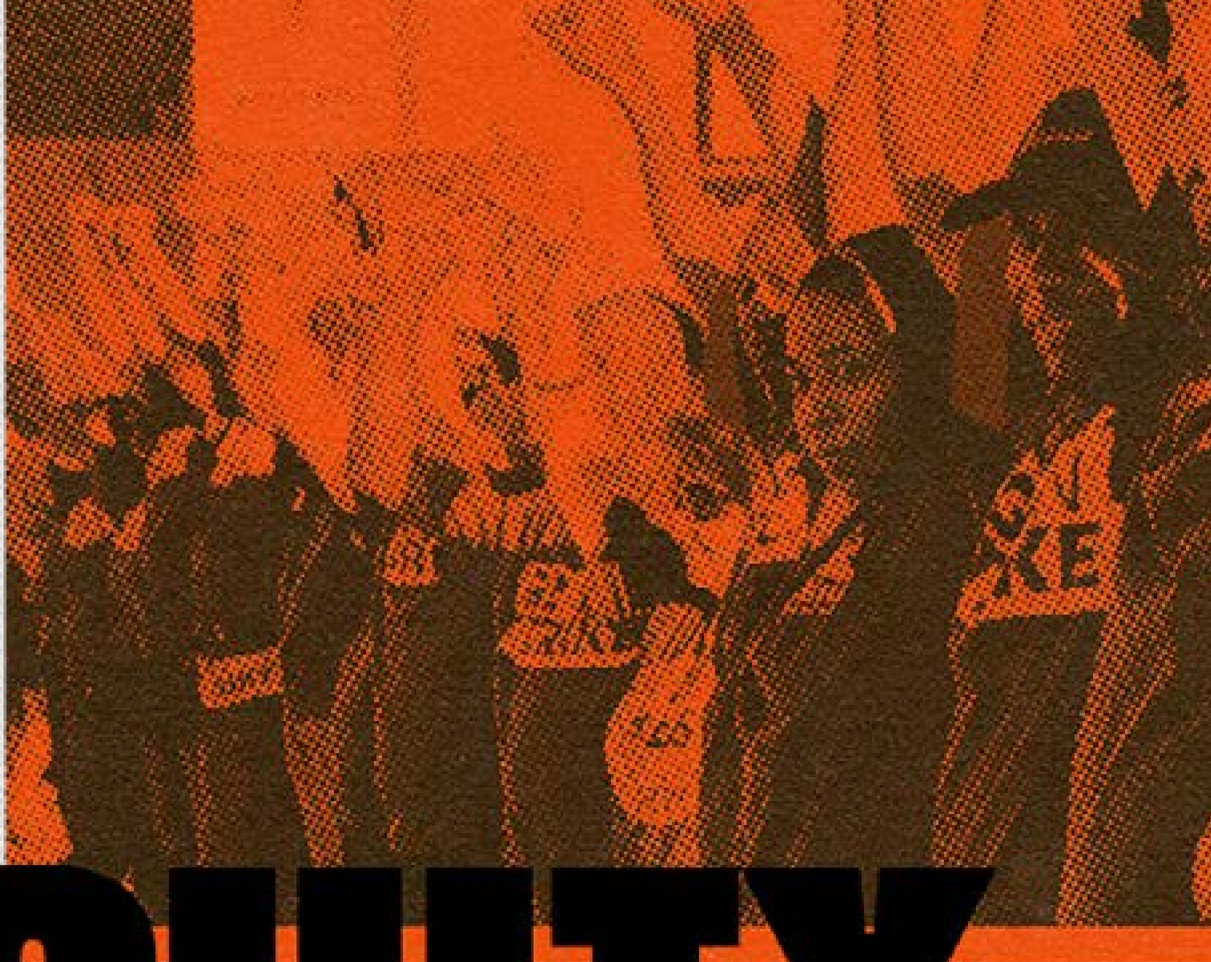

EQUITY IN THE BOARD ROOM 2021

HOW ASSET MANAGER VOTING SHAPED CORPORATE ACTION ON RACIAL JUSTICE

majorityaction SEIU

This report was made possible by the generous support of the Ford Foundation, the Open Society Foundations, the Service Employees International Union, the McKnight Foundation, the Nathan Cummings Foundation, the Park Foundation, the Sunrise Project, and the Wallace Global Fund.

 This study uses data obtained from Proxy Insight between November 6 and 22, 2021, and Institutional Shareholder Services ESG on November 19, 2021.

ISS ESG uses company-disclosed classifications of director gender identity and ethnicity where explicitly provided. In cases where companies do not explicitly disclose gender identity or ethnicity, ISS makes a classification determination using publicly available information, which may include a review of photographic images in company filings, and other information contained in annual reports, company websites and other publicly available sources (and which inherently involves subjective assessments). ISS ESG classifications are based on ISS ESG's more granular version of the U.S. Office of Management and Budget's (OMB) definition of racial and ethnic categories as contained in OMB Directive 15.

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SECTION 01

EXECUTIVE SUMMARY

Large asset managers like BlackRock, Vanguard, State Street, and Fidelity have the power and responsibility to use their outsized shareholder voting power to uproot the systemic racial inequities and injustices that harm people, undermine sustainable economic growth in the United States, and put the value of long-term shareholder portfolios at risk.

This report includes analysis of the proxy voting of the world's largest asset managers— those with assets under management exceeding $1 trillion— on racial justice shareholder proposals and director elections in 2021 on issues of board diversity, political spending and lobbying activities, racial equity audits, workforce diversity, and others. Across all of these issues, the voting behavior of the largest asset managers proved consequential, far too often failing to hold directors accountable and holding back critical shareholder initiatives from reaching majority support.

Many of the largest asset managers have made public statements in support of racial equity and justice without taking meaningful action to dismantle systemic racism at the level commensurate with the risks it poses to investors' portfolios. To remedy this, asset managers must undertake comprehensive internal racial equity audits and change their own proxy voting practices—and ensure that their votes in 2022 and beyond hold boards accountable for responsible oversight of practices and risks related to systemic racism in corporate behavior and governance.

In an open letter published in the Financial Times ahead of the 2021 shareholder meeting season, over **140 CIVIL RIGHTS LEADERS AND ALLIES** called on major asset managers to align their proxy voting with racial justice objectives in **FIVE KEY AREAS,** specifically to:

1 OPPOSE ALL-WHITE BOARDS AND BOARDS WITH ARGUABLY TOKEN REPRESENTATION BY A SINGLE PERSON OF COLOR

In the last shareholder season, 29 companies in the S&P 500 had boards with no people of color as of their annual meetings and a further 132 companies in that index had only one person of color serving on the board.

Fidelity and Capital Group supported the entire board at every company with an all-white board in the S&P 500 at which they voted. BlackRock supported the entire board at more than half of companies with all-white boards and at 76 percent of companies with only one director of color. Vanguard supported the entire board at 79 percent of companies with all-white boards, and more than 90 percent of companies with only one director of color.

At companies with all-white boards, BlackRock and Vanguard each supported 74 percent of the chairs of the nominating committee charged with ensuring appropriate and diverse board composition.

In contrast, State Street, Northern Trust, and PIMCO supported the nominating committee chairs supported the nominating committee chair at fewer than half of companies with all-white boards.

2 SUPPORT SHAREHOLDER DEMANDS FOR RACIAL EQUITY AUDITS AT CRITICAL COMPANIES

Civil rights, racial justice, and shareholder advocates have increasingly demanded that companies conduct comprehensive racial equity audits to identify and propose changes to practices that create systemic and company-specific risks to long-term shareholders. BlackRock voted in support of nearly all racial equity audit proposals after acquiescing to an audit proposed by its own shareholders. Amundi, UBS, and Morgan Stanley also supported all proposals seeking racial equity audits in 2021. By contrast, Vanguard, Northern Trust, and Fidelity voted against every single racial equity audit proposal. Similarly, State Street voted in favor of only the proposal at Amazon and did not vote on the proposal filed by its own shareholders, failing to support every other racial equity audit proposal filed.

Of these eight racial equity audit proposals, four could have received majority support from shareholders had Vanguard, State Street, and Fidelity supported them, including proposals at JPMorgan Chase, Amazon, Citigroup, and State Street itself. **Amazon is facing mounting scrutiny over racial equity issues concerning its workforce, surveillance technology, and algorithmic bias. Support from Vanguard alone would have been sufficient to achieve majority support for a comprehensive racial equity audit, overcoming Executive Chairman Jeff Bezos's opposition.**

3 SUPPORT SHAREHOLDER DEMANDS FOR COMPLETE TRANSPARENCY AND ACCOUNTABILITY ON POLITICAL SPENDING AND LOBBYING

Longstanding shareholder demands for enhanced corporate transparency on political spending and lobbying took on new urgency in the wake of the January 6th Insurrection at the U.S. Capitol, the dangerous attempt to overturn the results of the 2020 presidential election, and a wave of state-level legislation restricting voting access for communities of color.

In 2021, 34 political spending and lobbying disclosure and oversight resolutions received greater than 20 percent shareholder support. **Of these 34 policy influence proposals, seven received majority support from shareholders. An additional 15 could have received majority support from shareholders had BlackRock, Vanguard, State Street, and Fidelity supported them, including proposals at JPMorgan Chase, ExxonMobil, Home Depot, and Chevron—all companies known to have supported elected officials implicated in the Capitol Insurrection or state-level voter suppression efforts.**

4 OPPOSE DIRECTORS IN CHARGE OF POLITICAL SPENDING AT CORPORATIONS THAT HAVE FAILED TO ADDRESS THEIR ROLE IN FUNDING ELECTED OFFICIALS IMPLICATED IN THE CAPITOL INSURRECTION OR THOSE BEHIND OR SUPPORTING VOTER SUPPRESSION EFFORTS

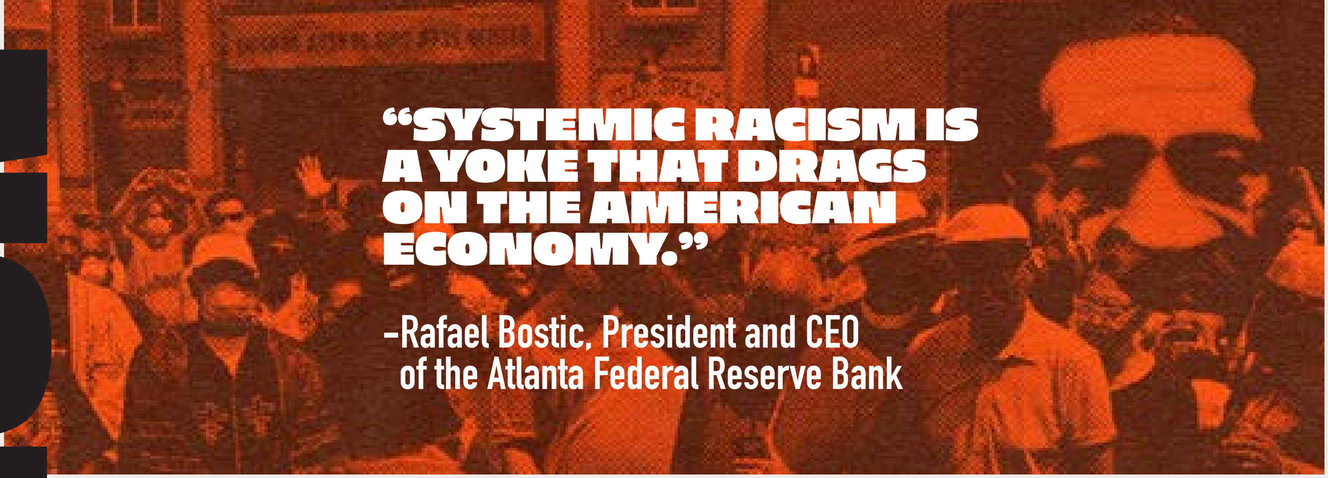
In 2021, Majority Action and SEIU highlighted nine key director votes at eight companies with Political Action Committees that made substantial contributions to U.S. Senators or Representatives who opposed certification of the 2020 presidential election and/or made such contributions to state-level elected officials supporting restrictions on voting rights, and failed to upgrade oversight of political spending despite calls from shareholders and civil rights advocates to do so. Major asset managers overwhelmingly supported the reelection of these directors. BlackRock, Vanguard, Fidelity, BNY Mellon, Franklin Templeton, PGIM, and T. Rowe Price supported all nine directors in this category. LGIM supported two-thirds and PIMCO supported only half.

5 SUPPORT SHAREHOLDER PROPOSALS DEMANDING ACTION TO ADDRESS PRACTICES THAT REFLECT SYSTEMIC RACISM, INCLUDING- BUT NOT LIMITED TO- EQUITABLE WORKPLACE PRACTICES AND DISCRIMINATION, CUSTOMER DISCRIMINATION AND ABUSE, ALGORITHMIC BIAS, AND COMMUNITY SURVEILLANCE

Twenty-eight additional shareholder proposals in areas such as workforce demographic disclosure, gender and racial pay gap reporting, mandatory arbitration, board diversity disclosure, workplace safety, technology use, sexual harassment policies, and whistleblower policies received 20 percent or more support. Amundi and PIMCO supported each of these proposals at companies where they cast votes, and LGIM and UBS voted in favor of 90 percent or more. Vanguard supported the fewest of these proposals among asset managers reviewed in this report, **only** 39 percent. State Street and T. Rowe Price also voted for fewer than half, and BlackRock voted for 50 percent, along with Franklin Templeton and JP Morgan Asset Management.

At Facebook, now Meta Platforms, a shareholder proposal regarding disinformation, hate speech and violence would likely have received majority support of outside shareholders had either BlackRock or Vanguard voted in favor, sending a strong message to the Board and and its Chair, Mark Zuckerberg, that shareholders are deeply concerned about the risks to the company's long term value of such misuse of its platforms and harm to its users.

SECTION 02 INTRODUCTION



"SYSTEMIC RACISM IS A YOKE THAT DRAGS ON THE AMERICAN ECONOMY."

-Rafael Bostic, President and CEO of the Atlanta Federal Reserve Bank

In the summer of 2020, between 15 and 26 millon people took to the streets against police brutality and racial injustice spurred by the murde rof George Floyd on May 25, 2020. These protests were estimated as among the largest in U.S. history.[1] A few months later, nearly 160 million people cast a ballot in the 2020 general election, with voters turning out at record levels.[2] Then, on January 6, 2021, 147 Members of Congress supported at least one challenge to President-elect Joseph R. Biden's electoral votes[3] in the hours following the insurrection that left five dead at the U.S. Capitol building.[4] Since then, a wave of anti-voting rights laws have been proposed and enacted in state legislatures, many including measures that disproportionately exclude Black voters and other voters from communities of color.[5]

In the wake of calls from activists and shareholders to account for their role in perpetuating systemic racism and the attacks on democratic rights in the U.S., many companies expressed support for voting rights and racial justice, made public statements affirming that Black Lives Matter, acknowledged the existence of systemic racism, and pledged to address it.[6] Some also paused their political giving programs or suspended donations to Members of Congress who opposed certification of the election.[7]

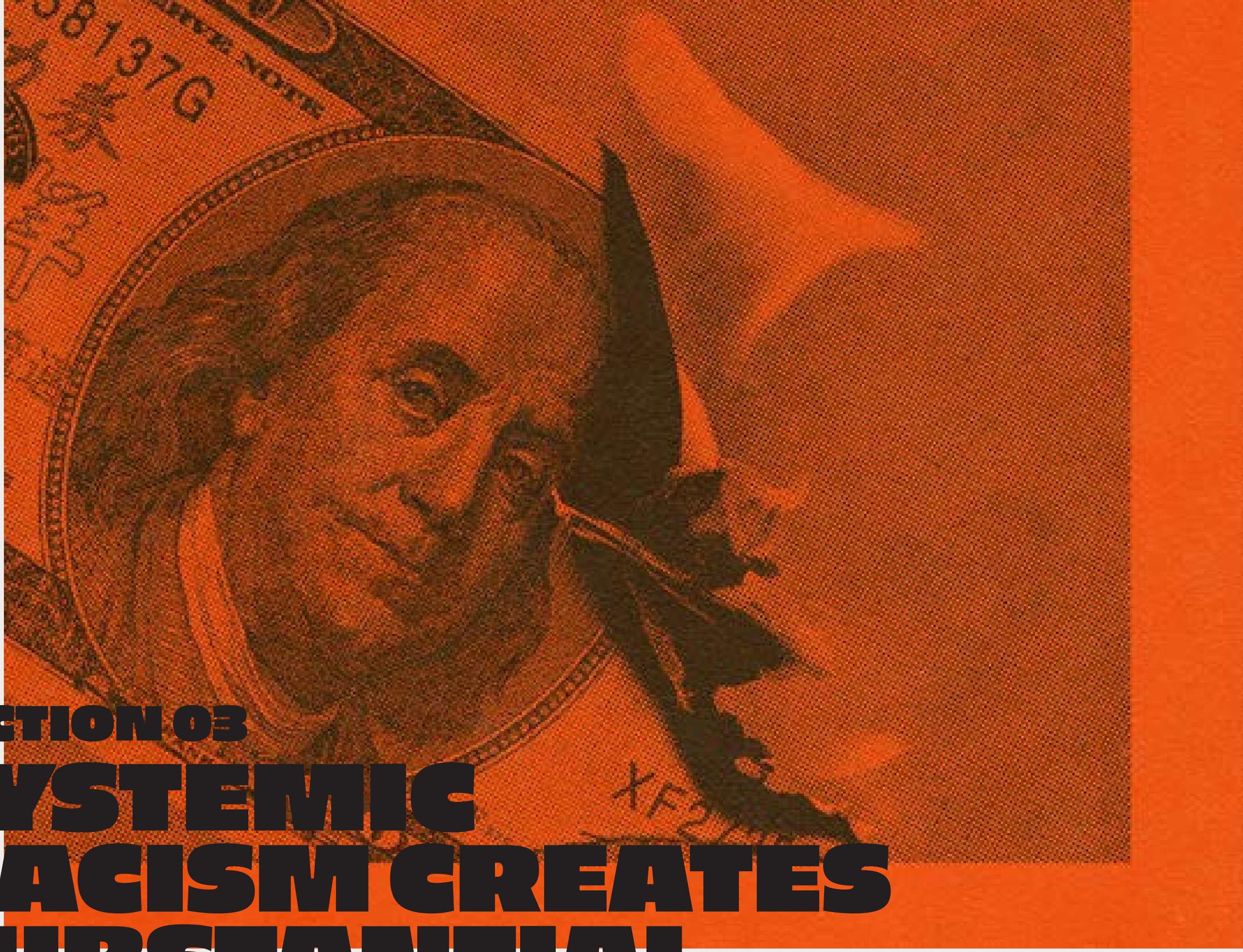
> Companies that paused donations to elected officials **PROMOTING VOTER SUPPRESSION** efforts have **RESUMED POLITICAL SPENDING** to those elected officials, often indirectly.

