform the market, so they can deliver the benefits to the firefighters, teachers and the police officers.

What headwinds are you facing at the moment?

Right now, in the United States, we are seeing right-wing groups on a crusade to not allow climate risk assessment, and the incoming government might even attempt to roll back climate-related disclosure rules and undermine the ability of federal agencies to assess, address and regulate climate risk.

In March, for example, the Securities and Exchange Commission passed its final climate risk disclosure rule, but it was met with several legal challenges. The real reason that these groups do not want to look at the risk is because they have links to the oil companies. There are currently 18 states in the US that are have passed anti-ESG laws and are saying that no one is allowed to consider or address risks, which is a fundamental principle of investing and running a business.

In fact, Texas has taken its anti-ESG stance to the next level with the Texas SB 13, which prohibits certain state entities, such as state pension funds, from investing in or contracting with companies that "boycott fossil fuels". The move meant that five large municipal bond underwriters left the Texas financial markets, which according to a Wharton study, saw borrowing costs rise (after enactment of the laws) by amounting to $300 million to $500 million in additional interest in the first eight months on $31.8 billion borrowed.

Since then, legislators in Alabama, Arkansas, Idaho, Oklahoma Utah and West Virginia have followed Texas's lead and approved boycott bills. And, in February 2024 there were 61 anti-ESG bills pending and in March, Texas Permanent School Fund in Austin, cut ties with BlackRock, which managed roughly $8.5 billion for the endowment.

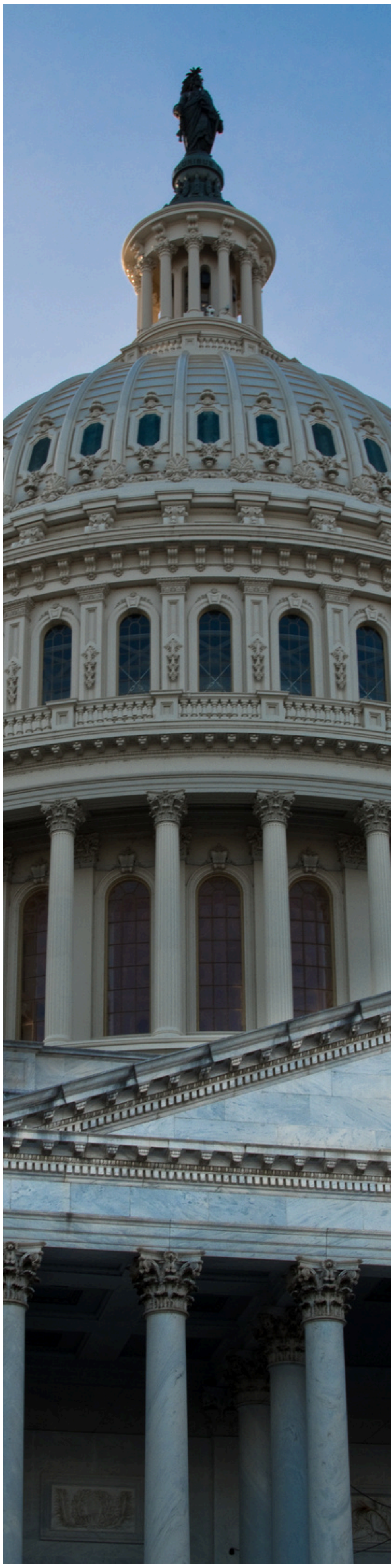
The outcome, looking at annualised financial returns (2011-2022) of US public pensions, is that the pension funds with no-Anti ESG law, in Democratic states and had a pro-ESG lens, out-performed those in the 18 anti-ESG states. So basically, it is the firefighters, teachers, and police officers who have been thrown under the bus to make a political point.

How is politics hindering progress?

What we highlight in all areas of our work are issues that once addressed can lead to better corporate performance and therefore returns in the public markets. What we are trying to do is not political, it is simply about better business. It is about long-term sustainable growth. After all it is short termism that has led us into a lot of the problems that we have right now.

We have discussed how the climate crisis is being stymied by right-wing crusaders but our diversity in the workforce report has highlighted another backlash. We looked at more than 1,600 companies over five years and found that companies with greater diversity, outperformed financially on eight key metrics.

"COMPANIES WITH GREATER DIVERSITY, OUTPERFORMED FINANCIALLY ON EIGHT KEY METRICS."



