The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

May 6, 2025

This Week: Two ESG titans allegedly siphoned money for personal use; The AI Revolution is on; The Voting Spotlight looks at Intel.

When ESG Means "Executives Siphoning Gains"

Late last month, the leaders of two titans of ESG—World Economic Forum and Ben & Jerry's—were accused of using stakeholder capitalism as a cover for self-dealing, according to reports from Semafor and the Wall Street Journal.

The Scoop at Ben & Jerry's: Unilever is investigating the Ben & Jerry's Foundation over its grants to progressive groups, with particular attention to donations that may have benefited Ben & Jerry's trustees personally. Most notably, trustee Anuradha Mittal receives a six-figure salary as executive director of the Oakland Institute, which has received hundreds of thousands of dollars from Ben & Jerry's over the years.

The Deal at Davos: Meanwhile, World Economic Forum founder Klaus Schwab resigned after whistleblowers alleged he asked junior employees to withdraw thousands in cash for him and used forum funds for luxury travel and in-room hotel massages. Whistleblowers further alleged that Schwab and his wife reserved portions of Villa Mundi—the WEF's $50 million mansion overlooking Lake Geneva—exclusively for private family use and scheduled "token" meetings in exotic locations to fund their overseas holidays.

Apparently, "The Great Reset" didn't apply to his expense account.

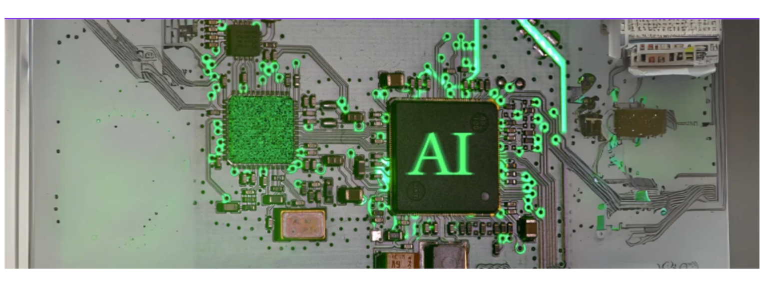
ESG As the Perfect Cover: Fraud exists everywhere, but these cases reveal an uncomfortable truth: ESG provides the perfect cover for self-dealing. From carbon credit fraud to greenwashing claims, the ESG ecosystem seems rife with impropriety. Here's why:

- **Unmeasurable goals:** When success means "making the world better" rather than "making money," how do you measure performance?
- **Moral superiority shield:** Criticism can be deflected with accusations of being anti-environment or anti-social justice
- **Complexity as camouflage:** Multiple stakeholders means multiple ways to justify almost any expenditure.

The Stakeholder Capitalism Shell Game: The most brilliant aspect of ESG's shell game is that it creates the illusion of accountability to everyone, which means accountability to no one. When a company must answer to employees, communities, customers, suppliers, and the planet—not just shareholders—executives gain enormous discretion over which stakeholders matter when. Schwab's wife, for example, attempted to justify her $20 million renovation of Villa Mundi by explaining that the "building is a role model for sustainable architecture."

The Bottom Line: In the end, the most sustainable business practice isn't virtue signaling—it's creating value. And the most ethical corporate governance isn't claiming to serve everyone—it's being honest about whom you serve and delivering on those promises. ESG was supposed to make companies more virtuous. Instead, it's created perfect cover for the oldest corporate sin of all: using other people's money for personal benefit.

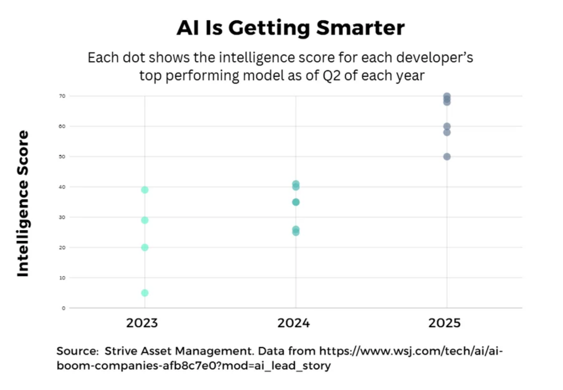
The AI Revolution Is On



Artificial intelligence is "as transformative as the internet itself and advancing fast," the Wall Street Journal reports in a new piece highlighting "how big the AI revolution really is."

