



STATE OF CONNECTICUT

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FOR IMMEDIATE RELEASE: Wednesday, October 14, 2020

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NORTHEAST INVESTORS' DIVERSITY INITIATIVE MAKES PROGRESS IN ADVANCING CORPORATE BOARD DIVERSITY

*Nine Companies Added Diverse Directors to Their Boards, Three
Amended Corporate Governance Charters*

Hartford, CT — Today, Connecticut State Treasurer, Shawn T. Wooden, along with members of the **Northeast Investors' Diversity Initiative (NIDI)**, announced the results of the first year of engagement with companies headquartered in the Northeast concerning the diversity of their boards of directors. Established in the fall of 2019, NIDI is a 12-member alliance of institutional investors with more than \$283 billion in assets under management. Its mission is to increase the gender, racial, and ethnic diversity of the boards of the companies in which they invest, with the goal of maximizing profitability and increasing shareholder value.

Since October of 2019, NIDI has engaged with 20 companies; nine of which have made changes to their board of directors by adding women and people of color. In addition, three companies have made changes to their corporate governance charters and/or nominating committee process to reflect their company's commitment to diverse pools of candidates for board service.

"Investors are persuaded by a growing body of evidence that diverse leadership drives better performance and is essential to delivering consistent, long-term shareholder value," said State Treasurer Shawn Wooden. "One year following the launch of this initiative, we are pleased to have made significant progress on the part of companies in our own backyard taking concrete actions to increase board diversity."

Leading the Northeast initiative, Connecticut State Treasurer Shawn Wooden is joined by Maine State Treasurer Henry Beck, Massachusetts State Treasurer Deborah B. Goldberg, Rhode Island State Treasurer Seth Magaziner, Vermont State Treasurer Beth Pearce; New York City Comptroller Scott Stringer; New York-based Miller/Howard Investments; Massachusetts-based Boston Trust Walden, Trillium Asset Management, Zevin Asset Management; New Hampshire-based Pax World Funds and Service Employment International Union (SEIU).

“Boards of directors are responsible for determining the strategic direction of the companies they oversee,” said Massachusetts State Treasurer Deborah B. Goldberg. “The data shows that for companies to be more innovative, more creative and very importantly more profitable, they must invest in recruiting and retaining a diverse board; it is very simply a critical business imperative. As part of the Northeast Investors’ Diversity Initiative, we are making important progress to strengthen our businesses and our economy.”

Studies have shown that companies with more diverse executive teams are more likely to experience above average profitability and outperform their peers with less diverse leadership. Modeled after the successful Midwest Investors’ Diversity Initiative, NIDI engaged mid-size regional-based companies on improving board diversity as way to protect shareholder value.

“Companies are stronger, more creative and more innovative when directors represent the diversity of America,” said New York City Comptroller Scott Stringer. “Our successful efforts to diversify the boards of top companies in the Northeast will deliver better shareholder value for our pensioners and we’ll continue to build on that progress.”

For example, McKinsey & Company noted in a 2018 report that “The penalty for not being diverse on both measures persists. Now, as previously, companies in the fourth quartile on both gender and ethnic diversity are more likely to underperform their industry peers on profitability: 29 percent in our 2017 data set.”

“Companies have diversified their boards as a result of NIDI’s efforts,” said Heather Smith, Lead Sustainability Analyst at Impax Asset Management at Pax World Funds. “We are pleased to see them taking concrete actions to harness the benefits that come with bringing more diverse perspectives to the decision-making table. This is exactly the type of measurable progress we hoped for when joining the NIDI collaborative.”

Additionally, in 2018, researchers from Harvard Business School focused on the venture capital (VC) industry and found that among VC firm teams “diversity improved profitable investments at the individual portfolio-company level and overall fund returns. Teams that shared the same ethnicity experienced a lower success rate for investments: 26.4%, compared to 32.2% for diverse teams.”

“Boston Trust Walden remains proud of our long history of advocating for inclusive boards and workforces, and welcomes the collective success achieved by the Northeast Investors’ Diversity Initiative in its inaugural year,” said Amy Augustine, Director, ESG Investing at Boston Trust Walden Company. “Yet, the persistent and pervasive discrimination we continue to witness in the US today calls for a redoubling of efforts. We look forward to working with our partners to ensure Northeast companies understand that board and workforce diversity are matters of good governance and a critical component of long-term business success.”

“We applaud the work of NIDI,” said Matthijs Glastra, Chief Executive Officer of Novanta Inc. “At Novanta, our goal is to institutionalize our commitment to diversity and inclusion (“D&I”). That’s why we have amended our governance guidelines and why we are taking steps to ensure that our diversity aspirations are realized at all levels of the organization. The recent addition of our talented new directors is an important first step. We look forward to building on our commitment as we continue our D&I journey.”

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About the Northeast Investors' Diversity Initiative

The Northeast Investors' Diversity Initiative is a coalition of institutional investors committed to increasing gender, racial, and ethnic diversity on corporate boards to maximize returns and safeguard shareholder value. To encourage boardroom change, the Northeast Investors' Diversity Initiative (NIDI) engages companies based in the Northeast by leveraging corporate relationships and shareholder rights. In addition to NIDI, Connecticut State Treasurer Shawn Wooden and many members of the NIDI are also active members of the [Thirty Percent Coalition](#), a national organization, dedicated to increasing gender and racial diversity in the board rooms of public and private companies.

About the Office of the State Treasurer

Under the leadership of Connecticut's State Treasurer Shawn T. Wooden, the Office of the Treasurer is dedicated to safeguarding the state's financial resources and taxpayers' dollars, while maximizing returns and minimizing risks for pension beneficiaries and operating at the highest professional and ethical standards. Through investments and cash management, the office continues to enhance the state's fiscal stability, financial literacy, college savings, and its approach to leveraging business partnerships to combat social issues such as gun violence, climate change, and equal opportunity for economic growth. Learn more about the Office of the Treasurer [here](#) and follow along on [Facebook](#), [Instagram](#) and [Twitter](#).

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