

RACIAL JUSTICE SCORECARD

LARGE-CAP 3000



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AS YOU SOW

LEAD AUTHOR



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TABLE OF CONTENTS

INTRODUCTION TO AS YOU SOW'S RACIAL JUSTICE INITIATIVE4

PROMOTING DIVERSITY, EQUITY, AND INCLUSION THROUGH EDUCATIONAL SCORECARDS4

COMMITTING TO ENVIRONMENTAL JUSTICE5

INVESTOR CONCERN AND THE ECONOMIC COST OF RACIAL INEQUALITY6

CONCLUSION6

RACIAL JUSTICE SCORECARD RESEARCH AND METHODOLOGY PROCESS7

METHODOLOGY, SCORING, AND KEY PERFORMANCE INDICATORS8

KEY PERFORMANCE INDICATORS9

KEY PERFORMANCE INDICATORS AND SCORING RUBRIC15

QUARTERLY KEY FINDINGS16

LEADERS: TOP 1018

LAGGARDS: TOP 1019

RECOMMENDATIONS FOR STAKEHOLDERS20

END NOTES21

INTRODUCTION TO AS YOU SOW'S RACIAL JUSTICE INITIATIVE

In May 2020, the world witnessed the horrific death of George Floyd, shocking Americans into confronting the racial injustice experienced by Black Americans daily. This event forced a re-evaluation of our most fundamental beliefs and institutions and became a catalyst for change. *As You Sow*, the nation's leading non-profit in shareholder advocacy, created the Racial Justice Initiative to hold corporations accountable on the racial justice statements issued in response to George Floyd's murder and the national uprising demanding eradication of systemic racism. Corporate public statements of support for Black communities were released quickly, some as vague and noncommittal as the corporate actions that followed. Other companies expressed profound commitments to sustained efforts to eliminate systemic racism and are actively working on promoting racial justice. The purpose of the Initiative is to monitor these corporate responses and follow up with companies to ensure that the statements of support for racial justice are translated into concrete actions that truly promote equity, thereby helping them on the path to end corporate complicity in systemic racism.

PROMOTING DIVERSITY, EQUITY, AND INCLUSION THROUGH EDUCATIONAL SCORECARDS

There is growing acknowledgment that systemic racism is the underlying cause of discrimination and injustice, and that corporations are complicit in perpetuating systemic racism. Despite the well-documented material benefits that companies gain through diversification, corporations have been slow to realize the critical role they play in perpetuating systemic racism. First steps have been taken by many companies by acknowledging the inequities that exist and expressing a willingness to change. Our role as shareholder advocates is to educate companies, so they can examine the implicit biases built into their systems. The Racial Justice Initiative helps companies achieve an antiracist perspective to enhance their business models and create a direct positive impact on the lives of all stakeholders.

Since 2020 the Racial Justice Initiative has developed Racial Justice Scorecards on the Large-Cap 3000, which track publicly available information on key actions related to racial equity; diversity, equity, and inclusion (DEI) disclosure and policies; and environmental justice. We update our data quarterly, giving companies we engage with the opportunity to improve throughout the year. We conduct our annual deep-dive research from May through September. Our Scorecards serve as educational tools, guidelines to help a variety of stakeholders understand and gauge corporate progress on racial equity.

The Racial Justice Initiative directly engages public companies on their racial equity and DEI policies and practices. We use our Scorecards as the backbone of our corporate engagement strategy and use our key performance indicators (KPIs) as evaluation guidelines to track and monitor corporate progress. Our Racial Justice Scorecards have been used to create standards for investors, companies, and stakeholders to act responsibly in favor of racial equity.

COMMITTING TO ENVIRONMENTAL JUSTICE

To end systemic racism, it is necessary to understand that systemic racism extends beyond corporate boardrooms and offices, permeating the entire environment. “The problem of polluted Black communities is not a new phenomenon. Historically, toxic dumping and the location of locally unwanted land uses have followed the path of least resistance, meaning Black and poor communities have been disproportionately burdened with these types of externalities.”¹ “More than half of the people who live within 1.86 miles of toxic waste facilities in the United States are people of color.”²

Approximately 63,000 Americans are killed each year by air pollution. In the U.S., an estimated \$600 billion per year in 2050 will amount to the “total social cost due to air pollution mortality, morbidity, lost productivity, and visibility degradation. These Americans are disproportionally BIPOC and low-income community residents.”³

The key to ending systemic racism is acknowledging this disproportionate harm and working together to resolve the problem. Tracking environmental injustice at a corporate level is difficult. There is no single scorecard to hold the responsible parties accountable for their actions, and self-congratulatory corporate Environmental, Social, and Governance (ESG) statements can mask harmful practices. By incorporating environmental justice into the conversation on corporate complacency on systemic racism, we are alerting companies to their hypocrisy. If they say they are in favor of racial justice, then acknowledging and incorporating an environmental justice framework into their business models and corporate cultures is vital. *As You Sow* recognizes the critical importance of incorporating an environmental justice framework into our racial justice work and into our ESG research at large.

