CalPERS Commitment to Diversity & Inclusion Report

Fiscal Year 2013-14
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Message from our CEO

I am pleased to present our “CalPERS Commitment to Diversity & Inclusion” annual report for the fiscal year ending June 30, 2014. This report highlights the many accomplishments we’ve achieved in the area of Diversity and Inclusion and offers a glimpse of what’s planned for the coming year.

Diversity and Inclusion impacts everything we do at CalPERS, from the people who make up our workforce, to the culture that defines our workplace and how we conduct our business in a very competitive marketplace.

The CalPERS workforce features employees who speak 32 different languages, including American Sign Language, and is a reflection of California’s ethnically diverse population.

We pride ourselves on the workplace culture we’ve developed that encourages our employees to contribute to the organization’s success by inspiring new ideas, providing excellent customer service and participating in inclusive workplace initiatives such as informal mentoring.

When it comes to doing business, we feature partners that are certified as Small Business and Disabled Veteran Business Enterprises. In our investment portfolio, we seek companies with Boards that have diverse representation.

We look forward to continuing our commitment to Diversity and Inclusion. It is an essential part of serving those who serve California.

Sincerely,

Anne Stausboll,
Chief Executive Officer

Our differences are our strengths
About CalPERS

The California Public Employees’ Retirement System (CalPERS) is the nation’s largest public pension fund with total assets of $298.0 billion as of July 31, 2014. Based in Sacramento, CalPERS administers retirement and health benefits to nearly 1.7 million people and 3,090 school and public employers.

The System operates eight Regional Offices located in Fresno, Glendale, Orange, Sacramento, San Diego, San Bernardino, San Jose and Walnut Creek. Led by a 13-member Board of Administration, consisting of member-elected, appointed, and ex officio members, CalPERS has a membership of 1.1 million active and inactive members and 574,759 retirees, beneficiaries, and survivors from State, school and public agencies.

Our Approach to Diversity & Inclusion

Diversity & Inclusion (D&I) at CalPERS is an organizational imperative. Aligning with our members, engaging our communities and attracting and retaining talented individuals are vital to our success. Our strategic approach to integrating D&I into all aspects of our business is focused on three core areas:

• **Workforce** – We recruit and retain a high-performance team inclusive of California’s rich diversity.

• **Workplace** – We actively develop and educate our leadership and employees to increase and integrate D&I awareness, understanding and imparting skills that lead to greater quality, respect and accountability.

• **Marketplace** – We serve our members with sensitivity to their diverse perspectives. Our business partners include ones that are certified as Small Businesses and/or Disabled Veteran Business Enterprises.

As the nation’s largest public pension fund within one of the most ethnically and culturally diverse states, we believe the combined experiences, perspectives and talents of all employees and stakeholders strengthens our high performance work culture and organization. Our differences are our strengths.
Our Workforce, Our People

One of our greatest strengths is our workforce, with men and women of many nationalities, backgrounds and generations working together to create a diverse and inclusive workforce and workplace. Based on information supplied voluntarily by our employees, our workforce reflects the racial and ethnic makeup of California's population.¹

CalPERS employees speak 32 different languages, including sign language, and volunteer their interpretation and translation services as needed to conduct business. We are committed to ensuring that all members of the public, including those who are non-English speaking and Limited-English Proficient, have equal access to CalPERS programs, services and information.

¹ CalPERS Employee Data Source: CalPERS all employees is a subset of the my|CalPERS member population from July 2014; all employees include managers, supervisors and rank and file employees. Ethnic group data provided by Epsilon, ethnic data provider; the classification of ethnic group was based on the member First Name, Last Name and address.
Recruiting & Developing Talent

Acquiring Diverse Talent

Our D&I initiatives and strategies are designed to attract, develop and advance talented individuals regardless of their race, national origin, sexual orientation, religion, age, gender, disability status, military or veteran status or any other broad range of human differences.

To create a talent pool of diverse, multi-cultural and qualified professionals, we attend a variety of outreach events including those targeted to veterans, college students and experienced professionals in specific fields or occupations. We partner with Subject Matter Experts from various areas within CalPERS to attend events specifically targeting various professional fields. We utilize industry professional associations like the Chartered Financial Analyst (CFA) Society of Sacramento as part of our recruitment strategy. Likewise, we strategically tap into our employee alumni associations and continue to build strategic partnerships to further expand our recruitment reach. We also participate in the State mandated Limited Examination and Appointment Program (LEAP). LEAP is an alternate selection process for the recruitment and hiring of persons with disabilities.

