

Commitment to Diversity & Inclusion

Annual Report

Fiscal Year 2016-17



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A Message from our CEO

For CalPERS, diversity isn't just a goal; it's a call to action. We understand that to sustain long-term retirement and health security for our members, we must continue to make inclusion and diversity a business imperative. People and their differences make up the foundation of our mission. Our future depends on our ability to develop broad perspectives and form innovative approaches in new and creative ways.

This means we are committed to a culture of inclusion, in which we orient our business practices around positive workplace relationships, recognition, and ongoing opportunities for professional development. When we focus on people, we are best positioned to increase the engagement of our workforce. With a highly engaged workforce, we are best positioned to succeed as an organization and fulfill our mission to provide retirement and health security.

We hope that by documenting our journey over the last year we can provide some insight for others who are working to implement and improve D&I in their organizations. We look forward to next year's journey and as we strive to be a more diverse and inclusive organization.

Marcie Frost
Chief Executive Officer

Diversity & Inclusion: Our Framework

Our Statement

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.

New D&I terms

Diversity is the inherent and acquired qualities that make us unique as individuals.

Inclusion is a practice to maintain a positive environment where all individuals feel recognized and valued.

Introduction to Diversity & Inclusion at CalPERS

As the nation's largest public pension fund and an organization with global impact, CalPERS recognizes diversity and inclusion as a vital business initiative that brings a competitive business advantage.

Vision

To develop and administer an innovative state-of-the-art diversity and inclusion program that serves as a model for the state of California and all public pension funds.

Mission

In alignment with CalPERS core values, the mission of CalPERS Diversity Outreach Program (CDOP) is to foster an environment that provides:

- Our workforce with equal opportunities for growth and promotion in a discrimination-free environment
- Our diverse members with access to the highest quality retirement and health program services
- All entities with equal opportunity to participate in CalPERS Investment programs and enterprise-wide procurement processes

Goal

To foster a culture that is inclusive, leveraging the unique talents and perspectives of every employee.

Our message is one of appreciation and respect for our employees, members, employers, stakeholders, and the larger community.

We believe diversity provides two primary advantages: Internally, greater human resources are generated from a variety of perspectives, and externally, a diverse workforce enhances our ability to perform better as an organization and to respond effectively to an increasingly diverse customer base.

Recruiting and Developing Diverse Talent

We filled more than 600 job vacancies during the last fiscal year, giving us a generous pool of talent from which to build a skilled and diverse workforce.

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. These initiatives included:

- Attending a variety of outreach events to create a talent pool of diverse, multicultural, and qualified professionals, including veterans, college students, diversity group members, and experienced professionals in specific fields or occupations
- Advertising our job vacancies with industry professional and alumni associations to build strategic partnerships to further expand our recruitment reach. We also advertise at more than 30 colleges nationwide to attract new talent;
- Participating in the Limited Examination and Appointment Program (LEAP), a process for recruitment and hiring persons with disabilities. We also use talent pools in Boomerang, the state's Retired Annuitant candidate pool, and the candidate pool maintained by the California Work Opportunity and Responsibility to Kids (CalWORKs) program;
- Using the California Department of Human Resources' new Examination and Certification Online System (ECOS), through which we receive electronic applications. This has increased our average number of applications per recruitment and largely automated our certification duties, leaving more time to focus our efforts on recruiting for specific talent; and
- Leveraging our social media presence by advertising job openings on venues such as LinkedIn, Twitter, Facebook, Dice.com, Sac Jobs, and the TOIGO Foundation, where we can more broadly focus on outreach. Other communication efforts focus on expanding relationships with strategic partners who can open doors to a qualified and diverse applicant pool, and educating Investment Office team members on D&I initiatives to increase communication and education.

Career Services and Outreach Program

The CalPERS Career Services and Outreach Program assists team members in meeting their personal career goals and supports the strategic goal of cultivating a high-performing, risk-intelligent, and

innovative organization. The information provided by the Career Services and Outreach Program is intended to supplement career coaching that managers and supervisors provide to team members. In addition to supporting team members' professional growth, the program supports retention, which allows for knowledge transfer and succession planning efforts by creating a well-rounded, knowledgeable workforce with increased bench strength. The Career Services and Outreach Program offers and hosts a variety of services and events both at CalPERS and offsite throughout the year.