But more diversity on boards has led to the right wing crying out that white men are now being discriminated against. According to [research](#) on corporate boards of the top 50 companies on the Fortune 500 lists conducted between 2011 and 2023, the percentage of whites dropped to 73.6%, the percentage of men dropped to 65.3% and the percentage of white men dropped below 50%, to 49.5%.

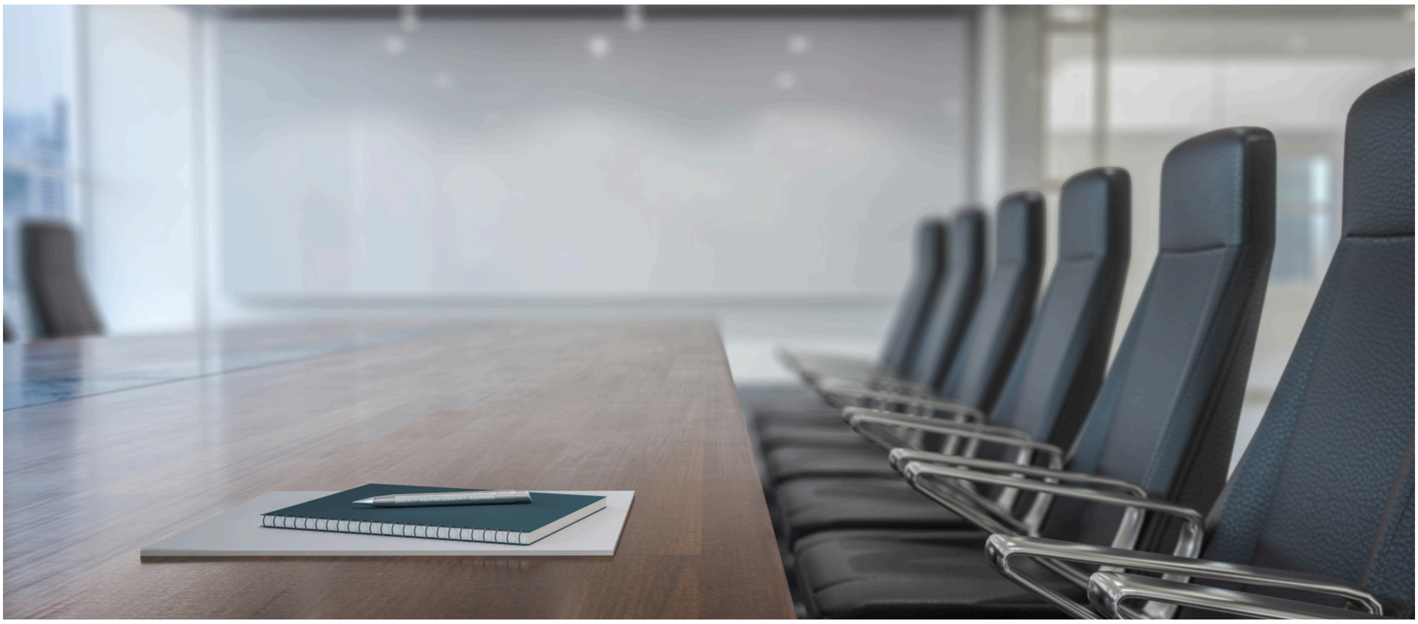
With vary statistics depending on the research, the drop in white men on boards is being hailed as discrimination. There is a move to combat this ‘discrimination’ in the US, which means if successful they are willing to make companies underperform intentionally.

The culture war took a poignant turn this year, when an e.l.f. Beauty media campaign to see more diversity in US corporate boardrooms identified that of the 36,957 existing board members across 4,429 publicly traded US companies had 566 men named Richard, Rick, or Dick resulting in the amusing, slogan “So Many Dicks”.

Realistically, the incoming administration is going to add to the headwinds as it has already stated that they don't believe that shareholders should have the rights that are incumbent in the property that we own. As I said before, every share of stock has property rights associated with it; the right to decide who's on the board; and the right to file a shareholder resolution on material issues.

Materiality that means the ability to ask a company for disclosure on information that you need to make a buy or sell decision. When you buy a share of stock, you get those rights, and the new administration is already talking about wanting to take away those rights.

So, this attack on shareholder property rights is problematic. And I think every investor will need to rise up and say “No, you can't take away my property rights. If you take away those rights, what's next? Are you going to come for my house? Are you going to come for my car?”. The whole idea of capitalism and private ownership is really under threat by this new administration.



