

2025 Annual Engagement Overview and 2026 Outlook

Engagement Overview

Proxy Voting

- 2,515 meetings voted
- 25,182 proposals voted
- Supported 66.09% of shareholders proposals
- Opposed 40.56% of management proposals

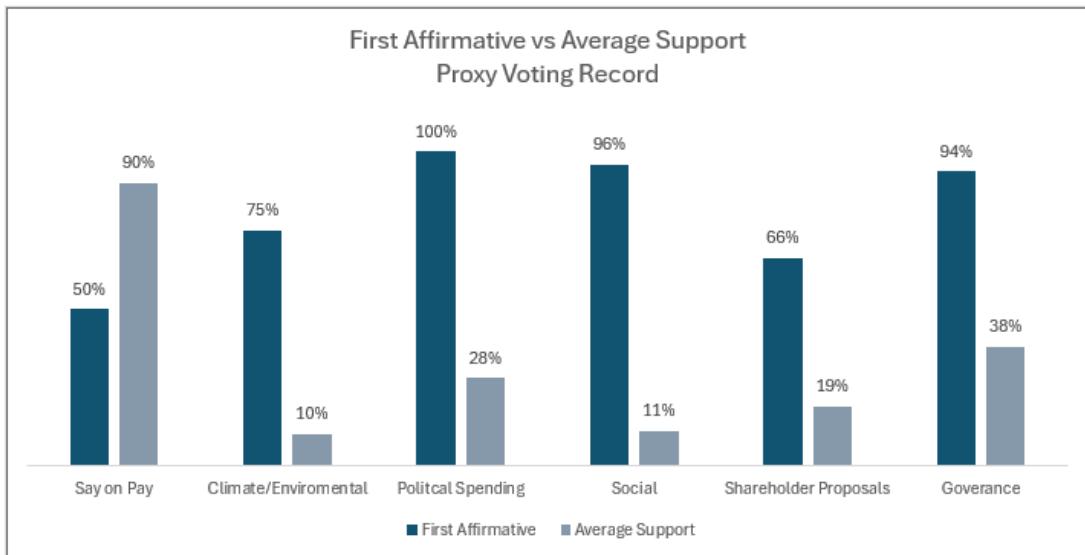
Dialogue

- Over 150 contacts with portfolio companies
- Participated in direct letters to over 200 companies
- Participated in 4 campaigns
- Participated in 6 Ceres working groups

Proposals

- Co-File - 3
- Withdrawals - 2
- Voted - 1

First Affirmative vs Average Support Proxy Voting Record



Average Support for S&P 500

Source: Sullivan and Cromwell, LLP 2025 Proxy Season Review 2025, Parts 1 and 2

The chart above illustrates First Affirmative's proxy voting record compared to average investor support, highlighting how our custom voting guidelines are applied in practice and where our approach meaningfully differs from the broader market. By benchmarking our votes against industry averages, we show how our voting decisions are intentionally selective and grounded in accountability, long-term value, and responsible corporate practices. Support levels in certain categories were also influenced by an increase in anti-ESG and counter-proposal filings this season, which can affect aggregate support figures by increasing the number of proposals that investors broadly oppose.

During the most recent proxy season, First Affirmative supported approximately 50% of say-on-pay proposals, reflecting a more discerning approach to executive compensation than the 90% average support rate across the industry. This selectivity underscores our focus on pay structures that are clearly aligned with performance and shareholder interests.