Some of the key highlights from FY 16-17 are:

2017 CalPERS Career and Education Fair

- Cross-divisional participation reached 90 percent throughout the enterprise.
- Participant feedback gave Career Services and Outreach a 70-percent ranking as most useful internal career resource.
- Breakout sessions were spread throughout the event's three days, as a response to the previous year's feedback, to accommodate work schedules.

External Outreach and Career Fairs

There was a 34-percent increase in external events focused on hard-to-recruit positions.

Career Services Consultations

- A total of 490 CalPERS team members requested and received services.
- There was a 51-percent increase in team members who received either desired promotional or transfer opportunities.

Informal and Speed Mentoring

Our Informal and Speed Mentoring programs are designed to encourage team members at all levels to exchange ideas and learn from each other. What began as two-year initiatives in FY 15-16, are now ongoing efforts that benefit the enterprise through knowledge transfer, and are in line with our current strategic and business plans. Informal Mentoring has been woven into the CalPERS culture as a way to nurture and support the development of our diverse workforce. It allows team members to feel empowered to seek out opportunities and engage with one another to develop themselves professionally. The organization benefits through improved team member engagement, retention, and morale. The

success of Informal Mentoring is its simple and easy format, which relies on an ever-increasing number of team members participating across the enterprise.

The three primary goals of Informal Mentoring are to:

- Continue to integrate mentoring into CalPERS culture;
- Encourage participation, so all team members embrace and support Informal Mentoring as an essential part of CalPERS culture; and
- Educate team members about how simple and easy Informal Mentoring can be.

Our Informal Mentoring program will benefit from the implementation of “illuminet,” an internal networking site, which provides the opportunity to both seek and serve as mentors for career advancement.

In addition, the Career Services and Outreach program, along with the Mentoring Advisory Committee, hosted the first-ever Speed Mentoring event at CalPERS. This was a series of short, focused, career-related conversations that occurred between CalPERS team members acting in either the mentor or mentee role. Many of the participating members were at the senior or executive level. The goal of this event was to focus on quick-hit information that was both time efficient and advantageous for all parties involved. This event is just one example of the many ways to mentor CalPERS team members or be mentored as part of our informal mentoring program. The Speed Mentoring event was successful, and has been scheduled again for September 2018.

Student Assistant and Internship Programs

Career Services and Outreach is assisting CalPERS in the expansion of recruitment channels as part of a 2017-18 Business Initiative. With the launch of new student assistant and internship programs, CalPERS will be supporting Sacramento Mayor Steinberg’s Thousand Strong program and partnering with University Enterprise Inc. (UEI). Thousand Strong is a community effort to strengthen Sacramento by preparing local youth – the future talent pool – for success in careers through training and year-long paid internships. UEI is the largest provider of student assistant employment opportunities in California and assists both state agencies and private employers as their primary source for student assistants.

Employee Engagement Survey

New this year was the Employee Engagement Survey, which replaced the Organizational Health Index Survey. This new survey was streamlined to provide managers with more targeted feedback. Instead of every three years, the survey will now take place on an annual basis, with a quarterly one-question

supplement that will allow ongoing dialogue and monitoring of engagement. Survey questions will correspond to proven drivers of engagement and retention. Results will tell us how engaged team members are overall, what is driving their engagement, and what areas need improvement.

This year's survey results will set the baseline, and allow us to measure the engagement of our team members, as well as where we excel and where we can improve.

CalPERS is placing a focus on fostering a culture that supports engagement, where everyone owns their part. This is an opportunity to participate in sharing how team members feel about their roles at CalPERS and how we are doing overall as an employer. Team member engagement goes even beyond satisfaction. Satisfied team members feel comfortable and are generally happy that their needs are being met – in contrast, engaged team members are not only getting their needs met, but also want to contribute to make the organization a better place. Satisfied team members typically stay at an organization because of what they can get from it, while engaged team members stay at an organization for what they can give to it.

Team-member engagement encompasses how emotionally connected and committed an employee is to the organization and their role. Engagement is also highly correlated with customer satisfaction and a key factor in driving business outcomes.

Studies have shown that highly engaged team members:

- Believe in what they're doing;
- Feel a sense of ownership;
- Will deliver more than what's required in their roles; and
- Feel energized, passionate, and dedicated toward their organization.

Weaving Diversity into our Culture

CalPERS Diversity Outreach Program Overview

As part of our commitment to foster an inclusive workplace environment, CDOP offers a variety of services that are designed to educate and equip our team members with knowledge and tools that enable them to work effectively together. Working directly with team leaders, we identify needs and areas of opportunity to modify our program accordingly to address specific needs.

