STRIVE

The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

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This Week: Lawsuit claims Ben & Jerry's CEO fired over political stances; Inside Morgan Stanley's DEI turmoil; The Bitcoin Brief looks at GameStop's adoption of bitcoin.

Unilever Ousted Ben & Jerry's CEO Over Political Views, Lawsuit Claims

Ben & Jerry's has sued its parent company, Unilever, claiming the company unlawfully fired Ben & Jerry's CEO David Stever over his political stances, the New York Times reports.

The Scoop:

- When Unilever acquired Ben & Jerry's in 2000, it agreed to allow the famously progressive ice cream shop to keep some autonomy to pursue its social missions, including an independent board.
- Ben & Jerry's alleges that Unilever violated this agreement by trying to "silence" the brand and by firing its CEO for speaking out against Israel, without getting the approval of Ben & Jerry's board.
- Unilever denies it did anything wrong, but its version of events isn't much different: it claims it fired Stever due to his prioritization of social issues over job performance.

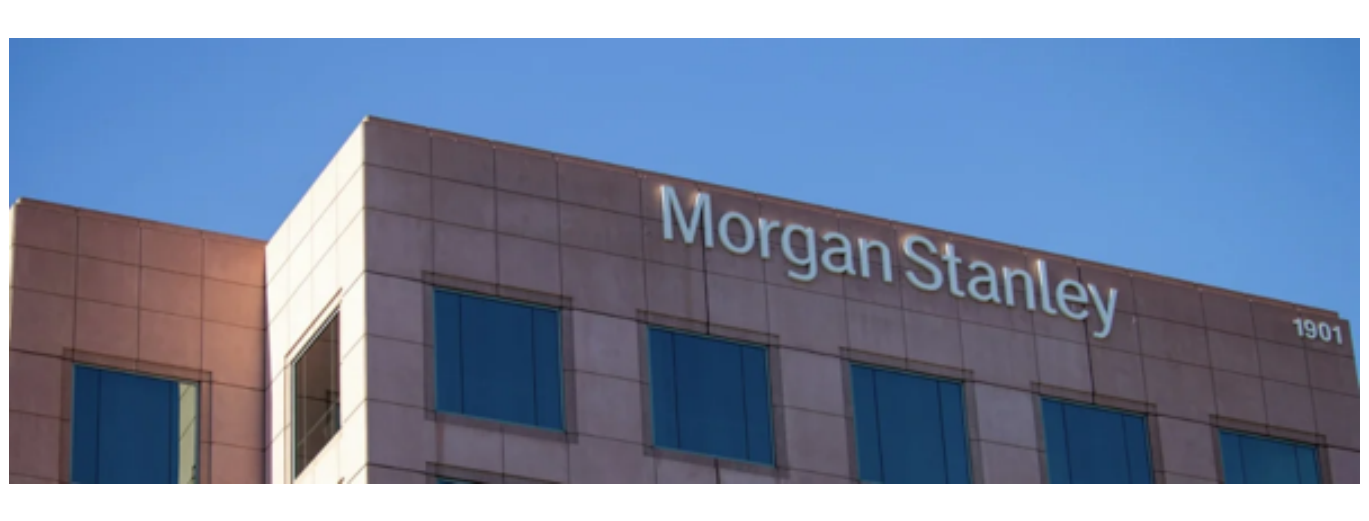
An Icy Partnership: This isn't the first rocky road Unilever and Ben and Jerry's have been down. Unilever has been drawn into past controversies when Ben & Jerry's has previously spoken out about:

- Palestinian rights,
- Climate justice, and
- Criticizing President Trump

The Final Cherry On Top: The lawsuit may prove to be the cherry on top of the 25-year partnership, as Unilever intends to sell off Ben & Jerry's in a deal expected to close later this year.

Phish Food for Thought: The battle between Unilever and Ben & Jerry's is more than an isolated case of corporate drama; it reveals the inherent problem with allowing B corps like Ben & Jerry's—which are allowed to pursue social causes alongside financial ones—to comingle with publicly-traded, for-profit companies. As Strive has explained, if a B corp isn't accountable to its parent company, or shareholders, then it's accountable to no one. Socially-motivated investors are free to invest however they wish; but for investors interested in maximizing returns, allowing a B corp to exist within an ostensibly for-profit company is an idea that's truly half baked.

Morgan Stanley's DEI Push: No Winners, All Division



Morgan Stanley's ambitious post-2020 diversity push has created workplace tension and sparked lawsuits from both minority and non-minority employees, the Wall Street Journal reports.

