

An Update from the ESG for Impact! Conference

By Kaitlyn Mitchell

In 2023, the First Affirmative Financial Network took the lead in organizing the [ESG for Impact! Conference](#), a specialized summit catering to financial advisors and managers. Our audience shares a unified objective: to assist clients in crafting robust investment portfolios by incorporating Environmental, Social, and Governance criteria while championing sustainability and justice. This conference represents a unique occasion to exchange our collective knowledge and proficiency, advancing the aspirations of our community and charting a course for the future.

Advocacy and Impact typically centers around our company engagements. This quarter, we're offering you an inside view of our collaborative efforts with industry partners to enhance our impact, building on the successful format we introduced last year and continuing it for this year.

Using your Portfolio to Advance Reproductive Health, Rights and Justice

This topic has high relevance in the wake of the Dobbs vs. Jackson Women's Health Organization Supreme Court decision, which overturned Roe vs. Wade. Abortion access and reproductive rights have become a focal point not only in public opinion but also in the shareholder advocacy arena. Since 2020, nearly 60 shareholder proposals concerning reproductive health have been filed, reflecting a growing recognition of the importance of this issue in corporate governance.

This session explored why reproductive rights are an essential concern for investors and how various investors are addressing this issue through their shareholder engagement efforts. Through this discussion panelists shed light on the intersection of business and social responsibility. Panelists offered insights into the strategies and initiatives being undertaken by investors to advocate for reproductive health and ensure that companies prioritize this critical aspect of gender equality.

A Fresh Look at the Power of Proxy Voting

In the last three decades, proxy voting has evolved from a neglected responsibility to a potent tool for advocacy and a fundamental fiduciary duty. This expert panel offered a concise overview of this evolution, examining its current influence on corporate governance. We delve into recent achievements, emerging obstacles, innovative strategies, and contemporary trends in proxy voting, spanning different types of investors.

Looking ahead, there is a growing need to shift our focus from just highlighting the high-vote issues as majority votes are on the decline. This shift is partly attributed to the SEC's increased allowance of proposals leading to lower levels of support. Notably, there has been a surge in anti-ESG proposals, predominantly targeting environmental and social aspects, with governance-related proposals witnessing reduced overall support. Furthermore, there's a notable concern about an ESG backlash potentially influencing voting patterns, although the extent of this influence remains uncertain. It hasn't prompted a significant change in approach yet, but it might affect which proposals gain support and which ones face resistance as the landscape of shareholder advocacy continues to evolve.

Protecting Biodiversity on a Warming Planet

The imperative to protect nature for the well-being of our planet and all its inhabitants is widely acknowledged. Forests play a vital role, offering essential habitats for numerous species, opportunities for recreation, and serving as carbon sinks in the fight against climate change. The escalating loss of biodiversity is recognized as a global systemic threat, with wildlife populations plummeting by an average of 69% since 1970, and around one



million plant and animal species at risk of extinction by 2050. This jeopardizes roughly a quarter of Earth's species.

Furthermore, the world's economy is intricately tied to nature's services, with over half of the global GDP moderately or highly reliant on them. Negligent production practices that lead to deforestation could potentially strand assets worth tens of billions of dollars over the next 5-10 years. The UN took a significant step in addressing these concerns at its Biodiversity Conference, securing an international commitment to safeguard 30% of land and oceans by 2030.

While government regulations are gradually catching up, companies must act swiftly by adopting cross-commodity no-deforestation policies in this decade to avert the immediate and long-term perils associated with global biodiversity loss. In this session, financial advisors can explore how investors can safeguard their clients' portfolios from the mounting risks posed by these environmental challenges.

Hot Topics in Shareholder Advocacy

This panel provided an overview and in-depth exploration of the most significant environmental, social, and governance (ESG) topics discussed during the recent shareholder advocacy season in 2022-2023. Investment managers found shareholder advocacy to be a crucial avenue for delivering tangible, positive impacts to clients and investors. Financial advisors gained insights into proxy vote trends and statistics related to ESG issues that shareholders raised during this season, along with the measurable outcomes achieved.

The session included a lightning round and deeper discussions, offering a comprehensive wrap-up of the season and a glimpse into what was on the horizon. The topics covered encompassed a range of issues, such as labor unions, anti-ESG proposals, gender diversity in boards and staff, responsible AI, data privacy, and toxic chemicals.

On the Cutting Edge: Innovations in Understanding, Managing and Measuring Shareholder Advocacy

The realm of corporate engagement had been experiencing a swift evolution, becoming increasingly intricate as it addressed a broader spectrum of issues and prospects. During this panel, various industry experts delved into their efforts innovative approaches in utilizing shareholder advocacy to champion specific concerns and enhance corporate performance.

Key questions revolved around the understanding and effective communication of risks and opportunities to those capable of instigating change. Additionally, the panel explored the monitoring and measurement of the effectiveness of these endeavors, shedding light on the evolving landscape of corporate engagement.



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