Our environmental justice shareholder advocacy work is focused on elevating community voices to C-Suite management and the board of directors at public companies, with a long-term goal of using this approach to help reduce systemic harm overall. We strive to make localized connections with grassroots environmental justice organizations and local community groups across America. These organizations have long led the charge to challenge corporations over their harmful actions. We take the time to form respectful, in-depth partnerships that lead to trusting relationships and allow *As You Sow* to support community goals and organizations’ missions. We exert inside pressure on corporate management through shareholder advocacy framed by compelling community stories and informed by community health and emissions data. As shareholders, we have legal standing to engage executives and boards of public companies. We carry the community message to management, reframe company inaction as a material business risk, and seek to drive rapid change through direct engagement, escalating to a formal shareholder resolution if needed.

We create trusting relationships with community representatives, grassroots groups, and nonprofit allies to effectively communicate their message to executives and leadership of these companies. By uplifting community voices that have been historically marginalized into corporate conversations, we can compel companies to create environmentally just business practices and policies that will decrease material risk to all stakeholders. Using our inside-out leverage as shareholder advocates, we can effectively broker change.



INVESTOR CONCERN AND THE ECONOMIC COST OF RACIAL INEQUALITY

According to *As You Sow's* Workplace Equity Initiative, the issue of diversity, equity, and inclusion has a direct material impact on investors as research shows financial returns correlate with strong diversity and inclusion programs. In addition to the deep societal harm that an economically unjust system causes, allowing biased and discriminatory employment practices to continue also damages the long-term health of companies. Below is a small sampling of available studies:

As You Sow, in its 2022 review of 277 EEO-1 reports, which detail a company's workforce composition, found a positive association between diversity in management and cash flow, net profit, revenue, and return on equity.⁴

Similarly, leaders in racial and ethnic diversity were 33% more likely to outperform peers on profitability.⁵

A 2019 study of the S&P500 by the Wall Street Journal found that the 20 most diverse companies had an average annual five year stock return that was 5.8% percent higher than the 20 least diverse companies.⁶ The benefits associated with diverse teams include access to top talent, better understanding of consumer preferences, a stronger mix of leadership skills, informed strategy discussions, and improved risk management.

CONCLUSION

America is becoming a more diverse country; census data show that by 2045, people of color will be the majority of the population. This change will affect the labor market as well as the customer base. Companies will need to be in tune with these changing demographics to remain competitive. In recognition of this growing diversity, it is important for corporate America to adapt to and be prepared for this change to ensure they can continue to attract and retain the talent they need to serve their customer base. Companies need to be reflective of their communities to remain relevant and viable.

Furthermore, companies exist within the social framework of their communities and have a responsibility to preserve and protect those communities from harm, including environmental damage caused by corporate actions. In addition to lofty statements of ESG values and programs, companies need to acknowledge the disproportionate harm that historically has been inflicted on communities of color. For companies to advance toward racial equity, the full scope of existing inequities must be discussed.

An appreciation of the value of diversity and a clear understanding of current barriers to racial equity will prepare companies to grow with the changes. With corporations acknowledging George Floyd's death as a catalyst for change, they are expanding their Diversity, Equity, and Inclusion (DEI) policies and trainings to create antiracist organizational goals and to get on the path to help end systemic racism.

We are seeing signs of progress. Over half of the Large-Cap 1000 companies made a statement in response to the call for racial justice, which indicates a readiness to further this conversation in their workplace and business practices. Leading companies are making significant donations to racial justice causes and Black communities, as well as furthering their commitments to racial equity by making organizational changes. This signals a chance for change. Having accurate statistical data on DEI targets and accomplishments and environmental justice can serve as guidance for measuring progress toward racial equity and justice.

