

**Reining in the Bulls with Michael Marx**  
**Interview with Leslie Samuelrich, President of Green Century Funds**  
**Recorded March 21, 2024**

**Name:** Leslie Samuelrich

**Current Title:** President

**Current Organization:** Green Century Funds

**Title during campaign:** President

**Organization during campaign:** Green Century Funds

**Name of campaign:** Curbing Climate Change with Costco

**Date(s) of campaign:** April 2021 - November 2022

**Target companies/corporations:** Costco



**Summary:** Companies need to be responsible for and reduce their carbon pollution not only in their own operations and sourcing, but in the companies whose materials they use to make their products, which is referred to as full value chain or Scope 3 emissions. In this campaign, we successfully pressed Costco to do this and set the precedent for this new shareholder resolution, and many other companies to do the same.

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00:03 Michael Marx:

Leslie Samuelrich, president of Green Century Funds. Thanks for agreeing to this interview.

00:08 Leslie Samuelrich:

Thanks for asking me.

00:10 MM:

So, can you give us a brief background on your shareholder activist work?

00:15 LS:

Sure. Green Century Capital Management runs a robust and award-winning shareholder advocacy program. And we've been doing that for over two decades. And what we do is engage with the companies, principally the ones in our funds, getting them to assess, report and improve their environmental policies and practices. And we do that through all the tools available to us as shareholders, and have a team of four people that I oversee based in Boston to do it.

00:52 MM:

Great. So I thought we'd talk about the resolution that you all filed with Costco because I think that's really an iconic resolution in a new area. What was the resolution and the issue that it was designed to address?

01:08 LS:

The resolution was asking Costco to report on its indirect emissions called Scope 3 emissions. These are carbon emissions caused by the products in a company's supply chain. And the issue that it was trying to address was their material risk from climate change, which is a risk for all companies as we now know. And it's particularly important for companies like Costco who do not have the bulk of their emissions in their operations or in the electricity they purchase, but rather in their supply chain. With Costco, with over 90% of its emissions estimated to be in scope three, it's essential for the company to report and then hopefully reduce its climate risk by measuring its scope three emissions. So for many companies like this, Costco being the first and probably the largest that we've engaged on this, it's essential -- you can't measure climate risk without scope three for it.

02:17 MM:

So this is potentially a model and a test case for resolutions similar to this that would be run with other companies, It sounds like.

02:28 LS:

That's it exactly. This was the first of its kind that was filed and so we went into the shareholder season, which people may know runs like a school year. So you prepare in the summer and in the fall you send out your letters or you file your resolutions. And so in this case, given the growing risk of Scope three emissions and that Costco did not have any reporting on it, and it was one of the first companies whose shareholder meeting was coming up in the season, we decided to file this test resolution so that we could address the risks with Costco, but also see how it played out with the SEC and then use it for other companies and then have it available as a model for the whole shareholder community to use.

03:31 MM:

And that was really my next question. Why did you choose Costco? I imagine you could have started with several other companies. Why Costco?

03:43 LS:

One, it's one of the largest retailers in the world. Two, it has significant scope three emissions and had no plan to address it. Next, is it's a big holding of ours in our funds. And then the practical reason is that their shareholder meeting is usually in January earlier than most other shareholder meetings so that as we looked at the companies we wanted to file this resolution with, they were one of the first. So we decided to start with them, a big company, a brand name company, to test it out.

04:26 MM:

So you selected Costco, then sat down and said, okay, here's our strategy to actually get this voted on and possibly with a majority. Can you just describe what that overall strategy was for the resolution and where did you hope it would really, in practical terms, take the company's policy?

04:58 LS:

Our plan was, and it always is, to ask the company to do what we're asking them to do without going to the ballot. So because their meeting is early, you have to file a little earlier to meet the deadlines for that. But we always prefer to sit down with the company and talk with them and just ask them to do the thing we want them to do. Occasionally they have plans to do it, which they just have not shared yet with investors or the public. And that's a great outcome. Other times you have a series of meetings and you negotiate out to the place that you want to be. In this case, Costco did not agree to any of the things we were asking for in the resolution. So then we decided to file it, not withdraw it and let it go forward to the ballot.