Since then, however, many of these pledges have been reversed, unfulfilled, or quietly shelved. Companies that paused donations to elected officials promoting voter suppression efforts have resumed political spending to those elected officials, often indirectly.[8] One study found that of the $50 billion that major corporations pledged to advance racial equity in the wake of the 2020 uprisings, only $250 million— a paltry 0.5 percent— had been spent or devoted to a specific initiative a year later.[9]

The impact of corporate behavior, practices, and products on Black, Indigenous, and other communities of color long precedes the events of the past two years. Across its 400 year history, the U.S. has never had an economic model divorced from racial inequity and violence.[10] Even the development of our core financial ideas and institutions— from mortgages to bookkeeping to the growth of Wall Street banks— were intimately intertwined with the slavery economy, the legacy of which drives the staggering racial wealth gaps and criminal justice industrial complex that undergird the challenges facing so many communities of color today.

"Business as usual" corporate behavior has long perpetuated and exacerbated systemic racism, from racial disparities in lending[11] and pay,[12] and algorithmic discrimination in healthcare[13] and hiring,[14] to unaccountable technology partnerships with law enforcement,[15] and lobbying and political contributions that support elected officials and organizations that perpetrate policies that harm communities of color.

Making real change will require conscious and comprehensive effort on the part of boards of directors to take responsibility for oversight of racial equity consequences of corporate behavior toward internal and external stakeholders, and to transform those practices to reduce and ultimately eliminate the harm caused to communities of color. These actions will need to include, at a minimum, undertaking racial equity audits to review and reform corporate practices, with extensive input from stakeholders; increasing the representation of people of color on boards to include a range of backgrounds and perspectives; and ensuring that corporate political spending and lobbying activities do not lead to public policies that harm Black, Indigenous and other communities of color, disenfranchise voters of color, or conflict with the stated positions of the company.



SECTION 03

SYSTEMIC RACISM CREATES SUBSTANTIAL MARKET-WIDE AND COMPANY-SPECIFIC RISKS TO LONG-TERM SHAREHOLDERS

Large institutional investors and asset managers managing portfolios on behalf of clients and their beneficiaries have a responsibility to enhance returns and mitigate risks to the long-term interests of those clients. The impacts of systemic risks— risks that portfolio diversification does note mitigate or minimize— can be felt across investors' entire portfolios. Such risks are receiving increased attention from investors and scholars. As Columbia Law School professors John Coffee and Jeffrey Gordon have described in recent papers, rather than emphasize idiosyncratic or company-specific risks, it is rational for diversified investors to focus instead on reducing systematic risks that affect the value of investments across the portfolio.[16]

Both Coffee and Gordon identify threats to racial diversity and inclusion and social stability as risks that relate to what Coffee characterizes as "the potential viability of our corporate system."[17] Gordon identifies three potential candidates for "systematic stewardship": climate change risk, financial stability risk, and social stability risk.[18] Coffee suggests that in the face of systemic risks, diversified investors "may want to take actions (either by voting, litigation, or persuasion) to induce changes that reduce such risk (even if they cause losses to some companies in their portfolio, so long as the action taken implies greater gains than losses to the portfolio)."[19]

RACIAL WEALTH GAPS CREATE SUBSTANTIAL ECONOMIC DRAG

Systemic racism creates risks to long-term shareholder value through both market-wide and company-specific mechanisms. The consequences of an economy rooted in systemic racism ripple out beyond the immeasurable harm experienced by Black and brown communities; as Raphael Bostic, President and CEO of the Atlanta Federal Reserve Bank recently wrote, “Systemic racism is a yoke that drags on the American economy.”[20]

Analysis from Citigroup illustrates the systemic nature of this crisis, as failure to address racial wealth gaps has cost the U.S. economy $16 trillion over the last 20 years. The study further found that $5 trillion could be added to U.S. GDP, or an average of 0.35 percentage points in GDP growth per year, over the next five years, if racial wealth gaps could be closed immediately.[21] A study by McKinsey similarly found that closing the racial wealth gaps could increase the US GDP by 4-6 percent by 2028.[22] (See Figure 1). The economic benefits of closing racial wealth gaps include increased income available for consumption and investment, increased home ownership, greater access to higher education and improved labor productivity, and fair and equitable lending leading to greater business creation and entrepreneurship among Black Americans.[23]

Sustainable GDP growth is a core driver of long-term investor returns. In addition to the societal, human, and economic costs of systemic racism, the substantial economic drag created by systemic racism has the potential to lower returns across investors’ portfolios.

BY CLOSING THE RACIAL WEALTH GAP, THE US GDP COULD BE 4 TO 6 PERCENT HIGHER BY 2028

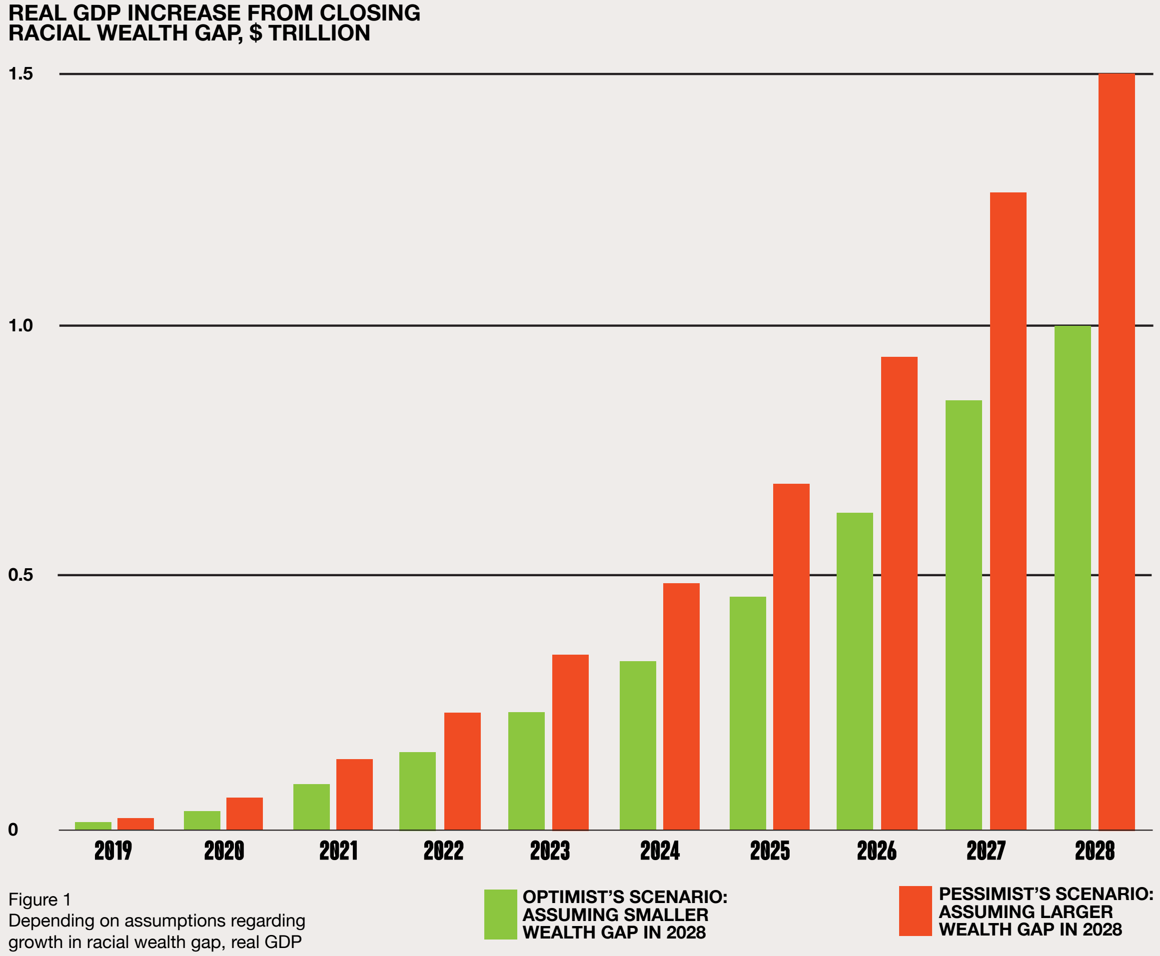


Figure 1
Depending on assumptions regarding growth in racial wealth gap, real GDP could be 4-6% higher by 2028 if gap is closed, translating to an increase of $2,900-$4,300 in GDP per capita. Source: McKinsey and Company[24]

Source:

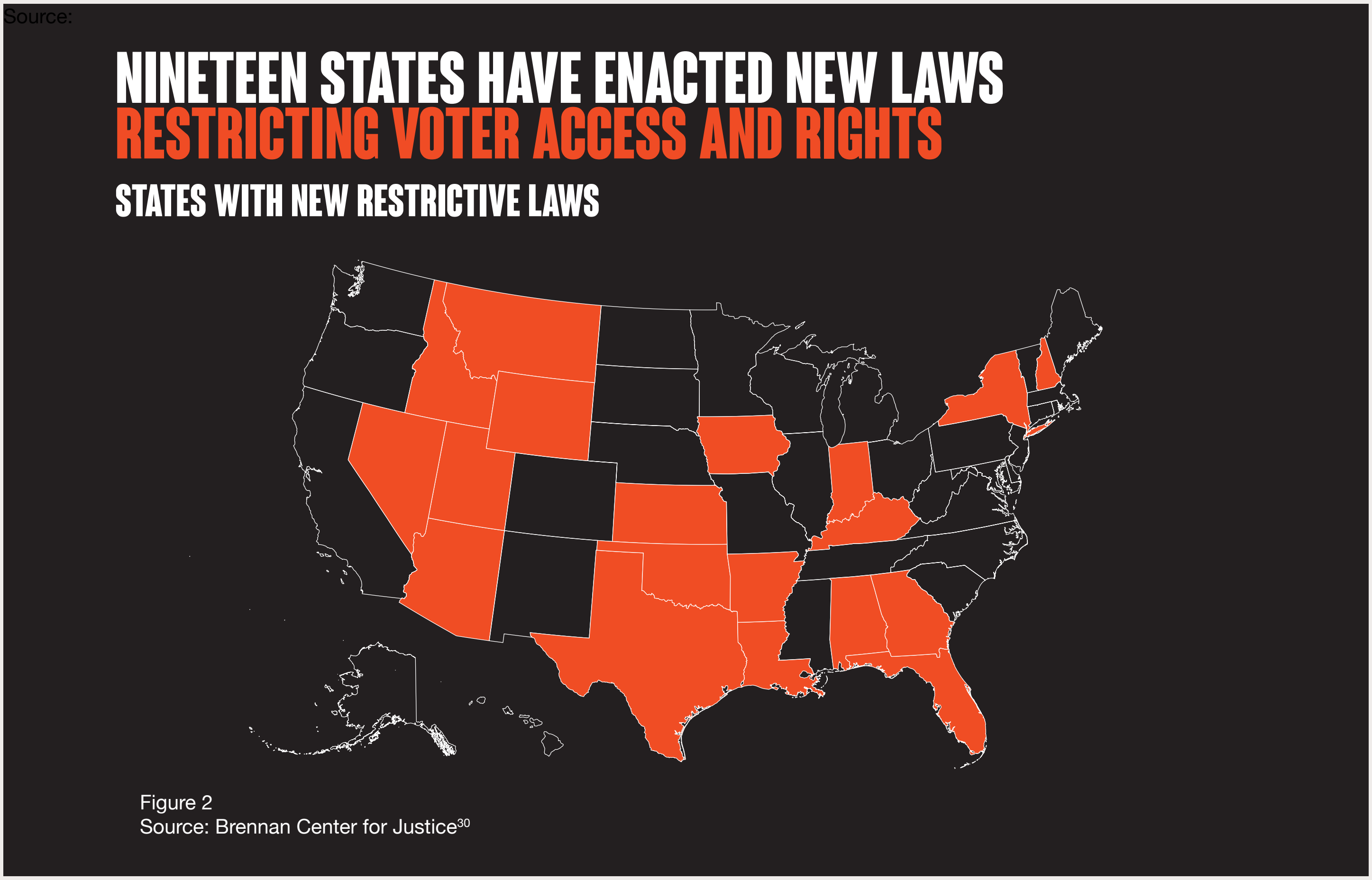


Figure 2
Source: Brennan Center for Justice[30]

ATTACKS ON CIVIL RIGHTS PUT DEMOCRATIC FUNCTIONING AT RISK

Attacks on the civil rights of communities of color put the functioning of the American democratic system at risk, and corporations must account for their role in directly and indirectly contributing to such risks. A functioning democracy, free of political instability, is foundational to a stable economy and sustainable long-term value creation. A recent study published in the Journal of Political Economy presents evidence that democracy has a positive effect on GDP per capita, with democratization increasing GDP per capita by an average 20 percent in the long term. The authors suggest that democracy contributes to growth "by increasing investment, encouraging economic reforms, improving the provision of schooling and health care, and reducing social unrest."[25] A working paper prepared for the International Monetary Fund argued that political instability significantly reduces economic growth through lower rates of productivity growth and physical and human capital accumulation.[26]

The insurrection on January 6, 2021 and subsequent state-level efforts to undermine voting rights pose an existential threat to the election system in the U.S. and thus create substantial systemic risk to long-term investors' portfolios. Since January 6, the nonpartisan Brennan Center for Justice identified 425 bills in 49 states that contain provisions to restrict the right to vote as of September 27, 2021. These bills would limit absentee and early voting, seek stricter voter ID requirements, make voter registration more difficult, and undermine the power of local officials to fairly administer elections.[27] These types of restrictions disproportionately exacerbate barriers for Black voters and other voters from communities of color, adding another chapter to a long history of voter disenfranchisement in the U.S.[28] Of these proposed bills, the Brennan Center identified 33 laws enacted in 19 states that make it harder to vote. (See Figure 2).[29]

In the wake of these events, corporations came under scrutiny for funding and supporting elected officials that voted against the certification of the presidential election results or were advancing voter suppression efforts at the state level. As the nonpartisan government watchdog group Citizens for Responsibility and Ethics in Washington reports, "corporate contributions are now increasingly an obstacle to holding elected officials accountable— not only for pushing the baseless conspiracy theories that caused the attack [on the Capitol on January 6, 2021], but also for continuing to make excuses for it."[31]

One week after the events of January 6, 2021, the New York City Comptroller called on corporations including AT&T, Boeing, and Home Depot, to "[p]ermanently suspend all political contributions to Members of Congress that perpetuated false, dangerous, claims of election fraud."[32] A group of investors also wrote to six Georgia-based S&P 500 companies protesting a Georgia bill that restricted voting rights, and calling on those companies to answer investor questions and concerns regarding contributions to state legislators involved in the effort.[33] Delta Airlines faced widespread condemnation when its role in the development of and support for that bill became public knowledge.[34]

Many corporate PACs responded by temporarily freezing all political contributions, not just those to election objectors.[35] Ending political donations specifically to candidates that advance voter suppression efforts is a clear way for corporations to take action to address the risks to themselves and the economy that arise from voter disenfranchisement and political destabilization— corporate statements of support for voting rights are undermined when companies continue to directly and indirectly fund policy and legislative efforts that harm the civil rights of communities of color and subvert democratic functioning.

