

## “Racial Equity Audit” Shareholder Proposals: 6 Things

During our recent webcast - "[Proxy Season Post-Mortem – 20 Things](#)" - at the 29:48 mark, Proxy Analytics' Steve Pantina notes these developments during his discussion about shareholder proposals seeking racial equity audits:

- Proposals relating to racial equity/civil rights audit shareholder proposals were first introduced last year and the average support levels were in the low 30s. Although 30%+ support is relatively strong for a new proposal, some investors expressed disappointment with the results, especially considering no proposal received majority support.

- Last year, ISS only supported 2 of these proposals - that jumped to 18 this season. Glass Lewis supported 19 of them.

- This season saw approximately 40 proposals submitted in the topic, including 23 that proceeded to a shareholder vote. Average shareholder support jumped from 33% to 45% and 8 of the 22 proposals received majority support.

- This topic involves the most comprehensive, "touch and feel" response for any of the shareholder proposal topics out there today. It's not a "check the box" exercise but instead requires extensive research and a holistic view of how a company deals with the issues involved - including the oversight by the board and senior management, internal DEI efforts and the company's engagement with stakeholders.

- It takes time to handle this issue, so you need to start very early. If your company is a candidate at all to receive this type of proposal, you should be gathering information now to begin to understand what your disclosures in this area might look like. It takes coordination among different departments of a company, so getting organized early is key.

- This year, we have a better sense of how specific investors will vote on this type of proposal - although there still is some inconsistency.

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