In an effort to communicate with today’s technology-savvy job seekers, CalPERS provides an online job application system known as “NEOGOV.” NEOGOV makes it easier for applicants from around the world to apply for one or more positions and strengthens our recruitment efforts. We have also increased our social media presence by advertising job openings on LinkedIn, Twitter, Facebook, Dice.com, Google Plus and others.

Highlights from Fiscal Year 2013-14

• Assisted the Information Technology Branch to fill 49 new positions by March 2014 by developing a recruitment plan including a marketing strategy and targeted outreach venues like Dice.Com job fair.
• Partnered with the Information Technology Branch to design a mobile examination application to enable CalPERS to conduct onsite examinations at outreach events.
• Partnered with Office of Public Affairs to improve the CalPERS career information on the external website.
• Attended 15 Job Fairs.
• Led an Information Session with CalPERS Investment Office at California State University Sacramento.

Approximately 60,000 applications were received for over 990 job vacancies during the Fiscal Year (FY) 2013-14.
Our Workplace, Our Culture

Our distinctive approach to D&I is based on a belief that we each take personal accountability for success in this area. We equip our employees with the tools to increase their awareness and understanding of differences and why they matter so their actions can contribute to our inclusive and high-performing workplace culture.

The CalPERS workplace offers a wide-range of learning opportunities to help develop the knowledge and skills employees need to cultivate awareness and understand that D&I is a critical business component and individual success factor. The curriculum includes lessons on how D&I impacts individuals and teams in the workplace. Team-building and cohesiveness exercises address potential communication challenges while other courses explore self-awareness, cultural awareness and generations in the workplace.

Integration of D&I

Organizational Health Index Survey

In April 2013, an Organizational Health Index (OHI) survey was administered to CalPERS employees to identify areas where the organization is doing well, as well as where we can improve. After reviewing the results, our Executive team identified and focused on three areas in need of improvement: Accountability, Capabilities, and Innovation.

Two cross-functional action planning teams were commissioned to research and develop strategies to improve these areas. Recommendations were made to help continue developing a workplace where staff at all levels clearly understand their role in the organization, have the tools to produce high quality work, and are actively involved in the development of innovative solutions that improve our performance and service. Training opportunities were made available for all levels of staff focusing on the importance of communicating expectations and give employees the opportunity to bring to life some of the innovative new ideas and programs.
Quarterly Professional Development Sessions

In Fiscal Year 2013-14, 64 senior leaders and managers throughout the organization completed Quarterly Professional Development Workshops which are designed to enhance leadership’s personal understanding of D&I and their role in increasing diversity and fostering an inclusive work environment.

These workshops were conducted for managers and supervisors as 90-minute sessions covering a broad range of topics that included the value of diversity and inclusion and how to lead staff in valuing differences and similarities to inspire innovation. Workshops included Diversity & Inclusion 101 and Scott C. Syphax: Cultivating Leaders, Creating Innovation.

Division and Regional Outreach

CDOP continued its Division and Regional Outreach as a strategy to provide managers and supervisors with the knowledge and tools to integrate and sustain diversity and inclusion competencies with their staff. In the Fiscal Year 2013-14 CDOP was able to facilitate 11 presentations with various Divisions throughout CalPERS. CDOP was also requested to make a 60 minute Diversity & Inclusion presentation for the California Department of Fish and Wildlife.

CalPERS provided the foundation of D&I knowledge for employees through an assortment of workshops including the following:

• STAR Workshop – Explores Sensitivity, Trust, Appreciation and Respect for all employees and identifies a set of behaviors that create inclusion and provides a guide for what we say and do in all of our interactions—with colleagues, members and vendors.

• Diversity Card Game Workshop – A fun and non-threatening way to gain insight into individual and group styles of thinking and an innovative way to build team understanding, appreciation and cohesiveness.

• Color Lingo Workshop – Challenges how effective one’s communication is and how effective is a given team’s communication. Utilizing the power of knowing the various color personality styles enhances communication skills for maximum effectiveness.