In addition to avoiding the exacerbation of systemic risk to investors, in order to avoid creating company-specific risks, shareholders should require that corporate political activity be aligned with that company's racial equity statements and corporate initiatives. BlackRock, for instance, stated in December 2020 that "companies should address instances where significant inconsistencies between publicly stated priorities and affiliated group views on major policy positions could create reputational risk." The asset manager further noted that such material inconsistencies would be taken into account when considering whether to support shareholder proposals for greater disclosure on political spending.[36]

In June 2021, more than 125 state treasurers, public pension fund trustees, foundations, socially responsible investors and religious funds with assets under management of over $1.5 trillion wrote to directors responsible for oversight of political spending at 82 corporations publicly identified as having recently contributed to elected officials that opposed the certification of the electoral college results, state-level elected officials supporting restrictions on voting rights, or both. The investor coalition called on those companies to update their political spending policies to preclude any corporate political donations to legislators that back voter suppression efforts.[37] Despite this, many companies have since resumed spending in support of elected officials promoting voter suppression, either directly or via indirect political action committees.[38]

COMPANIES FACE SUBSTANTIAL REPUTATIONAL AND OPERATIONAL RISKS FOR FAILING TO ADDRESS RISKS ASSOCIATED WITH SYSTEMIC RACISM

At the company level, failure to comprehensively address issues of inequitable corporate behavior creates myriad risks for shareholders as society grapples with the dismantling of systemic racism, including risk of reputational damage, litigation, and adverse policy and regulatory action. Company actions that contradict stated positions create substantial risks and raise concerns about the adequacy of governance and oversight of these issues. The U.S. is diversifying at a rapid rate, and in the coming decades, people of color are projected to become the majority of the U.S. population,[39] workforce, and consumers.[40] Companies that fail to adequately address the risks associated with systemic racism, and their contributions to it, risk alienating an increasingly substantial segment of their customer base and potential workforce.

For investors, by the time these risks have been made manifest, the damage to long-term shareholder value could already be done. Proactive management of the risks associated with systemic racism is necessary to protect shareholders' investments. Addressing systemic racism, and thereby mitigating the risks it creates for long-term shareholders, requires overhauling the systems that have led corporate strategies, operations, and culture.[341] Investors like the New York State Common Retirement Fund have called for profound change in corporate behavior to mitigate these risks, with New York State Comptroller Tom DiNapoli stating that "companies face increased risks when their corporate policies, practices, products, or services are, or are perceived to be, discriminatory, racist, or adding to racial inequities."[42] Such a transformation requires high-level board oversight, and boards must both take responsibility, and be held accountable for, overseeing and mitigating risks related to systemic racism.

"COMPANIES FACE **INCREASED RISKS** WHEN THEIR CORPORATE POLICIES, PRACTICES, PRODUCTS, OR SERVICES ARE, OR ARE PERCEIVED TO BE, DISCRIMINATORY, RACIST, OR **ADDING TO RACIAL INEQUITIES.**"

–NEW YORK STATE COMPTROLLER TOM DINAPOLI

SECTION 04

RACIAL EQUITY AUDITS CAN UNCOVER RISKS AND PROPOSE PATHWAYS FOR REFORM

While many companies have pledged millions of dollars to various social and racial justice organizations and made statements in support of racial equity and justice, their own policies and actions play a role in perpetuating and exacerbating systemic racism. According to civil rights leader and racial equity auditor Laura Murphy, a racial equity audit (also known as a "civil rights audit") is an "independent, systematic examination of significant civil rights and racial equity issues that may exist in a company and provides a plan of action to address those issues in a thorough, deliberate, timely, and transparent manner." (See Figure 3).[43]

Racial equity audits extend beyond internal issues such as diversity, equity, and inclusion, engaging corporate stakeholders to analyze how company products, services, policies, and operations may harm or create disparate impact for communities historically subject to discrimination, and creating concrete remediation plans and accountability structures to address these issues and prevent further harm. This process must include boards taking responsibility for **ongoing oversight** of racial equity issues, assigning committee responsibility, and engaging with internal and external stakeholders with the same urgency and seriousness as other dimensions of corporate governance.

Beginning with racial equity audits proposed by Color of Change at AirBNB in 2016 and Facebook in 2020,[44] and continuing with shareholder proposals for racial equity audits at systemically important financial institutions (SIFIs), Amazon, and Johnson & Johnson in 2021, shareholders and racial justice advocates have coalesced around this mechanism for uncovering and addressing the racist harm perpetrated by corporations. Two proposals, at BlackRock and Morgan Stanley, led to those firms agreeing to conduct racial equity audits without those proposals going to a vote.[45] More recently, Citigroup, at which the proposal received 39 percent support at its 2021 annual meeting, agreed to a racial equity audit in October 2021.[46] State Street had urged shareholders to vote against such an audit, but after 37 percent of company shareholders supported a similar proposal at its 2021 annual meeting,[47] State Street announced in November 2021 its plans to undertake a civil rights audit.[48]

The issues uncovered by a racial equity audit may include those within the company, those within communities where companies and their branches are located or products are used (such as technology), and across society through contributions to systemic racism.[49] Murphy argues that it is crucial for companies in the S&P 500 to commit to racial equity audits; as these companies represent two-thirds of U.S GDP alone, racial inequity across the economy cannot be addressed without their direct efforts.[50]

ESTABLISHING ONGOING BOARD OVERSIGHT OF RACIAL EQUITY ISSUES IS AN ESSENTIAL FEATURE OF SUCCESSFUL RACIAL EQUITY AND CIVIL RIGHTS AUDITS

According to civil rights auditor, Laura Murphy, civil rights audits should:

"

1 Have the support and active engagement of senior executives, including the CEO and board of directors.

2 Be rooted in U.S. civil rights law, focusing on race, gender, and other protected classes

3 Have an established purpose within a company and a shared understanding of why an audit is being conducted

4 Be led by an independent person or firm with deep expertise in civil rights and racial justice as well as adequate resources to complete the audit

5 Identify the various external and internal challenges facing the company

6 Be supported by a team of executives and staff who will make sure the auditor has access to the company's policies, practices, products and services throughout the review for their potential discriminatory impact

7 Result in a clear plan of action

8 Publicly state the findings in a report that identifies civil rights concerns and addresses the areas where the company has or will take action

9 Have a clear timeline

10 Involve consultation with stakeholders throughout the process, including civil rights advocates and organizations

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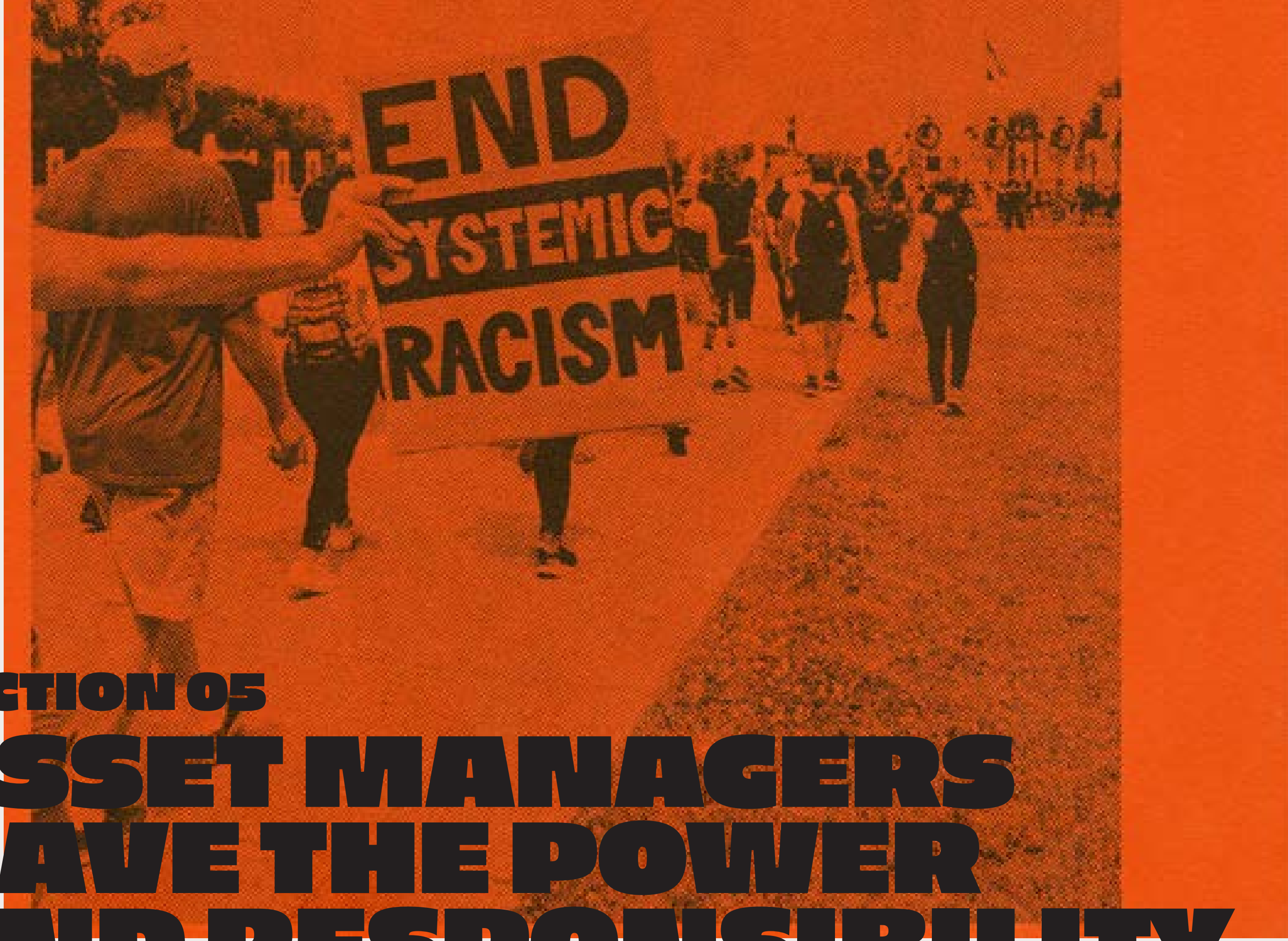
Figure 3
Source: The Rationale for and Key Business Elements of a Business Civil Rights Audit, Laura Murphy[51]



SECTION 05

ASSET MANAGERS HAVE THE POWER AND RESPONSIBILITY TO HOLD CORPORATE BOARDS ACCOUNTABLE FOR PERPETUATING SYSTEMIC RACISM

The 18 asset managers with assets under management of more than $1 trillion collectively manage over $50.6 trillion dollars, and the top four— BlackRock, Vanguard, Fidelity, and State Street— manage over $25.6 trillion.[52] BlackRock, Vanguard, and State Street together hold 20 percent of the shares of the S&P 500 and account for 25 percent of shares voted.[53] As the largest shareholders in most major publicly-traded U.S. corporations, large asset managers dominate voting on governance issues, including those related to racial equity and justice.

In response to the Capitol Insurrection of January 6, a group of state treasurers, fiduciaries, and trustees of funds with assets under management totaling over $1 trillion wrote to the top six asset managers, insisting they end political donations to elected officials who had rejected the results of the 2020 Presidential election. BlackRock, Vanguard, State Street, JPMorgan, BNY Mellon, and Fidelity were asked to support future political spending and lobbying disclosures in the 2021 proxy season and beyond.[54] Despite strong support from shareholders overall, major asset managers have historically overwhelmingly opposed shareholder proposals calling for greater transparency on policy influence activities. In 2020, BlackRock and Vanguard had not supported any political spending or lobbying disclosure proposals that received more than 20 percent overall support at S&P 500 companies; Fidelity, Capital Group, and Goldman Sachs had only supported 10 percent or fewer of these resolutions.[55]

In the Spring of 2021, SEIU and Majority Action brought together over 140 racial justice leaders and allies across the U.S., to publish an open letter to asset managers in the Financial Times.[56]

THEY LAID OUT MINIMUM STANDARDS AND EXPECTATIONS FOR THE 2021 SHAREHOLDER SEASON, INCLUDING CALLING ON ASSET MANAGERS TO:

- Oppose all-white boards, or those with arguably token representation by a single person of color
- Oppose directors in charge of political spending at corporations that have failed to address their role in funding elected officials implicated in the Capitol Insurrection or those behind or supporting voter suppression efforts
- Support shareholder demands for racial equity audits at critical companies
- Support shareholder demands for complete transparency and accountability on political spending and lobbying
- Support shareholder proposals demanding long-overdue action to address practices that reflect white supremacy and cause related harms, including— but not limited to— equitable workplace practices and discrimination, customer discrimination and abuse, algorithmic bias, and community surveillance.[57]

THOUGH MANY OF THE LARGEST ASSET MANAGERS HAVE MADE STATEMENTS IN SUPPORT OF RACIAL EQUITY, FEW HAVE FOLLOWED THROUGH TO HOLD COMPANIES ACCOUNTABLE IN THEIR PROXY VOTING GUIDELINES

In agreeing to conduct a racial equity audit proposed by its own shareholders, BlackRock stated it wants to be "a leader in integrating diversity, equity, and inclusion into every aspect of our business, ranging from our own people and culture, to how we serve our clients, to how we use our voice in broader society."[58] In the BlackRock Investment Stewardship report for the 2020-2021 proxy voting year, BlackRock touts "no" votes on 1,862 directors at 975 companies globally on account of board diversity issues. The asset manager further stated that "companies with engaged, diverse, and experienced board directors who actively advise and oversee management have a competitive advantage."[59] However, the vast majority of these votes against directors appear to be on the basis of gender diversity, where BlackRock expects boards to have at least two women as members, and remains unclear about racial or ethnic diversity.[60]

For the 2021 shareholder season, State Street outlined its priorities as addressing systemic risks "associated with climate change and a lack of racial and ethnic diversity."[61] With respect to diversity initiatives, State Street's policy was to vote against the Chair of the Nominating & Governance Committee at S&P 500 and FTSE 100 companies that did not disclose racial and ethnic composition of the board. The asset manager had moved to include race and ethnicity as crucial components of diversity, and stated, "[t]his essential dimension of ESG risk management will be a priority for our Asset Stewardship team in 2021." Despite this, State Street said it would delay until 2022 adopting a policy to vote against the Chair of the Nominating and Governance Committee at companies that do not have "at least one director from an underrepresented community."[62]

Vanguard updated its 2021 proxy voting policy to say that it "may" vote against directors of North American and European companies with no gender, racial or ethnic diversity on their boards, those that fail to disclose diversity, or lack a diversity policy.[63] Vanguard stated, "long-term shareholder returns may suffer" if the board is completely lacking in diversity.[64] Vanguard further indicates it will generally vote for shareholder proposals seeking further board diversity disclosure and "reasonable" disclosure on workforce demographics. However the asset manager also argues that on most environmental and social policies, "[s]hareholders typically do not have sufficient information about specific business strategies to judge whether management and the board have failed to implement an appropriate strategy." Vanguard does not generally support resolutions it considers to be in the "territory" of management.[65]

Fidelity Investments says it will vote against some or all directors at firms that lack at least one woman board member, or at least two women for boards greater than 10 people in size. However, its proxy voting guidelines include no language on board racial or ethnic diversity. Fidelity "may support shareholder proposals" seeking disclosure on environmental or social issues, but "generally believes that management and the board are in the best position to determine how to address these issues.[66] Fidelity's Investment Sustainability and Impact policy "encourage[s] board diversity" in areas including race, ethnicity and gender through consideration of "the broadest possible pool of candidates" but sets no numerical standard regarding race or ethnicity.[67]

SECTION 06

ASSET MANAGER PROXY VOTING FOR RACIAL EQUITY AND JUSTICE

Despite calls from national civil rights leaders to align their proxy voting with their obligations and rhetoric on racial equity, asset managers with assets under management exceeding $1 trillion largely failed to do so at the level required to begin to root out racist practices by large corporations. In 2021, there were dozens of shareholder proposals, and director elections at more than 150 companies, which tested asset managers' willingness to hold some of the largest companies in the U.S. to account for their role in directly and indirectly perpetuating systemic racism.

