



First Affirmative
FINANCIAL NETWORK

ENGAGEMENT OVERVIEW

2024 Annual Engagement Overview

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ENGAGEMENT OVERVIEW

Below is the summary of our proxy voting dialogue, and proposals in 2024.

Proxy Voting

2,452 Meetings Voted
25,114 Proposals Voted



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-Filed: 4

Withdrawals: 4

First Affirmative's engagement priorities for the 2023-2024 proxy season exemplify our commitment to meaningful advocacy through a variety of channels, including:



signed letters



public policy advocacy



campaigns



shareholder proposals

FIRST AFFIRMATIVE ENGAGEMENT PRIORITIES

First Affirmative’s engagement priorities for the 2023-2024 proxy season exemplify our commitment to meaningful advocacy through a variety of channels, including signed letters, public policy advocacy, campaigns, and shareholder proposals. Addressing climate-related issues remains at the forefront of our efforts, underscoring our dedication to promoting sustainability and responsible corporate practices. This focus reflects our belief in the urgency of tackling the climate crisis through active shareholder engagement and collaboration.

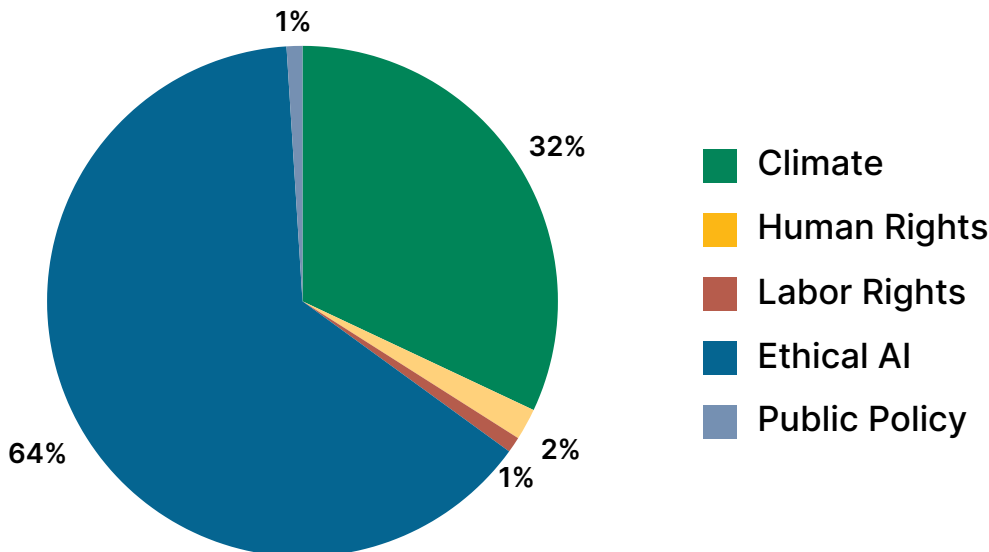
This year, we also expanded our advocacy to address the ethical implications of artificial intelligence (AI).

By joining The World Benchmarking Alliance’s (WBA) Collective Impact Coalition (CIC) for Ethical AI. This is an area with a growing interest from both advisors and clients. We are currently on the Apple and Adobe engagement teams.

To ensure our efforts align with the specific interests of you or your clients, please connect directly with Kaitlyn through email at: kaitlynmitchell@firstaffirmative.com