Our findings indicate a serious lack of statistical data on racial diversity within companies and a lack of information and transparency on specific DEI targets and disclosure. Our research found that only a small number of companies explicitly acknowledged a connection between environmental justice and their business practices. Additionally, disclosure and information around corporate environmental actions is scarce. Tracking progress will be vital to achieving racial justice, which is of material concern to every company. *As You Sow's* Racial Justice Database and Scorecards highlight best practices to guide the conversation within each sector as well as track corporate progress toward ending systemic racism.



RACIAL JUSTICE SCORECARD RESEARCH AND METHODOLOGY PROCESS

As You Sow's Racial Justice team has examined the websites and social media platforms for each company in the Large-Cap 3000 to determine if they made a racial justice statement and how diversity, equity, and inclusion are incorporated into their internal policies and external practices, including environmental justice. The Racial Justice Scorecard provides a complete corporate profile on racial equity issues. Environmental justice is a racial justice issue. Our society cannot truly achieve racial equality without factoring in, and remedying, disproportionate environmental and climate impacts on people of color. Our environmental justice research focuses on a multidisciplinary approach by pulling information from a variety of sources to build a profile of corporate environmental commitments and activities.

To ensure this initiative brings a strongly diverse and equitable perspective to the work, we assembled an advisory committee to aid in developing the initiative's purpose, messaging, and KPIs and have a diverse team of Research Fellows gathering the data. The Racial Justice Initiative worked closely with our advisory committee, environmental justice issue experts, and our research team to develop four KPIs to monitor corporate progress in an environmental justice framework that "shifts the burden of proof to polluters and dischargers who do harm, discriminate, or do not give equal protection to racial and ethnic minorities and other protected classes."⁷

We have scored the statements and corporate policies and practices across 27 key performance indicators (KPIs) to inform our Racial Justice Scorecard. We have weighted the 18 policies and practices KPIs more heavily than the nine statement language KPIs, recognizing that actions are more important than words. Details of the KPIs and scoring rubric are below. Our research includes corporate websites as well as social media (Facebook, LinkedIn, Twitter, and Instagram postings made by the company or by C-Suite staff concerning their actions on racial justice). We also examined company endorsements of third-party letters of support, credible second and tertiary research and news sources, and whether companies advertise on known platforms that further hate speech.

Our findings are presented on *As You Sow's* website using a data visualization tool that enables dynamic analysis and sorting. The data are updated each quarter, with a major update annually.

METHODOLOGY, SCORING, AND KEY PERFORMANCE INDICATORS

As *You Sow*'s Racial Justice Research Team has examined the websites, social media accounts, and sustainability reports for each company in the Large-Cap 3000 to determine the content and placement of Racial Justice Statements and their policies and practices related to this issue. We have also examined credible primary, secondary, and tertiary sources for corporate actions on environmental justice. In collaboration with our Advisory Committee, 27 key performance indicators were established to measure companies' racial justice statements and corporate policies and practices related to DEI and environmental justice to develop individual corporate scorecards. Research and data for seven of our DEI Disclosure KPIs were taken directly from our partner program at *As You Sow*, Workplace Equity. The remainder of our Racial Justice KPIs were researched and scored by the team and subjected to a multi-level Quality Assurance process. Some scores are binary while others are based on a sliding scale. The weighting of each data set is a reflection of how important the information is. Pillars 1+2+3 total 20%. Pillars 4+5+6+7 total 80%. This gives action a 5x weighting over statements.

Our researchers visited corporate websites, looking through company reporting, blogs, sustainability/corporate responsibility/DEI/annual reports, and career pages as well as the companies' social media sites. It is possible that they missed some reporting, or that the company has increased its reporting since our review. *To inform us of corporate reporting not captured here, please send a note to info@asyousow.org.*



KEY PERFORMANCE INDICATORS

PILLAR 1: RACIAL JUSTICE STATEMENT:

TWO INDICATORS SHOW IF A COMPANY MADE A STATEMENT AND WHERE IT WAS POSTED. STATEMENTS RANGE FROM MAY 2020 - DECEMBER 2022.

- Racial Justice Statement: **0 or 1**
 - Corporate public posting of a statement between May 2020 and December 2022 on racial justice.
- Statement Post Location: **sliding - 0-3-5**
 - Location of company statement (corporate website or social media/third party website).

PILLAR 2: CORPORATE RESPONSIBILITY:

TWO INDICATORS SHOW IF A TOP EXECUTIVE TAKES RESPONSIBILITY AND IF PEOPLE OF COLOR (POC) ARE A CRITICAL PART OF DECISION MAKING. STATEMENTS RANGE FROM MAY 2020 - DECEMBER 2022.

