



Finance and Administration Committee Agenda Item 11a

February 13, 2018

Item Name: Annual Diversity Report

Program: Diversity Outreach Program

Item Type: Information

Executive Summary

The purpose of this agenda item is to provide the Finance and Administration Committee with the Commitment to Diversity and Inclusion (D&I) report (Attachment 2) for the 2016-17 Fiscal Year and present an overview of the D&I initiatives, programs and accomplishments across the enterprise, including an update on current workforce demographics (Attachment 1).

This agenda item also provides an update on current D&I activities from the Investment Office, which focus on three areas: corporate boards, external managers, and talent management.

Strategic Plan

This agenda item supports the Talent Management strategic goal to “promote a high-performing and diverse workforce” through recruitment and empowerment of a broad range of talents to meet the organization’s priorities.

Background

The foundation of CalPERS D&I efforts has been built on a strategic three-tiered approach in the workforce, workplace and marketplace as follows:

- Workforce – we recruit and retain a high-performance team inclusive of our State’s rich history
- Workplace – we actively educate our leadership and staff to increase awareness and create an inclusive culture, understanding the skills that lead to greater quality, respect and accountability
- Marketplace – we serve our members with the sensitivity to their diverse perspectives

Analysis

Recognizing the importance of having an enterprise approach, CalPERS developed a D&I enterprise strategy during the 2016-17 fiscal year co-created by team members and leaders across the organization that made up a D&I Advisory Committee. The strategy development was supported by CalPERS Diversity & Inclusion Group and CalPERS Disability Advisory Committee, teams of employees that represent a cross-section of CalPERS divisions and branches.

The strategy was developed through best practice research, employee engagement and feedback, and most importantly the collaboration with our partners through focus group discussions. The strategy outlines a renewed focus on CalPERS D&I efforts by placing emphasis on talent management, education and communication and serves to complement the initiatives outlined in the CalPERS' Investment Office D&I 2020 Plan.

Through the initiation of these efforts we sparked more cohesiveness and effective cross-divisional partnerships to maximize resources.

The D&I Advisory Committee also developed an enterprise D&I Statement to ensure a shared understanding of our D&I philosophy and work. The statement reads:

"CalPERS is committed to people – the members we serve and the people who work here. We strive to foster a culture of inclusion that welcomes diversity of thought, experience and background. We have learned that diversity within an inclusive working environment enhances the relevance of our work, increases productivity, and improves the value of services we provide."

D&I Program Highlights

- More than a thousand CalPERS team members were educated about D&I topics and reported a positive rating of 92 percent on the trainings.
- In 2017, the CalPERS Diversity & Inclusion Group was honored with the Spotlight Impact Award for best practices in the areas of organizational impact, talent management, and culture of inclusion on behalf of PRISM International, Inc.
- Launched organizational definitions for Diversity & Inclusion to ensure a shared enterprise-wide understanding.
- Over 500 team members attended the 10th Annual D&I Day. Eighty-one percent reported that the event helped them appreciate the unique differences and experiences of their team members.

Demographic Highlights

- CalPERS workforce continues to span over four generations. Generation Xers are the largest group, followed by Millennials, Baby Boomers and Traditionalists.
- 58 percent of CalPERS workforce is female and 42 percent is male.
- There are over one hundred bilingual team members, speaking 29 different languages including American Sign Language.

Measuring Our Success

CalPERS new Employee Engagement survey administered in 2017 asked questions of team members about their perceptions of CalPERS work environment as it relates to diversity and inclusion. The survey found that on average 66 percent of team members agreed that CalPERS fosters a work environment that "values individual differences and contributions," "leverages individual experiences, perspectives, and talents to ensure quality outcomes," and that CalPERS is an organization a team member would recommend to others as a "great place to work."



The 2017 results will serve as the baseline for measuring future success with a goal of increasing the employee engagement survey scores related to diversity & inclusion by 8 percent, by 2022. The progress of this strategic measure will be reported to the Board of Administration annually as part of the Enterprise Performance Reporting process.

D&I in the Investment Office

Diversity & Inclusion efforts in the Investment Office are led by the D&I Steering Committee, which includes the Chief Investment Officer, Chief Operating Investment Officer, and representatives from throughout the Investment Office. The Investment Office D&I Steering Committee operationalizes Investment Belief 10:

Strong processes and 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.

In 2016, the D&I Steering Committee developed an Investment Office Diversity & Inclusion 2020 Plan. The purpose of the D&I 2020 Plan is to provide a strategic framework to be undertaken between January 2016 and June 2020 that will guide Investment Office decisions and engagement, and establish initiatives for diversity and inclusion. The D&I 2020 Plan details CalPERS' D&I efforts in three areas: corporate boards, external managers, and talent management. Notable in FY 2016-17:

- Seven candidates in the Diverse Director DataSource (3D) candidates were appointed to Corporate Boards
- 21 of 87 companies CalPERS and CalSTRS engaged on gender diversity appointed 23 female directors
- Successful completion of the Emerging Manager Five-Year Plan
- Establishment of the External Manager Outreach and Engagement Initiative
- Five local high school graduates Thousand Strong interns joined the Investment Office.
- More than 75 emerging and diverse managers participated in Emerging, Transition, and Diverse Manager Day
- Hosted the CalPERS and CalSTRS Diversity Forum 2017, with post-event survey results finding 98 percent of respondents ranked the event as “excellent” or “very good”

Budget and Fiscal Impacts

Funding for Diversity & Inclusion activities provided through approved enterprise operating budget.

Benefits and Risks

CalPERS's commitment to diversity is a shared goal; together we are moving the enterprise to the next level of inclusion. Rooted in our core beliefs, D&I helps shape the way we interact with our members, each other, and the world around us. The risk of not continuing these initiatives would diminish our ability to recruit, retain, develop, and empower our workforce.

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 strengthen our high-performance work culture and organization - Our Differences Are Our Strengths.

Attachments

Attachment 1 – Expanding Diversity & Inclusion (D&I) at CalPERS

Attachment 2 – 2017 Commitment to D&I Report

Kelly Fox

Chief
Stakeholder Relations

Brad Pacheco

Deputy Executive Officer
Communications & Stakeholder Relations

Charles Asubonten

Chief Financial Officer