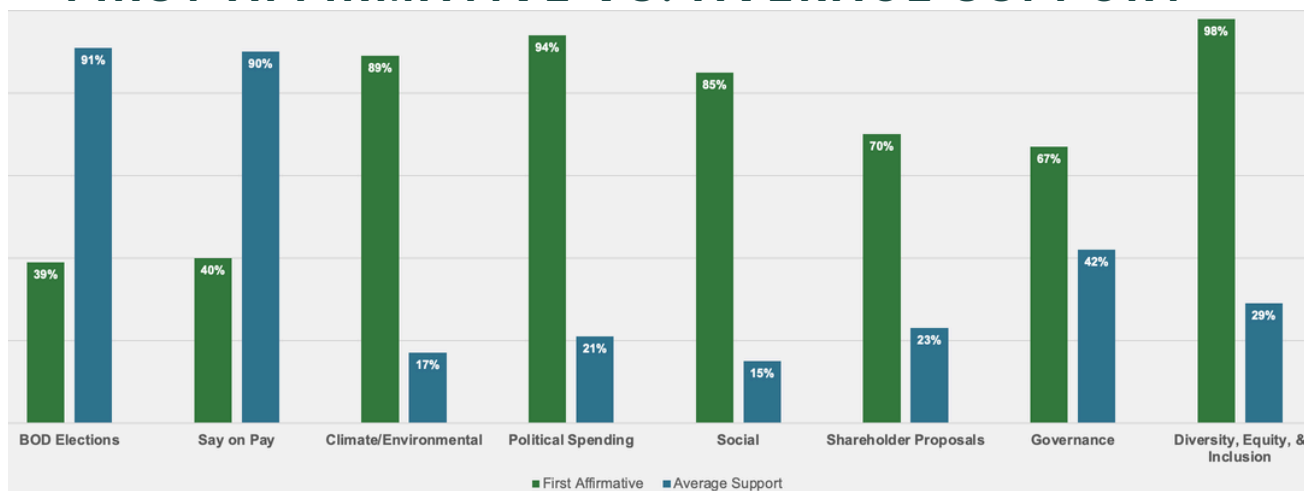
By joining our priority list, you empower us to proactively identify and pursue engagement opportunities tailored to your unique needs and concerns.

2024 ENGAGEMENT PRIORITIES



PROXY VOTING RECORD

FIRST AFFIRMATIVE VS. AVERAGE SUPPORT



The chart above illustrates First Affirmative’s custom proxy voting guidelines in action, showcasing our commitment to advancing responsible corporate practices and leading the way in shareholder advocacy. By benchmarking our votes against industry averages, we demonstrate how our approach consistently prioritizes impactful change.

In the 2023-2024 proxy season, First Affirmative supported 39% of board of director elections, aligning with our focus on accountability, compared to the industry average of 91%. Similarly, our support for say-on-pay proposals stood at 40%, reflecting our selective approach, as opposed to the 90% industry average.

Our commitment to climate and environmental issues remains strong, as we supported 89% of these proposals, significantly outpacing the 17% industry average. Similarly, our stance on political spending was

robust, with 94% support compared to the average of 21%.

For social proposals, we supported 85%, well above the industry average of 15%. Shareholder proposals overall received 70% support from us, a stark contrast to the 23% industry average. The drop in our support for shareholder proposals over the last few years is due to the increase in anti-ESG proposals.

In governance, we supported 67% of proposals, compared to the 42% industry average, prioritizing actions with meaningful oversight. Finally, our support for diversity, equity, and inclusion proposals stood at 98%, compared to the industry average of 29%.

This chart highlights how First Affirmative's thoughtful approach prioritizes meaningful outcomes, setting us apart in the world of shareholder advocacy.

2023-2024 SHAREHOLDER PROPOSAL UPDATE

Filed or Co-Filed by First Affirmative Financial Network as of
March 30, 2024

ISSUE	COMPANY	REQUEST	LEAD FILER	RESULTS
Environment / Climate Change	Illinois Tool Works	Limit global warming to 1.5C, the Intergovernmental Panel on Climate Change has advised that GHG emissions must be halved by 2030 and reach net zero by 2050.	Arjuna Capital	Withdrawal
	Kroger	Reduce its total contribution to climate change, by quantifying and setting targets for GHG emissions attributable to Purchased Goods and Services.	Friends Fiduciary Corporation	Withdrawal
Social	Analog Devices, Inc	Independent third-party report on human rights due diligence process to determine whether its policies and practices are effectively mitigating human rights and material risks.	United Church Funds	Withdrawal
Governance	Union Pacific Railway	Publicly disclose a policy that all employees be able to utilize paid sick leave benefits without being subject to discipline.	Trillium	Withdrawal

First Affirmative Proposals address the Sustainable Development Goals.

