



Retirement News Highlights

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Florida pension fund report shows support for ESG proposals, including at Exxon

Pension fund supported more than 40% of social-related proposals amid anti-ESG resolution

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Florida State Board of Administration, Tallahassee, voted in favor of more than 40% of social-related shareholder resolutions and nearly 30% of environmental-related shareholder resolutions during the fiscal year ended June 30, according to a report included with materials for the board's investment advisory council on Tuesday.

The board, which oversees \$228 billion in assets including the \$180 billion Florida Retirement System, supported 50.1% of shareholder-proposed ballot resolutions at Russell 3000 index companies during the fiscal year ended June 30, according to the report from Michael McCauley, senior officer – investment programs and governance.

Among the resolutions the board classified as addressing governance issues, which includes board structure, anti-takeover devices and shareowner rights, the SBA supported 57.4% of those resolutions; among resolutions in the social category, which includes human capital, lobbying activity and sanctions, the board supported 42.3%; and among environmental issues, which includes corporate water use and emissions goal-setting, the board supported 29.4%.

Data on the specific ESG-related resolutions that SBA supported was not immediately available.

The report notes that the board's support for ESG-related shareholder resolutions declined 46.5% for environmental resolutions, 43% for social resolutions, and 15.4% for governance related resolutions from the previous year. The report did not include how many of these proposals the SBA voted on each year.

The board passed a resolution on Aug. 23 that all decisions related to the investment management of the Florida Retirement System will not include ESG considerations.

The board's trustees are Florida Gov. Ron DeSantis, Florida Chief Financial Officer Jimmy Patronis and Attorney General Ashley Moody.

In an Aug. 23 news release, Mr. DeSantis said: "With the resolution we passed today, the tax dollars and proxy votes of the people of Florida will no longer be commandeered by Wall Street financial firms and used to implement policies through the board room that Floridians reject at the ballot box."

Since the end of 2021, the SBA has moved much of its proxy-voting authority to its own internal proxy-voting platform from external money managers including BlackRock, and by June 30, SBA staff was directly voting about 99% of all votable assets, according to the report.

Overall during the fiscal year, SBA staff cast votes at more than 10,000 corporate meetings worldwide involving more than 8,000 separate companies. Of the 99,759 distinct voting items, SBA staff voted against 16.8% of all management-recommended-votes.

Among the thousands of votes SBA filed during the fiscal year, it supported a resolution filed by shareholders of Exxon Mobil Corp. requesting that the oil company's "board of directors seek an audited report assessing how applying the assumptions of the International Energy Agency's Net Zero by 2050 pathway would affect the assumptions, costs, estimates and valuations underlying its financial statements, including those related to long-term commodity and carbon prices, remaining asset lives, future asset retirement obligations, capital expenditures and impairments."

Exxon Mobil management recommended voting against the proposal, saying the information had already been published. The resolution passed with 51% of votes, and in voting against management in requesting the climate risk audit, the Florida State Board joined other institutional investors including the \$444.4 billion California Public Employees' Retirement System, Sacramento.

SBA spokeswoman Emilie Oglesby said in an email: "As fiduciaries, the SBA and its investment managers are required to take all relevant risks into account when making investment decisions. Neither the SBA nor its managers use ESG factors as a way to screen or limit the available investment opportunity set. We do not invest to make social statements."

Bryan Griffin, spokesman for Mr. DeSantis, could not be immediately reached for further information.

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