Expand D&I Program Business Initiative

Through the new FY 16-17 Expand D&I Program Business Initiative, CDOP created the D&I Advisory Committee to develop a new set of focus areas that will lead the enterprise to the next level of inclusion. Those areas are education, communication, and talent management. The committee was comprised of members throughout the organization, including executive leaders, team leaders, representatives from our employee resource groups, our Equal Employment Officer, and other team members who have expressed interest and passion in Diversity & Inclusion. Having a committee of individuals with diverse backgrounds and organizational roles was vital to ensuring this initiative was executed properly. By taking this approach, we gained further insight to the needs of our teams to ensure that the organization takes a holistic approach toward D&I. Most importantly, by being inclusive, this initiative underwent the proper review and discussion before final recommendations move forward to implementation. This committee's contribution as D&I advocates was an integral part of implementing our new enterprise-wide D&I strategy for the future.

CDOP Workshops and Outreach

During the fiscal year, senior leaders, managers, and team members received the following trainings: Diversity & Inclusion 101, Embracing Generational Differences, The Concealed Mind: A Look at Unconscious Bias, and The Diverse Mind: Mental Health Topics in the Workplace. CDOP also assisted managers who requested workshops, such as *Color Lingo*, a communication workshop based on discovering the strengths, values, and needs of individuals, and appreciating these differences.

Diversity & Inclusion

We all have different perspectives, experiences, lifestyles, and cultures. Headquartered in one of the most diverse cities in the country, CalPERS has a unique opportunity to leverage these differences as sources of

strength and innovation by practicing inclusion. Inclusion at CalPERS is the practice of maintaining a positive work environment where all individuals are recognized, respected, and valued.

Our *Diversity & Inclusion 101* workshop provides a strong foundation and overview of D&I at CalPERS. Participants engage in activities to learn about cultural awareness, self-awareness, and the dynamics of different generations working together. Tools and resources are provided to help implement inclusion as part of a daily business practice.

Setting the Stage for an Inclusive Culture

As new employees join the CalPERS team, they attend New Employee Orientation (NEO). In this presentation, CDOP covers CalPERS' D&I philosophy, D&I fundamental concepts, and services, such as Equal Employment Opportunity. As part of this overview, we encourage new team members to get involved and network by joining one of our employee resource groups. Through NEO, we set the stage to assist new team members succeed by connecting them to the vital role of D&I and our CalPERS culture.

Communication

A major aspect of diversity is how we communicate and to understand we all have different communication styles. One of the most popular workshops we offer is *Color Lingo*. How effective is your communication? How effective is the communication of your team? This training utilizes the power of knowing your 'color personality' style to enhance your communication skills, and that of your team's, for maximum effectiveness. Teams can build cohesiveness with this great tool. Participants reduce conflicts and solve problems more quickly through the collaborative, team-building activities provided. Quick reference materials help both team leaders and members rapidly identify potential communication opportunities and provide direction for exploring more resourceful responses.

Unconscious Bias

Even with the purest of intentions, the way we perceive and respond to the world is strongly influenced by factors of which we are often completely unaware. These unconscious influences are grounded in personal history, as well as our biology, and can detract from the quality of our decision making, especially for team leaders.

The Concealed Mind is a workshop we offer that aids in the identification and navigation of unconscious judgments to ensure that our leaders and team members can avoid making unintentionally biased

decisions. Participants are provided with tools and resources to influence their decision-making process in a more inclusive manner.

Inclusive Leadership

To truly embrace and leverage our diversity, we rely on our leaders to practice inclusion and set the tone for the organization. This training offers team leaders an understanding of D&I benefits and teaches them how to leverage differences to create a culture of unity and respect, where all team members can contribute to the overall success. Our goal is to help leaders maintain inclusive behaviors to build a work environment where all team members are motivated, productive, and engaged.

Another aspect of inclusive leadership is the understanding of mental health and neurodiversity in the workplace. *The Diverse Mind* workshop covers myths and realities of mental health and neurodiversity, and broadens awareness so that employees have the confidence to be a part of or lead an inclusive team. Team leaders are given information and tools to respond to opportunities regarding hidden disorders in the workplace in a way that limits risk, raises morale, and heightens productivity.

In collaboration with Human Resources Services Department, CDOP takes part in their 10-week Progressive Leadership Series. CDOP offers a 90-minute workshop designed to provide an overview of D&I at CalPERS, and connect leaders to opportunities to be engaged advocates of D&I, and to foster an inclusive work culture by using CDOP resources.