• Charting Your Course – A workshop to provide employees with an understanding on how D&I impacts individuals, teams, organizations and stakeholders and subsequently chart their course toward successful engagement in the workplace.

• D&I 101 Workshop – A dynamic and highly interactive workshop that provides employees with the tools to be “D&I savvy” through awareness of culture, self-awareness, generations in the workplace and the next steps to implement inclusion.
Informal Mentoring: Share What You Know

The purpose of CalPERS Informal Mentoring: *Share What You Know* is to further implement informal mentoring in a fluid, accessible, and open manner to all employees across the organization. What began as a two-year initiative is now an ongoing effort to not only support the growth and development of all CalPERS employees, but to also benefit the enterprise through knowledge transfer and support of succession planning efforts. While the specific efforts and activities are expected to evolve over time, the underlying thread is to ultimately cultivate informal mentoring as a part of the CalPERS culture. Mentoring supports development of our diverse workforce by making these nurturing relationships available to an ever increasing number of employees across the enterprise. The three primary goals associated with this campaign are to:

- Continue to implement mentoring into CalPERS culture.
- Encourage participation so all employees embrace and support informal mentoring as an essential part of CalPERS culture.
- Educate employees as to how simple and easy informal mentoring can be.

Highlights from FY 2013-14

- Incorporated Informal Mentoring into the annual evaluations for managers and supervisors as an evaluation factor.
- Recorded seven Informal Mentoring Conversation employee videos for the intranet to illustrate successful mentoring at CalPERS, six of which have also been posted to the external CalPERS website.
- Created Informal Mentoring Toolkits for Executives and Senior Leaders, and Managers and Supervisors to reinforce the concept that informal mentoring is valuable to the organization as well as individuals, and can easily be incorporated into everyday activities.
- Conducted Meeting Mentoring Week to encourage staff at all levels to invite their colleagues to accompany them to one (or more) of their meetings.
- Facilitated exercises at unit, division, and Board level meetings to increase opportunities for learning and building connections.
Career Services Program

The CalPERS Career Services Program was created to provide information and tools to assist employees in meeting their personal career goals as well as to support the CalPERS Business Plan Strategic Goal B to cultivate a high-performing, risk-intelligent and innovative organization. The information provided by the Career Services Program is intended to supplement the career coaching provided by managers and supervisors to employees. In addition to supporting the professional growth of all CalPERS employees, the Career Services Program also benefits the enterprise by supporting employee retention. In turn, employee retention supports knowledge transfer and succession planning efforts by creating a well-rounded, knowledgeable workforce with increased bench-strength regarding the various CalPERS programs and business lines.

All CalPERS employees are encouraged to utilize the services, resources, and tools provided by analysts well-trained in career development. Career Services offers support in the areas of exploration of career options, resume and cover letter recommendations, interview do's and don'ts, mock hiring interviews, promotion and transfer information, job search assistance, and examination tips and techniques.

Highlights from FY 2013-14

• Career Services Analysts assisted 249 clients via one-on-one meetings or assisted through email and telephone.
  » Thirty-four CalPERS employees were successful in obtaining their desired promotions or transfers.

• In collaboration with other Human Resources Division units, coordinated the onsite 2014 Career and Education Fair to provide education and career advancement information to employees.

• Added mock interviews to list of resources the Career Services provides.

• Attended unit, section, and division level meetings enterprise-wide to ensure all employees are aware of resources available to employees, and that managers and supervisors understand the business reasons for supporting employee development.

• Marketed the program by conducting quarterly outreach sessions in Lincoln Plaza North café corridor.
Employee Resource Group (ERG) Program

To further embed D&I into the organizational culture, CDOP continues to seek support from its two established employee resource groups: CalPERS Diversity & Inclusion Group (CDIG) and the CalPERS Disability Advisory Council (CDAC).

These groups enable employees to participate in professional and personal growth opportunities through training and education, volunteer projects in the community, networking events, cultural heritage celebrations and project management assignments.

In observance of National Disability Employment Awareness Month (NDEAM), CalPERS Diversity Outreach Program (CDOP) and the CalPERS Disability Advisory Council (CDAC) spent October 2013 helping to raise awareness throughout CalPERS about what constitutes a disability while celebrating the many contributions of America’s workers with disabilities.

