

Resolved: Shareholders request that the Board of Directors commission and publicly disclose the findings of an independent racial equity audit, analyzing if, and how, Dow’s policies and practices discriminate against or disparately impact communities of color. The report should clearly identify, and recommend steps to eliminate, business activities that further systemic racism, threaten civil rights, or present barriers to diversity, equity, and inclusion (DEI). Input from impacted community members, workers, and other relevant stakeholders should inform the audit and report. The report should exclude information relevant to any pending legal proceeding or threatened proceeding of which Dow has notice.

Whereas: Racial inequity is a systemic risk that threatens society and the economy.¹ Companies whose policies and practices are deemed to be racist, discriminatory, or furthering inequities face legal, financial, reputational, and human capital management risks. Racial equity audits are supported by civil rights groups and members of Congress and serve as critical tools for identifying and addressing civil rights risks.²

Though Dow has launched DEI and philanthropic initiatives such as Dow Acts to address racism, the company’s efforts have not adequately addressed significant civil rights impacts from its operations, products, and services. For example, Dow operates a facility in St. Charles Parish, LA, in a region known as “Cancer Alley” and “Plantation Country” because of its concentration of petrochemical plants and long history tied to slavery.³ The majority Black residents surrounding Dow’s facility face some of the highest cancer rates in the country.⁴ In 2021, UN human rights experts called on companies in Cancer Alley to meet their human rights responsibilities, saying “The African American descendants of the enslaved people who once worked the land are today the primary victims of deadly environmental pollution that these petrochemical plants in their neighbourhoods have caused.”⁵

Dow faces multiple fines and lawsuits for pollution in communities of color. In 2021, Dow and two of its subsidiaries are paying almost \$300 million in an EPA settlement for violating air permits in Louisiana and Texas.⁶ All five plants involved in the settlement are in communities of color.⁷ The company is also exposed to rising regulatory risk as the Biden administration has committed to prioritize environmental justice and “hold polluters accountable for their actions.”⁸

A growing number of major public companies and institutional investors are recognizing the benefits of conducting racial equity audits.⁹ Companies like Facebook, Airbnb, Starbucks, and BlackRock have published or committed to

¹ <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/racial-inequity-a-systemic-risk-8211-state-street-global-advisors-ceo-62047105>

² <http://www.civilrightsdocs.info/pdf/reports/Civil-Rights-Audit-Report-2021.pdf>

³ <https://www.businessinsider.com/louisiana-cancer-alley-photos-oil-refineries-chemicals-pollution-2019-11#in-march-2020-to-make-matters-worse-the-epa-almost-completely-suspended-its-enforcement-of-environmental-laws-due-to-the-spread-of-the-coronavirus-a-few-weeks-later-two-out-of-the-four-top-counties-for-highest-covid-19-death-rates-in-the-us-were-in-cancer-alley-53>

⁴ <https://www.theguardian.com/us-news/ng-interactive/2019/may/06/cancertown-louisiana-reserve-special-report>

⁵ <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=26824&LangID=E>

⁶ <https://www.justice.gov/opa/pr/dow-chemical-company-and-two-subsidiaries-will-reduce-harmful-air-pollution-four-us-chemical>

⁷ <https://www.epa.gov/ejscreen>

⁸ <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/>

⁹ <https://www.socinvestmentgroup.com/critical-tool-for-shareholders>

publish audits.¹⁰ Shareholder proposals on racial equity audits are receiving significant support, including 44% shareholder support at Amazon and 40% at JPMorgan Chase in 2021.¹¹

We urge Dow to assess its operations through a racial equity lens to obtain a complete picture of how it contributes to, and could help dismantle, systemic racism.

¹⁰ <https://about.fb.com/wp-content/uploads/2020/07/Civil-Rights-Audit-Final-Report.pdf> ;
https://blog.airbnb.com/wp-content/uploads/2016/09/REPORT_Airbnbs-Work-to-Fight-Discrimination-andBuild-Inclusion.pdf ; <https://stories.starbucks.com/uploads/2021/03/Starbucks-2021-Civil-Rights-Assessment.pdf> ;
<https://www.bloomberg.com/news/articles/2021-04-05/blackrock-breaks-ranks-with-wall-street-in-performing-race-audit>

¹¹ <https://www.corporatesecretary.com/articles/shareholders/32599/amazon-sees-significant-support-raciaequity-audit-proposal> ; <https://www.corporatesecretary.com/articles/shareholders/32590/almost-40-percent-support-jpmorgan-chase-racial-equity-audit>