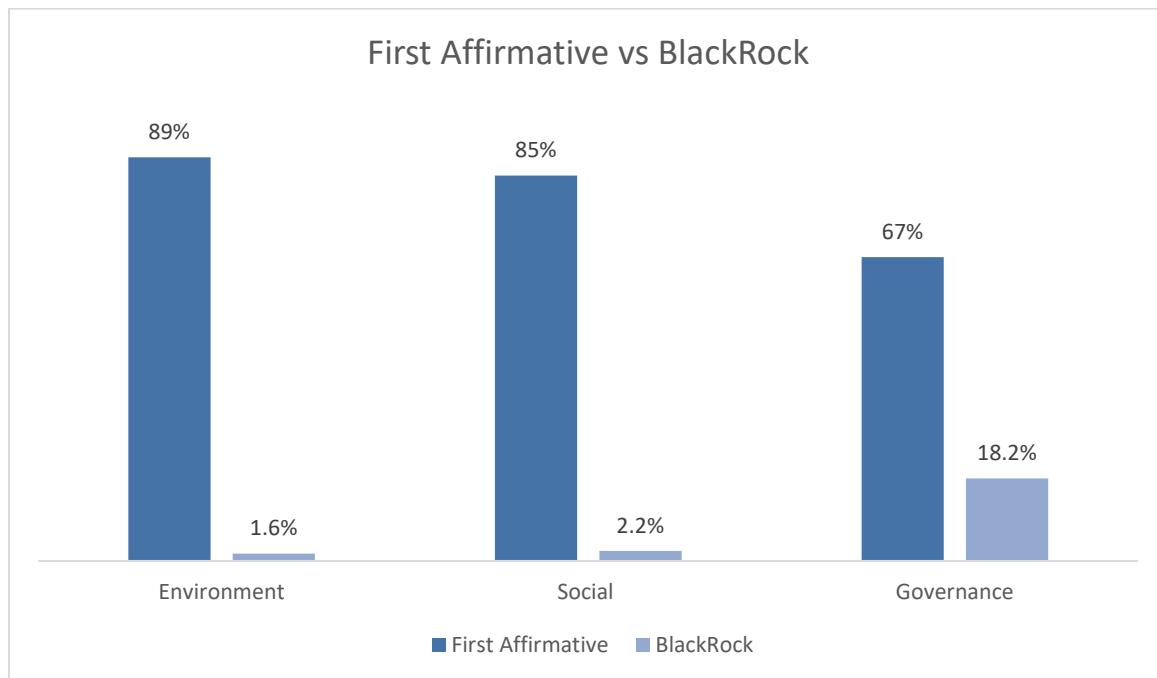
Our support for climate and environmental proposals remained strong at nearly 75%, far exceeding the 10% industry average, demonstrating our continued commitment to addressing material environmental risks and long-term sustainability challenges. Similarly, First Affirmative supported 100% of political spending proposals, compared to just 28% on average, reinforcing our emphasis on transparency, oversight, and risk management in corporate political activity.

On social proposals, we supported roughly 95%, significantly higher than the 11% industry average, reflecting our focus on human capital management, civil rights, and broader stakeholder impacts. Shareholder proposals overall received about 66% support from First Affirmative, compared to 19% across the industry. Recent moderation in overall shareholder proposal support reflects the growing volume of anti-ESG proposals, which we evaluate carefully and generally do not support when they do not advance long-term shareholder value.

In the governance category, First Affirmative supported approximately 94% of proposals, well above the 38% industry average, prioritizing strong oversight, board accountability, and sound governance structures.

Overall, this chart demonstrates how First Affirmative's voting philosophy prioritizes substance over volume supporting proposals that drive meaningful, long-term outcomes while maintaining a disciplined, case-by-case approach that differentiates us from broad market voting trends. Support percentages are calculated using the same approach described in the Sullivan & Cromwell LLP 2025 Proxy Season Review (Parts 1 and 2), measuring votes cast FOR as a percentage of FOR, AGAINST, and WITHHOLD votes, with abstentions excluded. This methodology aligns with common proxy-solicitation and issuer reporting practices and allows for consistent year-over-year comparison of shareholder voting outcomes.

First Affirmative vs Blackrock Proxy Voting Record



[Source: BlackRock 2025 Global Voting Spotlight](#)

While BlackRock offers a range of ESG-labeled investment products, its proxy voting record does not consistently align with stated ESG values. During the 2024–2025 proxy season, BlackRock supported only a small fraction of environmental and social shareholder proposals and showed limited support even on governance issues. This voting pattern highlights a disconnect between ESG product offerings and stewardship practices, raising important questions about how ESG commitments are translated into active ownership. In contrast, First Affirmative’s proxy voting approach demonstrates a stronger alignment between ESG investment philosophy and the use of shareholder rights to promote environmental, social, and governance accountability.

