EOS at Federated Hermes

Speech by Tim Youmans, Lead-North America, EOS at Federated Hermes, delivered at Berkshire Hathaway’s 2022 annual meeting

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For professional investors only

I thank the chair, the board, and fellow shareholders. I'm Tim Youmans, Lead-North America, EOS at Federated Hermes, here today to talk about ballot item 3, a proposal that is co-sponsored by Brunel Pension Partnership Limited, represented by EOS, Caisse de dépôt et Placement du Québec, California Public Employees' Retirement System and State of New Jersey Common Pension Fund D, on behalf of their combined millions of ultimate beneficiaries.

EOS, CalPERS, and CDPQ co-sponsored a similar proposal last year asking the parent company to commence climate-related risk reporting, which the company has not started. The context for this year's parent-company climate reporting proposal is, however, different in three ways:

First, we've added co-sponsor New Jersey Common Pension Fund D.

Second, we stand before this annual meeting of shareholders now backed by, in our estimate, the majority of non-insider votes cast at last year's annual meeting. We provided the company tallies showing that the majority of non-insider votes cast supported last year's proposal - a result Glass Lewis has corroborated. The company disagrees, but has not shared its reasoning.

Third, the parent company began engaging with the co-sponsors this year. And, the company recently published a supplement to the chair's annual shareholder letter from vice chair Abel discussing climate change matters at the company's energy and rail subsidiaries. Also, the parent-company's audit committee has amended its charter to include climate risk oversight.

We welcome the company's new engagement approach, vice chair Abel's supplement, and the revised audit committee charter. However, these changes do not address in any meaningful way what last year's non-insider majority supported shareholder proposal asked for and what this year's ballot item 3 asks for, which is that the parent company should:

A. Commence annual climate-related financial reporting for its subsidiaries, where material, and for the parent company as a whole, following the recommendations of the Task Force on Climate-related Financial Disclosures,

B. Explain how the board oversees climate-related risks for the combined enterprise, and

C. Explore the feasibility of the parent company, and its subsidiaries, establishing science-based, greenhouse gas reduction targets.

Here is why all shareholders, including the non-insider shareholders who supported last year's shareholder proposal, should, once again this year, tell the board to change course and support parent-company climate risk reporting:

> Vice chair Abel's supplement talks about emissions reductions. We ask the parent company to report on climate related financial risks, not just emissions reductions, as these risks may be material.
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> Abel's letter also talks only about emissions reductions in rail and energy, two of the "four giants" of Berkshire Hathaway as they are referred to in the chair's annual letter. What about climate risk in insurance? The company has 60 subsidiaries and more than a few large investment holdings. The company should disclose material climate-related financial risks beyond rail and energy in a composite parent company picture. We ask the company to allocate a small portion of its more than $100 billion in cash equivalents to climate risk reporting at the parent company level.
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> Climate financial risk may be significant, even material, at the parent company. On page K-26 of the 2021 annual report, the company states that climate-related risks could produce losses and significantly affect financial results. The company audit, however, is silent on climate risk. We have asked the auditor, Deloitte, to explain this inconsistency. And we ask the audit committee to explain why Deloitte has not disclosed how it considered climate-related risks in its review of the financial statements, when the company itself disclosed this as a significant risk.

Investors representing $68 trillion in assets make up the Climate Action 100+ collaborative engagement on climate change. Berkshire Hathaway is the only major public company in the US - the only one - to earn, now for two years in a row, a score of zero on the CA100+ Net Zero assessment of climate action progress … the undisputed worst performer. This stands in stark contrast to Berkshire Hathaway's track record of usually strong long-term financial performance.

In response to last year's non-insider majority shareholder vote, the company has made a start towards taking climate action. Much more is needed. Vice chair Abel is the named CEO-successor. His annual meeting remarks both in 2020 and last year, along with his recent letter, show he has a solid grasp of climate risk. We ask vice chair Abel to commence climate risk reporting at the parent company level. This would give the company a head start in complying with the SEC's new proposed climate disclosure rules, that ask for more disclosure than we are asking for in item 3.

We ask all shareholders, both non-insiders and insiders, including the chair, to vote their shares FOR item 3, in support of parent-company climate risk disclosures starting before the 2023 annual meeting.

Thank you.