



## NEWS

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### **Companies Adopt Rooney Rule, Add Women and Minorities to Boards as Midwest Investors Diversity Initiative Gains Momentum**

- Investors with more than \$750 billion in assets urge Midwest companies to adopt diverse search process for board positions
- 24 Midwest companies have adopted Rooney Rule
- 10 companies have appointed 12 diverse board members
- Toolkit for Companies Adopting Diverse Candidate Search Policy available

**Detroit, Michigan** – The Midwest Investors Diversity Initiative (“MIDI”), an 11-member institutional investor coalition with more than \$750 billion in assets under management and advisement, today reported progress on its efforts to increase board diversity at Midwest companies. As a result of MIDI’s corporate engagements over the course of three years, 24 companies adopted the Rooney Rule in their governance documents, and 10 companies added 12 diverse directors.

MIDI formed in 2016 with a focus on increasing the diversity of boards of companies headquartered in the Midwest. MIDI actively works with companies to help put in place the 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, for every open board seat, female and minority candidates be included in the initial search pool of candidates. For 2019, eight companies adopted diverse search policies and appointed five diverse board directors (details are included below).

“We know that diversity is good for business. We also know that change is hard, 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.”

“MIDI’s three-year record represents a growing consensus among investors and companies that the Rooney Rule is an effective strategy to bring racial and gender diversity into the boardroom.” said Maureen O’Brien of Segal Marco Advisors.

In 2019, MIDI focused on racial and ethnic diversity by identifying companies that meet the following three criteria: they lack racial or ethnic directors, lag their peers on female directors, and do not have a robust diversity policy.



A MIDI dialogue 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.

Michigan-based American Axle was one of the companies with which MIDI engaged beginning in 2018. In 2019, American Axle added the Rooney Rule language to its Corporate Governance Guidelines and appointed two diverse directors to its board.

“American Axle believes director diversity makes our board stronger,” said American Axle director and chair of the Nominating/Corporate Governance Committee, Elizabeth Chappell. “We appreciate the collaborative engagement with the Midwest Investors Diversity Initiative.”

As part of engagement with companies this year, MIDI developed and utilized the *Diverse Search Company Toolkit* and the *Examples of Candidate Diverse Search Language* documents. 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. The *Examples of Candidate Diverse Search Language* document provides excerpts of diversity search language adopted by 33 companies representing a broad spectrum of business sectors and includes examples from other shareholder initiatives in addition to those undertaken by MIDI.

For the past three years, MIDI has been led by the UAW Retiree Medical Benefits Trust. As the coalition moves into its fourth year, it is assuming new leadership and will be co-led by the Illinois State Treasurer’s Office and Segal Marco Advisors.

Information regarding MIDI, as well as links to download the *Diverse Search Company Toolkit* and *Examples of Diverse Candidate Search Language*, are available at [www.uawtrust.org/midi](http://www.uawtrust.org/midi).

Members of MIDI 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), Trinity Health (Michigan), UAW Retiree Medical Benefits Trust (Michigan), Wespeth Benefits and Investments (Illinois), Seventh Generation Interfaith Coalition for Responsible Investment (Wisconsin), and the Treasurer of the City of Chicago (Illinois).

**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.



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

**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.

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

**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.

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