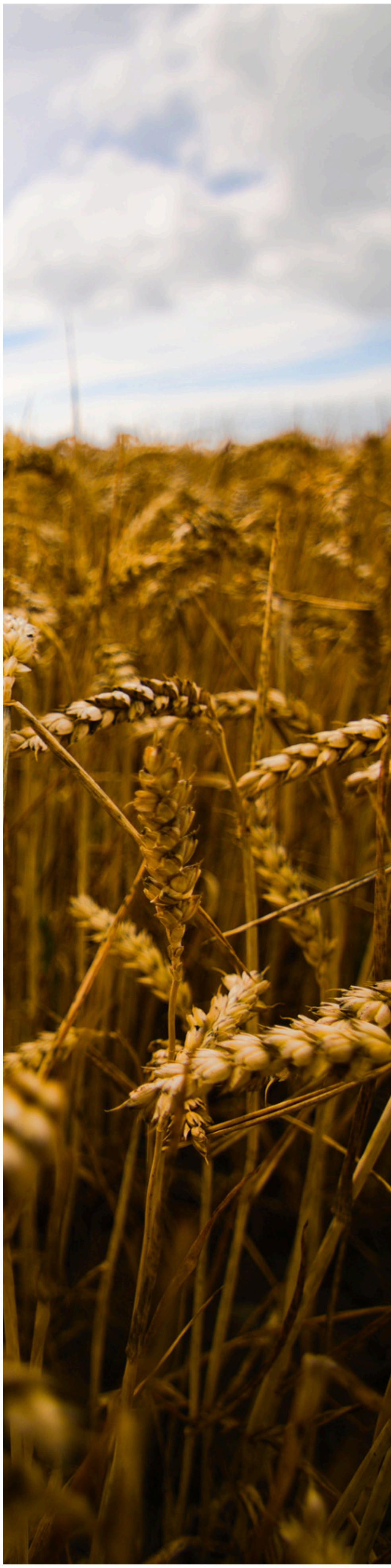
Where are you at today?

In terms of head count we have grown to 28 people. Each sector has issue experts effectively responsible for creating our reports. For example, Olivia Knight who is running racial justice joined the team right after the George Floyd murder because we were trying to figure out "how do you even assess this?"

All the teams are headed by issue experts whether it is for climate or regenerative agriculture and pesticides. We also do crossover work. For example, the racial justice team works with climate and environmental health, on climate justice and environmental justice to raise issues of communities on the fence line of petrochemical plants or because spraying pesticides on farms affects all of the farm's adjacent communities, which tend to be low income largely immigrant communities. These are the most impacted by the negative health impacts of all the aerial spraying of these carcinogens, but it also affects everybody who eats the food.

Back in 2017, we focused on the issue of Glyphosate. This herbicide is a carcinogen that is being sprayed on crops right before harvest. We asked companies, "Is that good business? Once people realise their cancer is because they're eating chemicals every day, will the backlash be bigger than tobacco?"

In 2019, Kellogg pledged to eliminate glyphosate from its supply chain after discussions about the health risks associated with the chemical. General Mills also committed to adopting regenerative agriculture after experiencing concerns about climate-induced storms and soil erosion and a lack of resilience in their supply chain.



"ALL THE TEAMS ARE HEADED BY ISSUE EXPERTS WHETHER IT IS FOR CLIMATE OR REGENERATIVE AGRICULTURE AND PESTICIDES."

Looking back on 2024 through the Shareholder Impact Review there were lots of wins to share. We had 185 engagements with 159 companies across 12 issue areas (listed in order of most engagements: climate change; ocean plastics and recyclability; diversity, equity, and inclusion; racial justice; biodiversity; petrochemicals; environmental health, including antibiotics in factory farming, pesticides, and PFAS; retirement plan alignment; political spending; association/bargaining; sexual and reproductive health; media content.

Of these there were 45 dialogues led to action without escalation and 99 engagements led to shareholder resolutions filed on behalf of 70 shareholders. As mentioned earlier, at this point companies agree to take actions if we withdraw the resolution. This happened with 19 resolutions that were withdrawn. Among the companies that agreed to action and the resolutions were withdrawn are: Citi for climate change and Hormel Foods to reduce plastic packaging.

For the rest, 55 resolutions went to a vote and received an average support of 18.4%. Among the firms that voted on resolutions include: Alphabet and Intuit for climate safe pension funds; and General Motors and Tesla on deep sea mining effects on biodiversity, to name just a few. There were 43 resolutions that had votes above the re-filing thresholds and $1.8 trillion of total share value was voted in support of our resolutions. There were 15 resolutions that were challenged by companies at the SEC and we won six, with nine omitted.

