STRIVE

The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

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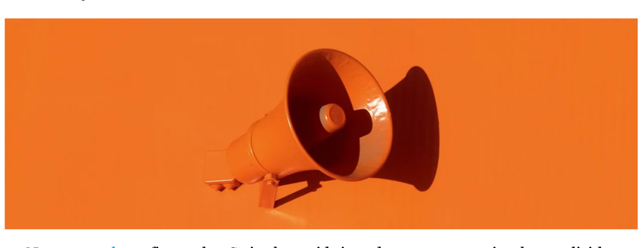
This Week: Declaring political neutrality pays off, study shows; OpenAI scraps plans to become for-profit company; The Bitcoin Brief tackles the first state Bitcoin reserves.

Declaring Political Neutrality Pays Off, New Study Shows



New research confirms what Strive has said since day one: companies that explicitly declare political neutrality outperform both partisan actors and those maintaining an awkward silence.

The Business Case for "No Politics": Researchers from Cornell, Columbia, and Harvard business schools found empirical evidence showing that when companies wade into partisan politics, public perception suffers dramatically—regardless of which side they take.

The Results:

- Taking any partisan stances resulted in an 18% decline in public perception
- Explicitly declaring political neutrality boosted perception by 10%
- The negative reaction from opponents significantly outweighs positive reactions from supporters
- **Key insight:** Declaring neutrality performs better than simply remaining silent.

The Neutrality Premium: The study discovered something counterintuitive: simply staying silent isn't optimal. Companies that actively declared "we're staying out of politics" performed substantially better than those who merely avoided comment. As one of the authors explained:

> If you're a tech firm in California or an oil firm in Alaska, you might still be perceived as political, because there are prior assumptions made by individuals. In that case, it brings a benefit to the firm to just very clearly say "We are absolutely indifferent between these two options."

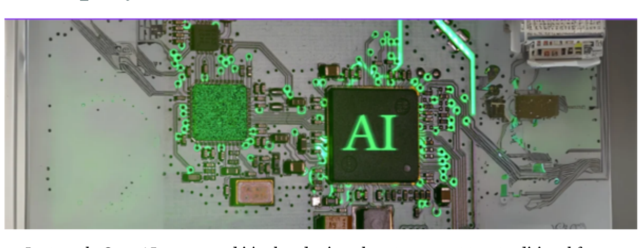
Corporate Leaders Who Get It: Some CEOs have already embraced this approach:

- Coinbase's CEO has stated that the company "doesn't advocate for any particular causes or candidates . . ., because it is a distraction from our mission."
- Whole Foods' CEO has said "I don't think businesses should take a political stand" and "I like to keep my political beliefs, beliefs about controversial issues, to myself."

Others Don't: Other companies seem to be taking a different approach, engaging in greenhushing, DEI hushing, and rebranding exercises through which they quietly rephrase initiatives without filling the public in on what's really going on.

The Bottom Line: Shareholders deserve transparency. The public does, too. And both reward companies when that transparency comes with a commitment to political neutrality. It's not enough to silently sidestep politics—companies should proudly declare their singular focus on business fundamentals and shareholder returns.

Open AI Scraps Plans to Convert to For-Profit Company



Last week, OpenAI announced it's abandoning plans to convert to a traditional for-profit structure, the Wall Street Journal reports.

OpenAI's governance saga takes another twist: Unlike most companies, OpenAI is currently structured as a nonprofit with a duty to serve "humanity" rather than shareholders. Over the past year, OpenAI has been raising capital by "dangling the promise of its imminent conversion to a more traditional structure." But after talking to the attorneys general of Delaware and California—who have to sign off on the deal—OpenAI has put the kibosh on those plans, instead opting to transform its subsidiary into a public benefit corporation while keeping the parent company firmly in the hands of its nonprofit board.

Weights on its running shoes: In the race for AI dominance, OpenAI has chosen the governance equivalent of running with weights. Its every move can be challenged not just by investors or competitors, but every possible stakeholder.

