



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

Examples of Diverse Candidate Search Language

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This document contains a compendium of best practice diverse search policies adopted by U.S. public companies. The majority of the policies are the result of corporate engagements led by several investors including the Midwest Investor Diversity Initiative, Office of New York City Comptroller Scott Stringer and NorthStar Asset Management. In some cases, companies have voluntarily adopted diverse search policies. All of the policies reflect key provisions of a diverse search policy in which female and minority candidates are considered in the initial list of candidates for every open board seat. The corporate governance community has drawn on the experience of the NFL's "Rooney Rule" which requires that minority candidates be interviewed for every open coach and top manager position. By broadening the "Rooney Rule" to include women and minorities, investors have assisted the nominating and governance committees of corporate boards in meeting their objectives to consider qualified diverse candidates for board positions.

The compendium was prepared by the Midwest Investors Diversity Initiative. For more information, please contact Max Dulberger, Director of Corporate Governance and Sustainable Investment at mdulberger@illinoistreasurer.gov.

Examples of Diverse Candidate Search Language for Nominating & Governance Committee Charters

AMAZON ("BOARD MEMBERSHIP" SECTION OF THE GUIDELINES ON SIGNIFICANT CORPORATE GOVERNANCE ISSUES)

“The full Board, on the recommendation of the Nominating and Corporate Governance Committee, nominates candidates for election to the Board. In selecting candidates for recommendation to the Board, the Nominating and Corporate Governance Committee annually reviews the tenure, performance, and contributions of existing Board members to the extent they are candidates for re-election, and considers all aspects of each candidate's qualifications and skills in the context of the needs of the Company at that point in time with a view to creating a Board with a diversity of experience and perspectives, including diversity with respect to race, gender, geography, and areas of expertise. Accordingly, the Nominating and Corporate Governance Committee includes, and has any search firm that it engages include, women and minority candidates in the pool from which the Committee selects director candidates.”

<https://ir.aboutamazon.com/corporate-governance/documents-and-charters/guidelines-on-significant-corporate-governance-issues/default.aspx>

ANI PHARMACEUTICALS, INC. (CORPORATE GOVERNANCE GUIDELINES)

The Company is committed to having a diverse Board. In furtherance of this commitment, when considering candidates to fill an open seat on the Board, the Nominating and Corporate Governance Committee will require that the list of candidates to be considered by the Committee for nomination to the Board include candidates with diversity of race, ethnicity, and gender. Any third-party consultant asked to furnish an initial list will be required to include such candidates.

https://s25.q4cdn.com/644219006/files/doc_govs/Corporate-Governance-Guidelines.pdf

ARTISAN PARTNERS ASSET MANAGEMENT (CORPORATE GOVERNANCE GUIDELINES)

The Nominating and Corporate Governance Committee is responsible for identifying and selecting, or recommending for the Board's selection, the nominees to stand for election to the Company's Board of Directors and for recommending to the Board individuals to fill vacancies occurring between annual meetings of stockholders. When conducting a search to fill a vacancy, the Nominating and Corporate Governance Committee will ensure that the pool of candidates from which a nominee is chosen consists of a diverse group of qualified candidates, including candidates who would bring gender, racial and/or ethnic diversity to the Board.

<https://www.apam.com/static-files/437ab1bb-c867-4df2-83a0-72d5a9904622>

CME GROUP ("BOARD MEMBERSHIP CRITERIA" SECTION OF THE CORPORATE GOVERNANCE PRINCIPLES)

"The Governance Committee and the Nominating Committee are responsible for meeting annually to jointly assess the current and future needs of the Board. This process is designed to follow the guiding principle that the composition of a board should reflect a diversity of thought, backgrounds, skills, experiences and expertise, and a range of tenures that are appropriate given the company's current and anticipated circumstances. Consistent with this philosophy, in addition to the criteria set forth above, the Nominating Committee will ensure each pool of qualified candidates from which Board nominees are chosen includes candidates who bring racial and/or gender diversity."

<http://investor.cmegroup.com/static-files/3ae051c4-0d94-4fcd-b09d-11601c027286>

COOPER STANDARD (CORPORATE GOVERNANCE GUIDELINES)

"The Company's business environment, educational and professional background, analytical ability, diversity of experience and viewpoint and willingness to devote adequate time to Board duties. In its recruitment process, the Nominating and Corporate Governance Committee and Board ensure that the potential pool of candidates reflects diversity in gender, race, ethnic background, country of citizenship and professional experience."

http://www.cooperstandard.com/sites/default/files/Corporate%20PDFs/Guideines/Corporate_Governance_Guidelines.pdf

COSTCO (CORPORATE GOVERNANCE GUIDELINES SECTION)

“The Company is committed to a policy of inclusiveness. In performing its responsibilities for identifying, screening and recommending candidates to the Board, the Committee should: ensure that candidates with a diversity of ethnicity and gender are included in each pool of candidates from which Board nominees are chosen; and seek diverse candidates by including in the candidate pool (among others) individuals from nonexecutive corporate positions and non-traditional environments.”

