# The Fiduciary Focus

STRIVE

Investment News From a Pro-Shareholder Perspective

**March 11, 2025**

**This Week:** U.S. anger mounts over new EU ESG rules; money managers still push DEI and climate goals, study finds; The Bitcoin Brief unpacks President Trump's announcement of a strategic reserve.

## U.S. Anger Mounts Over New EU ESG Rules

U.S. anger is mounting over new EU ESG rules, Bloomberg reported last week.

**The Rules:** The new EU rules mandate net zero planning and force companies to identify and remediate UN-defined environmental and human rights abuses not just in their own businesses, but throughout their supply chain—i.e., in any third party company that provides raw materials or components or services for the company.

**Extraordinary Reach:** The rules purport to regulate global business, not just companies headquartered in the EU.

- Any company that does at least $450 million in sales in the EU is required to comply with respect to their operations worldwide, including when manufacturing products or serving customers entirely outside of the bloc.
- Smaller companies, including those that operate entirely within the United States, are also affected, because big companies are required to audit and mandate compliance by each of their suppliers.

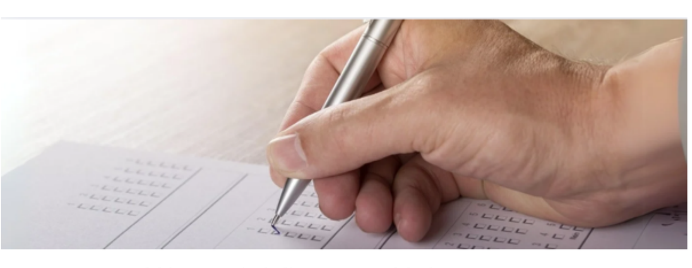
**American Business Community Speaks Out:** The American Chamber of Commerce told Bloomberg the EU "is going too far on extraterritoriality" and fails to protect U.S. interests.

**Republican Lawmakers Push Back:** A day after the EU issued a slightly pared down version of the rule, Republican lawmakers sent a scathing letter calling the rule "hostile" to U.S. businesses.

- They called the rules a "non-economic trade barrier" that "impos[es] extensive regulatory burdens on U.S. companies operating globally."
- They urged the EU to rescind the rules, and for President Trump "to engage with European counterparts to vocalize direct opposition."

**The Final Call:** The rules still needs the approval of the European Parliament, including the support of 55% of member states. Whether the rules will be able to muster such support in the face of both EU and international opposition remains to be seen.

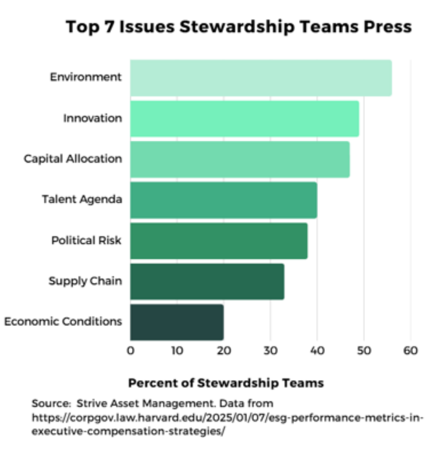
## New Study Shows Money Managers Still Pushing Climate, DEI



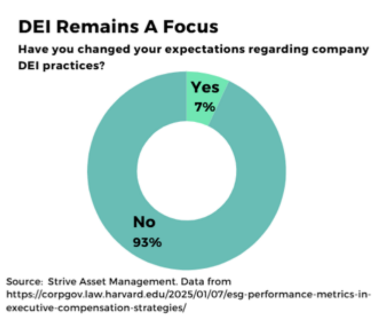
Investor stewardship teams, including at many of the largest asset managers, are continuing to push DEI and climate goals on corporate America, a new EY study finds.

**The Method:** EY spoke with stewardship representatives from 47 firms, including asset managers and pension funds, representing over $55 trillion in investment capital about their engagement plans for the 2025 proxy season.

**Climate Was the Top Priority:** Respondents' top priority was to press companies on "climate change and environmental stewardship," topping business concerns like innovation, capital allocation, and economic conditions.




**DEI Remains Critical:** Further, 93% of respondents claimed their expectations when it came to DEI had not changed, despite mounting legal and business risks.




**The Takeaway:** Despite the change in public sentiment, many asset managers continue to hold tight to their ESG priorities—and their desire to push them on corporate America.

## Apple Sued for "Carbon Neutral" Claims

Last month, Apple was sued in California over its claims that the smart watches purchased by plaintiffs were "carbon neutral" and environmentally friendly, Reuters reports.

**The Allegations:** Plaintiffs allege that Apple misled them into buying the watches by claiming they were carbon neutral when, in fact, the carbon offsets Apple purchased didn't achieve any "genuine" reductions.

- They claimed that a significant portion of the land within Kenya's Chyulu Hills Project is within a national park that's been protected from deforestation since 1983.
- They also claim land they used for carbon offsets via China's Guinan Project was heavily covered by trees even before the supposed reforestation began in 2015.