This report assesses asset manager voting against ballot items at annual meetings in the 2021 shareholder season aligned with the five core expectations set by civil rights and racial justice leaders, including: director elections at S&P 500 companies with all-white boards or boards with only a single person of color serving as director; director elections at eight companies which failed to address corporate funding of elected officials implicated in the Capitol insurrection or who supported state-level voter suppression; eight shareholder proposals seeking racial equity audits; 34 political spending and lobbying proposals; and 28 additional shareholder proposals addressing equitable workplace practices and discrimination, customer discrimination and abuse, algorithmic bias, community surveillance, and board diversity. For further detail on the data and methods used in this report, see Appendix A.

This analysis shows that many asset managers that made public statements in support of racial justice have not yet addressed systemic racism at a level commensurate with the risks it poses to investors, nor have they adequately used proxy voting at major companies to mitigate those risks or substantially reduce their contributions to it.

DIRECTOR ELECTIONS AT COMPANIES WITH INSUFFICIENT BOARD-LEVEL RACIAL AND ETHNIC DIVERSITY

Studies have shown that board diversity “leads to better business outcomes, smarter decision-making” and increased innovation.[68] Since the 2020 shareholder season, the number of all white S&P 500 boards fell by half. However, in 2021, there were still 29 S&P 500 companies with all white boards as of their annual meetings, according to data from ISS ESG. (See Figure 4). Despite claims of support for increasing board diversity, many major asset managers failed to hold these boards accountable for improving the diversity of their membership by voting against directors.

Concerns about board diversity, in particular racial and ethnic diversity, are now well-accepted among investors. In August 2021, the SEC approved Nasdaq’s new rules requiring all companies on that exchange to have at least one female board member and at least one who identifies as an underrepresented minority or LGBTQ— or provide statements explaining the failure. Some companies will need to begin reporting board gender and racial composition for the 2022 proxy season.[69] ISS states that racial and ethnic injustices and inequalities are “at the forefront of many investors’ minds and many boards’ deliberations. Many investors have expressed interest in seeing ethnic or racial diversity on boards, citing reasons of equality and good corporate governance.”[70] A California law, AB 979, sets a series of deadlines between 2019 and 2022 for corporations headquartered in the state to have increasing numbers of women and individuals from “underrepresented communities” on their boards, with fines for companies that fail to comply.[71]

MANY S&P 500 COMPANY BOARDS LACK SUFFICIENT RACIAL AND ETHNIC DIVERSITY

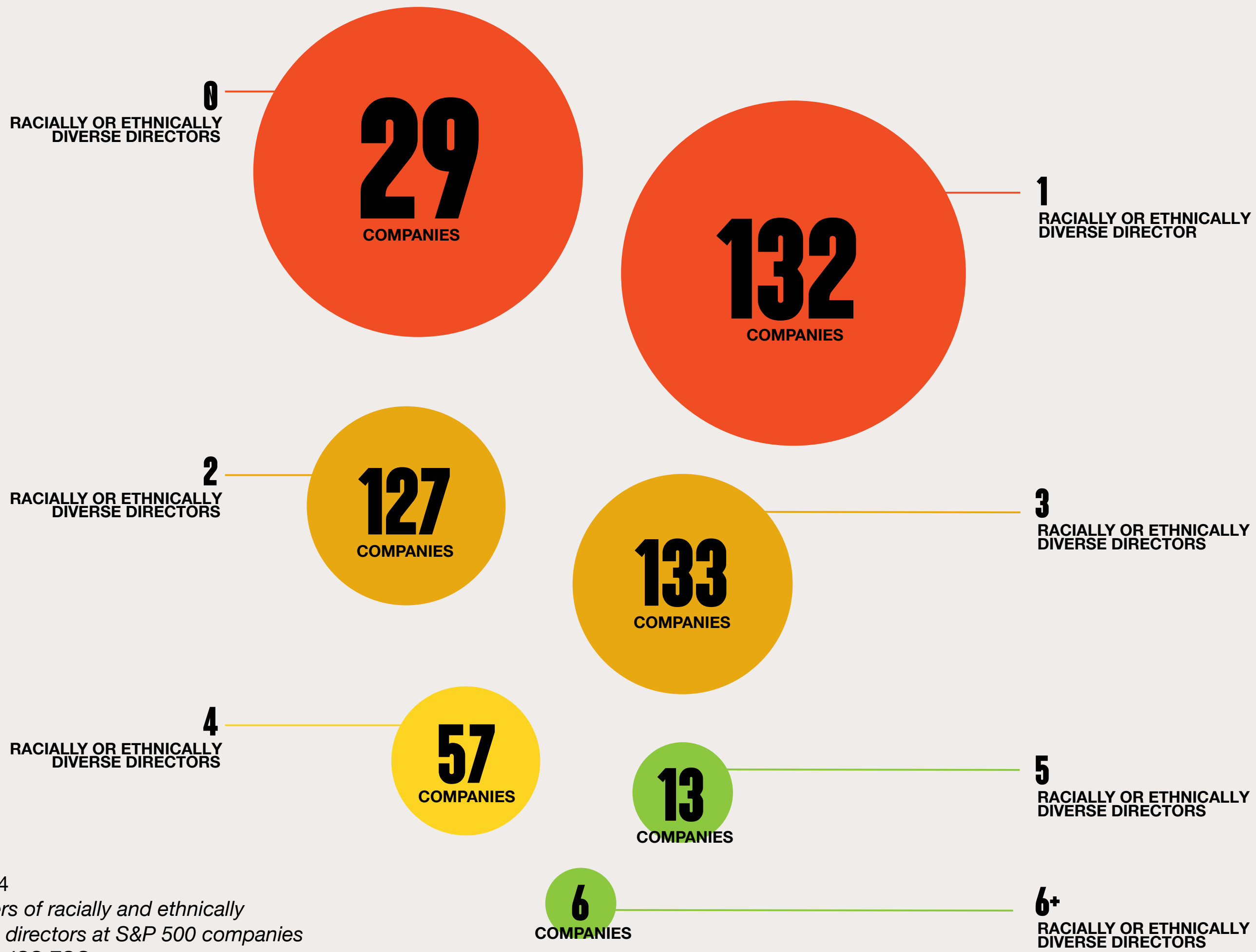


Figure 4
Numbers of racially and ethnically diverse directors at S&P 500 companies
Source: ISS ESG

Despite heightened investor and policymaker concern about inadequate racial and ethnic diversity on corporate boards, Fidelity and Capital Group supported the entire board at every company with an all-white board at which they voted. BlackRock supported the entire board at more than half of companies with all-white boards and at 76 percent of companies with only one director of color. Vanguard supported the entire board at 79 percent of companies with all-white boards, and at more than 90 percent of companies with only one director of color. (See Figure 5).

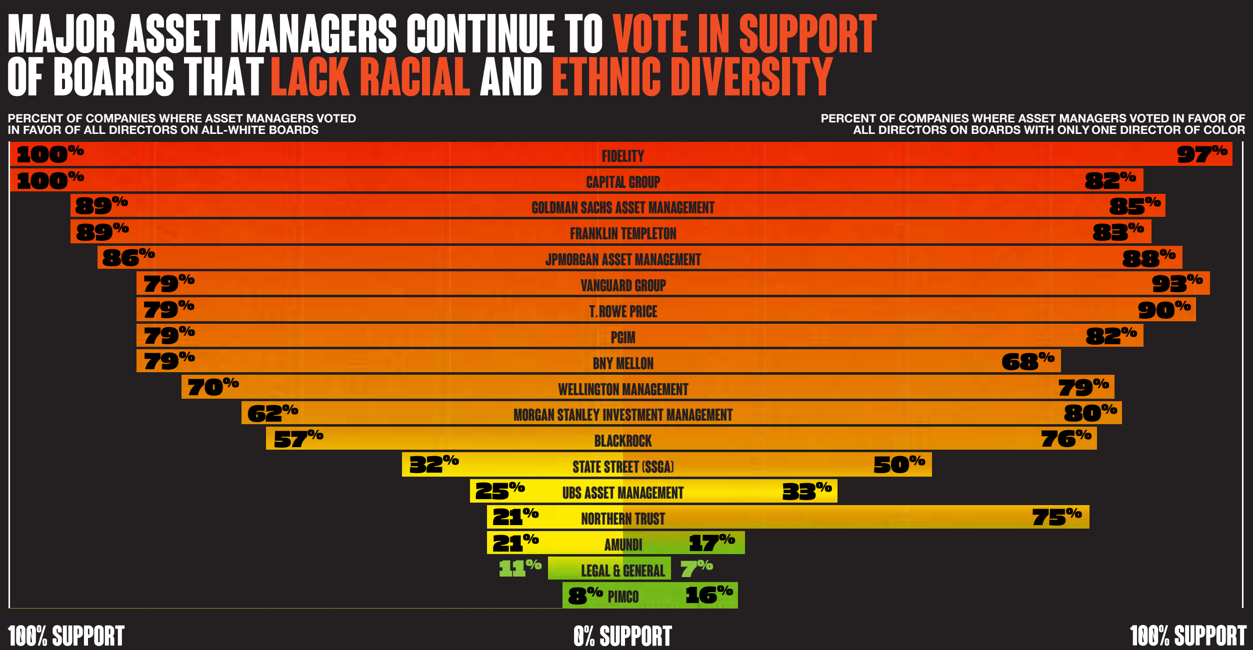


Figure 5
Percent of S&P 500 companies with fewer than two directors of diverse racial or ethnic background where asset manager voted in favor of all management-sponsored directors. *Source: Proxy Insight*

At companies with all-white boards, BlackRock and Vanguard each supported 74 percent of the chairs of the nominating committee—the committee charged with ensuring appropriate and diverse board composition--where those chairs were up for election. In contrast, State Street, Northern Trust, and PIMCO supported the nominating committee chairs vat fewer than half of companies with all-white boards. (See Figure 6).

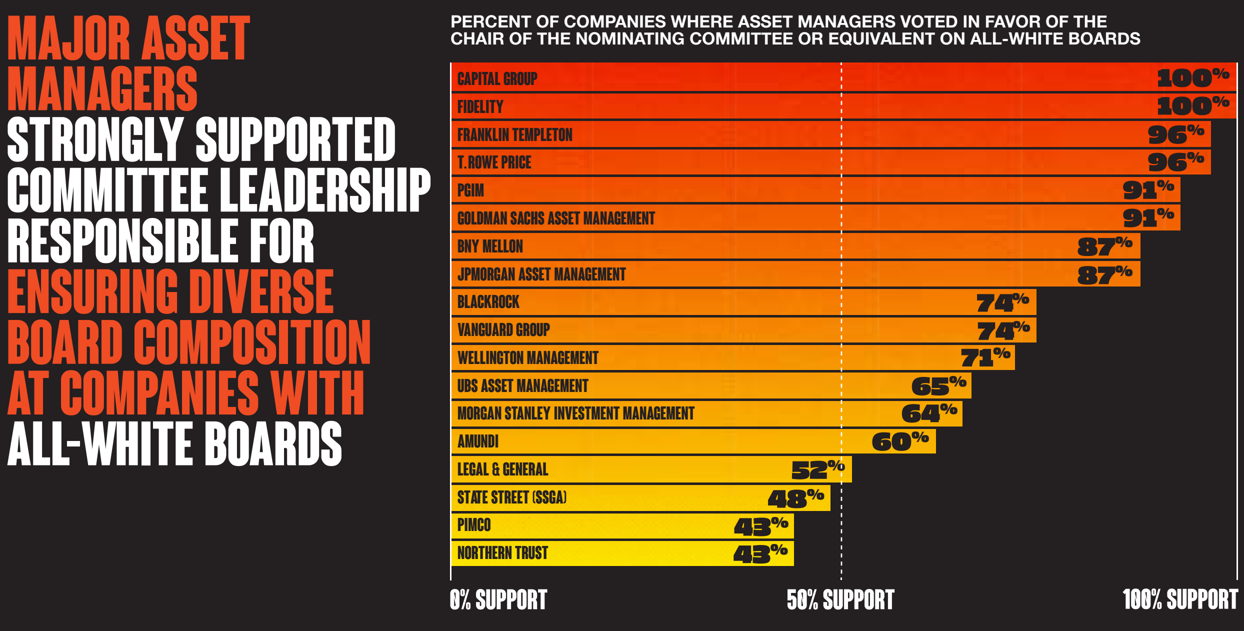


Figure 3
Percent of companies where asset managers voted in favor of the chair of the nominating committee or equivalent on all-white boards.
Source: Proxy Insight

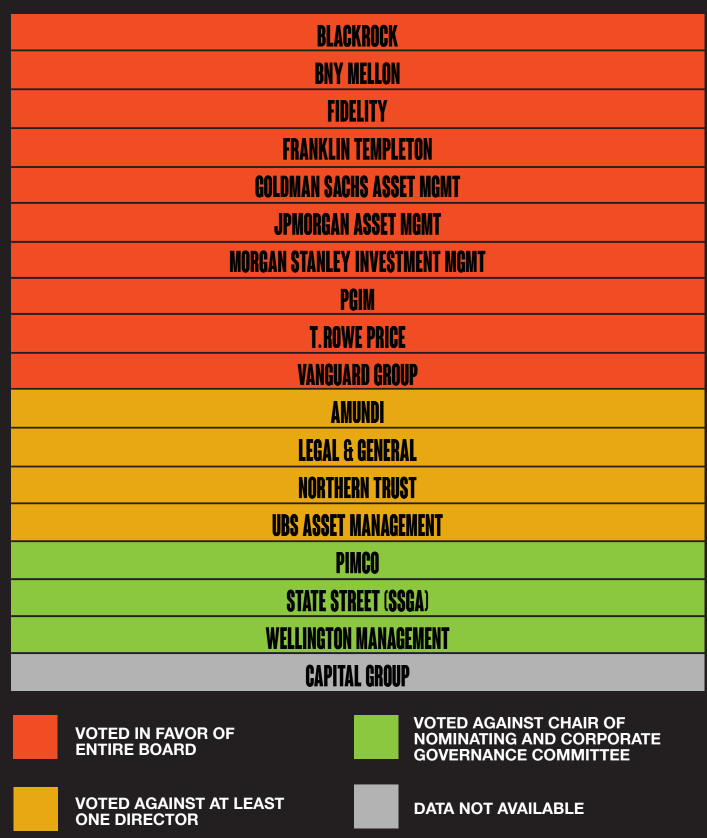
BOARD DIVERSITY CASE STUDY: INVESCO

MAJOR ASSET MANAGERS SUPPORTED INVESCO'S ALL-WHITE BOARD

Investment management company Invesco, headquartered in Atlanta, Georgia, is one of 28 S&P 500 companies that had an all-white board as of its 2021 annual meeting, according to ISS ESG. Invesco declared its opposition to “the systemic denial of fundamental civil and human rights to Black Americans” after the murder of George Floyd. It pledged donations to the NAACP Legal Defense and Education Fund and joined the Atlanta Committee for Progress.[72] In its 2021 proxy statement, Invesco claimed to have increased the diversity of its board over the past five years. The company disclosed that 25% of its directors are women, but failed to report the race or ethnicity of any of the 12 directors proposed by management in its 2021 proxy statement.[73] Months after its annual meeting, in October 2021, the company appointed its first African-American director, Christopher Womack, an executive with Georgia-based utility The Southern Company.[74]

BlackRock, Vanguard, Fidelity, and PGIM supported the entire all-white board at Invesco's 2021 annual meeting. PIMCO, State Street, and Wellington Management voted against then-Nomination and Corporate Governance Chair, Sarah Beshar. Amundi, LGIM, Northern Trust, and UBS voted against other directors on the board. Beshar was re-elected by a vote of 93 percent.[75]

MAJOR ASSET MANAGERS VOTE TO SUPPORT ALL-WHITE BOARD AT INVESCO



DIRECTOR ELECTIONS AND SHAREHOLDER PROPOSALS RELATED TO POLITICAL SPENDING AND LOBBYING OVERSIGHT AND DISCLOSURE

Given the systemic and company-specific risks posed by corporate political spending, appropriate board-level oversight is critical to protect the interests of long-term shareholders. Transparency and disclosure of political spending allows shareholders to assess whether a company's board is appropriately overseeing the risks and benefits of its political engagement.

