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## 2022 DEALMAKERS OF THE YEAR



**Eleazer Klein**

Schulte Roth &  
Zabel

**IN 2021, SCHULTE ROTH & ZABEL SHAREHOLDER** activism partner Eleazer Klein assisted a newly formed investment fund, Engine No. 1, in a historic proxy contest that won three seats on the ExxonMobil board of directors.

It was the largest activist proxy fight ever, and culminated in what Klein calls a “watershed moment” in shareholder activism related to environmental, social and governance issues.

The representation fit right into Klein’s wheelhouse. Schulte Roth’s bread-and-butter work, he says, is representing hedge funds, credit funds and venture capital funds.

“Our philosophy is geared to representing those people, with ESG a big presence,” says Klein, who is chair of the firm’s M&A and securities group and co-chair of its global shareholder activism group.

Engine No. 1 was formed just months before the Exxon proxy fight, and the fund owned less than 1% of the company’s shares. But, Klein says, Exxon was a natural target: an iconic American company that was underperforming as ESG rose in prominence.

While Engine No. 1 is focused on using ESG data to drive economic value, Klein says it was a “gutsy move” for the firm to launch the proxy fight with Exxon—and spend into the eight figures to try to drive change.

Klein and his team focused on two things: handling the regulatory filings and advising on strategy. “You have to be able to look at a company and evaluate it in terms of vulnerability and roadblocks,” he says.

The proxy battle, launched in December 2020, culminated in a vote in May.

“Engine No. 1 was very thoughtful. Their platform wasn’t that Exxon should abandon fossil fuels,” Klein says, but rather that the company “could actually be at the forefront of improving society.”

David Swift, chief operating officer of Engine No. 1, says Klein was “a key resource” in the fund’s fight. “His legal insights and thought leadership were instrumental for us,” Swift says.

There weren’t any unexpected challenges during the proxy battle, Klein says, in part because Engine No. 1 had already received public support from large pension funds and the backing of leading proxy advisers. Klein was temporarily dismayed when Exxon adjourned the shareholder meeting midway through to take a break. He feared the company would use the time to persuade shareholders to switch their votes.

But an hour later, the meeting reopened and Exxon accepted the results—and the significant change they brought.

—Brenda Sapino Jeffreys