- CEO Responsibility: **weighted 0 or 5**
 - CEO took personal responsibility for racial disparities in company.
 - Score may include signees of the CEO Action for Diversity & Inclusion Pledge.
- Solicits input from, and provides resources to, Black employees: **0 or 1**
 - Company states they are listening to their Black employees.
 - Company has Employee Resource Groups (ERGs) for Black employees.

PILLAR 3: ACKNOWLEDGMENT OF KEY TERMS:

FIVE INDICATORS SHOW THE CONTENT DETAILS OF THE RACIAL JUSTICE STATEMENT, INCLUDING THE NAMING OF VICTIMS, ORGANIZATIONS, CRIMINAL JUSTICE REFORM, ACKNOWLEDGMENT OF SYSTEMIC RACISM, AND ANTIRACISM. USE OF KEY TERMS RANGE FROM MAY 2020 - DECEMBER 2022.

- Names victims of police violence: **0 or 1**
 - Company names victims of police violence.
- States Black Lives Matter: **0 or 1**
 - Company says Black Lives Matter.
- Calls for criminal justice reform: **0 or 1**
 - Company calls for criminal justice reform.
- Acknowledges systemic racism: **sliding - 0-3-5**
 - Statements range from no mention of racism, to acknowledging pervasive racism, to using the key term “systemic racism.”
- Identifies as Antiracist: **weighted 0 or 5**
 - Company identifies as being antiracist or working on antiracism.

PILLAR 4: DEI DEPARTMENT:

TWO INDICATORS SHOW WHO IS ON THE CORPORATE DEI TEAM AND HOW MUCH AUTHORITY THEY HAVE.

- Internal DEI Department: **0 or 1**
 - Company has an internal DEI department, program, initiative, council, or task force.
- DEI Leader Title: **sliding 0-5**
 - Scores on a sliding scale based on position of the DEI leader within the corporate structure.
 - (0) No DEI leader/position title found
 - (1) External Contractor/Consultant (i.e., not a regular staff member)
 - (2) Manager/Leader
 - (3) Director/Head
 - (4) Vice President
 - (5) C-Suite (i.e., “Chief Inclusion Officer” or “Chief DEI Officer”, etc.)

PILLAR 5: DEI DATA:

EIGHT INDICATORS SHOW CORPORATE DEI DISCLOSURES AND GRANULARITY OF DATA.

- Workforce Composition: **0 or 1**
 - This score represents a company’s disclosure of any information on its workforce composition (this KPI is from Workplace Equity’s scorecard).
- Pay Equity: **sliding 0-1-2**
 - This score represents the release of a company’s pay equity data based on race (this KPI is from Workplace Equity’s scorecard).
- Promotion Rates: **sliding 0-7**
 - This score represents a company’s release of its promotion rate data by employees’ diverse characteristics (this KPI is from Workplace Equity’s scorecard).
- Recruitment Rates: **sliding 0-7**
 - This score represents a company’s release of its recruitment rate data by employees’ diverse characteristics (this KPI is from Workplace Equity’s scorecard).
- Retention Rates: **sliding 0-7**
 - This score represents a company’s release of its retention rate data by employees’ diverse characteristics (this KPI is from Workplace Equity’s scorecard).
- Explicit Diversity: **0 or 1**
 - This score represents a company’s release of an explicit, quantifiable goal related to its diversity or inclusion metrics (this KPI is from Workplace Equity’s scorecard).
- EEO-1 Data Released: **0 or 1**
 - Company released EEO-1.

- Supply Chain Diversification: **sliding 0-3-5**
 - Scores on a sliding scale based on whether the company has no supplier diversity program, mentions a diverse supply chain program but without no tangible measurement/ data, or has a solid timetable for improving an already diverse supply chain program and shows quantifiable action to diversify.

PILLAR 6: EXTERNAL ACTIONS:

FOUR INDICATORS SHOW CASH DONATIONS, COMMUNITY INVOLVEMENT, ADVERTISING ON HATE-PROMOTING PLATFORMS, AND PERFORMANCE OF A THIRD PARTY RACIAL EQUITY OR CIVIL RIGHTS AUDIT.

