

## METHODOLOGY

The 1792 Exchange has assessed the influence of each state on proxy voting through their public pension funds, whose defined benefit plans collectively represent \$6 trillion dollars. The influence of state pension funds in proxy voting is through directly owned stocks and indirectly owned equities (index, exchange-traded, and mutual funds).

For its directly owned stocks, many state pension funds disclose proxy voting guidelines to a proxy advisory firm (Glass Lewis, ISS, Egan Jones, etc.) to utilize as the firm makes voting recommendations. However, some states delegate proxy voting authority to their respective asset managers. Only 23 states have major public pension funds that disclose their proxy voting records for directly owned stocks. For states who do not disclose this information, a Freedom of Information Act (FOIA) request was sent to the state organization responsible for this data. Notably, 5 states claimed exemption to the FOIA request, mostly on the grounds that releasing the information discloses sensitive financial information.

For a state's indirectly owned equities, its asset managers typically retain proxy voting rights. We used both publicly available records and FOIA requests to identify the asset managers utilized by state pension funds.

To give a comprehensive overview of how states are influencing proxy voting through their pension funds, we have included both the proxy voting records of state pension funds through their directly owned stocks and the proxy voting records of the firms managing their investments. The data in our State Pension Fund and Asset Managers table contain 17 ESG-related categories for 300+ controversial shareholder proposals in 2023.

On the State Pension Fund data table, the "Pro-ESG" and "Anti-ESG" rating represent a state's score through the proxy voting record of its pension funds' asset managers and the "State Voting Avg." represents a state's score through the proxy voting record of its directly owned stocks. On the individual state pages, the average support in each of the 17 categories shown is derived from the state's asset managers' voting record in that category. This data is weighted according to the number of votes cast by each asset manager, accounting for the fact that some asset managers vote on all resolutions while others vote on a smaller number of resolutions.

On both the State Pension Fund data table and the Asset Managers data table, the average support for the Pro-ESG votes is calculated by data from the first 13 [proxy voting categories](#) and the average support for the Anti-ESG votes is calculated by data from the last four categories. Both of 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.

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 of an asset manager 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.

- 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/funds and do not refer to asset managers in a standardized way. Furthermore, some asset managers file their NPX under a different name. A best effort was made to identify the proper asset managers and asset manager data was only used in the calculations if we could confidently identify the asset manager.
- 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 individual state pages include information about which entity is most responsible for managing the assets of the state pension funds. This information is provided to help concerned pensioners know who to direct their feedback to.
- The State Pension Fund database considers the largest public pension fund(s) in each state. To see which state pension funds are represented by the data, visit that state's individual page. Though many states have additional, smaller public pension funds, it is difficult to obtain information about these funds or their asset managers. Additional funds may be added in the future.
- The vast majority of shareholder proposals occur at Fortune 250 companies. State pension funds whose investments focus on small-cap and mid-cap companies, such as North Carolina and Missouri, will therefore vote on less shareholder proposals.
- The Proxy database is subject to change according to corrections by states or newly obtained data.