



**WHEREAS:** Following George Floyd’s murder by police officers on May 25, 2020, a majority of Russell 1000 corporations made public statements expressing their plans to address racial justice, thereby taking the first step to becoming antiracist organizations. [Antiracism](#) is the practice of identifying, challenging, and changing the values, structures, and behaviors perpetuating systemic racism. While Charles Schwab, Inc. released a statement, it did not meet many of the key terms referenced in a recent [Racial Justice Scorecard](#).

[A McKinsey study](#) cites material corporate benefits associated with corporate policies promoting racial justice:

- Companies with the strongest racial and ethnic diversity are 35% more likely to outperform their industry medians for earnings before interest and tax
- Companies with the most ethnically/ culturally diverse boards are 43% more likely to earn higher profits
- For every 10% increase in racial and ethnic diversity among senior executives, EBIT rises 0.8.

In contrast, “failure to adopt inclusion practices translates into a [loss of customers and reduces profitability](#).”

Yet, [inequities in the workplace continue](#):

- People of Color comprise 33% of entry level positions, but 13% of the C-suite
- Among the Russell 3000, in 2019 [Black individuals accounted for 4.1% of board members](#) versus 13.4% of the U.S. population.

Schwab is falling behind peers in its racial justice policies. Schwab earned a score of only 9 percent on a recent [Racial Justice Scorecard](#). Schwab’s 9% score ranks significantly below that of Bank of America and U.S Bancorp which scored 22% and 39%, respectively. Schwab’s low score is due to a weak initial racial justice statement; lack of publicly accessible diversity, equity, and inclusion targets; and lack of disclosed data concerning recruitment, retention, and promotion rates of people of color within the Company.

Given heightened awareness around racism, failing to act on racial justice and disclose related policies and quantifiable data raises the material risk of revenue loss and



reduced brand value. Schwab can reduce this risk and begin playing a critical role in ending systemic racism by promoting racial justice within our firm.

**BE IT RESOLVED:** Shareholders request that Schwab publish a report, at reasonable expense and excluding proprietary information, disclosing the Company's plan to promote racial justice, if any.

**SUPPORTING STATEMENT:** Investors seek quantitative, comparable data to understand if and how the Company is promoting a commitment to Racial Justice. Proponents suggest the report include:

- Policies the company could adopt to promote Racial Justice in its corporate workplaces and operations
- Detailed quantitative information on diversity, equity, and inclusion, including recruitment, retention, and promotion rates and policies for people of color within the Company
- Any plans to improve scores on key performance indicators on the above referenced Racial Justice scorecard