

WHEREAS: Southern Missouri Bancorp, Inc. has one woman on its Board of Directors and racial and ethnic diversity is not disclosed.

We believe that diversity among directors, inclusive of race, ethnicity, and gender, is a critical attribute of a well-functioning board and a measure of sound corporate governance.

Corporate leaders recognize the strong business case for board diversity. The Guiding Principles of Corporate Governance of the Business Roundtable, an influential association of chief executives, affirms diversity enhances long-term shareholder value and states: “Boards should develop a framework for identifying appropriately diverse candidates, which asks the nominating/corporate governance committee to consider women and/or minority candidates for each open board seat.”¹ Board and management diversity benefits include larger candidate pools from which to pick top talent, better understanding of consumer preferences, a stronger mix of leadership skills, and improved risk management.

Numerous institutional investors have adopted proxy voting guidelines reflecting their belief that board and management diversity are indicators of good corporate governance. Asset managers, including the world’s largest – BlackRock, State Street Global Advisors, and Vanguard – increasingly vote against directors and support shareholder proposals on board diversity at companies deemed to be making insufficient progress. State and city pension plans nationwide have adopted proxy voting policies with minimum thresholds for board diversity. According to Sustainable Investments Institute, three of the four board diversity resolutions that went to a vote in the proxy season ending June 2021 garnered majority support.

U.S. regulation and legislation to accelerate progress on board diversity is on the rise. In August 2021, the Securities and Exchange Commission approved Nasdaq’s proposed board diversity rule requiring listed companies to meet diversity thresholds or explain their failure to do so, as well as to disclose diversity statistics. California and Washington have passed legislation mandating minimum board diversity thresholds and others may follow including Hawaii, Illinois, Massachusetts, Michigan, and New Jersey. Federal legislation has been introduced to require disclosure of the gender, racial, and ethnic composition of boards of directors and executive officers (H.R. 1277), and numerous states are enacting or proposing legislation and resolutions mandating similar disclosure.

Despite recent progress, women and people of color remain significantly underrepresented on U.S. corporate boards. Women and people of color account for 26.5% and 17.5% of the directorships in the Fortune 500, respectively,² relative to 48% and 41% of private industry jobs.³

RESOLVED: Shareholders request the Board of Directors prepare a report by January 2023, at reasonable expense and omitting proprietary information, on steps Southern Missouri Bancorp is taking to enhance board diversity, such as:

- Embedding in governance documents a commitment to diversity inclusive of gender, race, and ethnicity;
- Committing publicly to include women and people of color in each candidate pool for board and senior leadership seats;
- Disclosing in annual proxy statements the gender, racial, and ethnic composition of the board; and
- Detailing board strategies to reflect the diversity of the company’s workforce, community, and customers.

¹ <https://www.businessroundtable.org/policy-perspectives/corporate-governance/principles-of-corporate-governance>

² <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/center-for-board-effectiveness/missing-pieces-fortune-500-board-diversity-study-sixth-edition.pdf>

³ <https://www.eeoc.gov/statistics/employment/jobpatterns/eo1>