



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

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Midwest Investors Diversity Initiative Seeks More Diversity on Corporate Boards

*114 women and people of color appointed to board seats in response
to investor outreach*

SPRINGFIELD, IL – The [Midwest Investors Diversity Initiative](#) (“MIDI”), a 16-member alliance of institutional investors with more than \$1 trillion in assets under management and advisement, reported progress today on its efforts to increase board diversity at Midwest-based companies.

During the 2022-2023 proxy season, MIDI members engaged eight companies, specifically related to their board diversity. From these engagements, we’re pleased to report the following results to date:

- 4 companies appointed or committed to appoint a diverse director;
- 8 companies have adopted a diverse search policy (one of which fully aligns with the Rooney Rule);
- 7 companies disclosed their board diversity; and
- 1 company disclosed their EEO-1 report.

“Research clearly shows that diversity is good for business,” said Illinois State Treasurer Michael Frerichs, whose office co-leads MIDI. “We have come a long way since the inception of MIDI in 2016. The percentage of female board members in the Russell 3000, for example, increased from 15 percent in 2016¹ to 29 percent in 2023². However, there is still a need for continued significant improvement. That’s why MIDI remains focused on working together with companies to identify best practices, provide recommendations, and enhance board diversity.”

For example, one company that MIDI engaged in 2023 was Alight Solutions, headquartered in Illinois. Alight made significant improvements in its board diversity since the beginning of its engagement with MIDI, including the addition of two diverse directors in 2023. This type of

¹ [Corporate Board Practices in the Russell 3000, S&P 500, and S&P Mid-Cap 400 \(harvard.edu\)](#)

² [50/50 Women on Boards™ Annual Gender Diversity Index™ Study Reveals the Pace Continues to Decline for Women Joining Boards \(yahoo.com\)](#)

progress is exactly what MIDI strives to achieve through productive dialogue with corporate leadership.

Since 2016, when the group was formed, MIDI has engaged 78 companies on the issue of board diversity. Among MIDI-engaged companies that appointed new board directors, 58 percent were women or people of color (114 of the 197 new board directors). Of these 114 directors who received board appointments, 86 were women and 60 were people of color, including 32 women of color. Further, among all companies engaged by MIDI since the alliance's inception, 58 (74 percent) now publicly disclose board diversity data; 66 (85 percent) have a policy to include diverse candidates in the search process; and nine (12 percent) publicly disclose their EEO-1 report.

"A board that seeks to promote multiple strategic perspectives needs to prioritize diversity at the start of the recruitment process. MIDI seeks to collaborate with companies and help navigate the changes needed," said Rosa Limas, VP at Segal Marco Advisors, which co-leads MIDI along with the Illinois State Treasurer.

MIDI is among the first investor initiatives to focus efforts on enhancing progress on racial, ethnic, and gender diversity within corporate boards. In doing so, MIDI offers guidance and tools to help company nominating and governance committees to:

- Adopt a policy for the search and inclusion of board candidates that are women or persons of color;
- Require that women and persons of color are interviewed for every open board seat ("The Rooney Rule");
- Instruct third party search firms to include diverse candidates in the recruiting process;
- Annually disclose the gender, race and ethnicity of individual board directors as separate reporting elements via a board matrix or other proxy disclosure; and
- Expand the candidate pool for board members to include those from non-traditional backgrounds.

Numbers Snapshot: Results from MIDI Engagements Since 2016

78 Midwest based companies engaged on board diversity
114 Diverse directors appointed at MIDI-engaged companies, including 86 women, 60 people of color, and 32 women of color
58 MIDI-engaged companies that now disclose board diversity
66 MIDI-engaged companies have adopted a diverse search policy (40 of which fully align with the Rooney Rule)

This work will remain a key priority for the institutional investors within MIDI as there continues to be broad consensus among academics, analysts, and industry professionals that diverse boards enhance performance and shareholder value. A 2020 McKinsey report found that companies with higher levels of diverse representation on executive teams have a higher likelihood to outperform peers, by as much as 36 percent in terms of profitability, bolstering results found in similar studies from 2018 and 2015.³ In addition, a recent study of more than 4,000 North American companies demonstrated that board gender diversity increases board effectiveness and is tied to better financial performance.⁴

Given the correlation between diversity and long-term financial outperformance, MIDI aims to offer tailored guidance to help companies take steps to diversify their boards and enhance disclosure practices. [MIDI's website](#) provides resources that can be used to assist corporate boards in identifying best practices and resources related to diverse search policies, board composition strategies, succession planning and skills matrixes.

Additional MIDI members include: Segal Marco Advisors (Illinois), the Illinois State Board of Investment, Minnesota State Board of Investment, School Employees Retirement System of Ohio, SEIU Master Trust (Illinois), Wespath Benefits and Investments (Illinois), Ariel Investments (Illinois), Seventh Generation Interfaith Coalition for Responsible Investment (Wisconsin), Treasurer of the City of Chicago (Illinois), Trinity Health (Michigan), the Saint Paul & Minnesota Foundation, Legal & General Investment Management America (Illinois), UAW Retiree Medical Benefits Trust (Michigan) and YWCA Metropolitan Chicago. Click [here](#) to learn more.

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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 \$1 trillion 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.

³ <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

⁴ Ouni, Z.; Ben Mansour, J.; Arfaoui, S. "Corporate Governance and Financial Performance: The Interplay of Board Gender Diversity and Intellectual Capital." Sustainability 2022, 14, 15232. <https://www.mdpi.com/2071-1050/14/22/15232>