05:58 LS:

What we're hoping to do is not only get Costco to report on its Scope three emissions, but come up with a plan to reduce them because transparency is important and it helps investors and others know about the material risks. So they can make decisions about holding the company or not holding the company or how to rate the company in terms of whether it fits into the strategy of their portfolio. But it doesn't reduce climate risk, it just tells you what it is. So our ultimate goal was to get Costco to reduce its risk by putting a plan in place that would set goals and then set carbon reduction goals and then the steps to actually do that. So the resolution cannot be, and this is one of the, not trickier, but one of the things about shareholder advocacy and engagement, there's only a certain set of things you can ask for explicitly in a resolution or the company could challenge it and the SEC could say, yeah, that's too prescriptive.

07:21 LS:

That's called micromanagement. So you can't go in there and fiddle with the intricate workings of a company. So, many times you have to ask for something a little bit broader and then negotiate around that if your goal is actually to change the policy. There's some engagements which I think really are just to get companies to report on something. So like on gender issues, I think ultimately the goal is to get more women and other people in boardrooms and in senior management, but they're always asking for a report, for example. And whether that report you

negotiate out to the report addressing the underlying problem varies from shareholder to shareholder. But that was our ultimate goal.

08:14 MM:

I'm seeing the kind of bigger strategy. You have limitations about how far you can go. They have to report and then, follow up from that is that they'll actually set goals to reduce. Then a follow up that you can't require, is the process of setting goals. There's this ripple effect in that they can then put pressure on their suppliers to help them meet those goals since the emissions are basically the emissions of their supplier companies. Is it, do I have that?

08:53 LS:

That's really the only way that companies can reduce their scope three emissions is to get the companies that supply them their products or services to directly reduce their emissions. So it does have this ripple effect. And with Costco being such a large company with suppliers around the world, that it would actually get those suppliers to set what's called scope one or scope two goals, like in their immediate operations and reduce that. So by working with a company like a consumer goods company that has much of its emissions, the majority in Scope three, you actually can affect hundreds of other companies and their direct emissions. And it would not require a filer like Green Century to engage with those hundreds of companies directly. It then becomes the work of Costco to engage with their suppliers and say, you need to measure your carbon and then you need to reduce this carbon pollution and that then is going to reduce our company's, Costco's, scope three emissions or carbon pollution.

10:13 LS:

So it does have all these ripple effects like you're saying. And that is why engaging with Scope three on companies who rely on their supply chain and has such an extensive one, has more effect than of, for example, just getting Costco to address their scope one and two, like putting solar panels on the roofs or energy efficiency pieces or sourcing different kinds of electricity. That's important. It's just not the majority of their emissions.

10:48 MM:

Did Costco challenge the resolution with the SEC?

10:54 LS:

Yes, they did. They did.

10:58 MM:

And did they say it was micromanaging or what was the basis of their challenge?

11:05 LS:

They challenged it, and I don't remember all the details on this one, but they challenged it which is typical, they challenged it on several different fronts. So it's usually not that they pick out just one of the 12 reasons that it can't be on a ballot. They could throw out all 12 reasons to the SEC and see which one sticks, which is pretty common that companies both can charge

micromanagement or that it's just duplicative, which was not in this case or something else. So they did challenge it and it was important and we expected them to challenge it and we were ready for it because, and other investors were looking at this too to see what and how will the SEC rule? That's why this was so important because if the SEC was going to rule against our resolution being able to go forward on the ballot, it would be likely that other companies would cite this ruling and that other investors, including ourselves at Green Century wouldn't be able to ask the same of other companies.

12:27 LS:

So all eyes were on this, it was the first of its kind and the first one then to get challenged. And so when Costco challenged it, we worked with our team and consulted outside legal counsel who specializes in defending against SEC challenges and had prepared our response and submitted our response. And we still felt pretty good about it, thinking that we actually had a lot of ground to stand on. But the SEC a few years ago, they decided that when they agree to a company's challenge, they no longer tell you the reason why.

