

Why Board Diversity Matters

Dow's board of directors is a visible reflection of our overall enterprise.

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At Dow, inclusion, diversity, accountability, and good governance starts with **our Board of Directors**.

We talked with **Amy Wilson**, general counsel and corporate secretary, for her insights on the strong correlation between diverse boards and long-term competitiveness. She also shared Dow's strategy to regularly and thoughtfully refresh the composition of our Board of Directors to ensure we benefit from a broad and new set of perspectives – which is important to managing risk and implementing successful strategies in today's complex world.

How does board diversity contribute to a company's performance?

Amy:

The connection between diversity and a companies' financial performance has long been established. For example, **McKinsey & Company's 2020 Why Diversity Matters Report** finds that diverse companies are 36% more likely to have above-average financial performance compared to less-diverse peers.

The diversity of a company's board is important for several reasons in addition to driving overall performance. First, it helps cultivate an effective and comprehensive understanding of the complex risks and issues facing a multinational corporation, while helping to foster a more inclusive and innovative corporate culture.

Second, board diversity helps provide unique perspectives and a critical understanding of the actions we will take to achieve our strategic objectives.

Furthermore, as a publicly held company, Dow's board of directors is a visible reflection of our overall enterprise. It's important that our employees and all our stakeholders can clearly see they are well-represented within our organization – starting at the very top.

How do you define diversity at the board level?

Amy:

Beyond gender and ethnic diversity, a high-quality board of directors includes a wide range of backgrounds and professional perspectives. Dow's goal, overall, is to have a Board that reflects a broad array of viewpoints, represents the full range of our stakeholders, helps meet the current needs of our company, and provides the needed diversity of knowledge and expertise to achieve our goals. This could include experience in specific industries or in specialized subject matters like capital allocation, knowledge of end-markets, finance and accounting governance, science and technology, international trade, and environmental and social impact.

The challenges facing companies today are complex. How does a Board with a diversity of experience and backgrounds help Dow better respond to these challenges?

Amy:

Companies need boards composed of independent and diverse thinkers. The problems that global companies are dealing with today are incredibly complex. This is especially true at Dow. As the leading materials science company, we're tackling global challenges, like helping to achieve a net carbon neutral world and a more circular economy. So, we need a board who is knowledgeable about those challenges and can critically review and test the innovative solutions we bring forward.

We want directors who have experience in dealing with enterprise risk and strategic planning from many angles. A diverse board enables us to have multiple views on the outcome of any action we take, while we work to address complex world issues and deliver on our commitments to our many stakeholders.

What has been Dow's board refreshment strategy?

Amy:

We have actively refreshed our Board of Directors with an emphasis on diverse experience and backgrounds, appointing four new directors in 2020-2021. Today, Dow's Board of Directors is made up of 55% women or U.S. ethnic minorities, which puts Dow in the top quartile for board diversity among our peers. Furthermore, 9 out of 11 of our directors have been on our board for fewer than 5 years, as we've continued to add directors with new skillsets and expertise. At the same time, context and understanding of our company is important, too. So, we balance the addition of new board members and their fresh insights, with our existing directors who have longer-term and valuable knowledge of Dow.

Can you give us some examples of how Dow refreshes its board with new viewpoints and areas of expertise?

Amy:

The Corporate Governance Committee, which is comprised of several Dow directors is responsible for reviewing board composition. The Committee continuously evaluates potential director candidates to meet the evolving needs of Dow. This work is ongoing and focused on identifying the best candidates rather than a vacancy-driven activity. In addition, our bylaws provide the flexibility to add directors based on availability and the right diversity of background, thought, and experience at any time.

Our newest directors are a good example of this. **Gaurdie Banister Jr.**, former president and CEO of Aera Energy and **Jill S. Wyant**, who serves as president and CEO of Madison Indoor Air Quality and is former executive vice president of Ecolab, Inc, joined us in 2020. **Debra L. Dial**, senior vice president and controller at AT&T and **Luis Alberto Moreno**, managing director at Allen & Co and former president and chairman of the Inter-American Development Bank were elected to our board in 2021. Together, alongside our already serving directors, they represent the strong expertise and diverse perspectives that Dow needs to drive our business strategy including progress on our environment, social, governance (ESG) goals.

These are the key reasons that shareholders, investors, customers, and other stakeholders are paying a lot of attention to board composition, including whether there is enough diversity in the boardroom and if a board has the right skills to govern a company through the current and longer-term economic and social environment.

Learn more about our Board of Directors [here](#) and Corporate Governance at Dow in our Environment, Social, and Governance report, **INtersections**.

View additional multimedia and more ESG storytelling from DOW on 3blmedia.com

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