The CalPERS Disability Advisory Council (CDAC) was awarded second place in the 2014 Disability Advisory Council of the Year Award by the Association of California State Employees with Disabilities. The award was given to CalPERS for our dedication to the inclusion and equality of employees with disabilities and for ensuring an environment that is accessible to all employees.

Annual Diversity and Inclusion All Staff Event

On July 24, 2013, CDOP presented its Annual Diversity and Inclusion All Staff Event titled *Unintentional Intolerance*. Dr. Steve L. Robbins was the keynote speaker. His use of story-telling and extensive knowledge of Diversity & Inclusion provided an insightful and humorous look at how natural, built-in biases make it difficult for the average person to inhabit diverse and inclusive environments. His message captures wide acclaim from numerous audiences and organizations across the United States. His approach does not blame or point fingers; rather it challenges you to be more open-minded, mindful and intentional about inclusion and valuing people for their unique gifts, abilities and experiences. Later on September 24, 2013, an All-Staff Video Encore Presentation of Steve Robbins’ *Unintentional Intolerance* was held.
Diversity & Inclusion Day at CalPERS

In August 2013, the CDAC and the CDIG hosted the CalPERS seventh annual Diversity & Inclusion Day – “Putting our Core Values to Work in our Communities.” Representatives from nearly 50 community-based organizations participated in the special event. Their aim was to promote awareness of community needs for volunteers and to spark an interest among CalPERS employees. The event connected employees and organizations with opportunities to work together to build stronger communities.

Our Marketplace

CalPERS aims to maximize the value of our supplier relationships and places a high value on diversity as demonstrated by our ongoing programs to attract, retain and advance small businesses and Disabled Veteran Business Enterprise (DVBE) vendors.

CalPERS Supplier Diversity Programs

CalPERS is committed to providing diverse suppliers with economic opportunities to supply products and services for our organization. This commitment enhances California’s local economy and also enriches our experience as a result of doing business with a wide range of vendors for a variety of supplies and services. During Fiscal Year (FY) 2013-14, we participated in outreach events and educated our staff on small business (SB) and disabled veteran business enterprise (DVBE) vendor contracting opportunities. We also helped non-certified vendors qualify for small business or disabled veteran vendor status and provided interested business owners with networking opportunities through bidder’s conferences.

CalPERS adopted provisions of Public Contract Code §10115 et seq. in 1990 to award 3 percent of all contracts to disabled veterans and established an overall SB contract participation of 25 percent to small businesses. CalPERS exceeded its DVBE participation goal during FY 2013-14, for the third time in 10 years with 5.79 percent participation. CalPERS also achieved 13.51 percent small business participation, despite the uniqueness of our investment and health contracts that often preclude SB/DVBE participation due to HIPPA regulations. We continued to successfully purchase over 95 percent of all office supplies from certified small business and disabled veterans vendors.

This effort was honored in November 2013 when CalPERS was named a finalist at the State Agency Recognition Awards (SARA) ceremony for the second consecutive year. The Department of General Services honors state agencies and state advocates for their outstanding work with California small businesses and disabled veterans’ businesses.
CalPERS Investment Beliefs

In September 2013, the CalPERS Board of Administration Investment Committee adopted ten Investment Beliefs, which are intended to provide a basis for strategic management of the investment portfolio, inform organizational priorities, and ensure alignment between the Board and CalPERS staff. Of the ten Investment Beliefs, the following are particularly relevant and inform the Investment Office Diversity and Inclusion work:

• **Investment Belief 3**: *CalPERS investment decisions may reflect wider stakeholder views, provided they are consistent with our fiduciary duty to members and beneficiaries.*
  
  » We have many stakeholders who express opinions on investment strategy or ask us to engage on an issue. Our preferred means of responding to issues raised by stakeholders is engagement.

• **Investment Belief 4**: *Long-term value creation requires effective management of three forms of capital: financial, physical and human.*
  
  » We may engage investee companies and external managers on their governance and sustainability issues.
  
  » In addition, we may engage on Human Capital practices, including but not limited to fair labor practices, health and safety, responsible contracting and diversity.