- Community engagement with Racial Justice: **0 or 1**
 - Company engages with communities of color to further racial justice.
- Racial Justice donations: **sliding 0-5**
 - Tracks company donations to Racial Justice organizations and causes based on percentage of the company's market cap.
- Hate Speech Accountability: **0 or -1**
 - (-1) Company has been found contributing to, furthering, profiting from Hate Speech.
- Has the Company conducted a third party Racial Equity or Civil Rights audit: **sliding 0-3-5**
 - (0) No audit conducted.
 - (3) Company has begun to conduct a third party Racial Equity or Civil Rights audit.
 - (5) Racial Equity or Civil Rights audit has been completed by a third party, and the results have been made publicly available.

PILLAR 7: ENVIRONMENTAL JUSTICE:

FOUR INDICATORS THAT SHOW CORPORATE ACTIONS ON ENVIRONMENTAL VIOLATIONS, FINES, AND GENERAL BUSINESS PRACTICES, AS WELL AS PUBLIC ACKNOWLEDGMENT OF ENVIRONMENTAL JUSTICE.

- Acknowledgment of environmental justice: **0 or 1**

This score gives a +1 for a corporate public posting of a statement on environmental justice, and a 0 for no statement.

- Abides by environmental regulations (since 2015): **sliding 0 to -5**
 - (0) Company (and its subsidiaries) has no environmental violations.
 - (-1) Company (and its subsidiaries) has between 1-25 violations.
 - (-2) Company (and its subsidiaries) has between 26-50 violations.
 - (-3) Company (and its subsidiaries) has between 51-75 violations.
 - (-4) Company (and its subsidiaries) has between 76-100 violations.
 - (-5) Company (and its subsidiaries) has more than 100 violations.

- Environmental fines and penalties (since 2015): **sliding 0 to -6**
 - (0) The company (and its subsidiaries) does not have any environmental fines, superfund sites, or related criminal charges.
 - (-1) The company (and its subsidiaries) has environmental fines equal to or less than \$1 million USD.
 - (-2) The company (and its subsidiaries) has fines greater than \$1m equal to or less than \$5m.
 - (-3) The company (and its subsidiaries) has fines greater than \$5m equal to or less than \$10m.
 - (-4) The company (and its subsidiaries) has fines greater than \$10m.
 - A company receives an additional -1 for having related criminal charges, and
 - A company receives an additional -1 for Superfund sites.
- Adverse effects to BIPOC communities (since 2010): **sliding 0 to -5**
 - This score incorporates a sector analysis of disproportionately adverse effects on POC due to the Company's business practices and outcomes. Each S&P sector is assigned five sector-specific subject areas that are typically associated with business outcomes. Researchers used reputable sources to evaluate the Company's involvement. A score of 0 shows that the Company's business practices can't be proven to have adverse effects on BIPOC. Scores of -1 through -5 are based on sector specific subject areas; for each issue the company has, they receive a -1, for a maximum -5.

SECTOR: COMMUNICATION SERVICES

- 1. Racially targeted advertising
- 2. Exclusionary products (e.g., AI, facial recognition, surveillance)
- 3. Supports, profits from, and/or furthers the spread of hate speech
- 4. Pay inequity, inequality, and/or wage disparity
- 5. Racial discrimination actions (e.g., lawsuits, arbitration, scandals)

SECTOR: CONSUMER DISCRETIONARY

- 1. Racially targeted advertising
- 2. Racially targeted locations
- 3. Environmental justice scandals and/or lawsuits with BIPOC communities
- 4. Pay inequity, inequality, and/or wage disparity
- 5. Racial discrimination actions (e.g., lawsuits, arbitration, scandals)

SECTOR: CONSUMER STAPLES

- 1. Racially targeted advertising
- 2. Exclusionary products
- 3. Environmental justice scandals and/or lawsuits with BIPOC communities
- 4. Pay inequity, inequality, and/or wage disparity
- 5. Racial discrimination actions (e.g., lawsuits, arbitration, scandals)

SECTOR: ENERGY

- 1. Disproportionate climate impact on BIPOC communities
- 2. Unequal distribution of basic amenities (e.g., access to energy, clean water, electricity, utilities)
- 3. Environmental justice scandals and/or lawsuits with BIPOC communities
- 4. Pay inequity, inequality, and/or wage disparity
- 5. Racial discrimination actions (e.g., lawsuits, arbitration, scandals)

