STRIVE

The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

March 18, 2025

This Week: AT&T rolls back some DEI; Net zero strangles economic growth; An Eye on Energy looks at the EPA's plans to deregulate energy.

AT&T Rolls Back Some DEI

AT&T is the latest company to revise some of its DEI policies, Bloomberg reports.

The Changes: The changes at the company appear to be focused primarily on its LGBTQ+ positioning, as well as eliminating racial preferences, as reflected in our chart below.

Changes at AT&T

	Old	New
Pins & Pronouns	Encouraged employees to wear pins with their preferred pronouns	No longer offering pronoun pins
Donations & Partnerships	Partnered with Trevor Project, which hosted chatrooms where adults encouraged kids to hide gender transitions from parents	Cut ties with the organization
Scholarships	Employee scholarship restricted to those with "Hispanic heritage" Scholarship restricted to "African American high school students"	Applicants must "[d]emonstrate a commitment to or impact on the Latino community." Open to "youth in underserved communities."
Trainings	DEI trainings	Leadership trainings
CDO Title	Chief Diversity Officer	VP of culture and inclusion

Source: Strive Asset Management. Data from https://hacemosscholarship.org/; https://www.thenetworkbicp.org/scholarships; https://sustainability.att.com/priority-topics/inclusion; https://mustreadalaska.com/more-evidence-that-the-trevor-project-active-in-anchorage-municipal-counseling-laws-is-grooming-children-in-its-chat-room-with-sex-talk-about-fetishes-hiding-from-parents/ sources linked in newsletter and the Wayback Machine

The Final Push: While DEI policies have faced increasing criticism from both public and private actors, including wealth-focused asset managers like Strive, activist Robby Starbuck appeared to give the company the final push, announcing he had recently been in discussions with AT&T over its DEI policies.

A Growing Divide: AT&T is the latest company in the spotlight, as companies are now forcing to choose whether to hold on tight to their DEI policies in the face of mounting backlash or embrace a change that ensures every applicant, employee and vendor is treated equally, regardless of race, gender or LGBTQ+ status.

Questions Remain: While AT&T has rolled back many of its initiatives, others appear to remain intact. One source told Bloomberg, for instance, that the company will now "award contracts based on value, quality and function," but the FAQ page on AT&T's website still states:

> Q: Do I need a diversity certification to do business with AT&T?
> A: Yes. AT&T's Supplier Inclusivity Program requires businesses present proof of third-party certification. A list of the approved certification organizations is available here.

Thus, like many companies, the full extent of AT&T's rollback is not yet clear.

Net Zero Strangles Economic Growth, New Analysis Finds

A new study by the banking economist Kallum Pickering demonstrates that net zero goals come at a huge economic trade-off, the Telegraph reports.

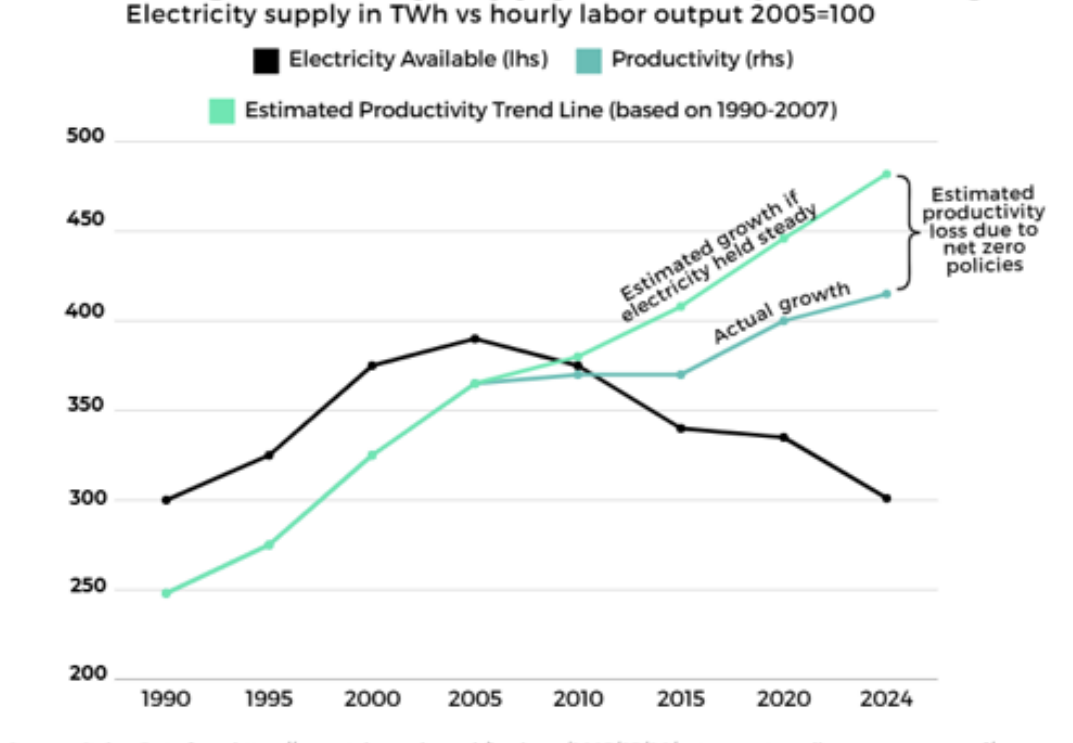
The Context:

- In recent years, many UK fossil fuel plants have been decommissioned in the name of fighting climate change.
- Renewables haven't kept up.
- The result is energy prices that are three to four times higher than in the United States, where electricity is plentiful.
- That means much higher bills for both citizens and businesses, stifling economic growth.

The Study: The study examined the total energy supply in the UK since 1990, and compares it to the country's productivity. The results showed a dramatic leveling-off of productivity after the UK adopted the 2008 Climate Act—which committed the country to slashing its greenhouse gas emissions by 80% by 2050 relative to 1990 levels.

UK's falling electricity supply has hurt productivity

Electricity supply in TWh vs hourly labor output 2005=100



Source: Strive. Data from https://www.telegraph.co.uk/business/2025/03/06/net-zero-strangling-economy-proof/

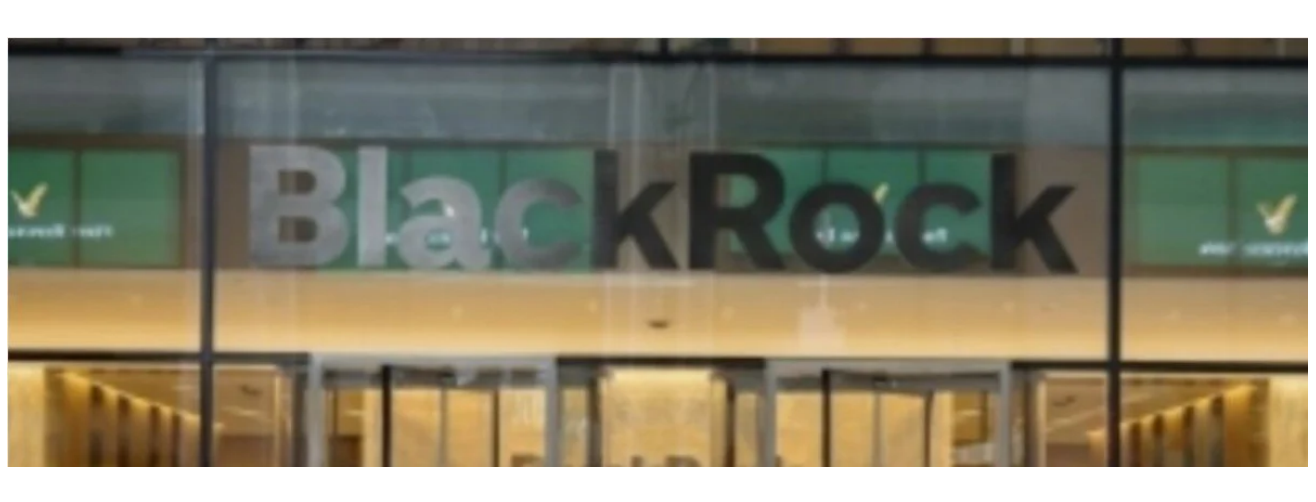
A Global Phenomenon: The author backstopped his research by looking at data from another 188 countries (almost the whole world) and found "a clear positive relationship between GDP per capita—which is the result of productivity growth—and energy consumption per capita."