13:18 LS:

So it's a terrible blow for shareholders. You have no idea why the SEC might agree with the company. So, we were waiting and on the day that we were actually going to submit our challenge to the SEC, the SEC released a statement, not specifically about our resolution, but a statement that said and indicated that shareholders could ask companies to report on scope three. That scope three was in the realm of material risk and it would be okay. So with that, Costco knowing, sensing they would lose, actually withdrew their challenge. With that we thought, okay, well maybe now here's another opportunity that they realize that the SEC is going to let this through. And maybe now we could still negotiate with them because you can withdraw any time right up close to the annual meeting. There's a deadline about when something gets printed in their proxies. And that's usually actually the real deadline for companies because they don't want these questions to appear. They only want the questions that they've put on the ballot about their board of directors or their auditor or some compensation plan that they're putting forward. They don't want their shareholders to put anything forward. But Costco didn't want to negotiate with us anymore. So that's when we prepared to go to the ballot.

15:28 MM:

So they didn't propose a meeting to negotiate things and see if they could get you to withdraw the motion or the resolution?

15:40 LS:

No, they did not propose anything that was of substance to us that was any different than what had happened prior to us filing the resolution.

15:51 MM:

Alright.

15:52 LS:

But they did do something interesting when we started and they started meeting with their biggest investors.

16:05 MM:

They did?

16:06 LS:

They did. You want to know what it is?

16:09 MM:

Yes, I do. Well, and I'm also interested in who were those investors that got involved or that you helped get involved in getting this passed?

16:23 LS:

We filed the resolution by ourselves, which is more common. And in part because Green Century tends to be willing to go to the ballot. And many shareholders, especially from more mainstream firms, or now even not that, just more shareholders who are doing engagement are not comfortable going to the ballot -- that's too confrontational for them so that they prefer to do these private discussions and maybe they work, maybe they don't. It's really impossible to know because it's private and it's not reported. So we decided to just go forward with ourselves because we know our standards and we have a really good track record of filing resolutions and getting majority proxy votes.

17:48 LS:

And so we went forward ourselves. We then map out a plan to brief the top 20, if not more, of the shareholders. So the firms that hold the most in Costco, because there are hundreds of shareholders out there, but to get to all of them, there's a point of diminishing value and return on how much effort you put into it. And some of them don't even have teams for people like us to meet with. Like they're just not equipped for it. They rely on a proxy advisory firm to vote their proxies and are not doing it in-house in any way. So we asked and met the top three, State Street, Vanguard and BlackRock, as well as a list of the next institutional investors. Basically anyone that we would be able to meet with that could help get us a majority vote.

18:57 LS:

Because as you may know, getting a majority vote is not binding. It's not like an election where those are the results and that's what happens. It's more another point of leverage for you with the company. Occasionally companies will look at the majority vote and we'll go, okay, we should do this. We're going to reach out to you the advocate, or we're just going to go forward and make the change and announce the change.

19:32 LS:

It's not that common, but it does happen. But getting a majority vote is a big signal. And over the last few years leading up to this engagement, it had changed, more and more firms were

paying attention to these kinds of issues, especially around climate, and were voting in favor of resolutions like this. And we had gotten a number of majority votes on climate and other issues in the prior season and leading up to this. So we were feeling like we had a lot of work to do, but we were hoping that the increased recognition of climate risk and climate change would help sway the biggest investors as well as lots of smaller investors to vote with us.

20:24 MM:

You said that when Costco started having conversations with some of those larger investors, it changed their position or it had an impact on them. Could you share who were those investors and what was the change?

20:44 LS:

Well, I don't know everyone that they met with, but I know that, and we know that they had a team meeting with probably a lot of the same investors that we were meeting with: State Street, Vanguard, BlackRock, and so on down the list. We found out from one of the big three, and I can't say who, but one of the big three firms that when Costco was meeting with them and assuming that this was true in all their other meetings, that Costco had been offering a sort of partial agreement to the resolution, which was they would report on their scope one and two emissions.

21:28 LS:

Which is interesting because they never came back to us with that. They never said, would you accept this as a partial win, a partial agreement? And we wouldn't have, because again, that's just a very insignificant part of their climate emissions. But I believe that their strategy was to try to undermine our position and make it seem like they were doing two out of the three scopes and that they were being completely reasonable and really investors should accept this and turn down and vote against our resolution because that was just going too far, too fast, not necessary.

