



# Bowler Research Guidelines

## Product Overview

February 2024



## Bowyer Research Proxy Voting Guidelines Summary

*Bowyer Research proxy voting guidelines appeal to investors who are deeply skeptical about ESG and wish to encourage companies to get back to neutral on political and cultural issues. These guidelines generally will vote against environmental and social proposals, such as resolutions calling on companies to diminish the use of fossil fuels; proposals pressuring companies to adopt numerical diversity targets, or pressure companies to defund conservative organizations. It will vote for resolutions that discourage companies from publicly engaging on divisive social issues such as abortion policies, voter-ID laws and gender-identity controversies which are not directly related to the pecuniary benefit of shareholders. The guidelines do not uniformly align with board voting recommendations in that they oppose, for example, management decarbonization pledges while supporting shareholder resolutions that seek to rescind past decarbonization and will tend to support proposals which express concern about debanking and deplatforming along political lines. The guidelines may also diverge from board recommendations over resolutions that weaken shareholder voting rights, misalign compensation with stockholder returns, and dilute shareholder assets, and will vote against boards of directors of companies which severely underperform their peer group in total shareholder return.*



## Overview of Bowyer Research Principles Regarding Proxy Voting and Engagement

Bowyer Research guidelines are designed to appeal to investors who hold to a traditional understanding of the obligations of a company towards its shareholders--that is, a focus on shareholder capitalism as opposed to stakeholder capitalism-- and which are deeply skeptical about an ESG approach to corporate governance. While this means that some might try to describe these guidelines as conservative, they are not designed to impose conservative politics on companies. Instead, they seek to depoliticize corporate governance, to put hotly debated issues such as climate change, abortion and social justice back in the electoral process and out of corporate governance.

In application this means that the guidelines:

- Oppose attempts to pressure companies to diminish the use of fossil fuels,
- Oppose proposals which pressure financial companies to divest from fossil fuels
- Oppose attempts to use congruency proposals to defund professional associations and advocacy groups along ideological lines.
- Oppose proposals which pressure companies to disinvest from pro-life states.
- Oppose proposals which seek to embarrass companies for seeking lower-tax jurisdictions.
- Oppose proposals which seek to focus management on broad social goals (such as to national income inequality, social cost or general market or economic performance) as opposed to matters under company control.
- Oppose proposals which discourage financial services offered to businesses engaged in transactions protected by the 2nd Amendment, or impose surveillance obligation towards the same.
- Support proposals rescinding past decarbonization proposals,
- Support proposals that call into question debanking and deplatforming practices along religious or political lines, and
- Support proposals which discourage companies from speaking out on divisive non-core political issues regarding abortion, social justice, and sexual identity issues.



- Support proposals which examine the risk that DEI programs create legal risk in light of the Harvard SCOTUS ruling regarding race and gender quotas.

Bowyer Research guidelines differ from board or management recommendations in that they oppose, for example, decarbonization pledges that come from management. Furthermore, Bowyer Research supports anti-ESG shareholder proposals that seek to rescind past decarbonization proposals and past racial equity audit proposals. Bowyer Research guidelines also support proposals seeking to quantify the financial risks of decarbonization. Proposals such as these which come from outside the usual ESG community do not receive management endorsement, whereas they do tend to receive support from us.

However, Bowyer Research does not offer universal support for proposals from anti-ESG groups. For example, Bowyer Research opposes any such proposals which seek to impose conservative politics on the company in the same way that Bowyer Research opposes proposals which seek to impose liberal ideology on companies. Bowyer Research also does not universally oppose proposals from pro-ESG groups. When pro-ESG proponents identify genuine risk factors, for example sexual predation in online forums or risks arising from sexual harassment in companies with a problematic history, Bowyer Research supports them.

Bowyer Research differs from board aligned policies offered by board aligned guidelines in that Bowyer Research does not impose penalties by voting against board members based on lack of racial and gender diversity. Votes against board members are based on the financial underperformance of the company compared to peers.

In addition, Bowyer Research diverges from management recommendations in that Bowyer Research guidelines take a very strict approach when it comes to situations in which board/management interests diverge from shareholder interests. Examples include weakening of shareholder voting rights, compensation practices not aligned with stockholder returns, protections of management perks and job security and shareholder asset dilution.

The guidelines are applied to both domestic and international stock holdings and are formally updated annually. In addition, adjustments are made on an ad hoc basis during proxy voting season as new issues arise.