Divisive Culture: The bank's DEI initiatives have created friction across the organization:

- Managers claim they were pressured to make hiring decisions based on race.
- Minority employees claim they were hired to meet these targets, but then sidelined or underpaid.
- Executives claim they were blocked from laying off underperforming minorities, and were forced to lay off other employees instead.

Striking Examples:

- Minority employees were forced to participate in "leadership programs" they likened to "special education."
- One executive claimed he was fired and replaced by a less-experienced minority employee. When the executive asked why, he was told that it was because of DEI initiatives.
- The company launched a diversity dashboard that showed which of a manager's reports qualified the manager for a diversity bonus, which was separate from their annual bonus each year.

The Rebranding: Morgan Stanley is now carefully rewording its DEI commitments:

- "Underrepresented entrepreneurs" programs now target "early-stage startups"
- Annual diversity report has been folded into broader social initiatives
- Specific numerical targets for minority executives have been dropped

Why It Matters: Morgan Stanley's experience highlights the fundamental problem with DEI mandates—they sow division amongst both minority and non-minority employees, and undermine the merit-based culture essential for maximizing shareholder value. Companies can only thrive when hiring and advancement decisions are based on talent and performance; race and gender shouldn't be part of the equation.

SEC Drops Defense of Climate Rules

The Securities and Exchange Commission has voted to stop defending its climate disclosure rules in court, per an announcement from the Commission last week.

Catch Me Up:

- Last year, the SEC adopted an extensive set of rules requiring companies to disclose climate risks and carbon emissions.
- The rules were immediately challenged in nine different lawsuits. Businesses, advocacy groups, and various states that argued the SEC had no authority to impose these regulations, because they related to fighting climate change, not protecting investors.
- Now, the SEC is dropping its defense of the lawsuits, effectively killing the climate disclosure rules.

Let Freedom Ring: Acting SEC Chairman Mark Uyeda called the rules "costly and unnecessarily intrusive," after previously expressing concern that the rules are "deeply flawed and could inflict significant harm on the capital markets and our economy."

Not So Fast: While the federal rollback is certainly good news for companies and their shareholders, most U.S. firms that would have been subject to the SEC rules are still required to comply with California and/or the EU's even more onerous climate reporting regimes.

- Per the ESG advocacy group Ceres, nearly 60% of companies will have to comply with California's reporting rules,
- Another 10%-20% will have to comply with rules in other jurisdictions, like the EU, and
- Other states, like New York, New Jersey and Illinois have their own rules in the works.

The Takeaway: While the SEC's effective repeal of its climate rule is a step in the right direction, it will have limited practical effect if states step in to fill the gap. While those efforts are also being challenged in court, the fight to free corporate America from ESG pursuits is far from over.

GameStop listens to Strive and gets into Bitcoin

GameStop's Q4 earnings report came with a blockbuster announcement: it revised its investment policy to allow bitcoin as a treasury reserve asset. It immediately got to work raising money to buy bitcoin by offering convertible bonds worth $1.3 billion. The strategy looks very similar to what Strive asked for in CEO Matt Cole's recent letter to GameStop, right down to our recommendation to focus on bitcoin instead of alternative cryptocurrencies. CEO and chairman Ryan Cohen responded "Letter received"; apparently, it was listened to, as well.

The retailer is ideally positioned to be at the vanguard of corporate bitcoin adoption because it has a strong balance sheet and a shrinking core business. In 2020, Cohen wrote a pivotal shareholder letter to GameStop's board criticizing its lack of strategic direction in the face of the rise of e-commerce and the decline of brick-and-mortar stores. As he joined its board and eventually became CEO, retail investors gained confidence in its transformation, causing a war against institutional short-sellers that allowed GameStop to raise several billion dollars through equity offerings.

Until now, Cohen had focused on stopping the bleeding. After paying off the company's billion-dollar debt, he aggressively shut down unprofitable stores—GameStop now operates around 3,200 stores, down from a peak of over 6,000 a decade ago. In a move Strive endorses, he especially focused on shutting down European operations because of their anti-capitalist stances on DEI and regulation. He's selling its remaining stores in France and Canada for similar reasons. Meanwhile, Cohen played it safe with GameStop's burgeoning war chest, relying on interest payments and cost cuts to carry it to profitability.