Strive's View:

- Many net zero champions claim there's no tradeoff between reducing emissions and economic growth.
- The new study demonstrates that's simply not true. Countries, companies and individuals all need plentiful, cheap energy to power their businesses and improve their quality of life.
- Some individuals may be happy to pay more for green energy or make sacrifices to fight climate change, and they are of course free to do so.
- But those who have a **fiduciary duty** to maximize value for others—including corporate boards, asset managers and pension fund managers—do not have that luxury. They must focus on generating the **best long-term financial** returns for clients and shareholders. That means focusing on growth, not fighting climate change.

Dig Deep: Read Strive's white paper to learn more about why we oppose proposals to force companies to adopt net zero goals.

BlackRock Will Still Press DEI, But Less "Noisily"



BlackRock will continue to push DEI, but will try to be less "noisy" about it, Pensions and Investments reported last week.

Changes at BlackRock: Last month, ESG pioneer BlackRock sent an all-employees email that it was tweaking some of its DEI policies, by, for example retiring its demographic hiring goals and changing the title of its global DEI head to "co-lead of global talent and culture." But many believe the changes are mainly symbolic, meant to allow BlackRock to continue to pursue DEI while avoiding legal scrutiny.

Experts Weigh In: Pensions & Investments interviewed a few pro-DEI professionals to get their take on the changes. While they typically recoil at any sign that a company is backtracking on its DEI promises, they seemed mostly unbothered by BlackRock's recent announcement, confident that it will continue to be a DEI advocate when it counts. BlackRock has spent years justifying its pro-DEI push, and "it's very hard to go back in the closet," the founder of the Diverse Asset Managers Initiative explained.

Actions Speak Louder Than Words: DEI proponents see BlackRock's recent actions as proof that it's not backtracking on its DEI positions, even if it may tone down the rhetoric. The evidence includes:

- BlackRock's votes for Costco and Apple to continue their DEI initiatives, despite a shareholder request for the companies to abolish them in light of heightened legal risks;
- Pro-DEI statements by BlackRock's DEI head, who despite the new title continues to call herself a "seasoned DEI executive" committed to the cause.

Strive's Take: BlackRock's maneuvering epitomizes the problem with modern asset management: prioritizing institutional self-preservation over their clients' interests. Investors deserve clarity on how their money is invested—whether that's to maximize financial value or pursue a social goal. BlackRock's calculated ambiguity deprives them of that right. While this strategic hedging may help BlackRock duck legal scrutiny, it fundamentally undermines the fiduciary relationship. At Strive, we believe all investors deserve straightforward answers about how their money is being managed, not carefully crafted corporate camouflage. Unfortunately, BlackRock doesn't seem ready to take off the chameleon suit just yet.

Unpacking the EPA's plans to deregulate American energy

On March 11th, the Environmental Protection Agency announced 31 upcoming actions in what Administrator Lee Zeldin called the most consequential day of deregulation in American history. He said the goal was to eliminate trillions in regulatory costs so that "the cost of living for American families will decrease, and essentials such as buying a car, heating your home and operating a business will become more affordable."

It's important to distinguish between deregulation plans and execution. Even conservative legal scholars agree that the EPA's headliner, eliminating its 2009 "endangerment finding" that greenhouse gas emissions threaten public health, is unlikely to survive judicial scrutiny. That means the present and future EPA will maintain the authority to regulate greenhouse gas emissions, even if it doesn't want it. But it has a great deal of flexibility to choose how it does so.

One of the agency's most significant moves is its intention to rewrite tailpipe emissions standards designed to force most car and light truck sales to be electric or hybrid by 2032. Equally important is its rollback of the Biden Administration's Clean Power Plan 2.0, which required coal power plants to cut their emissions by 90% by 2039, relying largely on ruinously costly carbon capture technology. Crucially, new gas power plants would have been bound by the same limits, which would have stifled Big Tech's plans to power surging AI demand.