The competition isn't waiting: While OpenAI ties itself in governance knots, rivals like Google and Meta are racing ahead with clearer governance structures and more traditional investor protections. Even Anthropic (ironically founded by former OpenAI employees concerned about its commercial direction) is arguably more investor-friendly. While Anthropic, too, is structured as a public benefit corp., there's at least no purely charitable non-profit parent organization at the top that can decide that profits no longer help humanity or fire its CEO on a whim.

How we see it: When you can't tell if you're buying a slice of the future or making a donation to a particularly tech-savvy nonprofit, you've created a governance structure that fails the basic test of clarity.

Congress Holds Hearings on Proxy Advisory Firms

Late last month, the House Financial Services Subcommittee held a hearing on proxy advisory firms, which effectively control how trillions of investor dollars are voted at shareholder meetings.

The Set Up: Proxy advisory firms recommend how institutional investors should vote on everything from CEO pay to board elections to climate proposals. And they wield enormous power:

- Two firms—ISS and Glass Lewis—control up to 97% of the proxy advisory market
- Their recommendations can swing voting outcomes by double digits
- Over 175 institutions with $5+ trillion in assets vote in lockstep with them 95% of the time in a move often dubbed "robo-voting."

The Rub: Imagine a world where restaurant critics also sell consulting services to restaurants on how to get good reviews. Welcome to the proxy advisory business model.

- ISS offers companies "consulting services" to help them meet ISS standards. Pay up, and they'll explain how to avoid negative recommendations (from ISS).
- Glass Lewis recently joined the game, offering "Stewardship Solutions" to activist investors pushing ESG proposals (that Glass Lewis later makes voting recommendations on).

This isn't just theoretical. As a partner from the law firm Gibson Dunn told the committee, when companies need shareholder approval for employee equity plans, they "must carefully balance their strategic needs, legal considerations...and then pay a consulting fee to ISS" to get the thumbs-up.

Hypocrisy Abounds: The firms aren't merely conflicted, but hypocritical in how they apply their voting standards, particularly when it comes to ESG.

- Glass Lewis opposes corporate supermajority voting requirements, arguing they let "a small group of shareholders overrule the will of the majority." Yet Glass Lewis itself demands companies change their behavior if ESG-focused shareholder proposals get just 30% support—overruling the majority who would prefer companies focus on financial issues alone.
- ISS considers directors "not independent" if they have connections to organizations providing as little as $10,000 in services to the company. Meanwhile, ISS charges well over $10,000 for its own consulting services to the same companies it claims to evaluate in an independent, unbiased manner.

Why You Should Care: This isn't just corporate drama; it's your money. When companies divert resources to satisfy proxy advisors rather than focus on long-term value creation, your investments suffer. Even worse, these firms increasingly push environmental and social agendas that have nothing to do with returns. That's why we vote our shares based on what we believe maximizes financial returns, without regard to what any consultant or proxy advisor might think.

New Hampshire and Arizona create first state Bitcoin reserves

As corporate adoption spikes, a different category of Bitcoin treasury is emerging. Two U.S. states just took concrete steps to bring Bitcoin onto public-sector balance sheets.

On May 7, Arizona dipped its toes into Bitcoin when Governor Katie Hobbs signed HB 2749, creating a Bitcoin and Digital Assets Reserve Fund. The law changes how the state handles seized or unclaimed crypto. Previously, the $5-10 million in digital assets it collects each year had to be sold immediately. Now Arizona plans to hold them until reclaimed or appropriated.

Arizona's legislature had wanted to go much further. A companion bill would have allowed up to 10% of state treasury and retirement funds to be invested directly in Bitcoin, but it died at the governor's desk. Hobbs vetoed it with a curt statement that "Arizonans' retirement funds are not the place for the state to try untested investments like virtual currency." With a funded ratio of 74%, meaning it has 74 cents for every dollar of its future obligations, Arizona's retirement system could've benefited from testing a new approach.

