



# Racial Equity Audits: A Critical Tool for Shareholders

Susan Baker, Director of Shareholder Advocacy

April 13, 2021



We know...racial disparities in healthcare has resulted in

## Significant health gaps between Blacks/African Americans and white Americans



- **Pharma:**
- U.S. clinical trials; access to surgical& therapy treatments
- access to medical settings for Opioid treatment



### Consumer Health:

- Prevalence of toxics found in products sold to Black and Brown women ("Big Market for Black Cosmetics, but Less-Hazardous Choices Limited"; Environmental Working Group; December 6, 2016)
- Talc - Ongoing controversies & claims of aggressive marketing ("Johnson & Johnson knew for decades that asbestos lurked in its baby powder" Lisa Girion; Reuters; December 14, 2018)



We also know businesses benefit from ...

**A racially and ethnically diverse workforce :**

- Absent full EEO-1 disclosure, are J&J's diversity commitments adequate?

**Independent board oversight that is robust:**

- Is risk oversight of J&J's racial impacts sufficient given current board structure and all white named executive officers?

**Effective oversight of government affairs operations:**

- Has J&J examined the impact of its political activities on racial equity?



Johnson & Johnson states “unequivocally that racism in any form is unacceptable”

Commits to “drive health equity solutions” and change the trajectory of “health for humanity”

## Are company assurances enough?

- Engages leadership in a process that looks ‘beyond management’s own assertions’
  - Validates existing strategies
  - Helps the company prioritize/implement sustained improvements
  - Creates a valuable internal/ external communication tool
- Objective review can increase investor certainty that capital is well spent
- An important ‘new norm’ to help address the economic costs of racism



---

**IMPORTANT NOTICE:** The views expressed are those of the author and Trillium Asset Management, LLC as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be a forecast of future events or a guarantee of future results. These views may not be relied upon as investment advice. The information provided in this material should not be considered a recommendation to buy or sell any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the authors on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is for informational purposes and should not be construed as a research report.

