STRIVE

The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

April 22, 2025

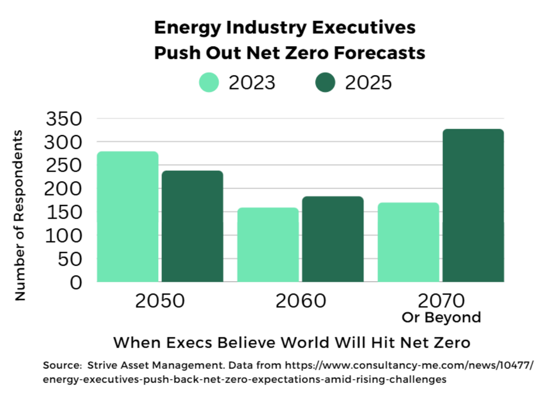
This Week: Energy executives push back net zero expectations; IBM retreats from DEI; The Bitcoin Brief catches up on international corporate adoption.

Energy Execs Push Back Net Zero Expectations

Executives in the energy industry are pushing back their forecasts of when the world will achieve net zero carbon emissions, a new Bain survey finds.

The Survey: The consulting firm asked over 700 executives in the oil and gas, utilities, chemicals, mining, and agribusiness industries about energy transition challenges and opportunities, including when they believe the world will reach net zero emissions and what roadblocks they face.

The Results: Energy sector executives were much less optimistic that the world will hit net zero even by 2070, compared to their beliefs just two years ago.



"On average, oil and gas executives anticipate peak oil around 2038, a clear signal that sector leaders expect legacy assets to play a crucial role in meeting energy demand for the foreseeable future."

The Reason:

- By far, the number one reason that energy companies aren't scaling up their efforts to further the green transition is because they can't find customers willing to pay higher prices to justify the return on investment, with **69%** of respondents citing these financial concerns.
- "The era of enthusiasm for environmental, social, and corporate governance – driven investment is giving way to a harder-nosed focus on ROI," the authors explain. "Tighter budgets, constrained balance sheets, and rapidly rising capital costs are forcing companies to make tough calls about where to place their bets."

The Reality: Fossil fuels remain in demand, particularly as AI increases the need for cheap electricity. We believe companies make the best long-term strategic plans when their plans are based on facts, not advocacy; encouragingly, the Bain survey shows that an increasing number of energy company executives are willing to do just that.

IBM Retreats from DEI

IBM has become the latest company to roll back its DEI initiatives, Bloomberg reports.

What's Happening: IBM's rollback affects:

- Executive pay, by no longer tying executive pay to meeting race- and gender-based goals,
- Suppliers, by focusing its supplier diversity program on all small businesses, rather than giving preferences to businesses owned by certain races over others, and
- Leadership decisions, by disbanding a "diversity council" that represented views of employee resource groups.

The Public Rationale: IBM's memo to employees cited the "inherent tensions in practicing inclusion," and the company told Bloomberg that it is committed to "hir[ing] the people who have the personality, talent and background necessary to fill a given job, regardless of race, color or creed."

Behind the Scenes: While IBM didn't mention it in its employee memo or statement to Bloomberg, its DEI retreat comes just two weeks after a federal judge refused to dismiss a lawsuit brought by a non-minority consultant who claimed IBM fired him to advance its DEI goals. Per the order:

> According to [plaintiff], IBM has implemented a policy that incentivizes its management to terminate white men so that IBM's workforce has a higher percentage of minorities... [A]ccepting [these] factual allegations as true,...it is plausible that IBM's Diversity Policy ... discriminate[s] against white males and that [his supervisor's] unrealistic PIP was a means to carry out that policy by creating a pretext to terminate [the plaintiff].

The DEI rollback probably won't be enough to stop lawsuits from employees who've already been discriminated against, but hopefully IBM's new race- and gender-neutral policies will shield the company from further liability.

Executive Order Targets State-Level ESG Efforts

A new executive order from President Trump takes aim at state-level ESG policies, Reuters reports.

Fill Me In: President Trump has directed the Department of Justice to challenge state climate laws that he views as unconstitutional and illegal barriers to energy production.

Key Targets:

- New York and Vermont's attempts to impose "retroactive penalties" on energy producers via lawsuits claiming to seek compensation for their contribution to climate change;
- California's carbon cap-and-trade program, which sets emissions limits so low that it requires companies to pay "large sums" to "trade" carbon credits,
- State and local-level permit delays for energy projects, and
- Lawsuits suing energy producers for "supposed 'climate change' harm under nuisance or other tort regimes that could result in crippling damages."

Why It Matters: Strive has long argued that ESG-driven constraints on energy companies harms investors. If President Trump's efforts to dismantle them are successful, both shareholders and American consumers stand to benefit.

