



# OFFICE OF ILLINOIS STATE TREASURER

MICHAEL W. FRERICHS

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CONTACT:

Paris Ervin 217.685.2584

Greg Rivara 217.685.2380

## Illinois Treasurer Frerichs Accelerates Effort Calling on Russell 3000 Companies to Disclose Board Diversity Data

*Frerichs Leads National Effort to Ensure Diversity, Equity and  
Inclusion on Corporate Boards*

**CHICAGO** – Illinois State Treasurer Michael Frerichs intensified his call for all companies in the Russell 3000 index to disclose racial, ethnic and gender data for their board of directors. According to Frerichs, publicly reporting the demographics of board directors by race, ethnicity and gender provides valuable information for shareowners to better assess board effectiveness and company performance.

“Insular corporate boards make too many decisions in an echo chamber and miss opportunities for growth and leadership,” Frerichs said. “Providing racial, ethnic and gender data for all board directors will allow institutional investors to identify strategic weaknesses that inhibit growth and provide specific guidance to maximize shareholder value.”

A letter was sent this week to Russell 3000 companies as part of the [Russell 3000 Board Diversity Disclosure Initiative](#). The effort was initiated and is led by Frerichs and signed by an additional 26 investor organizations representing over \$3 trillion in assets under management and advisement.

In October 2020, Frerichs and fellow investors sent an initial letter to Russell 3000 companies, asking each to report the racial, ethnic and gender composition of the board of directors in their 2021 annual proxy statement. This year, Frerichs partnered with ISS to analyze the board diversity disclosures of Russell 3000 companies. Using data as of June 30, 2021, they grouped companies in the following three categories:

- 117 companies, listed below, (4 percent) provide exemplary disclosure, reporting the race, ethnicity and gender of individual board directors, often via a “Board Matrix;”
- 926 companies (31 percent) provide partial disclosure, such as reporting the race, ethnicity and gender of board directors in aggregate or for only certain members; and

- 1,847 firms (62 percent), neglect to disclose the race, ethnicity and gender of board directors in public filings.<sup>1</sup>

This year, Frerichs' letter was customized for the three groups. Those with exemplary disclosure are commended, those with partial disclosure are recognized and encouraged to enhance their reporting, and those with no disclosure are urged to begin reporting.

“The growing body of evidence in support of the business case for diversity has sparked growing pressure from investors that companies acknowledge this trend,” said Connecticut State Treasurer Shawn Wooden. “I applaud Treasurer Frerichs for leading this effort for a second year in a row, in order to drive more companies in the Russell 3000 index to disclose racial, ethnic, and gender data for their board of directors. Promoting greater transparency around board diversity will improve accountability and allow investors to use this information to maximize returns and safeguard shareholder value.”

Many institutional investors, including Frerichs, advocate for gender diversity on corporate boards through proxy voting policies and direct shareholder-company engagement. These actions, now broadly adopted by institutional investors across the world, have helped generate an increase in gender diversity on corporate boards. However, there is a lack of data on race and ethnicity that makes it difficult to apply the same tools and creates unnecessary barriers to investment analysis academic study. Despite the paucity of data, experts agree that persons of color, including African Americans, Latinx Americans, and Asian Americans, are highly underrepresented in corporate boardrooms.

“As institutional investors, we have an obligation to pursue value. This pursuit includes encouraging corporate boards to adopt internal and external strategies to promote growth,” Frerichs said. “It also includes identifying opportunities to increase diversity and inclusion numbers among the companies in which we invest and across the financial services industry.”

U.S. regulation and legislation to accelerate progress on board diversity is on the rise. In August 2021, the U.S. Securities and Exchange Commission approved Nasdaq's proposed board diversity rule requiring listed companies to meet diversity thresholds or explain their failure to do so, as well as to disclose diversity statistics. California and Washington have passed legislation mandating minimum board diversity thresholds and others may follow including Hawaii, Illinois, Massachusetts, Michigan, and New Jersey. Federal legislation has been introduced to require disclosure of the gender, racial, and ethnic composition of boards of directors and executive officers (H.R. 1277), and numerous states have enacted or introduced legislation mandating similar disclosure.

Joining Frerichs in this call to action are Connecticut State Treasurer Shawn Wooden (Co-Chair), Ariel Investments, Legal & General Investment Management America, Boston Trust Walden, the Chicago City Treasurer, the Delaware State Treasurer, the Illinois State Board of Investment, Impax Asset Management, JLens Investor Network, JUST Capital, Marquette Associates, Meketa Investment Group, the Minnesota State Board of Investment, the New York City

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<sup>1</sup> Note that board diversity disclosure information was not available for 89 companies in the Russell 3000 (3 percent) due to the annual rebalancing of the index.

Comptroller, the Oregon State Treasurer, the Seattle City Employees' Retirement System, Segal Marco Advisors, SEIU Master Trust, SOC Investment Group, Trillium Asset Management, UAW Retiree Medical Benefits Trust, the Vermont Pension Investment Commission, the Vermont State Treasurer, Wespath Benefits and Investments, and the Wisconsin State Treasurer.

