

FOR IMMEDIATE RELEASE

Contact: Kari Hudnell, kari@abpartners.co

majorityaction

SEIU

New Report Shows BlackRock and Vanguard Voted Against Shareholder Efforts for Racial Equity, Undermining Public Statements in Support of Racial Justice

Largest Asset Managers Voted for Boards With No Black Directors, Undermined Critical Shareholder Efforts for Racial Justice, and Blocked Disclosure of Lobbying and Political Spending that Harms Black and Brown Communities

NEW YORK — In 2020, BlackRock and Vanguard, the world’s largest asset managers and among the top three shareholders in the vast majority of S&P 500 companies, overwhelmingly voted to undermine investor efforts to promote racial equity in corporate governance—despite public statements supporting movements for racial justice, according to a new [report](#) co-authored by Majority Action and the Service Employees International Union (SEIU).

While the 2020 swell in protests for racial justice were accompanied by an outpouring of [statements from corporations](#) acknowledging the existence of systemic racism and their responsibility for addressing it, the report demonstrates that in the 2020 proxy season major asset managers failed to challenge racist and inequitable corporate leadership and practices. Among other key findings, this report reveals that, while 2020 saw a wave of shareholder resolutions to advance racial justice at S&P 500 corporations, BlackRock supported only four of the 25 resolutions reviewed in this report and Vanguard only five. What’s more, BlackRock and Vanguard both supported every director at more than 90% of the boards with no Black directors in the S&P 500 on which the asset managers voted in the 2020 shareholder season.

The report details how BlackRock’s [announcement](#) of its 2021 engagement priorities lacks critical specificity on matters concerning racial equity, is not commensurate with the company’s responsibilities, and places too high a level of discretion with a firm whose proxy voting record has not lived up to previous high profile commitments on climate, gun safety, and other issues. While BlackRock’s announced updates acknowledge its responsibility for advancing racial equity through proxy voting, the report calls on managers like BlackRock to undertake racial equity auditing of its stewardship and proxy voting policies and practices so as to ensure that its commitments have the specificity, metrics, and breadth needed to hold boards accountable.

“Uprooting systemic racism endemic to our economic system — and protecting long-term investors from its risks — will require a fundamental reevaluation of all aspects of corporate

behavior and governance from a racial equity perspective,” said **Eli Kasargod-Staub**, CFA, Executive Director of Majority Action. “The world’s largest asset managers should be using their outsized holdings to hold corporations accountable for their role in addressing systemic racism, but in 2020, BlackRock and Vanguard instead shielded boards from taking responsibility.”

“While major asset managers like BlackRock and Vanguard made large pronouncements about their commitment to address systemic racism during the summer’s protests for racial justice, their proxy voting practices in 2020 upheld systemic racism through their support of all-white boards, undermining of racial justice resolutions, and backing of lobbying and political spending that harms Black and brown communities,” said **Gerry Hudson**, Secretary-Treasurer, SEIU. “As managers of the retirement savings of millions of Black and brown workers, the world’s largest asset managers like BlackRock and Vanguard have a responsibility to change course to root out systemic racism from our economic system.”

"Institutional investors should carefully review the information that Majority Action and SEIU present in this report. I expect that plan participants will want to examine how funds are reviewing the proxy voting records of their asset managers. Racism is a systemic risk that should be evaluated like any other," said **Theresa Taylor**, Chair of the Investment Committee of the California Public Employees Retirement System (CalPERS) Board of Administration.

[*Equity in the Boardroom*](#), a new analysis released jointly by Majority Action and SEIU, reveals the extent to which the 12 large asset managers in the United States voted their proxies to shield companies from responsibility for harm to communities of color caused by large corporations.

The key findings of this report include:

- Of the 178 S&P 500 companies that had no Black directors as of their annual meetings, BlackRock voted to support the entire board at 163 companies and Vanguard voted to support the entire board at 166 companies.
- As of mid-November, 56 S&P 500 companies had no directors with racially or ethnically diverse backgrounds. BlackRock had voted to support the entire board at 52 of these companies at their 2020 annual meetings, while Vanguard voted to support the entire board at 51.
- BlackRock and Vanguard voted to shield management from shareholder efforts to improve corporate disclosures of lobbying activities and political contributions. Corporate policy influence has substantial direct and indirect impacts on communities of color, including on issues relating to economic inequality, civil rights, and environmental justice. In 2020, 48 resolutions to improve corporate policy influence disclosures received more than 20% shareholder support across the S&P 500. BlackRock and Vanguard voted against every single one, and at least 19 of these would have received majority support had BlackRock and Vanguard voted in favor.

- BlackRock and Vanguard voted overwhelmingly against proposals that were directly related to issues of racial justice in a company's operations and/or governance, including board diversity, workforce issues, pay disparities, and civil rights issues in the U.S.
- Large asset manager proxy policies do not explicitly contemplate how to vote where a director's past or current behavior as a corporate or organizational leader includes acts of racist harm; in practice, this means track records of overt racist harm are not disqualifying characteristics for voting on director elections. As a result, large asset managers have voted for directors with such track records, such as those at gunmaker Sturm, Ruger and electric utility Duke Energy, even when they had knowledge of these issues before voting.

The report concludes that large asset managers must use their power and responsibility to promote racial justice by 1) holding boards 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 2) holding companies accountable to improving disclosure of corporate policy influence that directly and indirectly impacts Black and brown communities, and 3) supporting resolutions that seek to improve oversight of risks driven by systemic racism.

###

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

The Service Employees International Union (SEIU) unites 2 million diverse members in the United States, Canada and Puerto Rico. SEIU members working in the healthcare industry, in the public sector and in property services believe in the power of joining together on the job to win higher wages and benefits and to create better communities while fighting for a more just society and an economy that works for all of us, not just corporations and the wealthy. www.seiu.org