D&I Events in FY 2016-17

CDOP hosts several events each year to celebrate and raise awareness of D&I and the many cultures represented at CalPERS. Each year the event calendar is approached with a long-term view by considering past events and future opportunities to schedule and organize a diverse selection of activities.

Annual D&I Day

In August, CDOP hosted the 10th-Annual D&I Day: Reflecting on Our Journey Toward Inclusion, the event provided opportunities for team members to connect, develop appreciation, and broaden their perspectives. It featured cultural exhibits from every continent, international cooking tools, fashions from around the world, artwork representing CalPERS' generations, community organizations seeking volunteers, employee resource groups supporting diversity and disabilities, live cultural entertainment, and an international menu offered in the CalPERS Café.

The August 31 event was open to team members, with more than 500 people participating, of which 81 percent reported the event helped them appreciate the unique differences and experiences of other team members.

D&I Networking

The CalPERS Diversity & Inclusion Group (CDIG) and the CalPERS Disability Advisory Committee (CDAC) hosted a Diversity, Dialogue, and Inclusion networking event. The event included roundtable discussions to encourage employees to network with team members and experience the rich diversity of thought at CalPERS.

All team members were invited to join in the D&I networking events, which are employee driven to reach a broader audience. Participation rates have doubled since last year, with 97 percent of attendees rating these events as excellent, as they engage in conversation with and learn about one another.

Disability Awareness Fair

In recognition of National Disability Employment Awareness Month, CDAC and CDOP collaborated to host a fair in October 2016. The theme, "A Walk in Their Shoes," was represented by over 30 non-profit organizations in the Sacramento area. In addition to raising awareness about disability employment issues, the purpose of this event was to celebrate the contributions of workers with disabilities and to showcase the resources available to all those who experience disabilities of any kind. Over 500 team members attended and 92 percent of them reported that this event raised their awareness of disability employment issues and available resources.

Total CalPERS Team Members Reached

More than 1,000 team members attended these events, and 92 percent reported that participation helped raise awareness, and that they had a positive experience.

CDOP-Managed Employee Resource Groups

CDOP oversees and supports two important employee resource groups, CDIG and CDAC. Membership is comprised of team members from across the enterprise who actively engage in spreading awareness of D&I and disability topics in the workplace. The employee resource groups also provide opportunities for their members to gain professional experience that empowers them to be more effective leaders and D&I advocates.

CalPERS Diversity & Inclusion Group

D&I's CDIG aims to foster an inclusive environment where respect and openness bridge our different ideas, experiences, perspectives, and culture to enrich the professional development of its members and the CalPERS workplace. CDIG received the Employee Resource Group & Council Honors Award, presented by PRISM and the Association of ERGs & Councils, and was recognized as one of the nation's top-25 employee resource groups in 2016.

CalPERS Diversity Advisory Committee

CDAC is dedicated to the inclusion and equality of employees with disabilities and to ensure an environment that is accessible to all employees, regardless of disability type.

CDAC promotes its mission of inclusion by developing and sponsoring employee awareness programs and events. CDAC members' advocacy efforts will ensure universal accessibility to all team members. Accordingly, CDAC will continue to evaluate compliance with federal and state laws and initiate appropriate steps to address organizational deficiencies.

CDAC advises and assists the Chief Diversity/Equal Employment Opportunity Officer on the development, implementation, and evaluation of EEO programs and activities, which may be mandated, or otherwise provided for, in the Federal Americans with Disabilities Act of 1990.

CDOP Marketing and Media

CDOP continued distribution of the monthly email newsletter *Cultural Investments*. The newsletter is designed to support CalPERS leadership in day-to-day D&I business practices and provide a variety of tools, examples, and exercises to assist in optimizing team performance. CDOP also developed and published a series of internal articles on topics such as micro-inequities in the workplace, cross-cultural communication, and inclusion.

Reaching Out: Supplier Diversity

Twelve years ago, CalPERS made a commitment to award 3 percent of all competitive contracts to Disabled Veteran Business Enterprises (DVBE) and established an overall Small Business/Micro Business (SB/MB) contract participation goal of 25 percent, in keeping with state public contract laws. This commitment enhances California's local economy and enriches our experience by doing business with a wide range of supply and service vendors. In 2016-17, we achieved an SB/MB participation level of 19.18 percent, an increase of 4.59 percent. In 2016-17, we achieved a DVBE participation level of 2.79 percent, and an overall average of 5.8 percent DVBE participation in all contracts awarded for the five fiscal years spanning 2012-17. Our SB/MB fell short in meeting the 25 percent SB/MB participation goal for this reporting period, due in large part to CalPERS' unique contracting needs, which are not conducive to consistent SB/MB participation.