Support rates are based on proxy votes cast during the 2024–2025 proxy year (July 1, 2024 – June 30, 2025) and calculated as votes cast for shareholder proposals divided by total shareholder proposals voted in each category. Proposal categories are grouped into Environmental, Social, and Governance, and figures for BlackRock reflect support for shareholder proposals only, with abstentions counted as support per their reporting.

Governance support rates may appear lower in this comparison than in broader voting summaries because this chart measures support for shareholder governance proposals only, rather than all governance ballot items. Industry-wide governance support often appears much higher (e.g., ~90%+) because those figures include routine management proposals such as director elections and auditor ratification, which large asset managers typically support at very high rates.

First Affirmative Engagement Priorities



First Affirmative's engagement priorities for the 2024–2025 proxy season reflect our continued commitment to active ownership and high-impact advocacy. We pursue progress through a range of strategies, including signed letters, public policy engagement, investor campaigns, and shareholder proposals, designed to strengthen corporate accountability and long-term value. While climate-related issues remain central to our work, we also engage deeply in human rights and social risk topics, recognizing the importance of responsible corporate practices that protect people and communities.

This year, use of artificial intelligence ethically also remained a key priority within our advocacy program. We continued our participation in the World Benchmarking Alliance's (WBA) Collective Impact Coalition (CIC) for Ethical AI, reflecting ongoing and growing interest from both advisors and clients in how companies are governing emerging technologies. Building on this work, we are expanding our engagement approach to address both data privacy risks and the intersection of high-tech water use, recognizing that AI-driven growth and data infrastructure can carry material implications for resource use, community impact, and corporate accountability. In support of these efforts, we are actively participating in engagement teams and strengthening our long-term strategy and partnerships in this area.

To help ensure our engagement efforts align with the specific interests of you and your clients, please connect directly with Kaitlyn at kaitlynmitchell@firstaffirmative.com.

2024-2025 Shareholder Proposal Update

Filed or Co-Filed by First Affirmative Financial Network

Company	Lead Filer	Category	Result
Amazon	Green Century	Climate	14%
Truist Financial Corp	Friends Fiduciary Corporation	Climate	Withdrawn, agreement
Yum Brands	Mercy Investments	Climate	Withdrawn, agreement

During the 2024-2025 proxy season, First Affirmative supported climate-focused shareholder advocacy through several co-filed proposals. At Amazon, our co-file received 14% support, reinforcing that meaningful proposals do not always receive high vote totals right away but still help elevate investor expectations and build long-term momentum.

We also saw the value of engagement outcomes beyond the vote. At Yum Brands, our proposal was withdrawn following a strong withdrawal agreement, reflecting constructive dialogue and measurable progress. At Truist Financial Corp, the proposal was also withdrawn, though the agreement was more limited and the engagement dynamic became less collaborative at the beginning of 2025, highlighting the importance of persistence and adaptability in long-term stewardship.

2025-2026 Shareholder Proposal Update

Filed or Co-Filed by First Affirmative Financial Network as of January 2026

Company	Lead Filer	Category
Home Depot	Zevin Asset Management	Human Rights
JPMorgan Chase & Co.	Missionary Oblates of Mary Immaculate, US Province	Lobbying
Lowe's	As You Sow	Climate
Meta	Presbyterian Church (U.S.A.) and As You Sow	Climate

Alphabet	Zevin Asset Management	Human Rights
Target	As You Sow	Climate
Kroger	Friends Fiduciary Corporation	Climate

For the 2025–2026 proxy season, First Affirmative has already filed several shareholder proposals. As these conversations develop, we hope to reach meaningful agreements that lead to measurable progress. At the same time, we have experienced increased pushback from companies on smaller procedural and technical details compared to prior years, which has at times slowed the process but we remain committed to constructive dialogue and persistent engagement in pursuit of strong outcomes.