The AI Intelligence Race: As anyone who's toyed around with chatbots knows, the technology has grown by leaps and bounds over the past two years. Artificial Analysis—an AI benchmarking firm—set out to determine how much. The company evaluated the leading AI models from Open AI to Google and Meta and gave each a composite score based on how well the model performing in math, coding, general knowledge and other areas.

The Results: AI is rapidly improving.



By the numbers: In addition to tracking AI's performance growth, the piece notes several other metrics demonstrating the potential size of the AI revolution, including:

- Nearly $75 billion in quarterly capital spending on AI by Meta, Alphabet, Microsoft and Amazon, more than triple the figure from 2020;
- Over 350 million monthly visitors to AI chatbots, approximately twice as many as this time last year;
- ChatGPT parent company's announcement of a $500 billion effort to build a data center network, called Stargate.

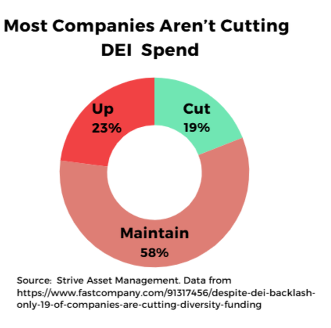
What it means: As the Wall Street Journal explains, "The real news here: In the not-too-distant future, many models might have equal intelligence in areas where they are needed. Then the fight becomes about cost, speed and reliability."

Companies Still Spending on DEI, Survey Shows

Despite headlines declaring the death of DEI, a new survey shows that most companies are spending more on DEI than ever before.

The Study: Pollsters surveyed more than 400 companies of various sizes and across various industries, including some of the largest businesses in the United States.

The Results: The results showed that most companies planned to maintain or increase their DEI spending, rather than reduce it:



DEI Hushing Abounds: While most companies aren't planning to change the resources they devote to DEI programming, there is one place they're making big changes: how much they tell their shareholders. Surveyors found:

- 92% of companies with representation goals plan to stop sharing them publicly,
- 77% won't disclose the goals internally,
- 39% have changed their DEI-related terminology, but
- most continue to collect demographic data and maintain DEI programs

The Bottom Line: While some companies have made headline-grabbing announcements about DEI rollbacks, the financial reality shows most organizations maintaining their investments in these value-destructive initiatives. True shareholder value maximization requires more than cosmetic changes—it demands a fundamental return to merit-based principles and the end of programs that divert resources away from core business operations.

Strive CEO Matt Cole Joins the Simply Bitcoin Podcast

Be sure to check out Strive CEO Matt Cole discuss AI, the Big Three, and the importance of a distributed ownership of Bitcoin.

Watch Here

Voting Spotlight: Intel

intel.

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 Intel to shutter operations in Israel. The proponent accused Intel of engaging in "corporate complicity" to "genocide" because its "corporate presence potentially provides economic legitimacy" to the "crimes against humanity" allegedly being committed in the region.

Intel responded by explaining it has over 11,000 employees, a "key fabrication facility," and "important product design and R&D centers" located in Israel. For that reason, "any divestment from or operational downsizing within Israel, as suggested by the proponent, would likely cause significant harm to the company and its stockholders." Intel further clarified that "the continued presence in and support for the people of a country [does not] constitute[] support for all activities of the government of the country" and that the proposal would "be a costly diversion of corporate resources in pursuit of a stockholder's particular political views on a subject."

Because we agreed with Intel that the proposal would likely harm shareholders, we voted against it.

The Best of The Rest

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

- Spain and Portugal roiled by blackouts ; some experts believe the countries' overreliance on renewables is to blame.
- Companies drop DEI from corporate filings; "A review of S&P 500 companies' 10-K reports finds that references to diversity, equity and inclusion have fallen sharply."
- NYC pension funds issue net zero ultimatum to asset managers; threaten to drop any asset manager that refuses to set carbon neutrality goals across their entire portfolio, including money managed for other clients.
- Warren Buffett to step down from Berkshire Hathaway following six decades of leadership at the company.
- ESG is coming for your candy bar; war on soda, junk food and alcohol is the next frontier for activists.
- Complaint filed against Midwestern hospital system over its DEI policies; alleges discrimination in violation of the Civil Rights Act.
- Apple to lift some restrictions on crypto in App Store; "crypto developers have cheered the update, with some predicting it will help spur a bitcoin price and wider crypto market boom."
- Buyers remorse for finance bosses who overhired for ESG; many companies that "overhired in a very evangelical and philosophical way" are now avoiding the employee profiles they once sought.

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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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