<https://investor.costco.com/static-files/d83254ba-f220-4437-b314-aa14340b95a7>

E BAY (DEF 14 GOVERNANCE COMMITTEE CHARTER SECTION)

“When searching for new directors, the Corporate Governance and Nominating Committee actively seeks out qualified women and individuals from minority groups to include in the pool from which Board nominees are chosen.

Diversity is also assessed as part of the annual Board evaluation.”

<https://www.sec.gov/Archives/edgar/data/1065088/000119312518118730/d393823ddef14a.htm>

FACEBOOK ("BOARD MEMBERSHIP CRITERIA" SECTION OF THE CORPORATE GOVERNANCE GUIDELINES)

“The Board’s policy is to encourage selection of directors who will contribute to Facebook’s success and its mission to give people the power to build community and bring the world closer together. Facebook is committed to a policy of inclusiveness and to pursuing diversity in terms of background and perspective.

As such, when evaluating candidates for nomination as new directors, the Board shall:

- Consider candidates with diverse backgrounds in terms of knowledge, experience, skills, and other characteristics
- Ensure that the initial list of candidates from which new director nominees are chosen (the “Initial List”) by the Board includes (but need not be limited to) candidates with a diversity of race, ethnicity and gender (and any third-party consultant requested to furnish an Initial List will be asked to include such candidates).”

[https://s21.q4cdn.com/399680738/files/doc_downloads/governance_documents/Corporate-Governance-Guidelines-\(Final-5-31-18\).pdf](https://s21.q4cdn.com/399680738/files/doc_downloads/governance_documents/Corporate-Governance-Guidelines-(Final-5-31-18).pdf)

GENERAL ELECTRIC (DEF 14 ENHANCING THE BOARD'S DIVERSITY OF BACKGROUND)

“GE has been committed for decades to building a cognitively diverse Board comprising individuals from different backgrounds and with a range of experiences and viewpoints. Specifically, under the Board’s diversity policy, the Governance Committee considers attributes such as race, ethnicity, gender, cultural background and professional experience when reviewing candidates for the Board and in assessing the Board’s overall composition. The Board acknowledges that the new and smaller Board will be less diverse following the retirement of several directors in 2018, including GE’s three longest-tenured directors, all of whom are women. The Board is committed to using future refreshment opportunities to strengthen its cognitive diversity, beginning with the recruitment of a new director in 2019, following Jack Brennan’s retirement. To accomplish this, the Governance Committee will continue to require that search firms engaged by GE include a robust selection of women and ethnically diverse candidates in all prospective director candidate pools. In addition, the Governance Committee is committed to interviewing women and ethnically diverse candidates for all future vacancies on the Board.”

<https://www.sec.gov/Archives/edgar/data/40545/000120677418000752/ge3334621-def14a.htm>

HERITAGE-CRYSTAL CLEAN (BOARD OF DIRECTOR QUALIFICATION POLICY)

If the Nominating and Governance Committee determine there is a need to fill a vacancy on the Board of Directors or that an addition to the Board of Directors is warranted, they: 1) By using internal resources and/or a third-party consultant, compile an initial list of candidates which would include, but need not be limited to, qualified women and minority candidates.

<https://mk0crystalcleanm5sgp.kinstacdn.com/wp-content/uploads/2020/03/Director-Qualification-Policy.pdf>

LITTELFUSE, INC (NOMINATING COMMITTEE CHARTER SECTION)

“With respect to any director position to be filled by a new candidate that is not an employee of the

Company, the Nominating and Governance Committee will ensure that candidates of diverse ethnic and/or gender backgrounds are considered.”

http://files.shareholder.com/downloads/LFUS/3762971472x0x530969/FF850374-1939-4D2D-8DA1-29FD7A41BC14/LFUS_Nominating_and_Governance_Charter_.pdf

MARTEN TRANSPORT INC. (NOMINATING COMMITTEE CHARTER SECTION)

“Because the Committee believes it is important to create a Board with a diversity of experience, expertise, gender, race, and ethnicity, the Committee will commit to include in each search candidates who reflect diverse backgrounds, including diversity of gender, race, and ethnicity. The Committee will use these criteria to evaluate potential nominees and will not evaluate proposed nominees differently depending upon who has made the recommendation.”

https://www.marten.com/content/investor-relations/corporate-governance/43835955_1_Nominating_Committee_Charter_-_Revised_January_2017-C1.pdf

REX AMERICAN RESOURCES (CORPORATE GOVERNANCE GUIDELINES)

“(i) insure that candidates with a diversity of ethnicity and gender are included in each pool of candidates from which Board nominees are chosen and (ii) seek diverse candidates by including in the candidate pool (among others) individuals from non-executive corporate positions and non-traditional environments.”

