

## Revisit Emission Reduction Pay Incentives

**Whereas:** The “scientific consensus”<sup>1 2</sup> claims anthropogenically-driven climate change will result in catastrophic impacts to the environment, to the planet, and to humans. Electric vehicles are touted as an essential tool to fight climate change.<sup>3</sup> However, research increasingly shows the potential consequences of carbon dioxide emissions have been greatly overstated.<sup>4</sup> For example:

- Corporate climate policy is often guided by the Paris Agreement, which is heavily informed by the Intergovernmental Panel on Climate Change.<sup>5</sup> These targets consistently misrepresent the underlying science, are not legally binding, nor legitimized by scientific evidence.
- The unrealistic targets assume a return to a previous era of unrestrained fossil fuel usage and heavy reliance on coal power.<sup>6</sup> This extreme scenario is unlikely since most nations have climate policies in place.<sup>7</sup>
- These apocalyptic predictions have been repeatedly proven false.<sup>8</sup> Climate models used to predict future events “may be overly sensitive to carbon dioxide increases and therefore project future warming that is unrealistically high.”<sup>9</sup>

In addition, EVs are plagued by economic, logistical, and ethical downsides, including:

- Pre-tax operating profit for the EV division at General Motors Company (“GM” or “Company”) may not be positive until 2025.<sup>10</sup>
- The division relies on politically controversial EV subsidies<sup>11</sup> that may be repealed under a new U.S. government in 2025.<sup>12</sup>
- According to an open letter to President Biden signed by almost 4,000 auto dealers, most consumers don’t want EVs.<sup>13</sup>
- Electric vehicle batteries require large quantities of rare-earth elements, which are overwhelmingly owned, mined, and processed by China.<sup>14</sup> This presents a risk for U.S. companies that could become political targets of the Chinese Communist Party.
- Battery supply chains are tainted by forced labor.<sup>15 16</sup>

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<sup>1</sup> <https://www.mdpi.com/2225-1154/11/11/215>

<sup>2</sup> <https://nypost.com/2023/08/09/climate-scientist-admits-the-overwhelming-consensus-is-manufactured/>

<sup>3</sup> <https://www.carbonbrief.org/factcheck-how-electric-vehicles-help-to-tackle-climate-change/>

<sup>4</sup> <https://judithcurry.com/2023/03/28/uns-climate-panic-is-more-politics-than-science/>

<sup>5</sup> <https://www.ipcc.ch/sr15/>

<sup>6</sup> <https://www.sciencedirect.com/science/article/pii/S0140988317301226>

<sup>7</sup> <https://www.carbonbrief.org/explainer-the-high-emissions-rcp8-5-global-warming-scenario/>

<sup>8</sup> <https://www.aei.org/carpe-diem/18-spectacularly-wrong-predictions-were-made-around-the-time-of-the-first-earth-day-in-1970-expect-more-this-year/>

<sup>9</sup> <https://www.sciencedaily.com/releases/2020/04/200430113003.htm>

<sup>10</sup> <https://www.wsj.com/business/autos/general-motors-finds-itself-in-a-jam-7204ef81>

<sup>11</sup> <https://www.wsj.com/articles/subsidies-supercharge-gms-ev-strategy-11668776501>

<sup>12</sup> <https://www.politico.com/news/2023/08/16/how-a-republican-president-could-hobble-the-climate-law-00111555>

<sup>13</sup> <https://evvoiceofthecustomer.com/>

<sup>14</sup> <https://www.wsj.com/articles/china-set-to-create-new-state-owned-rare-earths-giant-11638545586>

<sup>15</sup> <https://www.cnbc.com/2022/06/22/signs-of-forced-labor-found-in-chinas-ev-battery-supply-chain-report.html>

<sup>16</sup> <https://news.bloomberglaw.com/esg/ev-phone-makers-warned-on-forced-labor-in-cobalt-supply-chain>

**Supporting Statement:** Considering the evidence that EVs are unnecessary, unprofitable, and unethical, GM’s executive pay incentives are an inefficient deployment of company resources:

- According to the company’s 2023 proxy statement, the Compensation Committee incorporates strategic goals into executive STIPs.<sup>17</sup>
- The company’s strategic goals align with its vision of “zero crashes, zero emissions, and zero congestion.” These targets include:
  - “Maximizing our EV opportunity through scale and cost optimization by expanding manufacturing capabilities and operational excellence, while exceeding our financial and structural cost objectives.”
  - “Reimagining the customer experience, while in pursuit of EV leadership and enhancing human experiences across the GM ecosystem.”

These pay incentives reduce management’s strategic flexibility. We believe GM’s executives should focus on maximizing financial performance by pleasing customers. GM’s competitors substantially invest to meet demand for *non*-electric vehicles.<sup>18</sup> The company cannot afford to be left behind because of misguided executive pay incentives.

**Resolved:** Shareholders of the General Motors Company request the Executive Compensation Committee of the Board of Directors to revisit its incentive guidelines for executive pay, to emphasize legitimate fiduciary goals, and to consider eliminating EV production metric goals from compensation inducements.

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<sup>17</sup> <https://investor.gm.com/static-files/b64a3a95-3f28-41e5-b43f-afc8a50c7ce6>

<sup>18</sup> <https://www.wsj.com/business/autos/toyota-chairman-says-people-are-finally-seeing-the-reality-about-evs-31f1669c>