These organizations recognize that board diversity – inclusive of race, ethnicity and gender – correlates with long-term outperformance and is an indicator of good governance. Many maintain or are examining policies to vote against boards with no reported racial/ethnic diversity as well as expanding more direct shareholder engagement with companies that neglect to disclose.

The Russell 3000 Board Diversity Disclosure Initiative builds on the momentum of affiliate organizations such as [The Thirty Percent Coalition](#), the [Midwest Investors Diversity Initiative](#), and the [Northeast Investors Diversity Initiative](#).

For more information about this initiative, visit [www.DiversityDisclosureInitiative.com](http://www.DiversityDisclosureInitiative.com).

### **Companies with Robust Board Diversity Disclosure**

3M Company	Electronic Arts Inc.
4D Molecular Therapeutics, Inc.	EMCOR Group, Inc.
Aflac Incorporated	Entergy Corporation
Albemarle Corporation	FB Financial Corporation
Alexion Pharmaceuticals, Inc.	Fifth Third Bancorp
Align Technology, Inc.	First Solar, Inc.
Ameren Corporation	Floor & Decor Holdings, Inc.
American International Group, Inc.	Foot Locker, Inc.
AZZ Inc.	frontdoor, Inc.
Bar Harbor Bankshares	Gilead Sciences, Inc.
Barnes Group Inc.	H&R Block, Inc.
Boston Scientific Corporation	Halliburton Company
Brighthouse Financial, Inc.	Honeywell International Inc.
CBRE Group, Inc.	Host Hotels & Resorts, Inc.
ChampionX Corp.	Houghton Mifflin Harcourt Company
Citizens Financial Group, Inc.	IDEX Corporation
Consolidated Edison, Inc.	IDEXX Laboratories, Inc.
Corning Incorporated	Insulet Corporation
Corteva, Inc.	Intel Corporation
Cowen, Inc.	IPG Photonics Corporation
Crown Castle International Corp.	Jefferies Financial Group Inc.
Danaher Corporation	Kaman Corporation
Discover Financial Services	Kirby Corporation
Diversified Healthcare Trust	Lumentum Holdings, Inc.
Dollar Tree, Inc.	LyondellBasell Industries NV
Edison International	Marvell Technology, Inc.
Editas Medicine, Inc.	Mattel, Inc.

McDonald's Corporation  
Merit Medical Systems, Inc.  
Meritor, Inc.  
Mission Produce, Inc.  
Modine Manufacturing Company  
Mondelez International, Inc.  
Motorola Solutions, Inc.  
Murphy Oil Corporation  
Neenah, Inc.  
Nevro Corp.  
Nexstar Media Group, Inc.  
NiSource Inc.  
NOV Inc.  
Nuance Communications, Inc.  
NVE Corporation  
NVIDIA Corporation  
PerkinElmer, Inc.  
Pioneer Natural Resources Company  
PPG Industries, Inc.  
Primerica, Inc.  
Prologis, Inc.  
PROS Holdings, Inc.  
Rayonier Advanced Materials, Inc.  
Regional Management Corp.  
Rexnord Corporation  
Robert Half International Inc.  
Royalty Pharma Plc  
Rubius Therapeutics, Inc.  
Rush Enterprises, Inc.  
Ryman Hospitality Properties, Inc.  
ScanSource, Inc.  
SeaWorld Entertainment, Inc.

Sensient Technologies Corporation  
SI-BONE, Inc.  
Silicon Laboratories Inc.  
Simmons First National Corporation  
Six Flags Entertainment Corporation  
Skyworks Solutions, Inc.  
Spectrum Brands Holdings, Inc.  
Steel Dynamics, Inc.  
Sykes Enterprises, Incorporated  
Targa Resources Corp.  
Terex Corporation  
The AES Corporation  
The Bank of New York Mellon Corporation  
The Gorman-Rupp Company  
The Home Depot, Inc.  
The PNC Financial Services Group, Inc.  
The Western Union Company  
T-Mobile US, Inc.  
TravelCenters of America Inc.  
Trinity Industries, Inc.  
Tyler Technologies, Inc.  
U.S. Physical Therapy, Inc.  
Uber Technologies, Inc.  
United Community Banks, Inc.  
Unum Group  
UroGen Pharma Ltd.  
Velocity Financial, Inc.  
Ventas, Inc.  
W.W. Grainger, Inc.  
Wells Fargo & Company  
Xcel Energy Inc.

### **About the Office of the Illinois State Treasurer**

As Illinois State Treasurer, Michael Frerichs is the state's Chief Investment and Banking Officer and actively manages approximately \$52 billion. The portfolio includes \$27 billion in state funds, \$16 billion in retirement and college savings plans and \$9 billion on behalf of local and state governments. Frerichs' office protects consumers by safeguarding more than \$3.5 billion in unclaimed property, encouraging savings plans for college or trade school, increasing financial education among all ages, assisting people with disabilities save without losing government benefits, and removing barriers to a secure retirement. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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