22:23 LS:

And so as we found out about this, we quickly reassembled and said, okay, we need to change the basic PowerPoint that we're going forward with and briefing our investors. We need to change our talking points and message and we need to alert some of our other friends in the media that this is happening. We can't prove that it's happening because they haven't told us, but preparing them to hopefully write stories when the vote happened. So we did that. We briefed the proxy advisory firms, ISS and Glass Lewis being the two that count. If they come out in favor of what you are recommending, it can sway like 10 to 15% of the vote because other firms, again just follow their recommendations.

23:27 LS:

But, you know, with this new tactic that Costco had just employed trying to undercut the vote, we again weren't sure, were other investors going to kind of fall for this? Was this their kind of way out of voting against Costco or would they step up and recognize this is a good thing for Costco to be doing and for them as investors to know about Costco.

23:59 MM:

So you changed your presentation and went back to the shareholders. Did you need to do anything, for example, in the AGM, the annual shareholder meeting with the company? Was there a time to give a presentation as there often is for people submitting resolutions like this? Give me a sense of what happened in that meeting.

24:29 LS:

You get two to three minutes to speak at any meeting. And so our strategy was, and mostly because by the time you're speaking, the votes are in. All the institutional investors have voted online by the deadline ahead of time. So that really, your presentation is not to really sway investors at that point. They call for the vote right then. And especially now when some of these meetings are virtual even then it's really about talking to the CEO and the board of directors, getting something on the record, making a solid case, whatever vote you get, just bringing the issue forward because the company hasn't agreed yet, you still need to negotiate with them after this vote, however it goes. And so the beauty of the annual meetings, it's like the one time that ordinary shareholders -- big, small, in between -- can actually address management directly. And so we used our time to just straight out make our case about why it was important for Costco to report on scope three emissions so that knowing that many times issues and policy changes like this need to get CEO and or board approval, at least other senior managers who are all there or listening to the meeting.

26:23 LS:

So, in this case, we have been working with maybe their corporate secretary and their sustainability team, but you have not talked to the board of directors or their CEO or at least it's very uncommon in our experience that that happens in any of these negotiations, especially with a big huge company like Costco. They're not getting on the phone with you. So that we wanted to make the case like why actually it was in the company's best interest to do this. Because at some point, if they were going to do this, someone in that room was also going to need to sign off on it. So that's what we did.

27:09 MM:

Okay. And what was the result of the vote?

27:13 LS:

We got a majority. We didn't just get a majority, we got a 70% majority.

27:18 MM:

Wow. Based on my research on this, that's really uncommon.

27:23 LS:

It is. It was a really strong signal. And I remember the day of the vote and many times right then and there they just announced whether it passes or not, whether you get a majority or not. And sometimes you have to wait a day or two to get the final number. So immediately we knew we

had gotten a majority and then when the final number came in, we were ecstatic. It was just this, we're like, this is great. Other investors agree with us that this is important for Costco to do. It's not just Green Century thinking this. And okay, now we're in a much stronger position to go back and talk with the company and get them to agree to what we think they need to do. And because this vote happens in January and most of the other annual meetings are happening later in the year, like February, March, April, May, that for the other resolutions we had put forward that were either identical or very similar to this one, it then sends a signal to other investors like, oh, it's not just us who might be thinking about voting yes.

28:48 LS:

There's other people and with the 70% vote it is guaranteed that you got at least State Street, BlackRock or Vanguard and probably two of them. You can't get that number without one of the big three just because of how much they hold in Costco and basically every other company. So that not only meant the Europeans who are farther ahead on thinking about climate risk and vote with Green Century and others more on these issues, but the very mainstream firms were recognizing climate risk and scope three. So it had a few different important pieces to it.

29:32 MM:

Can you mention some of the other companies that were having their AGMs a little bit later where you had also filed the resolution?

29:44 LS:

I don't remember those off the top of my head to be honest.

