1819 NEWS

Allen Mendenhall: Regions Bank's future depends on renewed fiduciary focus

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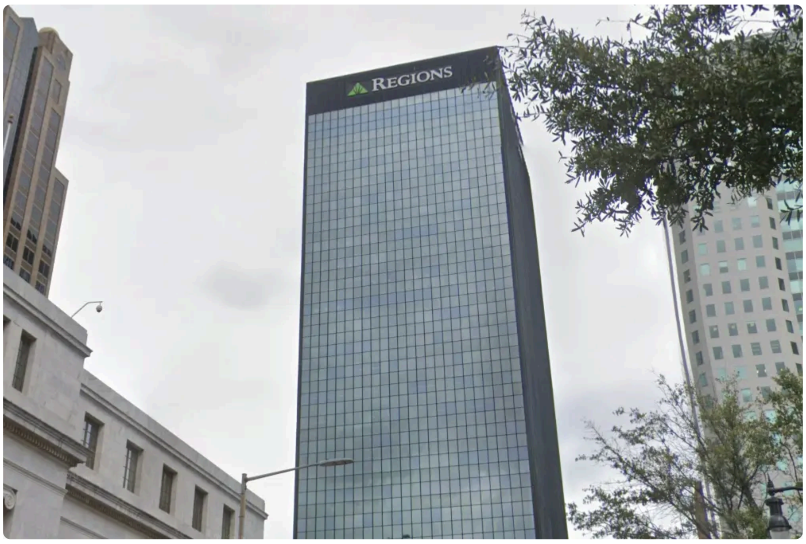

Regions Financial in Birmingham. (Google Maps}

Corporate governance rarely quickens the pulse. But now and then it yields an exciting development of genuine consequence. The Heritage Foundation's Capital Markets Initiative has sparked a notable response with its shareholder proposal at Regions Financial Corporation, the Birmingham-based bank whose brand relies on the confidence of customers unswayed by trending ideologies.

Having chronicled Regions' corporate positioning in a series of op-eds for 1819 News – examining whether the bank stands for or undermines Alabama values (https://1819news.com/news/item/allen-mendenhall-does-regions-financial-stand-for-alabama-values-or-undermine-them), documenting what I deemed troubling misrepresentations in the company's public communications (https://1819news.com/news/item/allen-mendenhall-regions-fact-sheet-demonstrates-a-troubling-misrepresentation), and noting an admirable course correction (https://1819news.com/news/item/allen-mendenhall-admirable-course-correction-at-regions-bank) – I view this shareholder proposal as a logical progression.

Corporations, like governments, require accountability. When management pursues ideological commitments that conflict with shareholder interests, the remedy is not ineffectual handwringing but concrete engagement.

Our proposal's premise is straightforward: Regions adopted policies that reflect controversial positions on diversity, equity and inclusion (DEI); environmental sustainability commitments; and healthcare benefits related to transgender care. These initiatives, however laudable their champions find them, represent political and social stances that substantial portions of Regions' customer base – and, one suspects, its shareholder base – do not endorse.

When corporate leadership deploys shareholder resources to signal virtue on contested political questions, it transgresses the boundary between commercial enterprise and divisive advocacy.

Regions registers poorly on the Viewpoint Diversity Score (https://www.viewpointdiversityscore.org/company/regions-financial), which measures ideological balance in corporate communications and policies. For a financial institution whose value proposition hinges on trustworthiness across a politically heterogeneous customer base, this rating is reputational risk.

The cautionary tales are abundant. Target Corporation's 2023 experience with brand politicization resulted in billions in market capitalization evaporating amid consumer backlash. Cracker Barrel recently discovered that departing from its traditional marketing generated furious customer response. Anheuser-Busch's Bud Light misadventure demonstrated that even dominant brands possess finite reservoirs of consumer tolerance for transgender celebration.

These episodes share a common thread: corporate leadership presumed alignment between their values and those of their customers, discovered catastrophic misalignment, and watched as shareholder value was compromised.

Regions operates in Alabama, Tennessee, Florida, and other "red states" where political and cultural sensibilities differ markedly from those prevailing in corporate America's coastal citadels. When Birmingham-based management adopts positions indistinguishable from those of Manhattan-based investment firms, one reasonably questions whether fiduciary duty or social conformity (perhaps *culpabilité* (https://1819news.com/news/item/allen-mendenhall-the-culpabilit%C3%A9-that-binds-alabama)) motivates their decisions.

Partnerships with groups like Ceres – which promotes aggressive climate activism – and emissions-reduction targets that assume customer support for specific environmental theories amount to a wager that Regions' clients share management's priorities. That assumption deserves scrutiny.

Our shareholder proposal requests precisely such scrutiny: a report assessing whether Regions' policies, statements and partnerships align with customer values, and whether misalignment exposes the company to legal, regulatory or reputational harm.

Corporations routinely commission studies evaluating market positioning, consumer sentiment, and reputational risk. Requesting an analogous analysis of whether political positioning threatens brand quality constitutes sensible and unremarkable corporate governance.

When executives deploy corporate resources for political or social purposes divorced from profit maximization, they arrogate to themselves authority that shareholders never delegated. Our shareholder proposal does not demand that Regions abandon any particular policy; rather, it requests basic information that enables shareholders to evaluate whether management's choices serve shareholder interests.

The legal landscape reinforces this concern. States, including Alabama, are considering or have considered legislation addressing corporate political activism. Attorneys general scrutinize whether environmental, social and governance (ESG) initiatives constitute illegal coordination. A report cataloging Regions' exposure to such risks would inform shareholders whether management has positioned the company prudently or recklessly.

Corporate neutrality on highly-contested political questions is wise, not cowardly. Banks exist to facilitate commerce, not to adjudicate metaphysical disputes about gender ideology or environmental eschatology. When Regions adopts positions on such matters, it voluntarily enters political battlegrounds where victory is impossible and casualties are inevitable. Some customers will applaud; others will depart. The arithmetic favors caution.

Regions' leadership may sincerely believe its ideological commitments benefit the company. Our proposal simply requests that it demonstrate rather than assert that proposition.

Institutional investors routinely file shareholder proposals advancing progressive causes, so reciprocal paperwork from conservatives – seeking fiduciary commitments – should surprise no one. If Regions' policies withstand scrutiny, management must say so persuasively. If they cannot, shareholders deserve to know before reputational damage becomes a financial catastrophe.

Perhaps corporate governance isn't boring after all; it's where values meet the balance sheet.

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