**Net Zero Challenges:** The case highlights the challenge companies face when using carbon credits—which are unregulated and often spurious (if not outright fraudulent)—to make carbon neutrality claims. But companies that have pledged net zero don't really have a choice. Manufacturing watches is going to emit carbon—from making the plastics that go into it, to the chip production, to shipping the watch to the store or customer.

**The Solution:** ESG proponents believe the solution to greenwashing is to hold companies' feet to the fire, forcing them to make good on every biodiversity, reforestation, net zero claim they've ever made. Investor and consumer advocates have a different view: rescind those commitments now, so that you can focus on business without the fear of litigation. We believe the path that protects shareholders is clear, but it's up to Apple to take the first step.


### Trump Establishes Strategic Bitcoin Reserve

On March 6th, President Trump issued an executive order creating a Strategic Bitcoin Reserve, seeding it with existing assets acquired through criminal and civil seizures. The order began by making it clear that the federal government distinguishes bitcoin from other cryptocurrencies. Likening bitcoin to digital gold, the order states, "Because there is a fixed supply of BTC, there is a strategic advantage to being among the first nations to create a strategic bitcoin reserve."

This distinction between bitcoin and other digital assets clarified confusion raised by a March 2nd Truth Social post where the president had suggested he would create "a Crypto Strategic Reserve that includes XRP, SOL, and ADA." Those tickers refer to leading so-called "altcoins" on the Ripple, Solana, and Cardano networks, respectively. These relatively small alternative cryptocurrencies lack the decentralization and fixed supply that characterize bitcoin. Leading industry voices united to say they thought a strategic reserve should be bitcoin-only.

The executive order responded to those concerns by making it clear that the true strategic reserve will contain bitcoin alone. All other cryptocurrencies will be placed in a separate Digital Asset Stockpile. The key difference? The government will only sell altcoins, not buy them. The bitcoin reserve, on the other hand, will be added to. In addition to stating that its bitcoin "shall not be sold," the order instructs the secretaries of Treasury and Commerce to "develop strategies for acquiring additional Government BTC provided that such strategies are budget neutral and do not impose incremental costs on United States taxpayers."

What budget neutral methods can the government use to get more bitcoin? One answer is that it can sell other assets, including those altcoins. Since the executive order treats bitcoin as digital gold, the obvious candidate is to swap some of the government's ~$800 billion in gold reserves for it. It could even free up over $500 million by selling excess cheese reserves; cheese is a relatively poor store of value.

There are a variety of more ambitious maneuvers available. For instance, instead of selling gold, the Treasury could free up $700 billion on its books simply by revaluing it to market price, although that would require congressional approval through a bill like Senator Cynthia Lummis's BITCOIN Act. The government could also follow in the footsteps of countries like Bhutan by using excess energy from hydroelectric dams or flared natural gas to mine bitcoin rather than buying it.

The debate over whether the United States should create a Strategic Bitcoin Reserve is now over; it's here. The question now is what methods the government will use to add to it.

## Voting Spotlight

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

Earlier this voting season, Strive voted against a proposal asking Nike to issue a worker-driven social responsibility report that would essentially require the company to enter into binding agreements to make Nike liable for alleged human rights violations anywhere within its supply chain, despite the fact that it has no legal obligation to do so.

To support its claimed need for the report, the proponent cited (1) a decade-old incident in which a third-party supplier allegedly pushed "excessive overtime" on workers and failed to supply ergonomic chairs, among other things, after which Nike dropped the supplier, and (2) two instances in 2020 in which Nike allegedly declined to voluntarily pay employees of third-party manufacturers when they were laid off due to COVID.

Because the proponent failed to identify any financial benefits that would arise from Nike's issuance of such a report, and because Strive believes that companies should avoid voluntarily imposing additional constraints on their business, Strive voted against the proposal.


### Strive Talks Bitcoin With Making Money's Charles Payne

Bitcoin Investor Week highlight: Strive CEO Matt Cole joined Making Money with Charles Payne to share why Strive's all-in on BTC—and why we believe GameStop needs to become a bitcoin treasury leader.

**Watch Here**

### The Best of The Rest

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

- An economist's argument for replacing DEI with merit; Harvard professor demonstrates mathematically that "[w]hen the right people are placed in the right jobs, and people with talent are appropriately rewarded for developing their skills, the economy runs more efficiently."
- EU pension funds threaten to pull money from asset managers that left NZAM; one pension fund admitted that membership in such groups was "proof that they are committed [to net zero] not only for the portfolio (they're running for us,) but for the company as a whole."
- Texas is the new Delaware for corporate governance; innovating with ideas like granting advisory opinions that will provide clarity and efficiency for companies incorporated within the state.
- Inside how xAI's Grok chatbot is trained to give politically neutral answers; Tutors train the chatbot to "be unbiased" and "not moralize, preach, or judge" as the company seeks to differentiate the product from Gemini and other AI tools accused of progressive and DEI bias.
- Alibaba's sudden ADR discount shows fear of US-Chinese decoupling as U.S. pension funds reevaluate the risks of holding shares of Chinese companies.

*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.*



Strive, 6555 Longshore St, Dublin, OH 43017, United States