<http://www.rexstores.com/SEC/Corporate%20Governance%20Guidelines.pdf>

THE TILE SHOP, INC. (NOMINATING & CORPORATE GOVERNANCE COMMITTEE CHARTER)

“The Committee shall review and evaluate information available to it regarding candidates proposed by stockholders, shall apply the same criteria, and shall follow substantially the same process in considering such candidates, as it does in considering other candidates. To advance the Company’s goal of promoting Board diversity, the Committee shall include in its initial list of director candidates for potential recommendation to the Board one or more qualified women and minority candidates. The Committee shall consider the following criteria, among other criteria that the Committee shall deem appropriate, in

recommending candidates for service on the Board:

The manner in which a candidate's appointment to the Board would impact the overall composition of the Board with regard to diversity of viewpoint, professional experience, education, skill, race, ethnicity, gender identity, sexual orientation and national origin.

Search Firms. The Committee shall have the authority to retain and terminate any search firm to be used to identify director nominees, including the authority to approve such firm's fees and other retention terms. The Committee shall direct any search firm it retains to include in the firm's list of potential director candidates one or more qualified women and minority candidates. The Company shall provide funding, as determined by the Committee, for the payment of compensation to any such search firms."

<http://investors.tileshop.com/phoenix.zhtml?c=241568&p=irol-govhighlights>

THOR INDUSTRIES (BOARD DIVERSITY POLICY, DIRECTOR ELECTION CRITERIA DEF 14)

"Because research demonstrates that diversity enhances performance, the Company is committed to having a diverse Board. In furtherance of this commitment, the Nominating and Corporate Governance Committee shall require that the list of candidates to be considered by the Committee and/or the Board for nomination to our Board include candidates with diversity of race, ethnicity, and gender. Any third-party consultant asked to furnish an initial list will be requested to include such candidates."

<https://investors.tileshop.com/static-files/def97e4-a7e5-4d97-9855-edd90c1d8a68>

"The Diversity Policy requires our Board to obtain an initial slate of candidates that includes qualified candidates with diversity of race, ethnicity, and gender. In considering candidates for our Board, our Nominating and Corporate Governance Committee considers the entirety of each candidate's credentials, in addition to diversity as they fit with the current composition of the Board. We consider our Board of Directors to be a valuable strategic asset of our Company. To maintain the integrity of this asset, our Board of Directors has been carefully crafted to ensure that its expertise covers diversity of experience and perspective, and these attributes will continue to be considered when nominating individuals to serve on our Board. With respect to the nomination of continuing Directors for re-election, the individual's contributions to our Board are also considered."

<https://www.sec.gov/Archives/edgar/data/730263/000119312517331023/d459009ddef14a.htm#tx459009>

WHOLE FOODS (CORPORATE GOVERNANCE PRINCIPLES, BOARD OF DIRECTORS' MISSION STATEMENT & ROLE DEFINITION)

“Director Qualifications. The Nominating and Governance Committee is responsible for reviewing annually with the Board of Directors the qualifications for membership on the Board of Directors. The Board believes that it is in the best interests of the Company and its shareholders to identify and select highly-qualified candidates to serve as directors and for the Board of Directors to be comprised of a diverse group of individuals with different backgrounds and perspectives. The Nominating and Governance Committee reviews director candidates in light of the Board membership qualifications and recommends candidates to the Board for election by the Company’s shareholders at the annual meeting. The Committee considers nominations by Company shareholders that recommend candidates for election to the Board in compliance with the procedures described in the Company’s proxy statement. The Committee also recommends candidates for appointment by the Board as necessary to fill vacancies and newly created directorships. All nominations or appointments of new directors must be approved by a majority of the independent directors.

The Company is committed to a policy of inclusiveness, and as such, in performing its responsibilities to review director candidates and recommend candidates to the Board for election, the Nominating and Governance Committee should:

- Ensure that candidates with a diversity of ethnicity and gender are included in each pool of candidates from which Board nominees are chosen;
- Seek diverse candidates by ensuring director searches include nominees from both non-executive corporate positions and non-traditional environments; and
- Review periodically the composition of the Board to ensure it reflects the knowledge, experience, skills, and diversity required for the Board to fulfill its duties.”

[https://assets.wholefoodsmarket.com/www/company-info/investor-relations/corporate-governance/Governance Principles Nov4 2014.pdf](https://assets.wholefoodsmarket.com/www/company-info/investor-relations/corporate-governance/Governance_Principles_Nov4_2014.pdf)