The fact that Governor Hobbs blithely swept Bitcoin and Dogecoin into the same category indicates she focused on the wrong things: Bitcoin's defining feature is not that it's virtual, it's that its virtual nature allows it to be verifiably scarce. Fiat currency has been tested for millennia, with a universal result: governments print more of it until it's worthless.

The state's legislators have vowed to keep trying. Arizona's less ambitious reserve at least provides a model for how to crack the door open for Bitcoin. From there, its performance may make the case.

Meanwhile, New Hampshire was the first state to truly blaze the trail. On May 6, Governor Kelly Ayotte signed HB 302, authorizing the state treasury to allocate up to 5% of all public funds—including cash from pension and rainy-day reserves—into any digital asset with a market cap over $500 billion. Today, that means Bitcoin alone; the next closest is Ethereum, which would have to rise more than 60% to qualify. If fully deployed, the policy could allocate roughly $250 million into Bitcoin.

More states may follow. Texas, Oklahoma, Missouri, and Kentucky all have bills in progress modeled on New Hampshire's language. These proposals frame Bitcoin not as speculation, but as a legitimate reserve asset alongside gold or Treasuries.

That two states now treat Bitcoin as worthy of long-term investment marks a turning point. This trickle could turn into a flood.

Strive & Unchained Predict Every Business Will Buy Bitcoin

Bitcoin isn't just for your balance sheet—it's the benchmark.

Join Strive CEO Matt Cole and Senior Vice President Chris Nicholson as they speak with MSTR True North Founder Jeff Walton and Unchained's Joe Burnett tomorrow, May 14th to hear why businesses are rethinking business capital allocation through a bitcoin lens.

Learn More

Voting Spotlight: Coca Cola

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

Last week, Strive voted for a proposal asking Coca-Cola to consider eliminating DEI from its executive compensation packages. The proponent noted that Coca-Cola has pledged that, by 2030, its workforce will be "13% Black, 18% Hispanic and 6% Asian." Further, Coca-Cola offers "cash incentives for 'progress toward diversity, equity and inclusion aspirations,' which 'reinforce their collective accountability to reach those goals.'" The proponent noted that such practices are almost certainly illegal under the Civil Rights Act, and that Starbucks has recently faced a judgement of $28.3 million over its similarly discriminatory policies.

The company opposed the proposal because of what it viewed as a linguistic loophole. Coca-Cola argued that the proposal asked only that the company "consider" eliminating its discriminatory practices, and that Coca-Cola's leadership has already considered—and rejected—calls to do so. "As such, the proposal does not request that the Compensation Committee do anything more than what it has already done."

Because we believe that companies that hire and compensate employees based on competency, rather than demographics, are likely to outperform financially, we voted for the proposal.

The Best of The Rest

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

- Net zero investor group pushes HSBC on carbon emissions: "After dropping its Chief Sustainability Officer from its executive committee and announcing plans to review its climate targets and policies in February, HSBC has sent deeply concerning signals around whether managing the rapidly multiplying financial risks of global heating is still one of its priorities," one climate proponent wrote.
- Home Depot quietly removes DEI from website; section that used to be called "Diversity, Equity & Inclusion" now says "WeAreTHD."
- China risks export deflation spiral as it diverts U.S.-bound manufactured goods to its domestic market.
- CalSTRS acknowledges challenges of decarbonization goals: "There's still a lot of technologies where the economics don't make sense today, and one cannot will these technologies into existence if the economics don't make sense," Daniel Hochman, head of sustainable investing at Bridgewater, told the California pension giant.
- What should corporate hiring practices look like in a post-DEI world?, Strive co-founder Anson Frericks asks, and the answers are as varied as the companies themselves.
- Bitcoin reclaims $100,000 mark amid trade uncertainty, a weakening dollar, and increased institutional adoption.

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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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