In 2021, 17 shareholder proposals seeking improved disclosure and oversight of political spending at S&P 500 companies received more than 20 percent shareholder support. (See Figure 7). Five political spending proposals received majority support—at Netflix, United Airlines, Royal Caribbean, Duke Energy, and Omnicom Group.

Despite announcing new guidance on political spending disclosures at portfolio companies, BlackRock[76] and Vanguard[77] supported fewer political spending proposals than most of their peers. Goldman Sachs voted against all political spending disclosure and oversight proposals in 2021. Fidelity and Vanguard supported fewer than 20 percent of those proposals. Conversely, Amundi, JPMorgan Asset Management, PIMCO, and UBS supported all political disclosure and oversight proposals.

Seventeen resolutions seeking transparency in corporate lobbying activities received over 20 percent support at S&P 500 companies in the 2021 shareholder season. (See Figure 7). Companies face, at minimum, reputational risk when lobbying disclosure is lacking, and shareholders face considerable risks when company lobbying and trade association activity undermines stated corporate policy positions. Lobbying policy, spending, and memberships that are publicly reported allow shareholders to ensure that company leadership mitigates those risks.[78] Two of these proposals, at ExxonMobil and McKesson Corporation, received majority support in the 2021 shareholder season. The proposal at McKesson highlighted significant gaps in disclosure, including the fact that McKesson did not have consistent state-level lobbying disclosures, and no disclosure of payments to trade associations engaged in lobbying.[79] BlackRock, Fidelity, State Street, and Vanguard voted against that proposal.

MAJOR ASSET MANAGERS REJECT IMPROVED CORPORATE LOBBYING AND POLITICAL SPENDING TRANSPARENCY

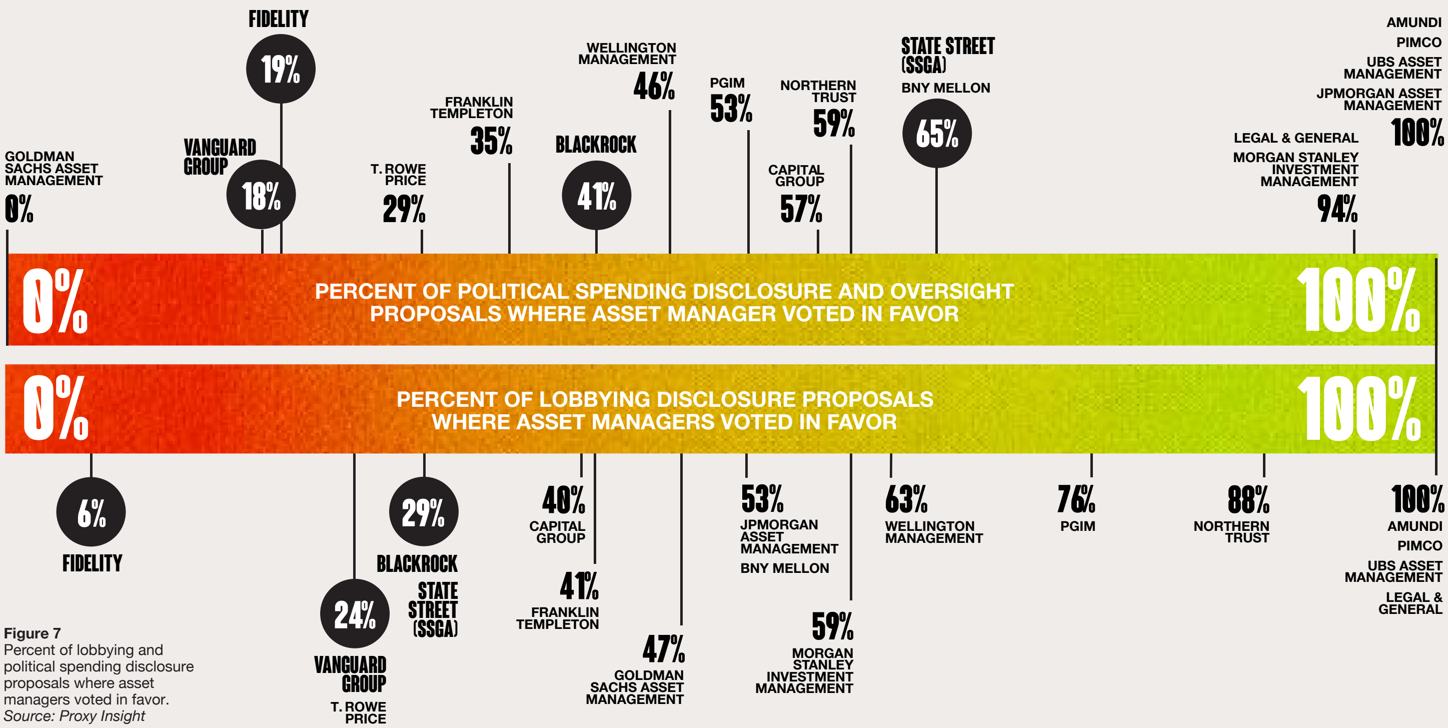


Figure 7
Percent of lobbying and political spending disclosure proposals where asset managers voted in favor.
Source: Proxy Insight

The largest asset managers voted against most resolutions seeking transparency on lobbying. BlackRock, Fidelity, State Street, Vanguard, and T. Rowe Price voted against or abstained on more than 70 percent of lobbying disclosure proposals in 2021. Amundi, LGIM, PIMCO, and UBS supported 100 percent of the lobbying disclosure proposals.

Of these 34 policy influence proposals, seven received majority support from shareholders. An additional 15 could have received majority support from shareholders had BlackRock, Vanguard, State Street, and Fidelity supported them, including proposals at JP Morgan Chase, ExxonMobil, Home Depot, and Chevron. (See Figure 8).

15 ADDITIONAL POLICY INFLUENCE TRANSPARENCY AND OVERSIGHT PROPOSALS COULD HAVE REACHED MAJORITY OF SHARES VOTED HAD LARGEST ASSET MANAGERS VOITED IN FAVOR.

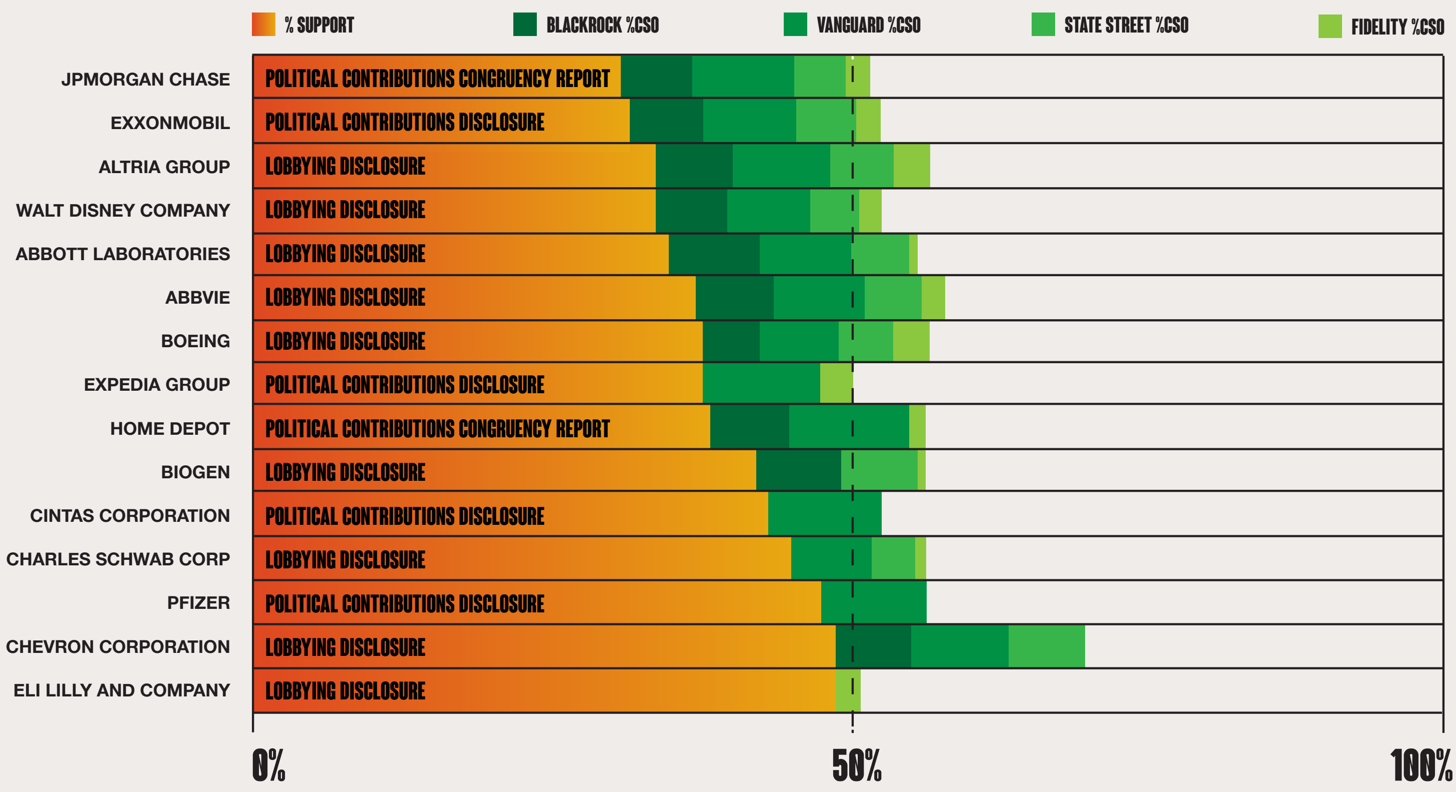


Figure 8
Percent support for policy influence proposals at S&P 500 companies and percent common stock outstanding (%CSO) held by major asset managers.
Source: Proxy Insight

In addition, Majority Action and SEIU identified 9 key director votes to hold board members accountable for political spending oversight at Aflac, AT&T, Coca-Cola, Delta Air Lines, Duke Energy, The Home Depot, ExxonMobil, and The Southern Company, as these companies or their PACs had given substantial support to candidates and elected officials that voted against the certification of the presidential election results on January 6, 2021, supported voter suppression efforts at the state-level, or both— and had not taken action to restructure their corporate political spending, despite shareholder and advocate calls to do so.[80] Major asset managers overwhelmingly supported the reelection of directors who chaired committees responsible for political spending oversight at those eight companies. BlackRock, Fidelity, Vanguard, BNY Mellon, Franklin Templeton, PGIM, and T. Rowe Price voted for all nine directors. (See Figure 9).

MAJOR ASSET MANAGERS REJECT ACCOUNTABILITY FOR CORPORATE POLITICAL SPENDING ON VOTER SUPPRESSION BY VOTING TO RE-ELECT RESPONSIBLE DIRECTORS AT KEY COMPANIES

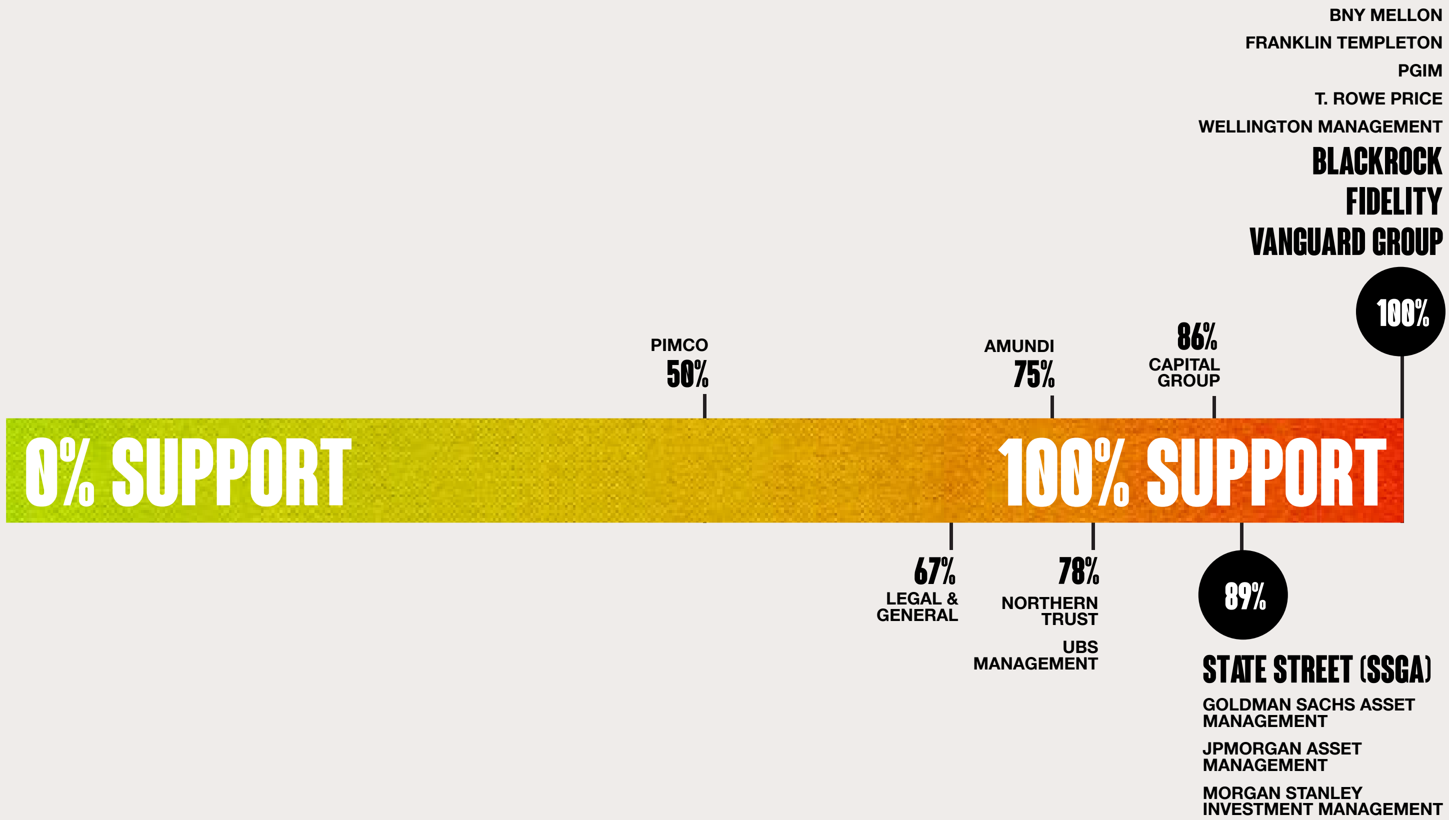


Figure 9
Rate at which asset managers voted in favor of director responsible for overseeing corporate political activity at companies that gave substantial support to officials promoting voter suppression.
Source: Proxy Insight

POLICY INFLUENCE CASE STUDY: HOME DEPOT

VANGUARD AND BLACKROCK VOTES DEFEAT POLITICAL CONGRUENCY RESOLUTION AT THE HOME DEPOT

The Home Depot's PAC donated more than $450,000 in the 2019-20 election cycle to the Members of Congress who objected to certifying the election results on January 6, 2021 and more than $1.5 million in the past three cycles. Home Depot indicated it was pausing all contributions but made no commitment to realign policies or permanently end support for election objectors.[81]

In March 2021, Georgia adopted legislation, SB 202, which was widely condemned by civil rights advocates as designed to suppress voting access for Black voters. Controversial provisions included a ban on volunteers giving water and snacks to voters waiting in line and toughened voter ID laws for absentee ballots.[82] Home Depot's refusal to take a stand on the legislation made it the target of a boycott by religious leaders representing more than 1,000 Georgia churches, with a boycott leader telling the company, "Do not expect us to give you our dollars without you giving us your support."[83] Home Depot had first said it was aligned with a Chamber of Commerce statement expressing "concern and opposition" to some restrictions, but later clarified that it was taking no position on the legislation.[84] Home Depot contributed $34,000 to sponsors of Georgia legislation criticized as designed to suppress voting between January 2018 and February 2020.[85]

