

## CT, NYC to press corporations to adopt NFL's 'Rooney rule'

By Alexander Soule

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Connecticut's state treasurer and other Northeast institutional investors revealed an initiative that would press corporate boards to adopt a version of the NFL's "Rooney Rule" that requires franchises to interview minority candidates.

The new Northeast Investors' Diversity Initiative is modeled on a similar effort among Midwest states, with participating investors managing \$283 billion in assets. The Northeast group includes state treasury offices for New York City, Massachusetts, Rhode Island, Vermont and Maine, as well as a quartet of private investment firms.

Connecticut's former treasurer Denise Nappier had pressed for greater diversity on corporate boards, with her successor Shawn Wooden now taking up the cause alongside neighboring states on the argument that companies with diverse executive teams outperform peers that lack that variety of backgrounds. New York's and New Jersey's state governments have yet to join the coalition.

Wooden's office oversees six pensions and nine trust funds that contain assets earned by some 194,000 state and municipal employees and retirees, with an investment advisory council overseeing private-sector funds that invest those moneys on the state's behalf.

An existing Connecticut Horizon Fund initiative aims to extend fund management duties to a great number of financial advisors led by women or minority managers, as well as those based in Connecticut. As of June 2018, minority-owned firms represented 40 percent of the nearly 40 money managers in a public market portion of the program that

manages \$1 billion in assets, with women-owned firms accounting for nearly 30 percent of that portion of the Connecticut Horizon Fund. A smaller “fund of hedge funds” program had 13 minority-owned firms among nearly 30 in all, with a half-dozen entities led by women.

“As investors, we want companies — especially those in our backyard — to understand the critical role that diversity and inclusion play in good governance, and how good governance maximizes returns,” Wooden was quoted saying in a press statement issued Wednesday. “We’ll be able to focus engagement on companies in our region and support them with important tools to create more inclusive, effective boards that protect shareholder value.”

Wooden noted the Rooney Rule has been the subject of numerous shareholder resolutions over the past decade, as well as the focus of the Thirty Percent Coalition’s “Adopt a Company” campaign through which Connecticut and other signatories sent letters to 185 companies that lacked women on their boards. On Wednesday night, the Thirty Percent Coalition is hosting a New York City gathering — the group includes comptrollers for both the city and state — for CEOs and board members to meet minority women with the qualifications and interest to serve on corporate boards, with a coalition summit to follow in early November in Manhattan.

Under Nappier, the Connecticut Retirement Plans and Trust Funds boosted its net assets by nearly \$1.9 billion for the 2018 fiscal year ending in June that year to \$36 billion, a new high and representing an investment return of 5.9 percent.

Connecticut-based funds that provided the state advisory services in the 2018 fiscal year included the hedge fund giant AQR Capital Management, Pegasus Partners, Rockwood Capital and Starwood Global Opportunity Funds, all with offices in Greenwich; the Stamford offices of Capital Prospects, Garmark Partners, K2 Advisors and Shenkman Capital Management; RFE Investment Partners in New Canaan; and Balance Point Capital Advisors of Westport.

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