What's Next: The Attorney General has 60 days to identify state and local climate laws that may be unconstitutional or preempted by federal law and take "expeditious" action to stop their enforcement.

International Bitcoin treasury adoption heating up

Businesses around the world have recently announced plans to jump into Bitcoin. From MicroStrategies of Europe to Brazilian fintech to Japanese fashion, here's a breakdown.

On the most ambitious end of the spectrum, we have not one, but two attempts to bring the all-in Bitcoin treasury approach pioneered by Strategy (formerly MicroStrategy) to Europe. After Japanese company Metaplanet's stock was rewarded with a near 18x gain over the last year, it was only a matter of time until participants in other markets followed. Last week, web designer the Smarter Web Company revealed plans to become the MicroStrategy of the UK, going public through a reverse takeover of a public uranium company. It hopes to combine small-cap growth potential with Bitcoin gains.

Meanwhile, Swedish company Bitcoin Treasury Capital AB announced ambitions to become the MicroStrategy of Europe, aiming to go public in June as the world's first pure-play Bitcoin treasury company. This is new: everyone else who's bought Bitcoin has strapped it onto an existing operating business like real estate or software, often as those faced pressure. That leaves questions about how the Bitcoin business relates to the other enterprises—is continued overhead in them justified? Where should new capital be invested? The Swedish company makes its core business clear: "Every krona we receive goes to buying more bitcoin."

Back in Japan, we have Bitcoin adoption broadening beyond the MicroStrategy playbook. Trendy fashion retailer ANAP Holdings committed 200 million yen to buy Bitcoin as an inflation hedge, a meaningful early investment amounting to roughly 5% of its market cap. While small in absolute terms, the move is significant because it shows a foreign retailer facing rough markets viewing Bitcoin as a move to safety rather than a further risk.

The Bitcoin treasury trend is reaching Brazil, too. Publicly-traded fintech firm Méliuz bought $4.1 million worth of Bitcoin in March after its board authorized allocating up to 10% of its reserves to it. Now it's asking its shareholders to let it go further. On May 6th, shareholders will vote on a management proposal to make Bitcoin its primary strategic reserve asset, funding future acquisitions mainly through operational cash flow from its cashback app. Méliuz is set to become Latin America's first listed non-crypto firm to embed Bitcoin in its bylaws as a strategic reserve asset. Its rapid move from pilot buy to full-throttle treasury adoption suggests it liked what it saw.

Strive Donates Books to Promote Bitcoin Literacy

Education is key to unlocking Bitcoin adoption. That's why Strive has donated copies of *The Satoshi Papers* to University of Austin students. This groundbreaking work, authored by Natalie Smolenski, Avik Roy, and other thought leaders, provides essential insights into Bitcoin's revolutionary potential. We're proud to support both these authors and the intellectually curious students who represent the future of Bitcoin innovation.

Read More Here

Voting Spotlight: Bank of America

BANK OF AMERICA

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

Yesterday, Strive voted against a proposal asking Bank of America to disclose its green climate finance ratio, which is the amount of money it lends to green energy projects versus traditional fossil fuel producers. Net zero proponents then use this ratio to push banks to drop fossil fuel clients and direct more financing towards renewables projects.

Bank of America opposed this proposal because it would "require significant company resources and divert management attention from its important work delivering on our climate strategy."

Strive also opposed the proposal, but for financial reasons. Strive agreed with Bank of America that the proposal will likely require significant company resources and divert management attention, but believes that those resources should be singularly focused on delivering long-term financial returns, not other climate change initiatives. For that reason, we voted against the proposal.

The Best of The Rest

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

- Could tariffs derail investments in the EU's artificial intelligence sector? EU-based AI startups had been on the rise, but their future is uncertain.
- Inside an experimental net-zero city in India where residents are told to keep the AC down and shun cars and public transportation in favor of walking in a city where average summer temperatures hit 93 degrees.
- Elliott Management takes on staggered board at Phillips 66; has been dueling with conglomerate since at least 2023.
- Companies continue to bow to ISS pressure on executive compensation despite the face that the German-owned ISS has been criticized for wielding tremendous, and unaccountable, influence over U.S. companies.
- Can Bitcoin save Bhutan's struggling economy? "Amid a brain drain and economic woes, Bhutan has used cryptocurrency to double the salaries of its civil servants."
- Trump administration halts New York's offshore wind project; New York Governor pledges to fight.

Know someone who might enjoy this newsletter? Be sure to share it with them. Not signed up and want to receive your own weekly copy of The Fiduciary Focus? Click here to sign up.

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.