Mention of a specific company or security is neither a recommendation to buy or to sell that company or security. For information regarding the suitability of any investment, please contact your financial advisor. Past performance is never a guarantee of future results.

THE POWER OF WITHDRAWAL AGREEMENTS



In the world of shareholder advocacy, success is often measured in various ways. While a successful vote on a proposal is a tangible achievement, withdrawal agreements represent a powerful and strategic outcome that can lead to meaningful corporate change. Last season, First Affirmative experienced this first-hand, achieving withdrawals for all four of our co-filed shareholder proposals. This highlights the value of constructive dialogue and the potential for collaborative solutions.

A withdrawal agreement occurs when a company agrees to take specific actions that address the concerns raised in a shareholder proposal, prompting the proponent to withdraw the proposal from the proxy statement. These agreements are not compromises; they are commitments that can lead to substantive progress.

Last season's four withdrawals underscore the effectiveness of our approach. By engaging companies with clear, actionable asks and maintaining open lines of

communication, we achieved meaningful agreements that aligned with our advocacy goals.

These outcomes included commitments to enhance transparency, adopt sustainable practices, and prioritize stakeholder concerns.

Withdrawal agreements demonstrate that shareholder advocacy is not solely about confrontation; it's about driving progress. These agreements prove that when shareholders and companies collaborate, they can achieve outcomes that benefit the business, its stakeholders, and society at large.

As we prepare for the next proxy season, the lessons from last season's withdrawals will inform our strategy. We remain committed to leveraging the power of dialogue and collaboration to drive change. By continuing to prioritize withdrawal agreements as a strategic tool, we can amplify our impact and build a more sustainable and equitable future.

ACTIVIST MANAGERS ENGAGEMENT HIGHLIGHTS

First Affirmative utilizes numerous management firms that also actively engage with their portfolio companies. Here are just a few engagement highlights:



Trillium Asset Management led impactful engagements across various sectors. Notable achievements included advancing environmental justice in Cahokia Heights, Illinois, through dialogues with American Water Works and local advocacy groups and pressing Nike to adopt worker-driven social responsibility principles in high-risk supply chains.

Trillium also prioritized economic justice by engaging with Nestlé to ensure living wages in its cocoa supply chain, addressing systemic inequities that perpetuate child labor. They championed labor rights, supporting unionized workers at Apple and advocating for fair contracts and equitable benefits. Their focus on diversity, equity, and inclusion extended to encouraging portfolio companies to disclose EEO-1 data and adopt LGBTQ+ inclusive policies.

In addition to direct company engagements, Trillium supported broader field-building efforts, such as defending ESG and DEI programs under political scrutiny and backing the SEC's climate disclosure rules. These efforts underscore the importance of active ownership in influencing corporate behavior and achieving sustainable, long-term value for investors.

[Read their latest report.](#)



Ethical AI



**Environmental
Sustainability**



Biodiversity



**ESG
Integration**

Boston Common Asset Management made significant strides in promoting responsible investing and corporate accountability through targeted shareholder engagement. As co-leading, founding investors of the World Benchmarking Alliance's Ethical Collective Impact Coalition, they facilitated a 58% increase in the adoption of ethical AI principles among benchmarked companies. Notably, First Affirmative joined this coalition in 2024.

Their commitment to environmental sustainability was evident as they engaged with major contributors to portfolio emissions and companies lacking climate targets, resulting in a 14% increase in internationally aligned climate targets from 2021.

Additionally, Boston Common developed a comprehensive Biodiversity Policy and completed an assessment to guide their ESG research and engagement priorities in the coming years. Their excellence in ESG integration was recognized by the UN Principles for Responsible Investment (PRI), awarding them a five-star rating in two core categories in 2023: Policy, Governance, & Strategy, and Active Fundamental. These achievements underscore Boston Common's dedication to leveraging shareholder engagement as a catalyst for sustainable business practices and positive change across industries.