• **Investment Belief 10**: *Strong processes, teamwork and deep resources are needed to achieve CalPERS goals and objectives.*
  
  » Diversity of talent (including a broad range of education, experience, perspectives and skills) at all levels (Board, staff, external managers, corporate boards) is important.

These Investment Beliefs are a guide for making decisions that often require balancing multiple, inter-related decision factors. They are not a checklist to be applied to every decision. Our Investment Beliefs provide context for CalPERS actions, reflect CalPERS values, and acknowledge CalPERS responsibility to sustain its ability to meet its obligations to beneficiaries for generations to come.
Corporate Boards

Board Quality & Diversity

CalPERS invests in over 10,000 companies worldwide and we have a voice as owners. We view board quality and diversity as critical to a company’s performance. Our Global Principles of Accountable Corporate Governance highlight board quality and diversity as an important step toward challenging “group think” in corporate boardrooms, which we have learned from the financial crisis can have a devastating impact on the ability to question assumptions. We see diversity as a route to innovative and effective decision-making by drawing upon a range of talents, perspectives, and experiences. We promote diversity in the boardroom through, advocacy, engagement and outreach.

Advocacy

Research has shown us that in 2013 women held only 11 percent of board seats at the world’s largest companies moving only slightly from the previous year. Progress on this issue remains slow. This is why CalPERS and the California State Teachers’ Retirement System (CalSTRS) continue to promote the Diverse Director DataSource (3D) a resource we co-founded for companies looking for new diverse talent with fresh perspectives, unique backgrounds, complementary skill sets, and a new range of experience.

3D has grown to over 750 searchable candidates reflecting talent from across the country. Two thirds of the candidates are female and over a third have gone through a board certification program with nearly a quarter of the candidates having current public company board experience. The candidates cut across a range of industries and functional experience, with a quarter having international experience. Together they speak 41 different languages.

Engagement

We continue to engage companies where we see reform is needed. Most recently, CalPERS, as part of a larger group of funds, wrote and distributed an opinion article in response to Urban Outfitters’ lack of board diversity. The article supports a shareholder proposal that urges board action to address its own diversity. There is concern that Urban Outfitters has a nearly all male board, with an average age over 60, directing the operations of a firm whose core business is fashion and accessories for young women.

In a separate engagement, CalPERS and CalSTRS, sent 131 California companies in their portfolios that lack women directors a letter offering resources to help diversify their boards.

2 GMI Ratings’ 2013 Women on Boards Survey

“Beyond gender, other dimensions of diversity are also found to be good for business: race, board member background, LGBT identity, nationality.”

Source: Catalyst, July 2013
This is the first campaign to broadly engage with California companies that could benefit from placing women on their boards. In just four months, 35 companies have responded to the letter and 15 companies have added at least one woman to their board of directors.

“This is a fantastic response to our work to improve board quality and diversity,” said Anne Simpson, CalPERS Senior Portfolio Manager and Director of Global Governance. “California is a vibrant economy that will be supported by these efforts. As the nation’s two largest funds, it’s great to have our home state set an example for others to follow. It’s also proof that with appropriate, constructive engagement we can influence positive results in our portfolio companies.”

The data supporting the letter-writing campaign was obtained from the 2013 UC Davis Study of California Women Business Leaders. Along with the letter, each company received a copy of the National Association of Corporate Directors Blue Ribbon Commission Report, The Diverse Board: Moving from Interest to Action, which was endorsed by both CalSTRS and CalPERS.

CalPERS and CalSTRS will continue to partner on this issue by engaging 100 of the U.S. largest companies with all male boards.

**Outreach**

Following our event on June 20, 2013, CalPERS partnered with National Association of Corporate Directors (NACD) to host a second event, on March 20, 2014. The discussion, “A Conversation with the People You Wish You Could Speak with Before Proxy Season,” included the theme of board quality and diversity and featured Ralph Whitworth of Relational Investors, LLC, and Katherine Rabin of Glass, Lewis & Co. and was moderated by Anne Simpson from CalPERS.

CalPERS worked with CalSTRS, New York City Pension Fund and North Carolina Retirement System, GMI Ratings and BlackRock to host a few events at the Council of Institutional Investors Conferences to talk about the progress that has been made and how achieving greater diversity among board directors can be good for shareholders as well as upcoming initiatives including the 30% Club, corporate engagement, and a new SEC petition on enhanced disclosure.