Challenges

Over the past year, we observed a noticeable shift in the tone and pace of engagement conversations. This change emerged quickly following the transition to a new administration, as companies became more cautious about public commitments and more conservative in how they discuss ESG-related issues. In many cases, engagement that previously felt collaborative has become more guarded, particularly on topics tied to climate strategy, civil rights, and broader sustainability initiatives. As a result, progress often requires more time and sustained effort, even when companies remain willing to meet and maintain dialogue.

At the same time, we continue to see internal prioritization challenges that can limit momentum. While many companies have dedicated staff focused on environmental and social issues, advancing meaningful policy changes or measurable commitments is increasingly difficult when decisions must be approved at higher levels of leadership. Sustainability teams often bring strong expertise and a willingness to engage, but action can stall as these initiatives compete with other corporate priorities. Kroger is one example where environmental staffing exists, yet climate-related progress has been slower to gain traction at the executive level, reinforcing that internal alignment remains a key barrier to implementation.

In addition, the evolving “No-Action” landscape has added another layer of complexity to shareholder advocacy work. Recent developments and increased procedural scrutiny have made it more difficult to ensure proposals advance through the process without challenge. Even when proposals are carefully drafted and aligned with established shareholder rights, procedural barriers can significantly increase the resources required for filings, follow-ups, and issuer engagement. This environment has created more uncertainty this season and has elevated the risk that strong proposals may not reach a vote.

Finally, we have observed resourcing shifts across parts of the shareholder advocacy ecosystem, as funding pressures have prompted staffing and program adjustments in certain areas. While the full

downstream impact on capacity and engagement outcomes may take time to materialize, these changes are frustrating and add complexity to long-term, relationship-driven work. This reinforces the need for strategic prioritization and clear objectives to ensure engagements remain effective, targeted, and outcome oriented.

Opportunities / Looking Ahead

Looking ahead, we see meaningful opportunities to strengthen and expand our shareholder advocacy program through improved tools and deeper partnerships. This year, we transitioned to Iconik as our proxy voting and research partner, positioning First Affirmative with a platform that is aligned with our values and built to support thoughtful, high-quality ESG analysis. This transition enhances our ability to better support our advisors and clients.

We also deepened collaboration with key partners during the 2025–2026 proposal season, including engaging through As You Sow's Active Your Shares Network and supporting a handful of shareholder proposals. These partnerships not only strengthen the quality and credibility of our filings but also expand our ability to engage on material issues through a coordinated investor voice. As we move forward, we will continue prioritizing strategic co-filing opportunities and select partnerships that support measurable outcomes, reinforce long-term shareholder value, and align with First Affirmative's engagement priorities.

Most importantly, we remain energized and committed to this work, even when the external environment becomes more complex. Shareholder advocacy is long-term by nature, and progress is often built through persistence, constructive dialogue, and steady follow through overtime. While the broader landscape will continue to shift, we believe the momentum behind responsible business practices and investor accountability is durable. We will continue showing up consistently for our advisors and clients, focusing on impact-driven engagement and positioning our program for continued growth and meaningful results.

Activist Managers Engagement Highlights

Calvert



Calvert's most recent Stewardship Report (covering July 1, 2023–June 30, 2024) highlights active ownership work across climate change, human capital management, human rights, worker health & safety, and governance, reflecting where Calvert concentrated engagement efforts during the reporting period.

One concrete example Calvert emphasizes is its engagement focus on the utilities sector, which it identifies as a major driver of financed emissions and a key area for climate transition progress, showing how Calvert prioritizes engagement where real-economy decarbonization is most impactful. Iberdrola is advancing toward carbon neutrality but, needed stronger systems and disclosure to measure and operationalize just-transition and human-capital commitments across the company. Following engagement, Iberdrola committed to improving disclosure and is upgrading internal systems to better track and report just-transition performance. [Link to recent report](#)

Nuveen



Nuveen's most recent Annual Stewardship Report summarizes stewardship activity executed during 2024, emphasizing consistent and resilient engagement through changing market conditions while maintaining long-term accountability expectations.