29:47 MM:

No, that's no problem. But that was new for me. I didn't realize that it's early in the year and you've got similar resolutions in other companies that will get a signal from Costco as well. So that's huge, that very strategic move.

30:07 LS:

Right. And so it goes back to your earlier question like why pick Costco not only because it actually is a really big risk and they are a big company that will then have reverberations down their whole supply chain. But because as Costco goes, so can other companies. And so there's a lot riding on this vote, not just about Costco, but about this kind of resolution in general for us. And if other investors wanted to look at it and use it as a model for companies they hold that we maybe don't hold and aren't going to be engaging. And also for the companies that we wanted to engage with both that year and in subsequent years. That's why we were just really excited that the SEC had come out basically on our side without ruling on this particular resolution and that other investors joined in on this. And so that's why it felt like just a game changer around climate in the shareholder advocacy space.

31:18 MM:

I'm curious, just given the 70% majority, which still is astounding to me, what actions did Costco take following this vote? And I imagine they're still taking actions, but I'm curious, did they just

stay within the limits of the resolution or did they actually go to your larger objective and actually begin to take more concrete steps to try to get their suppliers to reduce their emissions?

31:52 LS:

Well, the first thing they did I think was regroup and we talked to them about a month after the vote. And at that point I would say they were still reeling a little bit from it. I guess that would be the way I would say it. I think they were very surprised by the outcome and because they had this whole strategy of offering part of the resolution and because there hadn't been any votes on this, no one knew what would happen.

32:45 LS:

It easily could have gone the other way and we would've gotten a small percentage. I don't know what Costco was thinking exactly, but I don't think they expected this necessarily. I think few companies would, right? And so when we met with them a month later, they were not prepared to really do anything. What they were prepared to do was to say we need some time and we should meet in a little bit longer time period.

33:31 LS:

This was also the time when the discussion about the SEC climate rules was coming out and the SEC original climate rules, which just came out recently in 2024. This is when the SEC was proposing that the climate rule would require companies, the biggest companies, which Costco would fall under this, that they would set scope one, two, and three. They would report on scope one and two and three. They wouldn't have to reduce them necessarily, but they'd have to report on that. Right? So this is also the context in which this is happening, which I think contributes ultimately to what happens.

34:21 LS:

So there's a few things happening now in the world and in Costco's world, we've put forward this first of its kind resolution, the SEC says not directly, but again, sending enough of a signal. Costco doesn't even wait for a ruling, they just withdraw. We go and their pitches with other institutional investors fall on deaf ears for the most part. And then we win this clear majority.

34:54 LS:

So now if I'm Costco, I'm thinking, wow, is the train leaving the station on this? Like, we have to get on board or are we thinking we're still big enough to not take this train and just deal with the pressure in another way? And so also knowing how large and extensive their supply chain is, it's not like you can just turn it on and off.

35:28 LS:

It's not just an easy report to do about their operations within all their buildings and Kirkland production sites. You're not only dealing with their product line, which is Kirkland, but all the other products that they sell too and all those other companies. So in most cases, the company

has to hire an outside firm to actually do the survey and metrics and figure out how to report what's going to get reported and ultimately do the reporting.

36:07 MM:

I was going to ask you about that because it seems to me that if you're able to have success with the resolution, the company decides that it's going to take action, are you ever in a position as part of your planning process to try to identify companies who may be able to help them with that and companies that you trust to do that reporting properly and not cave into lower standards in their work?

36:44 LS:

We tended to stay out of that.

36:47 MM:

Okay.

36:48 LS:

Very few companies have asked us. There's only one or two companies who we've worked with sort of more closely. It's been more of a partnership I would say. And they're maybe at the beginning of their work on some sustainability issue and they're really trying to find out how other companies have done it or what other sources there might be. I'm thinking a lot about our work around protecting tropical forests and sourcing zero deforestation, palm oil or soy.

37:26 LS:

And so that's also a complicated thing and companies are like what are the differences about, if they're not a big company and they don't have sort of sustainability experts that know all the intricacies of their supply chain, which a lot of companies do these days, but some don't or didn't five years ago or so, and we have a couple of resources, but we sort of let the companies do it. There's other networks out there that provide that kind of information. Certainly if a company asks us, we'll gather resources for them and turn them over to them. But that's their job at this point is to do it. We outline and specify as much as we can what the report should cover and a timeline on the report.