Home Depot's Political Activity and Government Relations policy says the company's PAC supports candidates "who understand the issues affecting Home Depot," and places no restriction on support for candidates who have been criticized for promoting racial injustice.[86] Home Depot temporarily suspended political contributions after the January 6 Capitol insurrection,[87] but subsequently contributed at least $15,000 to the National Republican Congressional Committee (NRCC) and the National Republican Senatorial Committee (NRSC), both of which support Members of Congress who voted against certifying the 2020 election.[88]

POLICY INFLUENCE CASE STUDY: HOME DEPOT

In March 2021, a group of state treasurers and public pension fund trustees, wrote to the Chair of Home Depot's Nominating & Corporate Governance Committee, Helena Foulkes, asking that the company reassess its politica spending and "forswear future corporate political donations" to legislators who support voting restrictions.[89]

Based on concerns about the the company's political spending policies and oversight and its failure to support voting rights, Majority Action and SEIU called on investors to vote against Foulkes at Home Depot's 2021 shareholder meeting. Only two asset managers voted against her: PIMCO and State Street. All other major asset managers, including BlackRock and Vanguard, voted to reelect her. Foulkes was reelected with 94 percent support.[90] In October 2021, Foulkes resigned from the Home Depot board and announced that she was seeking the Democratic nomination for Governor of Rhode Island.[91]

In addition, a shareholder proposal at the 2021 annual meeting requested a political contributions congruency analysis. The proponents argued that Home Depot's political contributions "appear to be misaligned with its public statements of its views and operational practices."[92] The proposal received 38 percent support, with Vanguard (8.8 percent of shares) and BlackRock (6.8 percent) voting against it. It would have received majority support if they had voted for the resolution.[93]

MAJOR ASSET MANAGERS DID NOT VOTE TO HOLD HOME DEPOT ACCOUNTABLE FOR POLITICAL ACTIVITIES AND OVERSIGHT

	VOTED FOR HOME DEPOT POLITICAL CONTRIBUTIONS CONGRUENCY PROPOSAL	VOTED AGAINST CHAIR OF NOMINATING & CORPORATE GOVERNANCE COMMITTEE CHAIR, HELENA FAULKES
PIMCO	YES	YES
STATE STREET (SSGA)	YES	YES
AMUNDI	YES	NO
LEGAL & GENERAL	YES	NO
MORGAN STANLEY INVESTMENT MANAGEMENT	YES	NO
NORTHERN TRUST	YES	NO
UBS ASSET MANAGEMENT	YES	NO
BLACKROCK	NO	NO
BNY MELLON	NO	NO
CAPITAL GROUP	NO	NO
FIDELITY	NO	NO
FRANKLIN TEMPLETON	NO	NO
GOLDMAN SACHS ASSET MGMT	NO	NO
JPMORGAN ASSET MGMT	NO	NO
PGIM	NO	NO
T. ROWE PRICE	NO	NO
VANGUARD GROUP	NO	NO
WELLINGTON MANAGEMENT	NO	NO

Figure 10
Asset manager vote for proposal on political contribution congruency analysis at The Home Depot, and then- Nominating & Corporate Governance Committee Chair, Helena Foulkes.
Source: Proxy Insight

POLICY INFLUENCE CASE STUDY: EXXON MOBIL

THE VOTES OF EXXONMOBIL'S LARGEST SHAREHOLDERS DEFEATED A PROPOSAL SEEKING A REPORT ON POLITICAL SPENDING

A report by Public Citizen revealed that ExxonMobil donated $49,700 to state legislators who supported voter suppression legislation in 2020, and a total of $131,250 from 2015-2020.[94] A CNN report found that the company gave $286,000 in the 2019-20 election cycle to 73 Members of Congress who objected to certifying the election results on January 6, 2021, and failed to join other leading companies in suspending contributions following the Capitol HIll insurrection on that day. Questioned about its stance, ExxonMobil said in February that "[p]revious contributions to a candidate do not indicate that the ExxonMobil PAC will contribute again in the future."[95] However, subsequent filings with the Federal Election Commission show that in September 2021 the PAC gave $5,000 contributions to Congressman Kevin McCarthy and the Eye of the Tiger Political Action Committee sponsored by Congressman Steve Scalise. McCarthy and Scalise both voted against certifying the 2020 election.[96]

According to Influence Map, ExxonMobil is a member of trade associations that display "highly strategic and negative engagement with climate legislation and regulation, including the American Petroleum Institute, National Association of Manufacturers, American Fuel and Petrochemical Manufacturers and the US Chamber of Commerce."[97]

A 2021 shareholder proposal called on ExxonMobil to produce semiannual reports on political spending, including independent expenditures and payments to trade associations and tax-exempt organizations that could be used for election-related purposes. Proponents said that ExxonMobil lags behind "a growing number of leading companies" which provide comprehensive political disclosures, including indirect electoral spending channelled through trade associations and non-profit groups.[98] The proposal received support from 30.5 percent of shares voted. It would have received majority support if Vanguard Group (with 8.3 percent of ExxonMobil shares), BlackRock (6.7 percent), and State Street (5.8 percent) had supported it.[99]

Another 2021 proposal called on ExxonMobil to produce an annual report on the company's policies, expenditures and oversight of spending for direct lobbying, indirect lobbying through trade associations or other groups and grassroots lobbying. The resolution expresses concern about the company's failure to disclose payments to business associations, including the US Chamber of Commerce, which spend large sums of money on public issues.[100] A report issued by the nonpartisan corruption watchdog Accountable. US in April 2021 called on major corporations to end their membership in the U.S. Chamber of Commerce because of its lobbying against voting rights legislation.[101] The resolution received 55.6 percent support from voting shareholders State Street (5.8 percent) and Fidelity (2.0 percent).[102]

Director Angela Braly, who chairs the company's Public Issues and Contributions Committee, has faced sharp criticism over the committee's failure to provide appropriate leadership on a wide range of policy issues. In 2020, BlackRock withheld support from her, citing the committee's responsibility for issues including employee and community safety, health, political contributions policy and climate. BlackRock said it held Braly "accountable for lack of progress in driving greater action on climate risk in line with TCFD guidance, SASB recommendations."[103] In 2021, Majority Action recommended that shareholders oppose her reelection, citing the company PAC's political contributions to supporters of voter suppression bills and election objectors.[104] Despite both continuing and new concerns about Braly's leadership, BlackRock reversed its position in 2021, and voted for her.[105] The company's 2021 ExxonMobil proxy voting bulletin fails to explain this shift.[106] BlackRock's reversal helped Braly achieve 95.3 percent support in 2021.[107]

MAJOR ASSET MANAGERS DID NOT VOTE TO HOLD EXXONMOBIL ACCOUNTABLE FOR POLITICAL SPENDING AND LOBBYING DISCLOSURE AND OVERSIGHT

	VOTED FOR EXXONMOBIL LOBBYING DISCLOSURE	VOTED FOR EXXONMOBIL POLITICAL SPENDING DISCLOSURE PROPOSAL	VOTED AGAINST CHAIR OF PUBLIC ISSUES AND CONTRIBUTIONS COMMITTEE, ANGELA BRALY
NORTHERN TRUST	✓	✓	✓
JPMORGAN ASSET MANAGEMENT	✓	✗	✗
AMUNDI	✓	✓	✗
CAPITAL GROUP	✓	✓	✓
LEGAL & GENERAL	✓	✓	✗
MORGAN STANLEY INVESTMENT MANAGEMENT	✓	✓	✗
PIMCO	✓	✓	✗
T. ROWE PRICE	✓	✓	✗
UBS ASSET MANAGEMENT	✓	✓	✗
WELLINGTON MANAGEMENT	✓	✓	✗
BLACKROCK	✓	✗	✗
BNY MELLON	✓	✗	✗
GOLDMAN SACHS ASSET MANAGEMENT	✓	✗	✗
PGIM	✓	✗	✗
VANGUARD GROUP	✓	✗	✗
FIDELITY	✗	✗	✗
FRANKLIN TEMPLETON	✗	✗	✗
STATE STREET (SSGA)	✗	✗	✗

Figure 11
Asset manager vote on political spending and lobbying proposals at ExxonMobil, Public Issues and Contributions Committee Chair, Angela Braly.
Source: Proxy Insight

SHAREHOLDER DEMANDS FOR RACIAL EQUITY AUDITS AT CRITICAL COMPANIES

In 2021, eight shareholder proposals went to a vote calling on companies to conduct racial equity audits. Six of these were at major financial institutions, JPMorgan Chase, Citigroup, Bank of America, Goldman Sachs, Wells Fargo and State Street Corporation,[108] one at online retailer Amazon,[109] and one at pharmaceutical company Johnson & Johnson.[110] Overall, these resolutions achieved strong support from shareholders, with proposals at Amazon and JP Morgan reaching more than 40 percent of shares cast in favor.[111]

BlackRock voted in support of nearly all racial equity audit proposals, voting against only one, and the proposal seeking a racial equity audit at BlackRock itself was withdrawn after the asset manager agreed to conduct one.[112] Conversely, Vanguard, Goldman Sachs, Northern Trust, T. Rowe Price and Fidelity voted against every racial equity audit, and State Street only supported the proposal at Amazon. It did not vote on the proposal at State Street itself and abstained at Goldman Sachs.
(See Figure 12).

If Vanguard, State Street and Fidelity had voted in favor of all of these proposals, four could have reached majority support. (See Figure 13).

VANGUARD AND FIDELITY OPPOSED ALL RACIAL EQUITY AUDIT PROPOSALS

Figure 12
N/A: data not available. Asset manager votes on racial equity audit proposals at eight S&P 500 companies in 2021.

MAJOR ASSET MANAGERS BLOCKED RACIAL EQUITY AUDIT PROPOSALS FROM REACHING MAJORITY SUPPORT

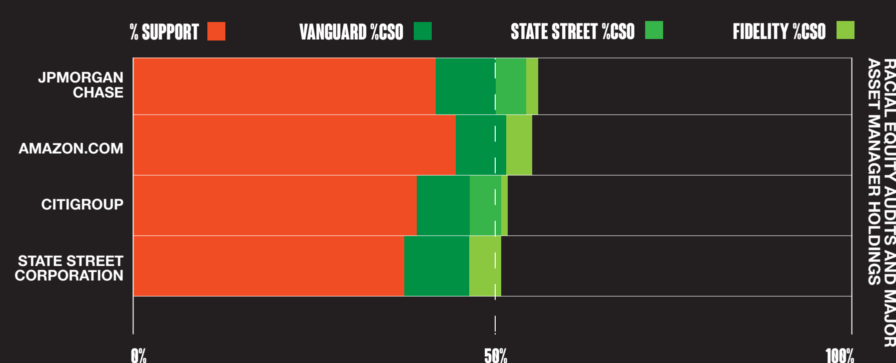


Figure 13
Percent support for racial equity audits and percent common stock outstanding (%CSO) held by major asset managers.
Source: Proxy Insight

*State Street funds did not vote on the proposal at State Street Corporation, and voted in favor of the proposal at Amazon.

RACIAL EQUITY AUDITING CASE STUDY: JPMORGAN CHASE

THE LARGEST BANK IN THE U.S. REJECTS SHAREHOLDER CALLS FOR A RACIAL EQUITY AUDIT

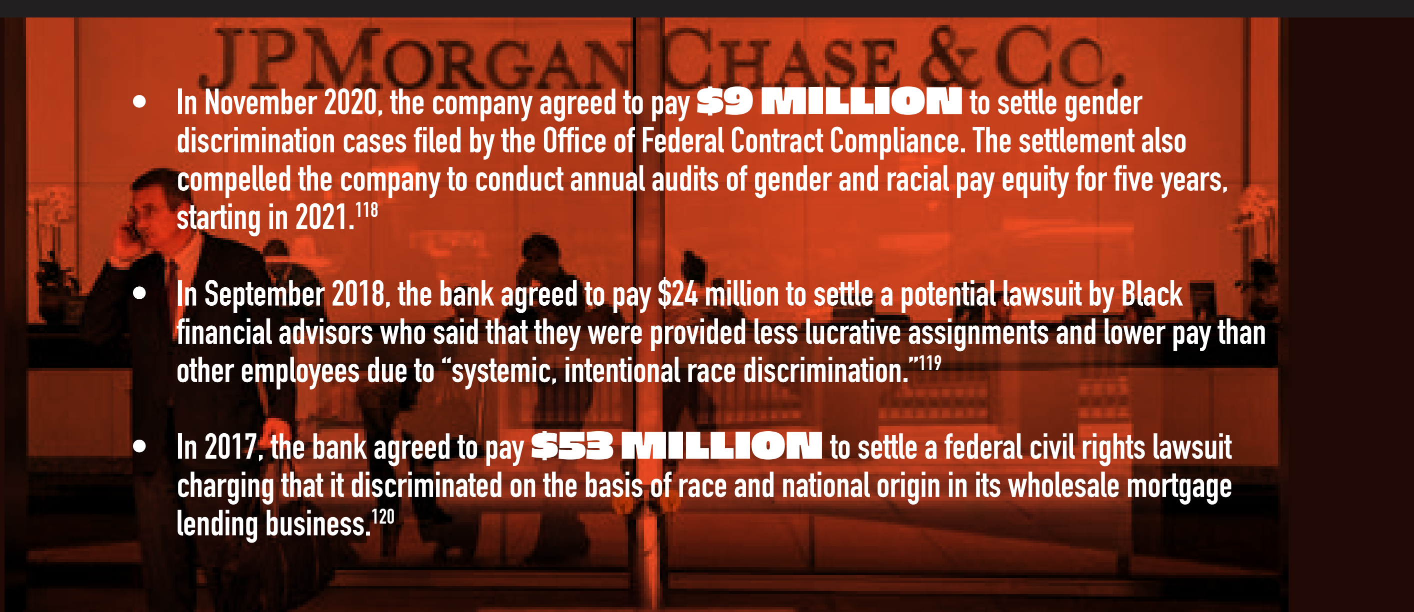
JPMorgan Chase, the largest bank in the U.S.,[113] has a troubling and conflicted history on race relations. The contradictions between the bank's promises and its reality were most recently made evident on April 7, 2021. That day, Board Chair and CEO Jamie Dimon wrote in his annual "Dear Shareholders" letter about the bank's commitment "to address the key drivers of the racial wealth divide [and] reduce systemic racism against Black and Latinx people."[114] A few hours later, the bank urged shareholders to vote against a shareholder proposal for a racial equity audit of the bank.[115]

The resolution opposed by the bank documented a history of discrimination in lending, employment, provision of banking services and charitable giving.[116] Evidence of racial injustice cited in the resolution includes the closure of numerous bank branches in majority Black communities and bank charitable contributions to police foundations in New York and New Orleans which helped police departments purchase surveillance technology used to target communities of color and non-violent protesters.[117]

JPMorgan Chase has spent tens of millions of dollars to settle civil rights complaints in recent years.

The company has also attracted negative press attention on civil rights issues. *The New York Times* published a lengthy report on the experience of a client and banker under the headline *This is What Racism Sounds Like in the Banking Industry*. In 2019, a retired National Football League player, Jimmy Kennedy, and his financial advisor, both Black, gave the Times audio recordings of conversations with white bank officials documenting discrimination they suffered in their respective roles as bank client and bank employee due to racism within the bank. The bank fired the financial advisor, Ricardo Peters, after he filed an internal complaint stating "I am being treated differently because of my race."[121]

The racial equity audit resolution received 40.5 percent support from shareholders. However, only one of the four largest holders, BlackRock, voted in favor. It would have likely reached majority support if Vanguard (which held 8.7 percent of shares) plus State Street (4.7 percent) or Fidelity (1.6 percent) had voted in favor.[122]



- In November 2020, the company agreed to pay **$9 MILLION** to settle gender discrimination cases filed by the Office of Federal Contract Compliance. The settlement also compelled the company to conduct annual audits of gender and racial pay equity for five years, starting in 2021.[118]
- In September 2018, the bank agreed to pay $24 million to settle a potential lawsuit by Black financial advisors who said that they were provided less lucrative assignments and lower pay than other employees due to "systemic, intentional race discrimination."[119]
- In 2017, the bank agreed to pay **$53 MILLION** to settle a federal civil rights lawsuit charging that it discriminated on the basis of race and national origin in its wholesale mortgage lending business.[120]

RACIAL EQUITY AUDITING CASE STUDY: AMAZON

AT AMAZON, THE COMBINED OPPOSITION OF LARGE ASSET MANAGERS DEFEATED RESOLUTIONS WITH RRACIAL JUSTICE IMPLICATIONS - WITH VANGUARD ALONE PREVENTING A RACIAL EQUITY AUDIT PROPOSAL FROM REACHING MAJORITY SUPPORT

Seven shareholder proposals included in Amazon's 2021 proxy directly or indirectly addressed racial justice issues.[123] (See Figure 14). The company opposed all seven. Chairman and CEO Jeff Bezos's 14 percent holding of company shares created a substantial obstacle for proponents to overcome,[124] but at least two of those resolutions, including the proposal to conduct a racial equity audit and the proposal for a report on the human rights implications of surveillance products, would have received majority support if major asset managers had supported them.