SECTOR: FINANCIALS

- 1. Engages in predatory lending practices (e.g., payday lending, subprime mortgages)
- 2. Engages in discriminatory lending practices (e.g., racial lending bias, credit scoring, higher interest rate credit cards, mortgages)
- 3. Unequal access to financial services
- 4. Pay inequity, inequality, and/or wage disparity
- 5. Racial discrimination actions (e.g., lawsuits, arbitration, scandals)

SECTOR: HEALTH CARE

- 1. Unequal access to health care by race
- 2. Fails to support racial diversity in clinical trials and/or product testing
- 3. Limited opportunities for professional growth for BIPOC
- 4. Pay inequity, inequality, and/or wage disparity
- 5. Racial discrimination actions (e.g., lawsuits, arbitration, scandals)

SECTOR: INDUSTRIALS

- 1. Disproportionate climate impact on BIPOC communities
- 2. Unequal distribution of goods and/or services (e.g., access to energy, clean water, electricity, utilities)
- 3. Environmental justice scandals and/or lawsuits with BIPOC communities
- 4. Pay inequity, inequality, and/or wage disparity
- 5. Racial discrimination actions (e.g. lawsuits, arbitration, scandals)

SECTOR: INFORMATION TECHNOLOGY

- 1. Unequal access to technology products and/or services
- 2. Exclusionary products (e.g., AI, facial recognition, surveillance)
- 3. Supports, profits from, and/or furthers the spread of hate speech
- 4. Pay inequity, inequality, and/or wage disparity
- 5. Racial discrimination actions (e.g., lawsuits, arbitration, scandals)

SECTOR: MATERIALS

- 1. Disproportionate climate impact on BIPOC communities
- 2. Unequal distribution of basic amenities (e.g., access to energy, clean water, electricity, utilities)
- 3. Environmental justice scandals and/or lawsuits with BIPOC communities
- 4. Pay inequity, inequality, and/or wage disparity
- 5. Racial discrimination actions (e.g., lawsuits, arbitration, scandals)

SECTOR: REAL ESTATE

- 1. Engages in redlining practices (e.g., racially biased appraisals)
- 2. Unequal access to real estate services (e.g., brokers, lenders, appraisers)
- 3. Discriminatory buying behaviors (e.g., furthering gentrification)
- 4. Pay inequity, inequality, and/or wage disparity
- 5. Racial discrimination actions (e.g., lawsuits, arbitration, scandals)

SECTOR: UTILITIES

- 1. Disproportionate climate impact on BIPOC communities
- 2. Unequal distribution of basic amenities (e.g., access to energy, clean water, electricity, utilities)
- 3. Environmental justice scandals and/or lawsuits with BIPOC communities
- 4. Pay inequity, inequality, and/or wage disparity
- 5. Racial discrimination actions (e.g., lawsuits, arbitration, scandals)

KEY PERFORMANCE INDICATORS AND SCORING RUBRIC

RACIAL JUSTICE SCORECARD

PILLAR		KEY PERFORMANCE INDICATOR	SCORING RUBRIC	WEIGHTING
Racial Justice Statement	1	Racial Justice Statement	0 or 1	0.38%
	2	Statement post location	0, 3, 5	1.89%
Corporate Responsibility	3	CEO responsibility	0 or 5	1.89%
	4	Solicits from Black employees	0 or 1	0.38%
Acknowledgment of Key	5	Names victims of police violence	0 or 1	0.38%
	6	States Black Lives Matter	0 or 1	0.38%
	7	Calls for criminal justice reform	0 or 1	0.38%
	8	Acknowledges systemic racism	0, 3, 5	1.89%
	9	Identifies as antiracist	0 or 5	1.89%
DEI Department	10	Internal DEI department	0 or 1	1.89%
	11	DEI leader title	0, 1, 2, 3, 4, 5	9.43%
DEI Data	12	Workplace composition	0 or 1	1.89%
	13	Pay Equity	0, 1, 2	3.77%
	14	Promotion rates	0, 1, 2, 3, 4, 5, 6	11.32%
	15	Recruitment rates	0, 1, 2, 3, 4, 5, 6	11.32%
	16	Retention rates	0, 1, 2, 3, 4, 5, 6	11.32%
	17	Explicit diversity	0 or 1	1.89%
	18	EEO-1 data released	0 or 1	1.89%
	19	Supply chain diversification	0, 3, 5	9.43%
	External Actions	20	Racial justice donations	0, 1, 2, 3, 4, 5
21		Community engagement with racial justice	0 or 1	1.89%
22		Hate Speech Accountability	2, 1, 0, -1, -2	3.77%
23		Third Party Racial Equity/Civil Rights Audit	0, 3, 5	9.43%
Environmental Justice	24	Acknowledgment of environmental justice	0 or 1	1.89%
	25	Abides by environmental regulations (since 2015)	0, -1, -2, -3, -4, -5	Total Score -25
	26	Environmental fines and penalties (since 2015)	0, -1, -2, -3, -4, -5, -6	Total Score -30
	27	Adverse effects to BIPOC communities (since 2010)	0, -1, -2, -3, -4, -5	Total Score -25