38:28 MM:

Okay. Are you seeing a trend as you originally strategized that other resolutions are more successful in this area of getting scope three reporting, other investors are stepping up and with comparable resolutions?

38:51 LS:

Some others have. And I also, I need to finish the Costco story because it's not over. Some are, and again, I think there's a real range of what investors are doing. Even those that are saying they're doing shareholder engagement, some really do just want the company to do a report or report to them, not even necessarily a public report. We have moved from just setting scope three emissions to then, because this happened a few years ago, to then asking companies to

set science-based targets. And set them with this third party called the Science-based Target Initiative. And so now in this case, it's a little bit like you're asking, is there a way we're asking companies to report, we're asking companies to set their goals and get them approved by this independent organization that we believe has very good standards. It's not an industry-based kind of front company or anything. And there are requirements to meet the science-based target initiative approval.

40:16 LS:

So we set that up as going, you should set science-based targets and then we leave it to them to set that and get the approval. This last year for the 2023-2025 shareholder season, we've moved one more step in asking them to set something called climate transition plans, which include the science-based targets and going to the science-based target initiatives. But also require a timeline, more specific timeline on when all of this will be implemented. And so I don't know if any other investors are doing climate transition plans quite yet, but as always Green Century is trying to innovate and sort of set a standard that is very high so that other investors can follow it if they like to and move more of the whole industries and whole sectors on this.

41:23 MM:

Yeah, I can see why this was such an iconic example of the potential impact of shareholder resolutions. They're now doing the science-based targets where they're based on the Paris climate emissions targets and where we need to be. Companies identify where they're at, and what kind of reductions they need to put in place and on what schedule they need to put in place in order to be consistent with those Paris agreements. Is that approximately it?

42:03 LS:

Yes, except Costco did not, so let me finish the Costco story. Okay. Because again, the science-based target initiative is something we started more recently before this Costco engagement started. So we go back to, okay, we've got a majority vote. Costco, it's like not ready to do anything yet. They're still like maybe dazed from the vote outcome. And so we agree to meet with them again and we do not get the agreement that we want. They are offering to do parts of it, but we really don't just want the report. We want them to set reduction goals.

42:59 LS:

So again, because their shareholder meeting is earlier, honestly that's disappointing. But you know, we're in this for the long haul with this and we decide to file another shareholder proposal. And in response to that, this time we go into negotiations with Costco and we come out of it with what we really wanted. Not completely, but most of it. They agree to set climate emissions targets for their full value chain. That's what Scope three is. And they also agree to set target street net zero emissions by 2050.

43:58 MM:

Okay.

43:59 LS:

And what they don't do, and we are disappointed by this, we cannot get them and they are just unwilling at this point to set targets with the Science-Based Target Initiative. So now we have a choice. This is 80% of what we want. And the biggest thing is that they will measure and then ultimately reduce their scope three emissions. We want them to do it with a science-based target initiative. It's just becoming the industry standard. We want a big company like Costco to be part of it and have that third party, but they won't budge on it.

44:47 LS:

So you have to weigh like, okay, are you going to go to the ballot? And at this point will investors and Costco for sure would make the argument, we've done what they asked, why are they bringing this resolution forward? And we think it's a valid argument, we can understand it, we're still disappointed, but what we have gotten them to report and to reduce, it's beyond what the resolution actually asks for in the resolution clause. And so we go, this is a great victory. It's one of the largest retailers in the world. It's been now almost over a year working with them. And they have now said, we're going to do this. We've hired a firm to start doing the report for us. They have to do a lot of work, but we have it in place and we're moving forward. So with that we go, okay, that's great and we will talk to you in six months or a year and find out how the progress is going.

46:02 MM:

Do they put that in writing so that is the agreement?

46:10 LS:

Yes, they put it in writing. It's called a withdrawal agreement. In this case, like when you withdraw your shareholder proposal. And usually it's one of those documents that goes through a couple edits on both sides. So you hammer it down, you both agree to it, sign it, keep it. And in our case, we always put out a press release about it, just even to have it on our website all the time as a public statement and document.