His strategy worked. Now he's ready to move to a new phase, one where bitcoin takes center stage. The first part of that appears to involve mirroring the tactics pioneered by MicroStrategy (now called Strategy) by issuing convertible bonds to buy bitcoin. In our letter, we suggested this approach was particularly well-suited to GameStop because it turns the stock's famous volatility from weakness into strength—the potential for high volatility to the upside allows convertible bonds to receive an additional premium, raising more money than an equity offering.

But there are signs GameStop has bigger plans than becoming the next MicroStrategy. It appears to be drawing inspiration from a much different source: Berkshire Hathaway. A week before its earnings report, GameStop launched a new investor relations website. Its shareholders immediately noticed the similarity to Berkshire's website; Cohen has long been a fan of Warren Buffett.

The real clue came a week later in its updated business strategy. While last year's 10-k filing had a lengthy plan about how to optimize its core retail business, this year's replaced it with a short statement putting the retail business second and saying GameStop's first focus is using its assets to maximize shareholder value through investments and acquisitions. GameStop could be planning to show the market something it's never seen before: a Bitcoin-powered version of Berkshire Hathaway.

Voting Spotlight: Disney

Each week during proxy voting season, Strive will highlight one interesting vote from a recent company's annual meeting.

Last month, Strive voted in favor of a proposal asking Disney to end its participation in the Human Rights Campaign, which is a controversial LGBTQ+ group. The proponent noted that the group has pushed Disney to adopt divisive positions that have alienated many of its customers, including opposing Florida's Parental Rights in Education Bill and "adding queerness" to children's programming, which it believes led the stock price to suffer. Notably, the proposal did not ask Disney to speak out against the group, or join any conservative organizations, but rather quietly exit the outside partnership to focus on its own business goals and "move back to neutral."

Disney's board opposed the proposal, but did not deny that that group had pushed Disney to adopt controversial LGBTQ+ positions or that Disney's politicized stances have cost shareholders.

Because Strive has engaged with Disney and fellow Disney shareholders over similar concerns, and because we believe that joining controversial social groups is likely to harm shareholder value, Strive voted in favor of the proposal.

CEO Matt Cole Talks Hurdle Rates on The Bitcoin Frontier Podcast

Strive talks a lot about bitcoin being the hurdle rate for capital deployment. But what does that mean?

Strive CEO Matt Cole explains the hurdle rate and why companies don't want to get caught with the hot potato during his conversation with Joe Burnett on The Bitcoin Frontier podcast.

Watch Here

The Best of The Rest

Additional stories about ESG investing, company happenings, and more.

- JP Morgan leaves Net Zero Asset Managers; even as JP Morgan continues to promote climate goals on its website, pledging to hit net zero financing targets by "bank[ing] the right clients" to address the oncoming "climate catastrophe."
- How DEI shareholder proposals are faring in 2025; "Pro-DEI proposals continue to fare better than anti-DEI proposals in terms of shareholder approval," authors find.
- UBS sees stronger risk-reward payoff for U.S. AI over Chinese AI; "Our view is based on strong monetization opportunities and robust free cash flow generation, both of which we believe justify their premium valuation," bank wrote.
- Two dozen state treasurers warn of ESG risks; send letters to Securities and Exchange Commission, proxy advisors and publicly-traded companies warning that prioritizing DEI and other ESG issues over financial goals threatens the U.S. economy.
- Why "shareholder democracy" is a lie; new law review article traces the term's history and explains how proxy voting has always been a tool of management and institutional investors.

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What Makes Strive Different?
While many asset managers push companies to focus on other stakeholders such as employees, suppliers, the environment and society at large, we live by a strict commitment to shareholder primacy — the belief that **the purpose of a for-profit corporation is to maximize long-run value for investors. Click here** to learn why shareholder primacy is so important.

How Does Strive Maximize Value?
Our corporate governance team engages with the companies in which our clients are invested to advocate for the pursuit of excellence in corporate America. We are aggressively apolitical when it comes to utilizing our corporate governance tools and demand that companies focus exclusively on delivering long-term financial value for investors. The corporate governance team also determines how to cast our shareholder votes at annual meetings and special elections, evaluating each proposal through the lens of maximizing financial return.

Our research team conducts deep analysis of macro economic trends, market developments, and industry- and company-specific metrics to identify potential risks and opportunities for our clients. We then incorporate the results of this research into our engagement and voting strategy, and share it with our clients in the form of white papers and market research reports so they can make the most educated investment decisions possible.

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