Read [their annual impact report](#)



Water Risks



Biodiversity



Environmental Sustainability



Corporate Governance

Impax showcased robust stewardship throughout the 2023-2024 proxy season with a dual approach: engaging directly with investee companies and influencing broader market standards. Their 2024 Stewardship and Advocacy Report highlights their work on climate-related risks and opportunities, biodiversity, and corporate governance. For example, Impax engaged with a global energy company to push for clearer reporting on greenhouse gas emissions, resulting in the adoption of science-based targets. They also focused on water risk in the agriculture sector, helping drive policy improvements.

Their voting record demonstrates their active participation, with 99.6% of management resolutions voted. Impax prioritized resolutions advocating for board diversity, increased climate transparency, and executive accountability. They supported shareholder proposals aimed at reducing single-use plastics and achieving net-zero commitments.

[Link to Stewardship and Advocacy Report 2024](#)



DEI



Supply Chain



Environmental Sustainability



Corporate Governance

Domini continues to lead in leveraging proxy voting and engagement for systemic change. In the 2023 proxy season, Domini voted at 308 meetings, covering over 4,000 proposals. They notably opposed 48% of director elections due to insufficient board diversity and voted against executive compensation plans that lacked alignment with social and environmental performance.

Domini's engagements included pressuring a major technology company to address racial discrimination in hiring practices, resulting in new transparency measures. Another success involved securing commitments from an apparel giant to eliminate forced labor from their supply chain. Their advocacy focused on equitable climate action, human rights, and increasing access to basic services in underserved communities.

[Link to Annual Engagement Report](#)



**GREEN
CENTURY
FUNDS**

Invest in a Green Future



**Environmental
Sustainability**



**Corporate
Accountability**

Green Century’s 2023-2024 advocacy work was deeply rooted in environmental stewardship and corporate accountability. They filed shareholder resolutions at 42 companies, directly influencing businesses like Kroger to phase out single-use plastic bags and Darden Restaurants to reduce food waste. Their efforts led to 26 policy changes across various sectors.

Green Century’s proxy voting activity supported over 600 proposals, emphasizing environmental and social priorities, including greenhouse gas emissions reduction, pesticide transparency, and renewable energy adoption. For instance, they engaged with a major food company to accelerate its transition to sustainable palm oil sourcing, significantly improving its supply chain practices.

[Link to 2024 Shareholder Season Highlights](#)



**PARNASSUS
INVESTMENTS®**



**Board
Diversity**



**Corporate
Disclosure**



**Renewable
Energy**



**ESG
Integration**

Parnassus Investments emphasizes long-term sustainable growth through active engagement with portfolio companies. Their 2024 Annual Sustainability & Stewardship Report highlights efforts to integrate ESG principles, such as promoting net-zero initiatives and improving worker safety standards. They engaged with a leading tech company to improve disclosure on data privacy, resulting in the adoption of stricter consumer protection measures.

Proxy voting played a critical role in advancing their priorities. Parnassus supported resolutions to eliminate supermajority voting requirements and increase board diversity. Additionally, they advocated for a large retailer to adopt renewable energy sourcing goals, showcasing their ability to drive meaningful change.

[Link to 2024 Annual Sustainability & Stewardship Report](#)



Global Asset
Management



DEI



ESG
Integration



Enhanced
Disclosures



Executive
Accountability

RBC GAM emphasized governance and long-term value creation in their proxy voting and engagements during the 2023-2024 season. Their Proxy Voting Guidelines were updated to address evolving ESG issues, including diversity, equity, and inclusion (DEI). For instance, RBC engaged with a multinational energy company, resulting in enhanced disclosures on climate-related risks and transition plans.

RBC supported resolutions promoting special meeting rights and executive accountability while opposing those misaligned with shareholder value. A highlight of their advocacy work includes urging a global logistics company to adopt gender diversity goals, resulting in a new board-level DEI strategy. RBC's work demonstrates a balance between environmental, social, and governance concerns.

[Link to 2024 Proxy Voting Season Preview](#)

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