46:42 LS:

But we also, in this case, because it was such a big deal and so iconic, we got press all over on this. I mean, US press, global press, people were following this fight and then reporting a lot, reporting actually on the vote and then reporting on the actual agreement.

47:07 MM:

So with that additional press coverage worldwide, there's an additional pressure on Costco to follow through on the agreement that they made.

47:15 LS:

Yes. And for others, because it's not like we could file at every single company on carbon emissions in this one year and negotiate out hundreds of company agreements. And so, you know, our work continues as we move through different industries, sectors and industries. And so you have Costco moving forward and then you're lining up other companies to move

forward with them. So last year, for example, one of our other advocates focused on the semiconductor space and we worked with a number of semiconductors, including NVidia, which now is in the press all the time. As a high performing company and really high profile. And we got them to agree to a climate transition plan. So that's the most advance of the pieces that we've been asking for. So it all builds on each other.

48:21 MM:

Yeah, that's kind of where I was going next is. You know we're engaged in field experiments, we have a goal, we have a hypothesis about how to achieve that goal. And then we test it in this case through the shareholder resolution and activism process. And then we learn. And, then we build on what we've learned. So stepping back, what are some of the big lessons learned for just even the shareholder activist movement coming out of this campaign?

49:03 LS:

I think there's a few. One is that you have to push the envelope and ask what you really believe you need the company to do. You have to do it also from a material risk argument. It's not enough in most cases to just make the moral argument. And I know you know, this but especially sitting in not an NGO seat, but an investor seat. You need to have the data and the research and the competitive analysis to be able to make a case that it really is in the company's best interest.

49:41 LS:

It's not just that you care about or that your firm prioritizes climate, which Green Century obviously does as a fossil fuel free mutual fund, but that they need to do it. And then you need to be able to pivot during the campaign from, in the negotiations to, in this case, through getting ready for the ballot.

50:10 LS:

Like we needed to pivot when Costco came out. Which is unusual. It is unusual for a company to come out with a new policy to address what you have a resolution on about in the middle and not talk to you. I mean, that's unprecedented for us. And so you need to be nimble, and then take that information in and adjust quickly so that you ultimately can build the case you need to build with a changed circumstance.

50:43 LS:

And the last lesson, you just need to keep going. I think a lot of people saw the article about the 70% vote and would say to us, congratulations on getting Costco to reduce its carbon emissions. We're like, oh, it's actually not done yet. That's just the vote. And people know it's not binding, but they just sort of assume, of course Costco would just do it. It's 70%, like that's clear, but that's just not always the case. And more likely it's just really not the case. Like you need to go back in there and use that leverage and have more arguments. In this case, it's like, again, it's not just the Green Century staff talking to you. We've got 70% of your investors or 69.9 of your investors behind us.

51:47 MM:

In light of that and in light of building on what you've done, what do you see as the trends when you look out into the future now, and I'm thinking climate, but it could be in other areas as well now, are there trends that you see shareholder resolutions taking for example?

52:11 LS:

Climate is definitely one of them. And it'll take different forms for different companies and, different shareholder advocates will, or those who engage will, have different standards on what they want. But climate risk is ever present. It's an issue for every single company and every sector. So that's here to stay. I think one of the other emerging issues, and we are still figuring out if we're going to do anything as really an environmentally responsible mutual fund, but is AI. What risk does that pose to companies if they're adopting it, if they're not adopting it? Are there environmental impacts? What are societal impacts? Or is it mostly a great thing because it gets people out of doing really mundane work and allows you to do more interesting work or maybe even not work as much? And then the one that's already hit, I would say is nature related risks. So Green Century has been working on protecting tropical forests for about eight years, and we've been working with European investors, but it wasn't until this last year that really the issues started showing up in the media and on investors' minds here in the US and now everywhere you turn it's like nature related risks, biodiversity loss, it's like the hot topic. And because it is so related to climate that I think that is here to stay as well. There's lots of ways to address it. Some of which like cutting, burning a rainforest to create a soy plantation and then somewhere else in the world planting like rows of baby trees, that's not really the way to address it. You know, destroying an ancient or very old forest is not, and then replacing it with a monoculture of row trees. It's not apples to apples here. And so we're also on guard for these sort of greenwashed nature solutions out there that companies may think because they may not know any better, are valid ways to compensate for other nature related risks they have. So we are very busy on that.

