METHODOLOGY

Only 19 states have pension funds that publicly disclose their proxy voting records. We have assessed the respective pension funds' proxy voting across 18 ESG-related categories for 300+ controversial shareholder resolutions for these states. North Carolina only voted on a handful of these resolutions, so the state's data is not directly comparable to the other 18 states. Many states disclose proxy voting guidelines for a proxy advisory firm such as ISS or Glass Lewis to utilize as it recommends voting decisions on these resolutions. These published voting records account for the shares of directly owned stocks controlled by the pension fund.

However, asset managers of pension funds vote proxies for companies owned through index, exchange-traded, and mutual funds. State pension disclosures do not include these voting records. For this reason, we have included the proxy voting records of all 50 states' pension fund asset managers. We identified the asset managers utilized by state pension funds using publicly available records. Many states delegate proxy voting authority to their respective asset managers. Therefore, we used the asset managers' proxy voting records to create state pension averages for hundreds of ESG-related shareholder resolutions across the same 18 categories. We used these two data sets to develop the state reports on this website.

The average support for the Pro-ESG votes is calculated by data from the first 16 categories, and the last two categories are summarized as Anti-ESG votes. Bothof these averages are weighted by the total number of votes cast in each category. Some categories feature only a few votes, while others, such as Climate Change, feature many votes. The average support in each of the 18 categories shown is derived from the state's asset managers' voting record in that category, weighted according to the number of votes cast by each asset manager, accounting for some asset managers voting on all resolutions while others vote on a smaller number of resolutions.

Caveats and Limitations of this study:

- The data compiled to calculate state voting averages are not fund-specific because states do not usually disclose which specific funds they own. Instead, these averages use the asset managers' total voting record across all funds to determine the state's average support of resolutions. This allows for consistent interpretation of the data and state-to-state comparison. Therefore, because firms do not always vote consistently across fund families, there may be some variation between the asset manager's voting average and specific funds the state owns. To supplement this data, we provide additional data on the "Voting Consistency" page to show asset managers' consistency of voting across fund families within a specific portfolio.
- State asset manager disclosures are not always clear in identifying whether the firm in question is managing credit, private equity, or bonds. Bonds do not confer voting authority, unlike publicly traded equity, which generally does confer eligibility to vote. Similarly, some states do not clearly disclose what proportion of public equity assets are managed by which firms. Accordingly, best efforts were made to identify managers who managed a material proportion of underlying assets.
- There are slight variations in the data because states do not uniformly disclose their asset managers or funds used. For example, sometimes slightly different names are used to identify an asset manager, and a best effort was made to associate similarly, but not identically, identified asset managers.

- While state pension boards of directors are typically the fiduciaries charged with overseeing the pension funds, they are not the only actors involved in making decisions about which managers to hire or proxy advisory firms to use. For this reason, this report includes information about which entity is most responsible for making these decisions. This is intended to help concerned citizens know to whom to direct their feedback.