Amazon has faced considerable criticism for its failures on racial justice issues.

Amazon's own reporting of its workforce data reveals an enormous racial divide between the firm's frontline employees— predominantly people of color— and company leadership. As of 2020, 26.5 percent of employees were Black and 22.8 percent Latinx. However, workers of color are concentrated in the lowest workforce tier, identified by the company as “field and customer support.” Only 3.8 percent of “Senior Leaders” are Black; 2.9 percent Latinx. The company implies that it has successfully “prioritize[d] pay equity,” reporting that “minorities earn 99.2 cents for every dollar that white employees earn **performing these same jobs.**” [emphasis added]. However, it provides no information on the pay gap between its predominantly white leadership and the people of color who do heavy lifting in its warehouses.[125]

Amazon’s workforce data is drawn from an EEO-1 report covering persons employed by the company in October 2020.[126] The company also relies on the labor of hundreds of thousands of contract workers—who would not be included in these figures—and seasonal workers[127] who could not be included in these statistics unless they were on the company payroll in October.

A February 2021 report by *Recode* found that Black employees at Amazon “often face both direct and insidious bias that harms their careers and personal lives.” Current and former Amazon diversity and inclusion professionals told reporters that “internal data shows that Amazon’s review and promotion systems have created an unlevel playing field” which includes “large disparities in performance review ratings between Black and white employees.”[128]

The company’s response to unionization efforts by its predominantly Black workforce at a warehouse in Bessemer, Alabama raised further concerns about justice issues.[129] In August 2021, a National Labor Relations Board hearing officer’s report on a union election at an Amazon warehouse in Alabama found that the company committed multiple violations of employees’ rights during a union representation election.[130]

A *Brookings Institution* report argued that “Amazon’s union battle in Bessemer, Alabama is about dignity, racial justice and the future of the American Worker.” The report said that “Black workers are overrepresented among the risky essential jobs (like those at Amazon’s warehouses) on the COVID-19 frontlines.” The report compared Amazon’s hazard pay for frontline workers unfavorably with a leading competitor, stating that “Amazon’s pandemic pay bump was less than half of the increased pay at competitor Costco.”[131]

Amazon had only one non-white Director, Indian-American Indra Nooyi, and no Black or Latinx directors, as of its 2021 annual meeting. Based on this lack of diversity, Majority Action and SEIU called on investors to vote against Jamie Gorelick, Chair of the Nominating and Corporate Governance Committee. Gorelick received 98 percent support. BlackRock, Vanguard, State Street, and Fidelity all voted to reelect Gorelick.

A resolution requesting that Amazon commission a racial equity audit analyzing its “impacts on civil rights, equity, diversity and inclusion, and the impacts of those issues on Amazon’s business”[132] received 44.2 percent support. A vote in favor by Vanguard Group (6.5 percent of shares) would have provided majority support, additionally, “for” votes from both T. Rowe Price (3.1 percent) and Fidelity (3 percent), would have overcome Amazon Executive Chairman Jeff Bezos’s opposition to the proposal.[133]

LARGEST ASSET MANAGERS SHOW LITTLE SUPPORT FOR RACIAL JUSTICE AT AMAZON.COM

FOR
MIXED
AGAINST

AM SUPPORT OF SEVEN RACIAL JUSTICE PROPOSALS AT AMAZON

AMUNDI	For	For	For	For	For	For	For
LEGAL & GENERAL	For	For	For	For	For	For	For
PIMCO	For	For	For	For	For	For	For
UBS ASSET MANAGEMENT	For	For	For	For	For	For	Against
WELLINGTON MANAGEMENT	For	For	For	For	For	Against	Against
BNY MELLON	For	For	For	For	Mixed	Against	Against
STATE STREET (SSGA)	For	For	For	For	Against	Against	Against
GOLDMAN SACHS ASSET MANAGEMENT	For	For	For	Against	Against	Against	Against
JPMORGAN ASSET MANAGEMENT	For	For	For	Against	Against	Against	Against
PGIM	For	For	Mixed	Mixed	Mixed	Against	Against
NORTHERN TRUST	For	For	Against	Against	Against	Against	Against
CAPITAL GROUP	For	Mixed	Mixed	Against	Against	Against	Against
BLACKROCK	For	Against	Against	Against	Against	Against	Against
MORGAN STANLEY INVESTMENT MANAGEMENT	For	Against	Against	Against	Against	Against	Against
FRANKLIN TEMPLETON	Mixed	Mixed	Mixed	Mixed	Mixed	Against	Against
FIDELITY	Against	Against	Against	Against	Against	Against	Against
T. ROWE PRICE	Against	Against	Against	Against	Against	Against	Against
VANGUARD GROUP	Against	Against	Against	Against	Against	Against	Against

Figure14
Racial justice proposals at Amazon, Inc. supported by asset managers.
Source: Proxy Insight

SHAREHOLDER PROPOSALS DEMANDING LONG-OVERDUE ACTION TO ADDRESS PRACTICES THAT REFLECT SYSTEMIC RACISM AND CAUSE RELATED HARMS

Shareholders sought accountability in the 2021 proxy season on a range of other issues relating to racial equity and justice. Proposals to expose gender and racial pay gaps; requests for reports on diversity, equity and inclusion initiatives; and workforce-related proposals such as assessment of mandatory arbitration agreements, whistleblower policies, and sexual harassment policies came to a vote. These areas were highlighted by racial justice leaders as inroads that asset managers should make in supporting racial equity at portfolio companies.

Twenty-eight proposals at 22 companies covering such topics received 20 percent or more support from outside shareholders.

Amundi and PIMCO supported each of these proposals at companies where they cast votes. LGIM and UBS voted in favor of 90 percent or more. Vanguard supported the fewest of these proposals among asset managers reviewed in this report, supporting only 39 percent. State Street and T. Rowe Price also voted for fewer than half, and BlackRock voted for 50 percent, along with Franklin Templeton and JP Morgan Asset Management. (See Figure 15).

VANGUARD, STATE STREET, AND BLACKROCK LAG PEERS ON SUPPORTING RACIAL EQUITY-RELATED

ASSET MANAGER SUPPORT FOR RACIAL EQUITY-RELATED RESOLUTIONS

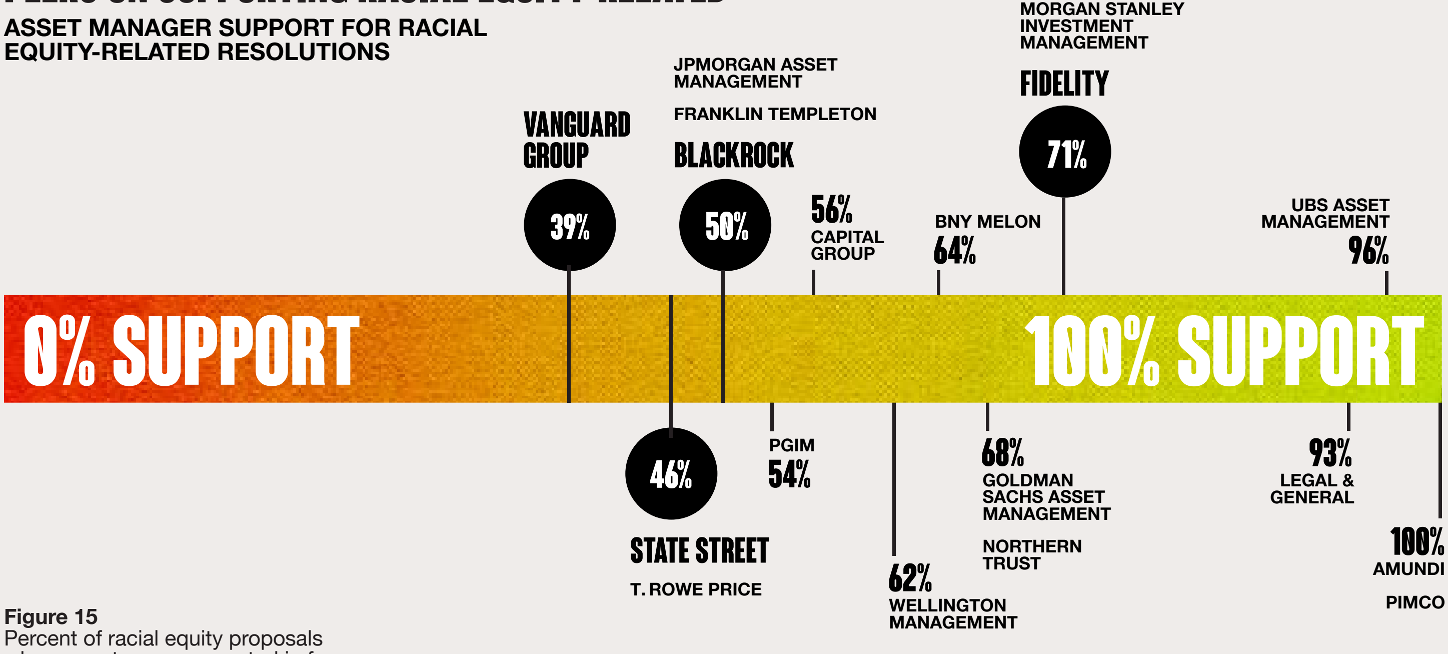


Figure 15
Percent of racial equity proposals where asset managers voted in favor.
Source: Proxy Insight

EQUITY-RELATED PROPOSAL CASE STUDY: FACEBOOK

BLACKROCK AND VANGUARD PREVENT PROPOSAL ON THE PROMOTION OF DISINFORMATION AND VIOLENCE ON FACEBOOK PLATFORMS FROM REACHING MAJORITY SUPPORT OF INDEPENDENT SHAREHOLDERS

In recent years, Facebook, Inc., now Meta Platforms, Inc. has faced criticism from public officials, investors, users, and other stakeholders for not curbing its users' ability to promote disinformation or violence on its platforms. In 2021, shareholders requested that management provide a report to "assess the benefits and drawbacks to our Company of maintaining or restoring the type of enhanced actions put in place during the 2020 election cycle to reduce the platform's amplification of false and divisive information."[134]

The proposal's proponents expressed concerns about the proliferation of disinformation through the social network, arguing it "ha[d] led to many instances of human suffering and death," specifically citing:[135]

- Posts by the Myanmar (Burmese) military junta that incited genocide;
- Cambridge Analytica's misappropriation and abuse of millions of Facebook users' data;
- Russian hackers influencing the outcome of the 20216 U.S. Presidential election;
- Over 45 million images of child pornography and torture made public;
- A proliferation of political advertisements that contain deliberate lies and disinformation;
- Hate speech linked to anti-immigrant violence;
- Libyan Facebook users buying arms, locating foes and killing them.[136]

Facebook recognized the need for greater oversight of content moderation after the 2016 U.S. Presidential election, and created the Civic Integrity team to help keep its platforms safe for users. The Civic Integrity team was responsible for "understand[ing] Facebook's impact on the world, keep[ing] people safe, and defus[ing] angry polarization."[137] During the 2020 U.S. Presidential election, the company was able to "deprioritize extremist postings and… emphasize mainstream news content."[138] After that election, the company disbanded the team.

On October 5, 2021, Frances Haugen, a former employee and whistleblower, testified before Congress and criticized Facebook for putting short term profit over safety, claiming it had resulted in "a system that amplifies division, extremism and polarization—and undermine[s] societies around the world."[139] Haugen shared tens of thousands of internal research documents, dubbed the Facebook Papers, with Congress after Facebook shuttered its short-lived Civic Integrity team.[140] Even though the company claims to have made improvements,[141] the dissolution of the Civic Integrity team as well as understaffing of other teams have limited the company's ability to handle large caseloads, potentially putting users at risk.[142]

Haugen further alleged that Facebook knew that its platform Instagram could have a toxic impact on teenage girls who already experienced negative feelings about their bodies. Internal company research indicated that 20 percent of teen users "could be facing serious mental health issues."[143] Regarding the January 6 insurrection, Haugen said Facebook talking points claiming that Facebook was doing everything it could to make the platform safer, including by taking down all hate speech they could find were not true.[144] Haugen claimed that in fact Facebook was one of the tools used to organize the insurrection.[145]

Facebook has also faced scrutiny for failing to ensure the safety of Black users on the platform. USA Today reported that some activists say that "[n]ot only are the voices of marginalized groups disproportionately stifled, Facebook rarely takes action on repeated reports of racial slurs, violent threats and harassment campaigns targeting [B] lack users."[147] Color of Change President Rashad Robinson said the Facebook Papers confirm his group's arguments for government regulation of Facebook. He further stated, "despite the fact that Black users help drive the company's success, Facebook often silences us and enables harm to our communities."[147]

The shareholder proposal regarding platform misuse received 19.5 percent support. Given the controlling voting power of CEO and Chair Mark Zuckerberg, this represents approximately 46 percent support from outside shareholders.[148] While most major asset managers voted in favor of this proposal, BlackRock, JPMorgan, and Vanguard failed to do so. With the support of either BlackRock (2.3 percent voting power) or Vanguard (2.7 percent voting power) alone, the proposal would likely have received majority support from outside shareholders, sending a strong message to the Board and its Chair, Zuckerberg, that shareholders are deeply concerned about the risks to the company's long term value stemming from misuse of its platforms. (See Figure 16).[149]

DESPITE WIDESPREAD SUPPORT, BLACKROCK AND VANGUARD OPPOSED PLATFORM MISUSE SHAREHOLDER PROPOSAL AT FACEBOOK

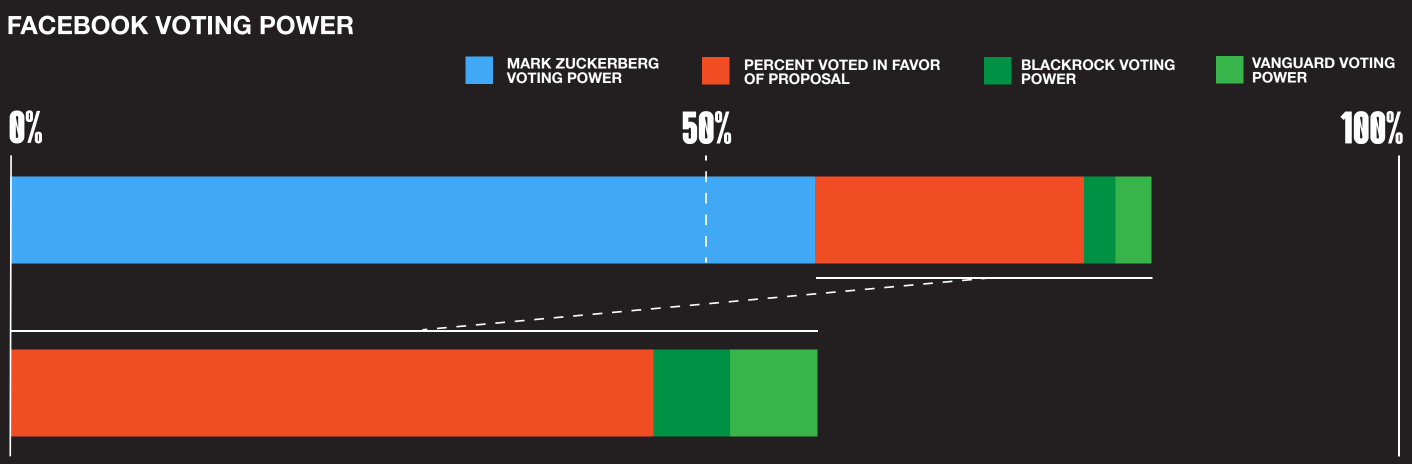


Figure 16
Asset manager vote on shareholder proposal eight, report on platform misuse, at Facebook.
Source: Proxy Insight

SECTION 07 RECOMMENDATIONS

Systemic racism creates material portfolio-wide and company-specific risks for investors. As the largest shareholders in many of the world's largest companies, and in their role managing the retirement savings of millions of Black and brown workers, the world's largest asset managers have a responsibility to assist in rooting out systemic racism from our economic system and thereby mitigate related risks to their clients' portfolios.