QUARTERLY KEY FINDINGS

After expanding our dataset from the Large-Cap 3000 to the Large-Cap 3000, we see some stark differences. While over half of the 1000 made some type of racial justice statement following George Floyd's murder in 2020, far fewer, only 22% of the Large-Cap 3000, made a racial justice statement. Additionally, over half of the Large-Cap 3000 are scoring below 20%, showing that more needs to be done by stakeholders to compel companies to promote their racial equity and DEI journeys.

Years after the social justice events of 2020, we are not seeing consistent growth in creating strong corporate DEI or environmental justice policies. Corporate disclosure related to DEI efforts are limited. While many well-known public companies speak boldly about their DEI journey, other companies are progressing on a slower basis or acting behind the scenes. By grading companies on publicly available information, we encourage companies to share their progress on their DEI journey. Companies are encouraged to be forthcoming about their environmental justice efforts and publicly acknowledge how their business outcomes potentially cause adverse effects to BIPOC communities. Corporate engagement with grass roots environmental justice organizations at the local level is vital to keeping companies on track. Our Large-Cap 3000 dataset demonstrates the fact that most corporations are not taking an active stance on racial and environmental justice issues, either verbally or in practice. In the current environment of anti-ESG activism, vocal corporate support is vital to sustaining the momentum of social change that began following George Floyd's murder. The valuable ground that was gained in that period is in danger of being lost unless stakeholders continue to hold corporations accountable and encourage efforts to achieve true equity.

RACIAL JUSTICE SCORECARDS: QUARTERLY UPDATE KEY FINDINGS AS OF JUNE 30TH, 2023

- The Utilities sector has the highest average sector scores, followed by Communication Services and Consumer Staples.
- The Energy sector has the lowest average scores, followed by Materials, Healthcare and Real Estate.
- Of the Large-Cap 3000 companies, only 26% made statements in reference to George Floyd's murder. Of these, 67% were posted on their websites; 33% on social media.
- 22% of the Large-Cap 3000 companies have made a statement, or completed an action, which referenced their CEO accepting responsibility to further racial equity.
- 17% of the Large-Cap 3000 companies that made a statement named victims of police violence.
- Only 8% of the Large-Cap 3000 companies that made a statement which stated that Black Lives Matter.
- Only 65 companies in the Large-Cap 3000 companies called for some type of criminal justice reform after George Floyd's murder in 2020.
- Only 10% of companies in the Large-Cap 3000 reference the phrase "systemic racism" publicly, while an additional 11% acknowledge pervasive racism.

- Only 77 companies in the Large-Cap 3000 stated that they are, or aspire to be, antiracist companies and/or are conducting antiracist trainings.
- 19% of the Large-Cap 3000 companies have made financial donations to racial justice organizations/causes.
- Only 79 the Large-Cap 3000 companies publicly recognized, or made statements regarding environmental justice in relation to their business practices.
- 493 of the Large-Cap 3000 companies have between 1 and 25 environmental violations since 2015.
- Only ten companies in the Large-Cap 3000 have more than 100 environmental violations each since 2015.
- Five companies, Alphabet, Citigroup, JP Morgan Chase, McDonald's, and Nucor Corp. received the lowest possible score for having disproportionate effects on BIPOC communities.
- Of the Large-Cap 3000 companies, 170 companies have a total score that is less than zero, meaning that they do more harm to communities of color than they make up for with positive policies and practices. The majority of the low scorers are in the Industrials sector, followed by the Materials and Energy sectors.
- Only seven companies have completed an independent Civil Rights/ Racial Equity audit and released the results publicly.