Despite a year filled with increased partisan attacks, misinformation, and an attempt to drag business into politically motivated culture wars, we have much to celebrate. In total, 58% of our engagements led to actions that put companies on a path to reduce material risk for all stakeholders and optimize long-term sustainable growth as well as demonstrate environmental and social responsibility – a key driver of business success.

A recent poll published in the Harvard Business Review shows that 77% of investors believe that companies that are “environmentally responsible” are more likely to succeed financially. So it is no surprise that new shareholder resolutions this year highlighted the importance of nature and the need to defend untouched ecosystems alongside innovative strategies on climate change, emissions targets, plastics reduction, healthy food systems, decent work conditions, workforce diversity, and racial justice.

Andrew Behar,
Chief Executive Officer,
As You Sow

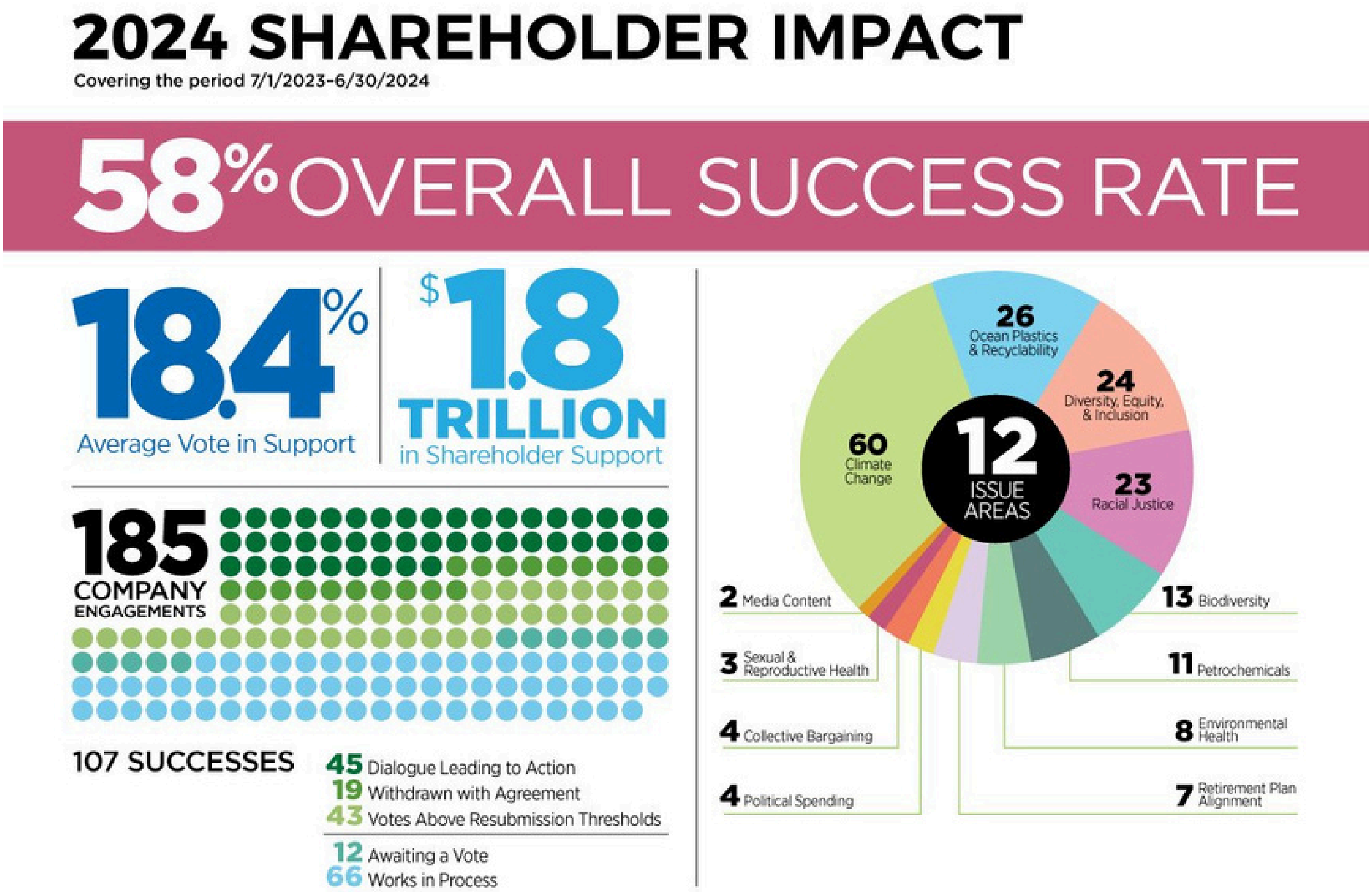
Andrew is the chief executive officer of As You Sow, the nation's leading non-profit practitioner of shareholder advocacy and engagement. Previously, Andrew was a documentary filmmaker and entrepreneur founding start-ups that developed innovative physiological monitoring devices and grid-scale fuel cells. He is an inventor on five patents and was recently named as one of the Purposeful-50 "true changemakers who deliver on social justice, environmental protection, diversity, inclusion, racial equality, and gender and pay equity." He is currently on the Sustainable Media Center Board of Advisors. He is the author of the book, The Shareholders Action Guide: Unleash Your Hidden Powers to Hold Corporations Accountable, published by Berrett-Koehler.

