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## Urban Outfitters' Resistance to Diversity Is as Outdated as Bobby Socks and Parachute Pants

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Visit an Urban Outfitters, Anthropologie or Free People clothing store, and you're likely to think, "They know their market" -- fashionable high school and college students and young professionals, primarily women.

Yet Urban Outfitters, which owns all three stores, has leaders who are so out of touch that for years they have refused to have a policy to even consider having women and minorities on its board of directors. This has happened despite studies that show that diversity among executive leadership and directors improves company performance.

The gap between the sophisticated image Urban Outfitters projects at its stores and the reality of its backward leadership that refuses to embrace inclusiveness will eventually hurt its reputation and catch up to its bottom line. That is why the \$28.5 billion State of Connecticut Retirement Plans and Trust Funds, which has investments in this company, filed a fourth consecutive shareholder resolution at Urban Outfitters' annual meeting, which took place May 27.

Shareholders agreed with my Office on the critical importance of diversity. Almost half the votes of independent shareholders -- 46 percent -- were cast in favor of the resolution.

Counting management votes, the resolution was approved by 33.4 percent of shareholders -- up from 27 percent in 2013.

My Office's resolution called on the board of Urban Outfitters to "take every reasonable step to ensure that women and minority candidates are in the pool from which Board nominees are chosen" and to "publicly commit itself to a policy of Board inclusiveness." Sounds pretty simple -- publicly say that you will consider diversity. There is no hard requirement to place women and minorities on the board, just an acknowledgement that consideration will be given to a vast majority of the population.

Why is this important? There's mounting evidence based on academic studies that companies with diverse boards of directors are more likely to perform better than companies with no diversity. A recent analysis by Credit Suisse of the performance of 2,360 companies around the world over a six-year period found that women add value to corporate decision making. As the analysis described it, the majority group improves its own performance in response to minority involvement -- in this case, a male dominated board adding women who are independent and accomplished in their own right. It's all about the mix.

The result is greater effort by all, and more attention to detail -- a better outcome in a more diverse environment. In fact, the outcome is likely to be greater than the sum of its parts. It's not only what the women and people of color bring to the table, it is also the fact that they're at the table that improves the Board's output. Now, there's a win-win!

Simply put, women and people of color make boards better -- and that makes companies better, and stronger. They perform better, and provide better returns over the long term.

Even Urban Outfitters' main competitors -- Gap, Nordstrom and Abercrombie & Fitch -- have at least at least one independent female director or racially diverse member on their boards of directors. And beyond this market niche, successful companies have embraced this reality: more than 80 percent of the companies in the Russell 1000 Index have at least one independent female director, as do 90 percent of the companies in the S&P 500 Index and 98 percent of the companies in the S&P 100 Index.

So, the Connecticut Treasury's message, along with thousands of other shareholders, to Urban Outfitters: Get with it! Adopt a policy on director recruitment that is as up-to-date and cutting edge as the company's products. It's good for business and for the bottom line.