Health benefits contracts accounted for nearly 50 percent of our total contracting and procurement dollars in FY 2016-17, and totaled nearly \$230 million. These contracts often preclude SB/DVBE vendors as prime suppliers due to Health Information Portability and Accountability Act regulations, which limit the opportunities for subcontract participation. Our large and unique investment contracts also do not often lend themselves to SB/DVBE participation, in large part due to the international companies we use to make certain retirement is available for more than 1.9 million members. The value of these contracts last year was \$135 million. Legal contracts amounted to \$4.4 million for the fiscal year. These types of contracts accounted for 78 percent of CalPERS spending for 2016-17. Had health, investment and legal contracts been excluded from the reporting requirements, we would have surpassed our SB/MB participation goal with 28.20 percent and our DVBE participation goal with 4.15 percent.

We seek continuous improvement in supplier diversity, as our SB/DVBE Advocate continues to attend various outreach programs throughout the state to invite SB/DVBE firms to do business with CalPERS. And we continue to strive to make our team members at CalPERS aware of what SB/DVBE firms throughout California can provide for them with a new training course for Contract Managers at CalPERS.

D&I in the Investment Office

D&I Steering Committee

The Investment Office Diversity and Inclusion Steering Committee operationalizes Investment Belief 10. The Steering Committee is led by the Chief Investment Officer (CIO) and Chief Operating Investment Officer, with representation from throughout the Investment Office.

Investment Belief Number 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.

Diversity and Inclusion 2020 Plan

In 2016, the Steering Committee developed an Investment Office Diversity and 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.

Corporate Boards

As an investor in more than 11,000 companies worldwide, CalPERS has a voice as an owner. The Investment Office views board quality and diversity as critical to a company's performance. In August 2016, the Investment Committee approved a key performance indicator that these companies have a measure of board diversity in 20 years.

Diverse Director DataSource

CalPERS is a co-founder of the Diverse Director DataSource, known as 3D, which focuses on providing a pool of diverse talent for companies looking for skilled individuals to serve as board members. 3D has successfully moved to Equilar and is a searchable source within the Equilar BoardEdge platform. Since the move to Equilar this spring, seven candidates in the 3D database have been appointed to corporate board seats.

Securities and Exchange Commission Petition on Enhanced Disclosure

In 2015, CalPERS submitted a petition to the Securities and Exchange Commission to strengthen Corporate Board diversity disclosure. CalPERS, along with external partners, continues to advocate for the petition.

Board Diversity

CalPERS engages with select companies and votes proxies to increase Board diversity and quality. This year, team members engaged four S&P 500 companies that lacked gender diversity. Two have since added female directors and the other two have committed to adding female directors in the future. Additionally, we partnered with CalSTRS to engage with 87 California companies that lacked gender diversity; 21 of these companies have since appointed 23 female directors.

External Managers

As part of CalPERS' commitment to equality of access, we seek to understand and report the diversity of our external managers. We engage with our external managers, our pension peers, and the investment industry broadly on these important issues through our Emerging Manager Five-Year Plan, our Established External Manager Outreach and Engagement Initiative, industry research, and industry conferences and organizations.

Emerging Manager Five-Year Plan

The Emerging Manager Five-Year Plan concluded on June 30, 2017, with all the objectives being met and completed. Key highlights from the final year include establishing a process for capital deployment and manager solicitation for the Transition Manager program.

Emerging and Transition Manager 2020 Plan

The new Emerging and Transition Manager 2020 Plan was introduced to the Investment Committee in December 2016, and formally began July 1, 2017. The 2020 Plan will focus on six key initiatives that are intended to maintain CalPERS' leadership in emerging and transition manager investment programs, and build on the success of the initial Five-Year Plan.

Established External Manager Outreach and Engagement Initiative

In April 2017, the Steering Committee approved the Established External Manager Outreach and Engagement Initiative. The goal of this initiative is to engage with established external investment managers on diversity and inclusion issues and survey and report out aggregated external CalPERS manager demographics, diversity and inclusion policies, and programs.