Nuveen notes that the report includes engagement and voting examples intended to illustrate how stewardship practices are applied in real time across sectors, providing a strong basis for “what they did” manager highlights in annual reporting. They highlight their work with Starbucks, they continue dialogue to hold a company accountable and address structural changes and not letting leadership’s view on ESG topics become an obstacle to derail long term value creation. [Link to recent report](#)

Impax Asset Management



Impax’s Stewardship & Advocacy Report 2025 documents how the firm used engagement, voting, and advocacy tools across 2024, with continued emphasis on environmental sustainability, governance quality, and long-term transition risks.

The report highlights growing focus on nature-related stewardship and expectations for stronger governance and disclosure aligned with frameworks like TNFD, while reinforcing ongoing engagement priorities across water, deforestation, and plastics. They engaged directly with China Longyuan who begun improving its climate alignment by disclosing Scope 1 and 2 emissions, strengthening governance, and starting to divest coal assets, though a science-based, net-zero transition plan is still in progress. Engagement through the Institutional Investors Group on Climate Change has helped drive these steps, and investors will continue monitoring coal divestment, transition planning, and links between executive pay and sustainability performance. [Link to recent report](#)

Parnassus Investments



Parnassus’ 2025 Sustainability & Stewardship Report provides a practical look at active ownership through engagement and proxy voting, including case studies that connect stewardship activity to long-term value and corporate accountability.

This report serves as a strong manager highlight source because it demonstrates how Parnassus applies stewardship across strategies while reinforcing expectations around governance and financially material sustainability risks. Engagement with Microsoft aims to build on its leadership in water stewardship by encouraging stronger targets and better management of supply-chain and data-center water impacts as AI expansion increases resource demand. [Link to recent report](#)

Praxis



outcomes.

Praxis' Real Impact Reports provide ongoing updates intended to show real-world impact examples across their strategies, including shareholder advocacy, engagement priorities, and stewardship-related

These reports support an annual review narrative by offering current, report-ready material that demonstrates how Praxis uses engagement and proxy voting to advance accountability and long-term responsibility aligned with its values-based investing approach. They addressed inequality and environmental sustainability through engagement. Praxis Investment Management co-filed and later withdrew a shareholder proposal after Apple committed to improving transparency and processes to address risks related to online child sexual exploitation on its platforms. Investors will continue engaging technology companies to strengthen safeguards as regulatory, legal, and reputational risks tied to online child safety continue to grow. [Link to recent report](#)

Thornburg Investment Management



Thornburg's responsible investing materials outline how the firm incorporates ESG considerations into its investment framework, emphasizing long-term risk awareness, governance-minded decision-making, and disciplined oversight.

While not structured as a traditional annual stewardship report, Thornburg documents that stewardship tools like engagement and proxy voting are part of its broader investment and stewardship discipline, supporting accountability and resilience over time. [Link to recent report](#)

Domini Impact Investments



Domini's stewardship resources emphasize long-term, research-driven engagement and active ownership aimed at strengthening corporate accountability across interconnected environmental, social, and financial risks.

Their Impact Updates provide current reporting that supports annual review highlights by showing how Domini translates stewardship priorities into ongoing engagement themes and investor accountability expectations. Engagement with companies across apparel, technology, and food sectors strengthened supplier labor standards, including updates by Sysco to require ethical recruitment policies and stronger protection against child labor. A shareholder proposal also led Capri Holdings to enhance supplier labor requirements, including banning recruitment fees and requiring disclosure of recruitment agency practices. [Link to recent report](#)



First Affirmative Financial Network

5475 Mark Dabling Blvd., Suite 320 Colorado Springs, CO 80918

719-478-7036 | www.firstaffirmative.com

Registered Investment Advisor (SEC File #801-56587)

Advisor Inquiries

phone: 719-478-7036

businessdevelopment@firstaffirmative.com

Business Development, Marketing, and Media Inquiries

phone: 719-478-7036

businessdevelopment@firstaffirmative.com

Service and General Inquiries

phone: 719-478-7036

service@firstaffirmative.com

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