A sleeper pick for an impactful deregulation is the EPA's plan to recalculate the social cost of carbon, a figure that gets plugged into most of its cost/benefit analyses. The EPA will struggle to get rid of the endangerment finding because it has to contend with a large body of scientific research saying that carbon emissions *have* costs, but the economic research on the *scope* of those costs is much less settled. The Obama administration estimated the social cost of carbon at $51 per ton; the first Trump administration reduced that to around $5. The Biden administration first brought back the $51 figure, and later ratcheted it all the way up to $190.

So although the EPA's deregulation spree will have to wind its way through administrative and judicial processes, many key elements are likely to survive. As Zeldin wrote in the *Wall Street Journal*, "Energy dominance stands at the center of America's resurgence." The EPA's attempt to unshackle the US energy industry is likely to succeed, bringing costs down in sectors from automobiles to AI.

Voting Spotlight: Starbucks

Each week during proxy voting season, Strive will highlight one interesting vote from a recent company's annual meeting.

Last week, Strive voted against a proposal by the Humane Society asking Starbucks to make specific plans to use only cage-free eggs in its Chinese and Japanese stores. The proponent noted that Starbucks had disclosed general aspirations to someday move to cage-free eggs, but hasn't (in its view) made sufficient progress in these Asian markets or made time-bound commitments on when the transition would be complete.

Starbucks opposed the proposal, explaining that in "China and Japan, cage-free egg production remains limited and supply is not yet available on a commercially viable scale."

Because the proposal is focused on a social goal untethered to financial maximization, and because the proposal appears infeasible in any event, Strive voted against it.

Strive Co-Founder Pens DEI Op Ed for New York Times

In a powerful new op-ed for *The New York Times*, Strive co-founder Anson Frericks critiques the rise of DEI policies in corporate America and advocates for a return to meritocracy. Drawing from his experience at Anheuser-Busch, he discusses how such policies have distracted companies from their core missions and created division. This piece offers a bold perspective on how businesses can thrive by focusing on what truly matters—performance and value creation. Read the full article by clicking below.

Read Here

The Best of The Rest

Additional stories about ESG investing, company happenings, and more.

- Jamie Dimon unloads on ISS and Glass Lewis; "They are incompetent... They should be gone and dead, done with," the JP Morgan head said at a retirement summit.
- ING sees growth in semiconductor market; forecasts 9.5% annual growth, driven by AI demand.
- The Conference Board breaks down the 2025 proxy season; "Shareholder proposals reached record levels in 2024, signaling continued shareholder engagement pressures for 2025."
- Inside the Chinese region that is a no-go for U.S. companies; "Projects are dead and surveillance is omnipresent in Xinjiang, which once lured Western companies such as Volkswagen."
- Kevin O'Leary predicts Bitcoin will become the 12th sector of the U.S. economy; "They're going to provide regulations to allow this to become integrated with the financial institutions of America. It's going to become a payment system, an investment vehicle."
- Senate introduces legislation to protect U.S. companies from EU ESG laws; draft legislation follows lawmaker letter decrying the EU's attempted "extraterritorial" reach.

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Who Are We?

Strive is one of the fastest growing asset management firms. Our mission is to maximize value for our clients by leading companies to focus on excellence. **Click here** to learn more.

What Makes Strive Different?

While many asset managers push companies to focus on other stakeholders such as employees, suppliers, the environment and society at large, we live by a strict commitment to shareholder primacy — the belief that **the purpose of a for-profit corporation is to maximize long-run value for investors. Click here** to learn why shareholder primacy is so important.

How Does Strive Maximize Value?

Our corporate governance team engages with the companies in which our clients are invested to advocate for the pursuit of excellence in corporate America. We are aggressively apolitical when it comes to utilizing our corporate governance tools and demand that companies focus exclusively on delivering long-term financial value for investors. The corporate governance team also determines how to cast our shareholder votes at annual meetings and special elections, evaluating each proposal through the lens of maximizing financial return.

Our research team conducts deep analysis of macro economic trends, market developments, and industry- and company-specific metrics to identify potential risks and opportunities for our clients. We then incorporate the results of this research into our engagement and voting strategy, and share it with our clients in the form of white papers and market research reports so they can make the most educated investment decisions possible.

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