



NEWS

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

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Midwest Investor Diversity Initiative Reports 16 Companies Adopt Diverse Board Candidate Search Policies; Women, Minorities Appointed at 6 Companies.

Toolkit for Companies Adopting Diverse Candidate Search Policy available.

Detroit, Michigan – The Midwest Investor Diversity Initiative (“Midwest Initiative”), a 10-member investor coalition with \$300 billion in assets under management, today reported progress in its efforts to increase board diversity. Formed in 2016, the Midwest Initiative has engaged 16 companies to date that have adopted diverse candidate search policies and six of these companies have appointed women and minorities to their boards of directors. The investor coalition focuses on increasing board diversity through the adoption of corporate governance best practices for diverse candidates for board positions among companies which it invests. This includes nominating committees and diverse search policies with key provisions for consideration of female and minority candidates for every open board seat. The Midwest Initiative engages with companies that have less than 30 percent board diversity.

“Board diversity is good for a company’s bottom line and strengthens other aspects of board performance,” says Meredith Miller, Chief Corporate Governance Officer, UAW Retiree Medical Benefits Trust. “Research shows that diversity benefits corporate decision-making and company performance. Companies with diverse boards are more likely to have strong financial performance^{i,ii} and fewer instances of bribery, corruption, shareholder concerns, and fraud.ⁱⁱⁱ”

“The candidate search process is the front door to increasing board diversity,” says Illinois State Treasurer Michael W. Frerichs. “Statistics show that including women and minorities in a candidate search pool can decrease unconscious biases^{iv} and increase the chances of diverse candidates being hired. Adopting a diverse search policy – in effect expanding NFL’s Rooney Rule to include both women and minorities in the interview process – ensures a diverse board slate.”

The Midwest Initiative dialog with a company typically involves working with its nominating and governance committee to:

- adopt a policy for a diverse search
- interview female and minority candidates for every open seat, and
- require any third party such as search firms to include such candidates in the initial search pool.

As an extension of its board engagement efforts the Midwest Initiative, in conjunction with Professor Annalisa Barrett, Clinical Professor of Finance, University of San Diego School of Business, developed the ***Diverse Search Company Toolkit*** for companies adopting a diverse candidate search policy. The Toolkit is designed to assist a board and nominating committee to implement a diverse search policy from adoption to the final steps of the search process including best practice language, board assessment, succession planning, skills matrixes and resources. A companion compendium, ***Examples of Candidate Diverse Search Language***, provides excerpts of diversity search language adopted by 33 companies representing a broad spectrum of business sectors.

“By joining together as institutional investors with a regional presence and interest, the Midwest Diversity Initiative was able to work with companies of all sizes in productive and collaborative engagements on the diverse search process,” said Maureen O’Brien, Vice President and Corporate Governance Director, Segal Marco Advisors.

Information regarding the **Midwest Investors Diversity Initiative** as well as links to download the ***Diverse Search Company Toolkit*** and ***Diverse Candidate Search Language*** are available at www.uawtrust.org/midi

Members of Midwest Investor Diversity Initiative are: Illinois State Treasurer’s Office, Ohio Public Employees Retirement System, School Employees Retirement System of Ohio, SEIU Master Trust (Illinois), Sundance Family Foundation (Minnesota), Segal Marco Advisors (Illinois), State of Wisconsin Board of Investment, Trinity Health (Michigan), UAW Retiree Medical Benefits Trust (Michigan) and Wespath Benefits and Investments (Illinois). The Midwest Initiative focuses on advancing diverse governance within companies in states in which its members have an economic interest and where they are headquartered.

The Midwest Initiative has worked with the following 16 companies to adopt diverse search policies:

2018 Companies adopting the 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 adopting the diverse search policies include:

Knowles Corp., Littelfuse, Marten Transport, Rex American Resources Corporation, SPS Commerce, Thor Industries, The Tile Shop and TransDigm Group.

2018 Companies Adding Diverse Candidates include:

Ferro, First Industrial Realty and Taubman Centers.

2017 Companies Adding Diverse Candidates include:

A. Schulman, SPS Commerce and Knowles Corp.

ⁱ Hunt, Vivian. "Why Diversity Matters." McKinsey & Company. January 2015.

<https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>.

ⁱⁱ Eastman, Meggin, Damion Rallis, and Gaia Mazzucchelli. "The Tipping Point: Women on Boards and Financial Performance." MSCI. December 2016. <https://www.msci.com/documents/10199/fd1f8228-cc07-4789-acee-3f9ed97ee8bb>.

ⁱⁱⁱ Lee, Linda-Eling, Ric Marshall, Damion Rallis, and Matt Moscardi. "Women on Boards: Global Trends in Gender Diversity on Corporate Boards." MSCI. November 2015. <https://www.msci.com/documents/10199/04b6f646-d638-4878-9c61-4eb91748a82b>.

^{iv} Johnson, Stefanie K., Hekman, David R., and Chan, Elsa T, "If There's Only one Woman in Your Candidate Pool, There's Statistically No chance She'll Be Hired." Harvard Business Review, April 26, 2016.

<https://hbr.org/2016/04/if-theres-only-one-woman-in-your-candidate-pool-theres-statistically-no-chance-shell-be-hired>