CalPERS will continue to encourage outreach opportunities because we know that it’s important to foster new networks between diverse candidates and the recruitment world and advance the issue of board quality and diversity with companies and investors.

“Diversity of talent (including a broad range of education, experience, perspectives and skills) at all levels (Board, staff, external managers, and corporate boards) is important.”

Source: CalPERS Investment Beliefs
External Investment Managers

Understanding and Engaging Our Industry

CalPERS deploys capital through approximately 1,100 external investment managers. As part of our commitment to equality of access, we seek to understand the diversity of our external managers, as well as the broader investment industry. We engage with our external managers and pension peers on these important issues through our Emerging Manager Five-Year Plan – Pathway to the Future (Five-Year Plan or the Plan) and our investment industry research.

Emerging Manager Five-Year-Plan

In 2012, CalPERS Board of Trustees adopted the Five-Year Plan, which provides a strategic framework to guide CalPERS investments and engagement with emerging and diverse investment managers. Under this plan, CalPERS provides annual updates to the California State Legislature, reporting on progress and accomplishments toward achieving plan goals.

The Five-Year Plan includes ten work streams, organized under two areas: (1) Portfolio Management and (2) External Outreach. CalPERS submitted its first annual report on progress made under the Five-Year Plan, pathway to the future, in March 2014. Additionally, CalPERS made notable progress on nine of the ten work streams during year two of the Plan, covering the period from July 1, 2013 through June 30, 2014. The following highlights key initiatives that were completed in the past fiscal year.

CalPERS Emerging and Diverse Manager Forum

On April 1, 2014, the Investment Office hosted 400 people for our second Emerging and Diverse Manager Forum. The theme of the event focused on California public pension funds and their emerging manager initiatives. CalPERS brought together its pension peers in California, including the California State Teachers’ Retirement System, Los Angeles City Employees’ Retirement System, Los Angeles Fire and Police Pensions, San Joaquin County Employees’ Retirement System, and Oakland Fire and Police Pensions to discuss their views on emerging and diverse managers, as well as to provide information on the opportunities available to managers. All Forum content, including event videos, is available online on CalPERS Targeted Investment Programs webpage.
Emerging Manager Communications Initiative

CalPERS Investment Office is committed to equality of access and opportunity for our external investment managers. The Investment Office seeks to provide equality of access by establishing a web-based investment proposal submittal process and by applying consistent decision criteria for investment proposals. Additionally, our Investment Office is committed to open communication about our investment strategies, portfolio exposures and criteria for making investment decisions.

The Emerging Manager Communications Initiative was undertaken to strengthen communications with emerging and diverse managers and stakeholder groups, as well as facilitate a better understanding of the submittal and review of investment proposals. This work encompassed updating procedures and communications strategies, improving overall written and verbal communication, and establishing meetings with emerging and diverse managers to provide constructive feedback on investment proposals.

Targeted Investment Programs Web Page

Launched in late December 2013, staff and stakeholder groups worked together to raise awareness of the information available on CalPERS website related to Investment Office Diversity and Inclusion initiatives. The web page provides information about initiatives and activities related to emerging and diverse managers, Responsible Contractor Program Policies, and California investment programs. This web page includes a calendar of events (meetings, forums, and events), Emerging Manager Five-Year Plan and deliverables, Targeted Investment Programs updates to the Investment Committee, and related publications.

Engagement with Emerging and Diverse Emerging Manager Industry

CalPERS had multiple engagements and communications with the Association of Asian American Investment Managers (AAAIM), National Association of Investment Companies (NAIC), National Association of Securities Professionals (NASP), and New America Alliance (NAA). These efforts included hosting, attending, and speaking at conferences and related events as well as private meetings to discuss topics of mutual interest.

Investment Office Staff attended and participated as featured speakers at numerous emerging and diverse investment manager events and meetings, connecting with key stakeholders and sharing information about CalPERS Emerging Manager programs.
Investment Industry Research

CalPERS Peer Benchmark Survey: Women and Minority Owned Managers

*CalPERS Peer Benchmark Survey: Women and Minority Owned Managers* was presented to the Investment Committee in June 2014. This peer survey examined and compared investment manager diversity, specifically exposures to women and minority owned managers at CalPERS and our U.S. public pension fund peers.

