

Northwestern University Response to Endowment Questionnaire 7/31/20

1. Does your institution have a publicly available equal opportunity statement pertaining to the selection of external endowment managers?
 - a. If no, why not?
 - b. If yes, please provide that statement.

Northwestern University is committed to developing mutually beneficial relationships with small, minority-owned, women-owned, disadvantaged, veteran-owned, HUBzone, and local business enterprises. The University's Statement on Business Diversity can be found here:

<https://www.northwestern.edu/procurement/vendors/business-diversity-program/statement-on-business-diversity.html>

We in the Investment Office act as stewards of Northwestern University's Endowment in order to provide a stable and growing stream of income to support the University's academic and research goals for current and future generations. The Investment Office seeks to be a partner of choice for best in class investment managers but has not established specific requirements for the selection of external managers.

2. What commitments to increasing opportunities for women and minority-owned asset management firms have been made by senior institutional leadership? (Please provide the specific dates of these actions and if they have resulted in tangible and measurable outcomes.)

Northwestern's senior leadership has made a number of commitments to increasing racial and social equality. These commitments include:

- Increasing diversity within our faculty and student body;
- Hiring, advancing, and supporting staff from marginalized communities;
- Expanding diversity training and anti-racism programs and curricula for all faculty, staff, and students;
- Revisiting the work of past task forces and student social-justice activities to assess past recommendations that have not yet been realized; and
- Building on our social reform and advocacy work.

3. Has your institution conducted reviews to examine the efficacy of revising policies and practices that limit the participation of smaller and/or newer firms? **Yes.**
 - a. If no, why not?
 - b. If yes, please specify when and articulate the findings. **We are currently undergoing a review of our underwriting processes to determine if changes are needed in order to invest with newer teams and/or smaller firms. In**

addition, the Investment Office will begin Unconscious Bias training in the second half of 2020. Further refinement of our practices could result from our review and training program.

4. What outreach has your institution done to inform women and minority-owned asset management firms about investment opportunities and the selection process?

The Investment Office regularly conducts landscaping exercises across the endowment once we identify a particular area in which to invest. We include women and minority-owned firms in our due diligence, and regularly meet with such firms.

- a. Do you believe such outreach is consistent with your fiduciary responsibility?
Yes.

5. How has your institution communicated priorities and expectations about inclusive asset management practices to investment staff and/or consultants?

We do not use consultants. We have engaged University leadership, including senior team members within the Investment Office and the Investment Committee of the Board of Trustees, to discuss investing with women and minority-owned firms. The investment staff ensures that women and minority-owned firms are included as part of our research.

- a. How does your institution ensure that those expectations are met? We review our diversity efforts on at least a quarterly basis.

6. Does your selection process for external asset managers require consideration of at least one diverse-owned firm?
 - a. If no, why not?
 - b. If yes, please articulate why this was done and if it has resulted in positive results?

We have adopted the Rooney Rule for our research process in order to include women and minority-owned firms on our list of managers that we meet and review. We are still early in adopting the Rooney Rule, and will monitor its impact.

7. How much of your institution's endowment assets are under management with diverse-owned firms? (Defined as women or minority ownership above 50%)
 - a. What percent of total assets under management does this number represent?

We seek to partner with firms that distribute economic profits equitably and speak with firms in detail about these arrangements. Firm ownership, however, can differ from how economic profits are distributed, and those details are often not shared with investors even when requested explicitly. We estimate that from an ownership perspective, diverse-owned firms represent a minimum of 15% of assets under management as of June 30, 2020.