

Investor Statement on Shareholder Rights

We, the undersigned asset owners and managers (representing USD 5.2 trillion in assets under management), endorse the Council of Institutional Investors' position that the United States Securities and Exchange Commission (SEC) should continue to be the preferred arbiter of shareholder proposals. We believe that it will be to the detriment of long-term investors if the current system of shareholder advocacy in the United States is undermined and an increasing number of companies defer to the court system to settle disagreements on shareholders proposals. It is our view that the SEC is best placed to lead discussions between companies and investors, including on how to improve the proposal process.

We believe the ability to file and vote on shareholder proposals are fundamental shareholders rights. We are concerned that these rights may be at risk in light of the litigation undertaken by Exxon Mobil against Follow This and Arjuna Capital and the amicus brief of the U.S. Chamber of Commerce and the Business Roundtable, which brands sustainability-related proposals as ideologically-driven and detrimental to financial performance. We are concerned that these actions will deter the filing of proposals concerning the sustainability issues that are material to the performance of our equity and fixed income portfolios.

We encourage companies to be discerning when evaluating shareholder proposals and we recognize that an increasing number of proposals do not necessarily align with the interests of long-term investors. However, we want to protect the right of shareholders to use their vote to decide for themselves when a proposal, sustainability-related or otherwise, is in their best interests and that of their stakeholders. If there are process or quality-related concerns, we encourage corporate leaders to collaborate with filers to improve their proposal rather than pursue a costly and drawn-out process to obstruct them. This approach would underscore the spirit of constructive investor dialogue, which is the cornerstone of robust corporate governance and mutual respect between companies and investors.

As long-term investors, we concern ourselves with the shareholder advocacy practices in the United States – a market that has helped to deliver strong economic growth. Let us stand by the SEC and the role it has played in protecting shareholder rights, improve the current system through constructive dialogue, and ensure it continues to generate the returns critical to long-term prosperity.

Signed on 28 May 2024 by:

