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Major Asset Owners and Fund Leaders Call on Asset Managers to Vote for Shareholder Initiatives on Racial Justice

Long-Term Investors' Concerns Regarding Impact of Systemic Racism on People, Portfolios, and Economy Drive Call for Asset Managers to Vote Proxies in Line with Their Responsibilities and Rhetoric on Racial Justice

NEW YORK — Investors and pension fund leaders affiliated with funds that represent over \$1.2 trillion dollars in assets under management joined together to call on [BlackRock](#), [Vanguard](#), [Fidelity](#), and [State Street](#) to align their proxy voting on matters related to racial equity and justice with long-term financial interests for a sustainable and inclusive economy, and their own stated positions in support of racial equity and justice.

The coalition is coordinated by Westfuller, a registered investment advisor, Majority Action, a nonprofit shareholder advocacy organization, and the Service Employees International Union (SEIU), which unites two million service and care workers. Signatories include individual leaders from state pension funds and state treasury offices, institutional and individual asset owners, and investment advisors, including leaders from the California Public Employees' Retirement System (CalPERS), the California State Teachers' Retirement System (CalSTRS), the Oregon Investment Council, The Nathan Cummings Foundation, the Marguerite Casey Foundation, and Bivium Capital Partners, LLC.

Signatories of the open letter express significant concern about both the ongoing impacts of systemic racial inequalities on long-term value creation, and asset managers' past proxy voting track records that undermined shareholder initiatives related to racial equity and justice. The letters call on four U.S. asset managers with outsized proxy voting power, BlackRock, Vanguard, Fidelity, and State Street, to vote in support of shareholders' efforts for corporate accountability on issues of racial justice. Critical vote topics outlined by the letter include racial equity audit (REA) proposals, disclosure and oversight of political spending and lobbying, and racial diversity on corporate boards.

“Investors expect their money to work for them from a fiduciary perspective; they also want portfolios that reflect their purpose and values,” said **Ian Fuller**, Co-Founder and Managing Director of Westfuller. “Society is past the point of empty words and abandoned actions from companies that fail to address how systemic racism impacts their enterprises, their employees, and the communities where they operate. Companies have an obligation to advance racial equity and justice across their products, services, and practices – and the time is now for asset managers to hold them accountable to that standard.”

“If companies want to compete, advancing racial equity internally and externally is essential. Investors, including affected communities of Black, Indigenous and other people of color, are taking note and demanding a higher and more inclusive standard for corporate responsibility,” said **Lawrence P. Bancroft**, President and CEO of Bivium Capital Partners, LLC. “Companies will need to move from elective ESG initiatives and nice soundbites, to specific, substantive and measurable action if they truly desire to deliver on and be accountable for mission-critical matters such as addressing systemic racism.”

Earlier this week, Majority Action and SEIU released a [2022 Proxy Voting Guide for Racial Equity](#) to support investors in using their proxy voting power to hold companies accountable for failing to address systemic racism. The proxy voting guide highlights four categories of priority shareholder proposals and key votes, including resolutions calling for corporations to undertake comprehensive racial equity auditing and enhanced disclosure and oversight of lobbying and political spending, resolutions addressing specific racial equity-related topics, ranging from EEO-1 disclosures to online platform safety to workforce compensation and safety, and votes to hold directors accountable for insufficient board diversity and failure to adequately implement shareholder proposals that received majority support in 2021.

Today’s letter from investor leaders builds on efforts in 2021 to hold large asset managers accountable for years of proxy voting that shielded boards from accountability for policies, practices, and governance that exacerbate systemic racism. In advance of the 2021 shareholder season, and against the backdrop of the Capitol Insurrection and escalating state-level voter suppression efforts, Majority Action and SEIU organized [an unprecedented coalition of over 140 civil rights leaders](#) calling on major asset managers to align their proxy voting with their professed commitments to racial equity and justice in the aftermath of the murder of George Floyd.

In December of 2021 Majority Action and SEIU published [Equity in the Boardroom 2021: How Asset Manager Voting Shaped Corporate Action on Racial Justice](#), evaluating asset manager proxy voting performance against the specific calls for key shareholder initiatives from civil rights leaders. The report demonstrated how despite some advances, the largest asset managers continued to undermine critical shareholder efforts to advance racial equity and justice. In 2021 the largest four asset managers, **BlackRock, Vanguard, Fidelity, and State Street** failed to support the majority of shareholder proposals calling for enhanced oversight and disclosure of political spending and/or lobbying at S&P 500 companies. Fifteen additional such shareholder proposals would have received majority support but for large asset manager votes against –

including at **ExxonMobil**, **Chevron**, **JPMorgan Chase**, and **Home Depot**, all companies known to be substantial contributors to elected officials driving voter suppression and backing the January 6th Insurrection. At **Amazon**, a company beset by racial justice controversies in its platform, products, and workforce practices, a shareholder proposal calling for a comprehensive corporate civil rights audit would have overcome opposition from Jeff Bezos and received majority support, but for the votes of **Vanguard** and **Fidelity**, which voted against it. And major asset managers similarly failed to hold directors accountable for inadequate racial and ethnic diversity in the boardroom, with **BlackRock** and **Vanguard** voting for the majority of nominating committee chairs at all-white boards at S&P 500 companies – and **Fidelity** voting in favor of 100%.

“The largest asset managers have an obligation to hold boards accountable to clear standards for responsible corporate governance, but far too often have used the outsized proxy voting power entrusted to them to prevent critical shareholder votes on matters related to racial equity and justice from reaching majority support,” said **Eli Kasargod-Staub**, Executive Director of Majority Action. “With recent breakthroughs in support for shareholder proposals concerning racial equity and justice, asset owner leaders are making clear that they expect the asset managers who serve their funds and beneficiaries to recognize that systemic inequities create significant portfolio risk, and to use the proxy voting power entrusted to them to hold corporate boards accountable to oversight of critical fiduciary risks related to systemic racism.”

“The workers we advocate for and represent have made contributions to the health and sustenance of the economy that are nearly incalculable,” said **David Huerta**, Trustee for the Service Employees International Union Master Trust Fund. “Companies who rely on the labor and contribution of workers, many of whom come from communities of color, should act in accordance with the significance of these workers and do their part to reduce the harms of systemic racism.”

“We have the tools to significantly advance racial equity and justice right now, but without intentional actions, we risk perpetuating harm to communities of color and to our collective social and economic stability, domestically and around the world. Foundations committed to using all of their resources to drive progress on racial justice must also use their capital to urge their asset managers to vote against systemic racism,” said **Rey Ramsey**, Interim President and CEO and Independent Trustee Governance Chair of The Nathan Cummings Foundation.

“Foundations can and should use all of our resources as investors to demand accountability and outcomes that advance racial justice,” said **Carmen Rojas, Ph.D.**, President and CEO of the Marguerite Casey Foundation. “Expanding and protecting everyone’s right to vote is a critical part of making sure our political representatives are working for all of us, not just for billionaires and corporate CEOs. Today, asset managers have outsized influence in so many areas of our lives. They talk about managing risk, addressing the risk of systemic racism should be no different.”

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Majority Action is a nonprofit organization dedicated to empowering shareholders of all sizes to hold corporations and their leadership accountable to high standards of long-term value creation, corporate governance, and social responsibility. www.majorityaction.us

Service Employees International Union (SEIU) is an organization of 2-million members united by the belief in the dignity and worth of workers and the services they provide, and dedicated to improving the lives of workers and their families and creating a more just and humane society. www.seiu.org

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