The proxy voting decisions of asset managers can no longer be assumed to be neutral in the face of systemic racism. This includes holding directors accountable to the corporate governance best practice of diversifying boards to ensure that the perspectives of Black and brown communities are represented at the highest level of corporate decision making, holding companies accountable to improving disclosure of corporate policy influence that impacts Black and brown communities, and supporting resolutions that seek to improve oversight of risks driven by systemic racism.

The shift to align asset manager proxy voting and stewardship will require a substantial reassessment of "business as usual" practices of both investors and corporate leaders.

In order to begin the processes of understanding the impacts of corporate governance on Black and brown communities in the United States and transforming corporate governance and behavior to dismantle systemic racism, asset managers should:

1. **Conduct comprehensive racial equity audits of their own investment processes, stewardship activities, and proxy voting guidelines and decisions. Such audits must involve all relevant stakeholders and consult with them throughout the process.**

2. **Upgrade proxy voting policies to vote against directors with responsibility for nominating directors on boards with insufficient racial and ethnic diversity, vote against directors at companies with inadequate oversight of political spending, support full and comprehensive disclosure of policy influence activities, and support resolutions seeking to improve oversight of risks driven by systemic racism, in particular those calling for racial equity audits.**

3. **Set an expectation that boards take responsibility for overseeing the risks associated with systemic racism, and hold boards accountable that fail to properly oversee such risks.**

In supporting the critical work asset managers must do, asset owners should:

1. **Upgrade proxy voting policies to vote against directors with responsibility for nominating directors on boards with insufficient racial and ethnic diversity, vote against directors at companies with inadequate oversight of political spending, support comprehensive disclosure of policy influence activities, and support resolutions seeking to improve oversight of risks driven by systemic racism.**

2. **Engage with their existing asset managers over their voting records with respect to racial justice and the risks of systemic racism, including their plans to support key shareholder proposals— particularly racial equity audit proposals— in future years at portfolio companies, and hold boards accountable for actions perpetuating systemic racism.**

3. **Incorporate criteria regarding proxy voting on systemic racism and associated systemic and company-specific risks into their asset manager search criteria, requests for proposals, and assessments.**

APPENDIX A
NOTE ON DATA AND METHODS

This report analyzes the votes of the 18 global asset managers with assets under management greater than $1 trillion according to data from Proxy Insight as of October 1, 2021. The list of asset managers can be found in Appendix B.

This report analyzes two facets of asset manager voting behavior. First, it assesses the extent to which each supported management recommendations on director elections at S&P 500 companies that had all-white directors on their board as of their annual meeting occurring between July 1, 2020 and June 30, 2021 or only one racially or ethnically diverse director as of that meeting. Second, it evaluates how each asset manager voted on shareholder proposals relevant to racial equity and justice at S&P 500 company annual shareholder meetings between July 1, 2020 and June 30, 2021.

For director elections, the data on companies currently in the S&P 500 with all-white directors or one racially or ethnically diverse director as of their latest annual meeting during the period between July 1, 2020 and June 30, 2021 were provided by Institutional Shareholder Services ESG (ISS ESG) to Majority Action as of November 19, 2021. ISS generated this data through company and individual disclosures, surveys, and independent research (see disclaimer for more information).

All proposals calling on the company to conduct an independent racial equity audit were included for analysis. For all other shareholder proposals, only those that received at least 20 percent support from voting shareholders were included, to ensure that asset managers' voting records were judged against other proposals with a baseline of significant shareholder support. Nine proposals that received at least 20 percent outside shareholder support at companies with substantial insider holdings were also included.

Voting data were provided by Proxy Insight as of October 26, 2021, based on 2021 N-PX filings for those asset managers that file N-PX reports with the SEC, other public data sources, and direct investor reporting to Proxy Insight.

Proposal votes are counted as "for" if 75 percent or more of funds within a fund family voted for a proposal and "against" if at least 75 percent of funds within a fund family opposed it. Director votes may be "against" or "withhold," depending on a company's voting standard for director elections. Both are treated as "against" votes. Votes where there was less than 75 percent agreement among funds in the same fund family are recorded as "mixed."

Only actual votes for a shareholder proposal are considered votes in support of it, with abstentions being counted as nonvotes. The support percentage is calculated by: votes in support / (votes in support + votes against).

Finally, this report identifies proposals that did not obtain majority support, but would have done so with the support of one or more of the largest asset managers. To determine this, the percent of common stock outstanding (percent CSO) held by the asset manager, as of March 31, 2021, according to Proxy Insight, was added to the percent support obtained by the proposals.

This approach does not precisely match the voting impact an asset manager could have had, as asset managers do not disclose precisely how many shares were voted on any given proposal. In addition, an asset manager may have beneficial ownership over shares for which it does not have voting rights. Conversely, large asset managers tend to vote their shares at a higher rate than other shareholders, which amplifies their voting power beyond what is represented by percent CSO. That amplification is greatest at companies with lower shareholder turnout, where the number of shares voted at the meeting can be significantly lower than the number of shares outstanding. Therefore, the percent CSO method represents a conservative approach, often significantly underestimating the potential of top managers to swing close votes. More detailed discussion of this methodology can be found in Majority Action's 2019 Climate in the Boardroom report.

A full list of proposals analyzed in this study can be found in Appendices C through E. These proposals include:

- All proposals at S&P 500 companies that asked the board to undergo an **INDEPENDENT RACIAL EQUITY AUDIT;**
- Proposals that requested **ADDITIONAL DISCLOSURES** on policy influence activities, election spending and lobbying disclosures, including proposals calling on companies to disclose spending on elections or lobbying trade associations and on the state level; and
- Proposals that were **DIRECTLY RELATED TO ISSUES OF RACIAL EQUITY** and justice in a company's operations and/or governance, including board diversity, workforce issues, pay disparities, and civil rights issues in the United States

APPENDIX B
ASSET MANAGERS WITH GREATER THAN $1 TRILLION IN ASSETS UNDER MANAGEMENT

ASSET MANAGER	AUM ($B)
AMUNDI ASSET MANAGEMENT	$1,794
BLACKROCK	$9,496
+BLACKROCK SUSTAINABILITY FUNDS	
BNY MELLON	$1,800
+NEWTON	
CAPITAL GROUP	$2,600
+CAPITAL GUARDIAN TRUST CO.	
FIDELITY MANAGEMENT & RESEARCH CO. (FMR)	$4,195
+FIDELITY INSTITUTIONAL MANAGEMENT	
FRANKLIN TEMPLETON INVESTMENTS	$1,572
GOLDMAN SACHS ASSET MANAGEMENT LP	$2,305
JPMORGAN INVESTMENT MANAGEMENT, INC.	$2,987
LEGAL & GENERAL INVESTMENT MANAGEMENT	$1,327
MORGAN STANLEY INVESTMENT MANAGEMENT, INC.	$1,524
NORTHERN TRUST INVESTMENTS	$1,539
PACIFIC INVESTMENT MANAGEMENT CO. (PIMCO)	$2,200
+PARAMETRIC PORTFOLIO ASSOCIATES (PIMCO LABELLED FUNDS ONLY)	
PRUDENTIAL GLOBAL INVESTMENT MANAGEMENT	$1,152
+JENNISON ASSOCIATES LLC.	
+QUANTITATIVE MANAGEMENT ASSOCIATES	
SSGA FUNDS MANAGEMENT, INC. (STATE STREET)	$3,897
T. ROWE PRICE ASSOCIATES, INC.	$1,623
UBS ASSET MANAGEMENT	$1,200
VANGUARD GROUP, INC.	$8,000
WELLINGTON MANAGEMENT COMPANY	$1,372

APPENDIX C
POLICY INFLUENCE SHAREHOLDER PROPOSALS AT S&P 500 COMPANIES

COMPANY	RESOLUTION NUMBER	RESOLUTION TEXT	% SUPPORT	CATEGORY DETAIL
NETFLIX INC.	4	Report on Lobbying Payments and Policy	81%	Political Disclosure
UNITED AIRLINES HOLDINGS	7	Report on Political Contributions and Expenditures	68%	Political Disclosure
EXXON MOBIL CORPORATION	9	Report on Lobbying Payments and Policy	56%	Lobbying Disclosure
ROYAL CARRIBBEAN GROUP	5	Report on Political Contributions Disclosure	53%	Political Disclosure
MCKESSON CORPORATION	5	Report on Lobbying Payments and Policy	52%	Lobbying Disclosure
DUKE ENERGY CORPORATION	6	Report on Political Contributions and Expenditures	52%	Political Disclosure
OMNICOM GROUP	5	Report on Political Contributions and Expenditures	51%	Political Disclosure
ELI LILLY AND COMPANY	6	Report on Lobbying Payments and Policy	48%	Lobbying Disclosure
CHEVRON CORPORATION	7	Report on Lobbying Payments and Policy	48%	Lobbying Disclosure
PFIZER	5	Report on Political Contributions and Expenditures	47%	Political Disclosure
CHARLES SCHWAB CORP	4	Report on Lobbying Payments and Policy	44%	Lobbying Disclosure
CINTAS CORPORATION	4	Report on Political Contributions Disclosure	42%	Political Disclosure
BIOGEN	5	Report on Lobbying Payments and Policy	41%	Lobbying Disclosure
HOME DEPOT	5	Report on Political Contributions Congruency Analysis	38%	Political Disclosure
BOEING COMPANY	4	Report on Lobbying Payments and Policy	37%	Lobbying Disclosure
EXPEDIA GROUP	4	Report on Political Contributions and Expenditures	37%	Political Disclosure
CHARTER COMMUNCATIONS	3	Report on Political Contributions and Expenditures	37%	Political Disclosure
ABBVIE	7	Report on Lobbying Payments and Policy	36%	Lobbying Disclosure
AMAZON.COM	13	Report on Lobbying Payments and Policy	35%	Lobbying Disclosure
DAVITA	4	Report on Political Contributions	34%	Political Disclosure
NIKE	5	Report on Political Contributions Disclosure	34%	Political Disclosure
ABBOT LABORATORIES	5	Report on Lobbying Payments and Policy	34%	Lobbying Disclosure
ALTRIA GROUP	5	Report on Lobbying Payments and Policy	33%	Lobbying Disclosure
WALT DISNEY COMPANY	4	Report on Lobbying Payments and Policy	33%	Lobbying Disclosure
LOEWS COMPANY	4	Report on Political Contributions	31%	Political Disclosure
EXXON MOBIL CORPORATION	8	Report on Political Contributions	31%	Political Disclosure
JP MORGAN CHASE & CO	8	Report on Congruency Political Analysis and Electioneering Expenditures	30%	Political Disclosure
FEDEX CORPORATION	4	Report on Lobbying Payments and Policy	29%	Lobbying Disclosure
FEDEX CORPORATION	5	Report on Political Contributions Disclosure	28%	Political Disclosure
UNITED PARCEL SERVICE	5	Report on Lobbying Payments and Policy	26%	Lobbying Disclosure
CITIGROUP	8	Report on Lobbying Payments and Policy	23%	Lobbying Disclosure
WALMART	5	Report on Lobbying Payments and Policy	22%	Lobbying Disclosure
DTE ENERGY COMPANY	5	Report on Political Contributions	22%	Political Disclosure
TYSON FOODS	6	Report on Lobbying Payments and Policy	18%	Lobbying Disclosure

APPENDIX D
RACIAL EQUITY AUDIT SHAREHOLDER PROPOSALS AT S&P 500 COMPANIES

COMPANY	RESOLUTION NUMBER	RESOLUTION TEXT	% SUPPORT	CATEGORY DETAIL
AMAZON.COM INC.	9	Oversee and Report on a Civil Rights, Equity, Diversity and Inclusion Audit	44%	Racial Equity Audit
JPMORGAN CHASE & CO	6	Report on Racial Equity Audit	41%	Racial Equity Audit
CITIGROUP INC.	9	Report on Racial Equity Audit	39%	Racial Equity Audit
STATE STREET CORPORATION	4	Report on Racial Equity Audit	37%	Racial Equity Audit
JOHNSON & JOHNSON	6	Report on Civil Rights Audit	34%	Racial Equity Audit
GOLDMAN SACHS GROUP	8	Report on Racial Equity Audit	31%	Racial Equity Audit
BANK OF AMERICA CORPORATION	8	Request on Racial Equity Audit	27%	Racial Equity Audit
WELLS FARGO & COMPANY	7	Conduct a Racial Equity Audit	13%	Racial Equity Audit

APPENDIX E
RACIAL EQUITY-RELATED SHAREHOLDER PROPOSALS AT S&P 500 COMPANIES

COMPANY	RESOLUTION NUMBER	RESOLUTION TEXT	% SUPPORT	CATEGORY DETAIL
ABBOTT LABORATORIES	6	Report on Racial Justice	39%	General Racial Justice Report
ALPHABET	5	Require Independent Director Nominee with Human and/or Civil Rights Experience	10%	Board Diversity
ALPHABETv	8	Report on Whistleblower Policies and Practices	10%	Whistleblower
AMAZON.COM	10	Adopt a Policy to Include Hourly Employees as Director Candidates	18%	Board Diversity
AMAZON.COM	6	Report on Gender/Racial Pay Gap	26%	Pay Gap
AMAZON.COM	7	Report on Promotion Data	18%	Pay Gap
AMAZON.COM	4	Report on Customers' Use of its Surveillance and Computer Vision Products Capabilities or Cloud Products Contribute to Human Rights Violations	35%	Targeted Surveillance
AMAZON.COM	14	Report on Potential Human Rights Impacts of Customers' Use of Rekognition	34%	Targeted Surveillance
AMERICAN EXPRESS COMPANY	5	Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts	60%	Diversity Disclosure
BERKSHIRE HATHAWAY	3	Report on Board Diversity and Inclusion Efforts	27%	Diversity Disclosure
BIOGEN	6	Report on Gender Pay Gap	23%	Pay Gap
CATERPILLAR	5	Report on Diversity and Inclusion Efforts	34%	Diversity Disclosure
CHARTER COMMUNICATIONS	7	Adopt Policy to Annually Disclose EEO-1 Data	41%	Diversity Disclosure
CHARTER COMMUNICATIONS	5	Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts	41%	Diversity Disclosure
CIGNA CORP	6	Report on Gender Pay Gap	33%	Pay Gap
COMCAST CORPORATION	4	Report on Risks Posed by the Failure to Prevent Workplace Sexual Harassment	22%	Sexual Harrassment
DUPONT DE NEMOURS	6	Adopt Policy to Annually Disclose EEO-1 Data	84%	Diversity Disclosure
GOLDMAN SACHS GROUP	6	Report on the Impact of the Use of Mandatory Arbitration on Employees and Workplace Culture	53%	Mandatory Arbitration
INTERNATIONAL BUSINESS MACHINES CORP	6	Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts	94%	Diversity Disclosure
META PLATFORMS INC (FACEBOOK)	8	Report on Platform Misuse	20%	Online discrimination and harassment
ORACLE CORPORATION	5	Report on Gender Pay Gap	46%	Pay Gap
PAYCOM SOFTWARE	4	Report on Plans to Increase Board Diversity	94%	Diversity Disclosure
PROCTER & GAMBLE COMPANY	6	Publish Annually a Report Assessing Diversity and Inclusion Efforts	37%	Diversity Disclosure
TESLA	6	Report on Employee Arbitration	27%	Mandatory Arbitration
UNION PACIFIC CORPORATION	7	Publish Annually a Report Assessing Diversity and Inclusion Efforts	81%	Diversity Disclosure
UNION PACIFIC CORPORATION	6	Report on EEO	86%	Diversity Disclosure
UNITED PARCEL SERVICE	9	Publish Annually a Report Assessing Diversity and Inclusion Efforts	34%	Diversity Disclosure
WALMART	6	Report on Alignment of Racial Justice Goals and Starting Wages	13%	Pay

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ENDNOTES

[149] Due to Facebook's dual share class structure, BlackRock and Vanguard are estimated to have voting power of 2.3 and 2.7 percent respectively. These figures were added to the overall shareholder support of 19.5 percent, and divided by outside shareholders' voting power of 42.3 percent to estimate outside shareholder support. For voting power figures see Facebook, Inc., Filing on SEC Form Def 14a, May 26, 2021, p 61, https://d18rn0p25nwr6d.cloudfront.net/CIK-0001326801/73b5b54b-ee06-4579-8dd3-418439795bc2.pdf