The survey determined CalPERS invests $4.5 billion in women and minority owned firms, ranking third among its peer funds and employs 89 women and minority managers, more than twice the number of the next highest peer fund.

CalPERS Investment Manager and Consultant Diversity and Inclusion Survey

In June 2014, CalPERS released its first Investment Manager and Consultant Diversity and Inclusion Survey. This survey asked CalPERS current investment managers and consultants to share information about firm workforce and key position diversity, firm governance diversity, and firm Diversity and Inclusion practices. This survey was voluntary and results represent the firms that responded only. Highlights of the survey include:

- Over 63 percent (147 of 232) of CalPERS current investment managers and consultants responded to the survey which represents a total of 51,466 employees. Throughout the survey, results were compared to Equal Employment Opportunity Commission investment industry diversity demographic data.
- The percentage of women and minorities in key positions decreases as seniority increases. When percentages of women and minorities in key positions in CalPERS firms are compared to the investment industry data, the percentages are similar.
- Larger firms are more likely to have written diversity and inclusion policies and practices.

Talent Management

Investment Office Talent Community Strategy Project

The CalPERS Investment Office, Diversity Outreach Program, and Human Resources Division initiated a project aimed at identifying leading edge diversity practices, strategies, and tactics to attract, onboard, retain, and develop diverse talent for the Investment Office. The overall objective of this initiative is to align with industry benchmarks by strengthening the impact of talent management processes and creating a pipeline of diverse candidates. CalPERS goal is to implement selected best practices and establish relationships with diverse partner organizations.
CalPERS – Looking Ahead

Future D&I initiatives and activities are underway and directly linked to the CalPERS 2013-15 Business Plan and 2012-17 Strategic Plan. As an ongoing commitment to diversity, CalPERS will facilitate numerous opportunities to deepen employees’ understanding on how to enhance Diversity and Inclusion in the workplace. For example, CalPERS is in the process of developing and deploying an Inclusive Business Skills eLearning course in collaboration with internal stakeholders.

CalPERS Diversity Outreach Program will conduct two new Quarterly D&I Professional Development sessions for Managers and Supervisors, Assistant Division Chiefs, and Investment Officer IIIs. The first Quarterly D&I Professional Development titled The Concealed Mind: Cognitive Illusions and Unconscious Bias, was held in September of 2014. The second Quarterly D&I Professional Development workshop scheduled for March of 2015 titled, Inclusive Leadership will give insight as to how a diverse workforce fosters a greater wealth of experience and ideas; however, diversity also brings a complex variety of communication and working styles.

Also, in March of 2015 CalPERS Annual Diversity & Inclusion All Staff will feature guest speaker, Stedman Graham. Mr. Graham is a noted educator, author, and businessman. He is scheduled to conduct, two live 90-minute sessions titled, Identity Leadership: Leaders, Not Labels, in the CalPERS Auditorium.

Workforce

California Department of Human Resources (CalHR) Statewide Online Disability Survey - As part of the Rehabilitation Act of 1973 and Government Code 19233, CalHR requires all State agencies to conduct a disability survey periodically. The survey helps agencies determine if they are meeting their mandated goal to employ a certain percentage of persons with disabilities. The online survey, which is managed by CalHR, is confidential and allows employees to self-identify as having a disability or confirm they do not have one. Survey results indicate that as of October 2013, 17.6 percent of CalPERS employees are persons with disabilities. This exceeds CalHR’s mandated rate of 16.6 percent.
Workplace

To integrate D&I into the organizational culture, CalPERS continues to seek support from its two established employee resource groups: the CalPERS Diversity and Inclusion Group (CDIG) and the CalPERS Disability Advisory Council (CDAC). Staff will collaborate with internal stakeholders to establish a formal program to enable employees to create CalPERS-sanctioned employee resource groups that actively engage in focusing on a central unifying purpose, mission, or business activity. This supports CalPERS Workforce Strategic Plan for peer-to-peer knowledge transfer, informal mentoring, professional development, talent management, recruitment and retention.

