



MIDWEST INVESTORS DIVERSITY I N I T I A T I V E

FOR IMMEDIATE RELEASE

August 11, 2020

CONTACT:

Paris Ervin, Illinois Treasury, 217.685.2584

PErvin@illinoistreasurer.gov

Midwest Investors Diversity Initiative Sees More Women and People of Color Gain Board Seats in 2020

*40 Companies Appoint Women, Minorities; 32 Adopt Rooney Rule in
Response to Investor Alliance*

SPRINGFIELD, IL – The [Midwest Investor Diversity Initiative](#) (“MIDI”), a 14-member alliance of institutional investors with more than \$810 billion in assets under management and advisement, reported progress today on its efforts to increase board diversity at Midwest-based companies.

During the 2019-2020 engagement season, MIDI engaged 12 companies, six of which committed to adopt diverse director policies and two appointed women board directors. MIDI focuses on board diversity by identifying companies that met the following three criteria: lack of racial or ethnic directors, lag peers on gender diversity, and do not have a robust diversity policy.

MIDI is among the first investor initiatives to call for racial and ethnic diversity in addition to gender. Since launching in 2016, MIDI has conducted 54 company engagements, and 32 companies have committed to adopt the Rooney Rule in their governance documents. In addition, 19 people of color and 50 women gained corporate board seats following engagement.

MIDI is led by the Illinois State Treasurer’s Office, with Segal Marco Advisors serving as the co-lead.

“We know that diversity is good for business. We also know that change is hard, but it is necessary, especially inside our nation’s boardrooms,” said Illinois State Treasurer Michael Frerichs. “Many corporate leaders agree that diversity benefits their operations and board performance. Our focus is to help them navigate this change.”

Given research demonstrating that diversity brings value to companies and corporate boards, MIDI works to increase racial, ethnic, and gender diversity on boards of companies headquartered in Midwestern states. The investor group collaborates with companies to help put in place proper measures to enhance their board’s diversity. Specifically, MIDI asks

companies to adopt a diverse search policy known as the “Rooney Rule,” which has its origins in the National Football League. The Rooney Rule provides that women and minority candidates be included in the initial pool of candidates for every open board seat.

MIDI also offers guidance to help companies take steps to diversify their boards, including the [Diverse Search Company Toolkit](#) and [Examples of Candidate Diverse Search Language](#). These tools assist corporate boards in identifying best practices and resources related to diverse search policies, board composition strategies, succession planning and skills matrixes.

MIDI collaborates with and complements the work of the [Thirty Percent Coalition](#), with the majority of its participants being active members. Founded in 2011, the Thirty Percent Coalition is a national organization advocating for diversity on corporate boards, promoting women and people of color. Representing more than \$6 trillion in assets under management and one of its kind in the U.S., membership includes public companies, private equity, institutional investors, state treasurers, professional services firms and advocacy groups working together for the first time.

“Inertia is a culprit for a lack of progress on diversity at the board level. Investors that ask questions and use their proxy votes to support diversity prompt corporate attention. MIDI helps collect investor voices to show the strength of support for diversity and inclusion in our capital markets,” said Maureen O’Brien, Vice President at Segal Marco Advisors.

There is broad consensus among academics, industry specialists and financial analysts that diverse boards enhance performance and shareholder value. A [2018 McKinsey study](#) found companies in the top quartile for gender diversity on their executive teams were 21 percent more likely to experience above-average profitability than the fourth quartile. Three years prior, McKinsey found similar results. Of the 366 companies studied corporate leadership groups in the top quartile for racial and ethnic diversity were 35 percent more likely to have financial returns above their national industry median. The study also found that companies with gender-diverse boards are 15 percent more likely to outperform the median in their industry.

This year, MIDI welcomed three new members, the Minnesota State Board of Investment, the Illinois State Board of Investment and the YWCA Metropolitan Chicago.

Other MIDI members include: Ohio Public Employees Retirement System, School Employees Retirement System of Ohio, SEIU Master Trust (Illinois), Sundance Family Foundation (Minnesota), Trinity Health (Michigan), UAW Retiree Medical Benefits Trust (Michigan), Wespath Benefits and Investments (Illinois), Seventh Generation Interfaith Coalition for Responsible Investment (Wisconsin), and the Treasurer of the City of Chicago (Illinois).

2020 Companies that committed to adopt diverse search policies include: AAR Corp., Artisan Partners Asset Management, Inc., Lancaster Colony Corp, Heritage-Crystal Clean, Inc., ANI Pharmaceuticals, Inc., Escalade, Inc., and SPS Commerce (previously engaged in 2017, adopted more robust Rooney Rule language in 2020).

2019 Companies that adopted diverse search policies include: American Axle, Assertio Therapeutics, Bio-Techne Corporation, Exact Sciences Corp., Generac Holdings, Gardner Denver Holdings, Parker Hannifin, and Steel Dynamics.

2018 Companies that adopted diverse search policies include: Century Aluminum, CME Group, Ferro, First Industrial Realty Trust, Gogo Inflight, Marathon Petroleum, Taubman Centers, and United Continental Holdings.

2017 Companies that adopted diverse search policies include: Knowles Corp., Littelfuse, Marten Transport, Rex American Resources Corporation, SPS Commerce, Thor Industries, The Tile Shop and TransDigm Group.

2020 Companies adding diverse board members include: Lancaster Colony Corp, Marten Transport, and Century Aluminum

2019 Companies adding diverse board members include: American Axle (2), Assertio Therapeutics, Exact Sciences, and Gardner Denver Holdings (2).

2018 Companies adding diverse board members include: Ferro, First Industrial Realty and Taubman Centers.

2017 Companies adding diverse board members include: A Schulman, SPS Commerce and Knowles Corp.

###

About the Midwest Investors Diversity Initiative

The Midwest Investors Diversity Initiative (MIDI) is a group of institutional investors dedicated to increasing racial, ethnic, and gender diversity on corporate boards of companies headquartered in Midwestern states. With over \$810 billion in assets under management and advisement, MIDI uses corporate engagements and shareholder rights to protect shareholder value and maximize returns. Click [here](#) to learn more.