LEADERS: TOP 10 (AS OF SEPTEMBER 30TH 2023)

RACIAL JUSTICE TOP 10	SCORE	MARKET CAP	SECTOR	STATE	REGION	EMPLOYEES
	68%	35B – 75B	Financials	California	West	14,000 – 30,000
VICTORIA'S SECRET	66%	0B – 15B	Consumer Discretionary	Ohio	Midwest	30,000 – 60,000
	66%	75B+	Communication Services	California	West	60,000+
	65%	75B+	Health Care	California	West	14,000 – 30,000
	64%	35B – 75B	Utilities	Ohio	Midwest	14,000 – 30,000
	64%	75B+	Consumer Staples	Connecticut	Northeast	60,000+
	64%	75B+	Financials	California	West	14,000 – 30,000
	63%	75B+	Information Technology	Washington	West	60,000+
	60%	35B – 75B	Communication Services	California	West	7,000 – 14,000
	57%	75B+	Health Care	Minnesota	North	60,000+

LAGGARDS: BOTTOM 10 (AS OF SEPTEMBER 30TH 2023)

RACIAL JUSTICE BOTTOM 10	SCORE	MARKET CAP	SECTOR	STATE	REGION	EMPLOYEES
 INDUSTRIES, INC.	-9%	0B – 15B	Industrials	Texas	South	0 – 7,000
	-9%	0B – 15B	Materials	Non U.S.	Non U.S.	0 – 7,000
 SunCoke Energy®	-9%	0B – 15B	Materials	Illinois	Midwest	0 – 7,000
 Clean Harbors®	-11%	0B – 15B	Industrials	Massachusetts	Northeast	14,000 – 30,000
 amplify energy	-11%	0B – 15B	Energy	Texas	South	0 – 7,000
 olin	-11%	0B – 15B	Materials	Missouri	Midwest	7,000 – 14,000
 Mosaic®	-12%	0B – 15B	Materials	Florida	South	7,000 – 14,000
 HUNTSMAN	-13%	0B – 15B	Materials	Texas	South	7,000 – 14,000
 Westlake	-13%	0B – 15B	Materials	Texas	South	7,000 – 14,000
 BERKSHIRE HATHAWAY	-20%	75B+	Financials	Nebraska	Midwest	60,000+

RECOMMENDATIONS FOR STAKEHOLDERS

INVESTORS:

Increasingly, investors are expecting corporations to implement racially equitable policies and practices. Investors encourage companies to solicit stakeholder input and to examine their business practices for implicit bias, which could harm long-term value. Investors can encourage corporations to invest in strategies to analyze policies and practices through a racial equity and civil rights lens to reduce material risk. The Racial Justice Scorecards outlined in this report can assist investors in evaluating the degree to which companies are proactively reducing risk related to racial equity and DEI.



CORPORATIONS:

We encourage companies to approach their racial equity journey with transparency, openness, and a willingness to engage with a variety of stakeholders. Stakeholders named in this report are prioritizing their support of companies based on DEI disclosure related to recruitment, retention, and promotion rates of people of color, pay equity, and workforce composition metrics, amongst other statistics. The more information stakeholders, particularly investors and consumers, have regarding measurable DEI progress, the more comfortable they will feel in supporting a company. A critical component to measure corporate progress is conducting third party Racial Equity/Civil Rights audits. Companies can use these audits as risk management tools to examine and highlight biases embedded in policies and programs before they become a wider issue affecting stakeholder support and employee satisfaction.

POLICYMAKERS:

Policymakers are charged with ensuring that regulatory decisions are made with public health, safety, and equity as priorities. Executive Order 12898 and the Justice 40 Initiative are paving the way for racial and environmental justice to be cornerstones of equity discussions. Additionally, policymakers have opportunities to reshape how corporations interact with the public and their investors by regulating what DEI information can and should be disclosed.

CONSUMERS:

There is a growing consumer awareness and support for ESG issues. Consumers have the power to support their values through conscious purchasing decisions. Consumers can choose brands that support transparency in DEI disclosure, community engagement, and strong environmental justice policies. When consumers are faced with companies' statements of support for racial justice, it is important to consider whether the company is living up to its words. Consumer pressure encourages companies to speak out regarding racial equity and to create strong policies to match.

ENDNOTES

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3. Robert D. Bullard, *Dumping in Dixie: Race, Class, and Environmental Quality*, 3rd ed. (Boulder, CO: Westview Press, 1990)
4. Forbes, *Innovation Through Diversity*, July 2011, https://images.forbes.com/forbesinsights/StudyPDFs/Innovation_Through_Diversity.pdf.
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7. NAACP, *Fossil Fueled Foolery*, April 2021, NAACP Environmental and Climate Justice Program, <https://naacp.org/resources/fossil-fueled-foolery-20>.



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