majority action

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Majority Action Launches Campaign Mobilizing Investors to Vote Against Directors at Companies Failing to Address Climate Change

List of Target Companies in the Electricity Generation, Oil and Gas, and Bank Sectors Released Today

NEW YORK — Majority Action, a nonprofit shareholder advocacy organization, is calling on institutional investors like pension plans and state treasurers to use their proxy voting power to vote against directors of companies that have failed in their oversight responsibilities to address escalating climate change. The campaign, called Proxy Voting for 1.5°C World, outlines a list of systemically important companies in the electricity generation, oil and gas, and bank sectors that have not set emissions targets aligned to limiting warming to 1.5°C or aligned business plans and policy influence to those targets. Majority Action is recommending that investors vote against key directors or board members at these companies.

“The physical and financial risks posed by climate change are systemic, portfolio-wide, unhedgeable and undiversifiable, but too many companies aren’t moving fast enough to limit global warming to 1.5°C — for which their boards of directors must be held accountable,” said **Eli Kasargod-Staub,** Executive Director of Majority Action. “Investors must focus on holding directors accountable at the largest companies whose actions are a significant driver of climate change. When directors fail to take adequate climate action, responsible investors must use their most powerful tool — their proxy voting power—to vote directors out.”

Leading institutional investors, including Illinois State Treasurer Michael Frerichs, Vermont State Treasurer Beth Pearce and Connecticut State Treasurer Shawn Wooden have supported the initiative by adopting policies that enable them to vote against directors of companies that have failed in their oversight responsibilities and have not set emissions targets aligned to limiting warming to 1.5°C or disclosed climate risk exposures. They join pension funds such as CalPERS and the New York State Common Retirement Fund, whose proxy voting policies facilitate casting these votes. Institutional clients have also called on major asset managers like BlackRock and Vanguard, who hold outsized voting power at the majority of S&P 500 companies, to use their power to vote out directors on boards who have failed to take up this leadership.

"We are pleased to see more shareowners adopt the accountability mechanism of voting against directors when engagements have not led to positive outcomes, said **Simiso Nzima**, Investment Director & Head of Corporate Governance at CalPERS**.** "CalPERS has a long-standing policy of voting against directors on a variety of issues including climate change, board diversity, executive compensation, and failure of adequate oversight. During the 2020 proxy season, we voted against 25% of directors up for election (voted against 5,003 of 19,645 U.S. directors), to hold them accountable for misaligned pay and performance, lack of progress on corporate board diversity, climate-related concerns, and other oversight issues."

Past investor efforts have shown the effectiveness of holding directors accountable. In 2020, a coalition spearheaded by Majority Action successfully led to the departure of Lee Raymond, the chief architect of ExxonMobil's climate denial strategy, from the helm of the JPMorgan Chase board of directors, the largest fossil fuel financier in the world.

"Connecticut has certainly seen success with direct engagement with our portfolio companies on how their boards are managing climate-related risks," said **Shawn Wooden**, Connecticut State Treasurer. "However, there are companies that have ignored the imperative to plan for climate change, and Connecticut's proxy voting guidelines have recently been amended to allow for a vote against directors for failing to plan for these materials risks. This is clearly the most direct expression of investor sentiment, designed to underscore our expectations that directors be held accountable for the actions, as well as lack of actions, that impact the long-term value of our investments."

Majority Action developed a list of companies in the electricity generation, oil and gas, and bank sectors that are failing to manage the materials risks of climate change, along with a summary of each companies' current targets, capital allocation and policy influence. The full list includes:

Electric

- Duke Energy (NYSE:DUK)
- Southern Company (NYSE: SO)
- First Energy (NYSE:FE)
- Berkshire Hathaway (NYSE: BRK.A/B)
- NextEra (NYSE:NEE)
- PPL Corp (NYSE: PPL)
- Evergy (NYSE: EVRG)
- Entergy (NYSE: ETR)

Oil and Gas

- Chevron (NYSE:CVX)
- ConocoPhillips (NYSE:COP)
- ExxonMobil Corporation (NYSE:XOM)
- Marathon Petroleum (NYSE:MPC)
- Phillips 66 (NYSE:PSX)
- Valero Energy Corporation (NSE: VLO)

- Devon Energy Corporation (NYSE:DVN)
- Kinder Morgan, Inc (NYSE:KMI)
- Occidental Petroleum Corporation (NYSE:OXY)

Banks

- JPMorgan Chase (NYSE:JPM)
- Wells Fargo (NYSE:WFC)
- Goldman Sachs (NYSE:GS)

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