CalPERS employee resource groups will continue to sponsor Brown Bag Luncheon Speaker Series that will feature a wide range of guest speakers who provide Diversity & Inclusion topics of interest to all staff. The Brown Bag held in October 2014 was tied in with the annual National Disability Employment Awareness Month.

Marketplace

CalPERS continues to be committed towards building a strong Supplier Diversity Program. The foundation of our program consists of internal and external deliverables to help ensure program success for all CalPERS stakeholders.

Our program focuses on certified SB/DVBE. In doing this, CalPERS future plans for FY 2014-15 in its committed towards building a strong Supplier Diversity Program includes further participation in Department of General Services (DGS) State Department Advocate Meetings by addressing the need for more certified SB/DVBE vendors providing legal and investment services.

To further this effort, we will attend bidder’s conferences to provide networking opportunities and encourage eligible SB/DVBE vendors to become certified via DGS and register as a business partner to receive notifications of future opportunities.

CalPERS will also continue to strengthen the internal campaign to further promote the program and encourage CalPERS staff to use certified SB and DVBE vendors for products and services, providing that products, services, pricing, distribution, and service levels are comparable and work with internal program areas to identify SB/DVBE contract participation opportunities.

CalPERS will once again host a SB/DVBE vendor fair and participate in business tradeshows, conventions and events to promote CalPERS contracting opportunities.
As part of its continued efforts under the Emerging Manager Five-Year Plan, staff will examine various aspects of the transition process in its emerging manager programs and seek to identify the best practices centered around the emerging manager transition to direct mandates. Investment staff will continue to evaluate and enhance the Investment Proposal Tracking System and the Targeted Investment Programs webpage, as these two portals serve to meet the information and program needs of emerging and diverse investment managers.

Also ongoing is our work to reach out to external stakeholders to strengthen CalPERS presence in emerging manager networks through industry associations. We will continue to engage with stakeholder groups and participate in their organizations’ meetings, conferences, and events related to emerging and diverse managers in the investment area.

The CalPERS Investment Office, Diversity Outreach Program and Human Resources Division plan to complete their ongoing work related to the Talent Community Strategy Project. This project’s scope includes two work streams: Benchmarking and Sourcing Effectiveness. Activities in the benchmarking work stream include identifying gaps and opportunities for improvement in diversity-related talent practices within the Investment Office. Activities in the Sourcing Effectiveness work stream include developing strategies and establishing partnerships with diverse organizations to enable better access to a diverse talent pipeline of potential candidates.

The outcome of these work streams will better align CalPERS with industry best practices related to talent sourcing, onboarding, retention, and development. While this work will initially focus on senior level positions, it is anticipated to be a prototype for the larger Investment Office.
CalPERS Vision, Mission and Core Values

Our Vision
A trusted leader respected by our members and stakeholders for our integrity, innovation and service.

Our Mission
Provide responsible and efficient stewardship of the System to deliver promised retirement and health benefits, while promoting wellness and retirement security for members and beneficiaries.

Our Core Values

Quality
- Strives to exceed customers’ needs and expectations through competence, innovation and teamwork
- Proactively explores policy and product opportunities to better serve our customers
- Seeks to “do it right” the first time
- Considers, understands and manages risk

Respect
- Treats every person with kindness and humility
- Values and recognizes every individual for their unique skills, talents and contributions
- Stays present in the moment and actively listens to understand others
- Is courteous, responsive and professional

Accountability
- Takes ownership of, and responsibility for, actions, risks and results and uses outcomes as learning opportunities
- Makes sound decisions from experience, good judgment and collaboration
- Gives and seeks clear expectations
- Finds solutions that contribute to desired results

Integrity
- Acts in all endeavors with an ethical, honest mindset and in a professional manner
- Honors commitments, keeps promises and builds trust
- Is truthful in all actions and communications

Openness
- Approaches every situation with good intentions
- Is receptive to new and diverse ideas
- Listens, cooperates and shares across the organization
- Encourages a trusting environment by being genuine and transparent in actions and communications

Balance
- Supports a healthy personal and professional balance
- Maintains focus on long-term goals while meeting short-term needs
- Embraces opportunities for personal and professional development
- Supports an environment that is optimistic and enjoyable in which relationships can prosper across our organization and communities