54:57 MM:

I can see why this is all getting accelerated by the fact that the impacts of climate change are really starting to be more frequent and more costly. And, more extensive as you talked about. Which seems like a great place to end this interview. Leslie Samuelrich, President of the Green Century Funds. Thank you. This was a very good interview and it was really important to learn about this iconic shareholder resolution. So thanks for telling us the story.

55:49 LS:

Thanks for asking us.

## Why they became involved in the movement

55:51 MM:

Why did you get involved in this movement and why did you stay involved?

57:10 LS:

I think it's two things. One, I just had some sense of caring about the environment and injustices in the world. It was very vague and not very well defined. When I went into college, I was an economics major. I thought I wanted to be a stockbroker. I was doing academics and I really loved economics for a while, but I spent all my free time doing activist work. And it wasn't until I -- this is a very long answer, so you can just, but with me, it wasn't until I learned and realized that in economics you don't count the impact on the environment or society as part of your model. That just hit me in the head. I was like, but that's not how it really works in the world. There are factors that a company does this, they should be factoring in what they're doing to the natural world as part of their cost.

58:25 LS:

So that's when I became disillusioned with economics and decided to become, for a year I'm going to go work with the PIRG's because that was the group that I had volunteered with as an undergrad and seemed like was the most effective of the ones that would hire someone out of college with no practical skills and would train me. And what I found was that was true, they trained me and I loved it. I actually loved being an organizer. And I just remember I felt so much more free doing that than being an academic or my roommate went to work for the Federal Reserve and I thought, wow, we were on the same path a few years ago and now our paths are just so different and I am so much happier than I would be if I had her job. And so I kept doing it. It turns out I was pretty good at it. And especially when I worked at Green Corps, as I worked on the different campaigns, I actually saw that the corporate campaigns sometimes moved faster. I like the legislative approach because it gets locked in by the law and you're not going back usually all the time to check in on what's happening.

59:59 LS:

But the corporate campaigns were more direct and quicker. And if you're working with the big companies, the measurable impact is right there. And so that also can inspire more people to do it. And so after Green Corps, I decided I just wanted to do corporate campaigns. And that's when I went for Corporate Accountability International and worked there as their chief of staff and developed new campaigns on food and water access in addition to the work we were doing on tobacco.

60:47 LS:

I still was a big believer in it. So when I was thinking about what to do next, I stayed with the corporate and just found a new place to do it. And what was so interesting to me is that I could be asking for the same things as I was when I was working at NGO, but because I was an investor in a different seat and was wearing a suit, the corporations would not only meet with

you but then agree to things much faster. So for me it is the most effective way to then affect change in corporations is by being an activist investor. Not just an investor but an activist one.

62:33 MM:

It's a good story.

62:34 LS:

That's my story.

62:35 MM:

That's a great story. Well and going along with that, one of the things that I think we've learned in corporate campaigns is that it's important to have that outside pressure, but when you add the shareholder resolution component of it, it's huge.

62:52 LS:

Right. We have been doing more, we have been tracking NGO campaigns and outside group campaigns since I started almost. And I don't think other investors do that, but it's made our work more effective. And I think when we have taken up an NGO campaign, it's made their work more effective. So it doesn't always work out. The activists are sometimes just never happy with what you'll agree to.

63:27 MM:

True. Well they too are impatient and sometimes unrealistically idealistic.

63:36 LS:

They have their role, we have our role and most of the times we can meet in the middle and if we can't, we just have to agree to disagree and everyone has to just follow their mission, you know? But I think that that has been a really key part of our success that other investors have not and maybe never will adopt. I do need to run now.

64:08 MM:

No problem. Thank you. Okay. I really appreciate you taking the answers.

64:10 LS:

This was so fun.

64:44 MM:

Thank you. Great talking to you.