About As You Sow

As You Sow is a leading shareholder representative in the US, with a 30-year track record promoting environmental and social corporate responsibility and advancing values-aligned investing by engaging directly with corporate CEOs, senior management, and institutional investors to take the actions necessary to provide transparency and reduce (material) risk to companies, retirement plans, and the economy.

Founded in 1992, the group uses shareholder power to compel companies to reduce material risk on issues including climate change; toxins in the food system; ocean plastics; diversity, equity, and inclusion; racial justice; and wage equity.

As You Sow advances values-aligned investing and uses shareholder power to compel companies to reduce material risk on issues including climate change; toxins in the food system; ocean plastics; diversity, equity, and inclusion; racial justice; and wage equity. To learn more about As You Sow, please see www.asyousow.org.



PHENIX IMPACT FUND ASSESSMENT

Phenix Impact Fund Assessment is a proprietary framework developed in close consultation with institutional asset owners and industry leaders, for the purpose of **assessing the robustness of a fund's impact proposition**.

On 6 themes and 45 criteria, it examines to what extent the policies, procedures and human resources are in place to deliver the impact that a fund aims to create.

ASSESSING THE ROBUSTNESS OF IMPACT FUND PROPOSITIONS

Uncover strengths and weaknesses

Adopt industry best practices

Prepare for institutional impact due diligence

VISIT SITE >>>

GLOSSARY & SYMBOLS

Committed capital: Amount committed in a fund vehicle by its limited partners / investors.

Developed markets: We include Europe (excl. Eastern Europe), North America, Asia Pacific (Singapore, Japan, and South Korea only), Oceania (New Zealand, Australia) Middle East and Africa (Israel only).

Direct lending: A specialised form of private debt, in which loans are made to middle-market companies. It is the private debt strategy with lower risk, achieved by using collateral.

Emerging markets: We include Latin and Central America, Asia Pacific (excl. Singapore, Japan, South Korea), Middle East and Africa (excl. Israel) Europe (Eastern Europe only).

Fund managers: Organisation managing commingled, pooled and customised vehicles invested by institutional asset owners. Also called General Partner or GP.

Global: Funds that have an investment geographic scope encompassing both developed and emerging markets.

Impact investing: Investments with the dual mandate of financial return and positive societal or environmental impacts, with the notion of measuring the positive and negative impact of investments, ensuring both intentionality and additionality among these.

Institutional asset owners: Outsourced CIOs, pension funds, insurance companies, family offices, sovereign wealth funds, endowments, foundations, banks, fiduciary managers, discretionary investment consultants. Also called Limited Partner or LP.

Market targeted: Markets fund managers target for their investments: We include Global, Developed markets, Emerging markets.

Mezzanine: A specialised form of financing in which loans are subordinated to banks, with no collateral. It is the most equity-like form of private debt.

Microcredit: A common form of microfinance, characterised by small loans to individuals or small companies.

Private debt: Debt instruments to companies: direct lending, mezzanine, microfinance strategies.

Public debt: Publicly traded fixed income securities: investment grade or high yield, focused on green bonds and municipal and community infrastructure and affordable housing issuers.

Regions targeted: Regions fund managers target for their investments: We include Asia Pacific (East Asia, Central Asia, South Asia, South East Asia), Europe (Western Europe, Eastern Europe), Global, Latin and Central America, Middle East and Africa (East Africa, Middle East, Northern Africa, West Africa, Southern Africa), North America, Oceania.

Target fund size: Amount the fund manager is targeting when raising capital.

Vintage: Year where the fund manager first calls capital from investors.

Full glossary: www.phenixcapitalgroup.com/impact-investing-glossary

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