

February 25, 2021 Edited by: **Martin Wennerström**



Carlyle ties its borrowing costs to portfolio board diversity

The Carlyle Group has secured a USD 4.1 billion credit line that it describes as “the largest ESG-linked private equity credit facility in the US...and the first to focus exclusively on advancing board diversity.” The facility’s price of debt will be dependent on the firm achieving its goal of 30% board diversity across its portfolio companies within two years of ownership. This goal had originally been announced in Q2 2020, alongside a new hiring process where Carlyle committed to interviewing at least one Black, Latino, Pacific Islander, or Native American candidate for each of its open positions. The firm’s research has found that portfolio companies with two or more diverse directors have had around 12% more average annual earnings growth over the past three years compared to those that lack such diversity, suggesting a positive correlation between financial performance and board diversity. The three-year facility will be led by Bank of America alongside a consortium of global financial institutions. As of December 2020, Carlyle had USD 246 billion in assets under management and investments in 256 active portfolio companies.

[Carlyle](#) | [Bloomberg Quint](#) | [NYT](#) | [BNP Paribas](#)

McDonald’s links executive pay to diversity and inclusion

Starting in 2021, McDonald’s will link 15% of its executives’ annual bonuses to “improve[ments in] diversity representation for women and underrepresented groups, and [the] creat[ion of] a strong culture of inclusion among employees.” The restaurant chain aims to increase worldwide female representation in senior leadership roles from 37% today to 45% by 2025, with a further goal of reaching absolute gender parity by 2030. Furthermore, McDonald’s plans to increase the representation of historically underrepresented groups in U.S. leadership roles from 29% to 35% by 2025. These targets are accompanied by initiatives such as engagement with diversity groups, an internal inclusion index, a mentorship program, and diverse officer slates.

[McD \(1\)](#) | [McD \(2\)](#) | [SEC](#) | [Reuters](#)

Honda announces new CEO and committee restructuring

Japanese automaker Honda Motor has announced that CEO Takahiro Hachigo will step down in April 2021, handing over his executive role to current R&D head Toshihiro Mibe. Mibe is expected to help with the automaker’s advancement in the field of all-electric and hybrid gas-electric vehicles, which are targeted to represent up to two thirds of Honda’s sales by 2030. Furthermore, Honda also plans to strengthen its corporate governance by transitioning from a company with an audit and supervisory committee to a company with statutory nominating, compensation, and audit committees. Shareholders will vote on the change at the firm’s upcoming June AGM.

[Reuters](#) | [WSJ](#) | [Honda \(1\)](#) | [Honda \(2\)](#)

Aditya Mittal succeeds father as ArcelorMittal CEO

Lakshmi Mittal has relinquished his role as combined Chairman/CEO at ArcelorMittal. His son Aditya Mittal, the firm’s former CFO, will become CEO while the elder Lakshmi will continue as Executive Chairman. Lakshmi Mittal is the steel firm’s founder and largest shareholder, with an aggregate stake of nearly 36% of share capital. In addition to the leadership change, ArcelorMittal has also announced a USD 1 billion cost-reduction plan over the next two years, including a 20% office staff reduction and a cut in contractor numbers. Furthermore, the firm plans to increase shareholder returns by conducting two share buybacks of USD 570 and 650 million, respectively.

[AM \(1\)](#) | [AM \(2\)](#) | [Reuters](#)

About our Corporate Governance Research & Ratings

Assess corporate governance-related investment risks and opportunities with in-depth, contextual reports that provide analyses and ratings on a global universe of ~4,100 companies.

sustainalytics.com/corporate-governance-research-and-ratings/