As part of this initiative, CalPERS team members communicated and engaged with CalPERS' external managers this spring regarding the goals of the D&I 2020 Plan. All established managers were invited to the 2017 CalPERS and CalSTRS Diversity Forum and provided with recent diversity research. On May 9, the Investment Office brought together a group of external investment managers, strategic partners, forum speakers, and diversity and inclusion experts, for a presentation and discussion on proven methods to increase diversity and best practices.

Talent Management

As part of the D&I 2020 Plan, the Investment Office has made it a strategic priority to foster an environment of inclusiveness and increase awareness of diversity and inclusion issues. This work stream includes initiatives aimed at increasing the pool of qualified diverse job applicants, team member education and training, and communicating with team members on developments related to diversity and inclusion.

Internal Talent Management Discussions

Investment Office leadership held three interactive sessions with Investment Office internal managers. The goal of these talent management discussions was to share information and serve as a forum for discussion on topics related to diversity and inclusion. The first session covered hiring best practices, mitigating bias, and strategic partnerships. For the remaining two interactive sessions, the Investment Office hosted external experts who discussed their experience and research related to increasing diversity and inclusion in organizations.

Strategic Partner Plan

The Steering Committee continues to implement the Strategic Partner Plan with goals to network with diverse organizations, build relationships and exchange information, and increase the pool of qualified diverse applicants for open positions in the Investment Office. Diverse, cross asset class teams regularly communicate with strategic partners, provide notices of open Investment Office recruitments, attend strategic partner events, and network with industry professionals.

This past year, CalPERS team members worked with partners to further diversity and inclusion objectives in the investment industry and at CalPERS. We work with our partners on thought leadership, including development of cutting-edge content for the 2017 CalPERS and CalSTRS Diversity Forum. At CalPERS, team members have talked to more than 40 candidates from the Strategic Partner Plan, explaining the Investment Office recruitment process, duty statements, and providing information on working at CalPERS and living in Sacramento.

The six organizations participating in the Strategic Partner Plan are:

- 100 Women in Finance
- Association of Asian American Investment Managers
- CFA Institute
- Executive Leadership Council
- New America Alliance
- Robert Toigo Foundation

Internships

The Investment Office has established two internships to increase the pool of qualified entry level investment candidates:

- Sacramento Mayor Darrell Steinberg's *Thousand Strong* internship program pairs talented Sacramento area public high school graduates with area businesses and organizations. Interns provide administrative support for the Investment Office and receive investment-related education from team members. They also have the opportunity to be mentored by Investment Office team members, either in a work setting or casually over lunch.
- CIO Ted Eliopoulos described *Thousand Strong* as "arming its young participants with the necessary business skills that will help them with their future careers and strengthen Sacramento's workforce." The Investment Office's five *Thousand Strong* interns will all attend college in the fall, four as the first in their families to do so.
- *University Enterprises Inc. College and Graduate School Pilot* recruits from public and private accredited colleges throughout California. Five intern positions have been created throughout the Investment Office.

Industry Events

The Investment Office hosted two important Diversity and Inclusion events and participates regularly in external events.

Emerging, Transition, and Diverse Manager Day 2016

On September 8, 2016, the Investment Office successfully hosted the third-annual Emerging, Transition, and Diverse Manager Day, which provides an opportunity for emerging and transition managers to meet with senior asset class team members and external investment advisors to introduce their firm, provide a brief presentation, and receive feedback. More than 75 emerging and transition manager firms participated.

CalPERS and CalSTRS Diversity Forum May 2017

The Investment Office co-hosted a Diversity Forum with CalSTRS on May 10, 2017, at the Sacramento Convention Center. The event set the stage for investment and corporate executives to discuss how to better capitalize on the abilities of the diverse modern workforce. The Diversity Forum focused on recent diversity and inclusion research, how to develop and implement solution-oriented initiatives, and insights and experiences of industry leaders.

The event's keynote speakers were John Thompson and Dame Helena Morrissey. Thompson is the Chair of Microsoft and its Chief Executive Officer of Virtual Instruments. Morrissey is Head of Personal Investing at Legal and General Investment Management, and Dame Commander of the Order of the British Empire for services to diversity in the financial services.

More than 25 speakers from McKinsey, Harvard University, Blackstone, and other leading organizations presented. Forum topics addressed all three D&I 2020 Plan work streams: corporate boards, external managers, and talent management.

The survey results from the forum found that 98 percent ranked the event as "excellent" or "very good."

Our Future

As our society evolves, our demographics change, and our culture adapts, we must adapt along with it to remain successful, relevant, and representative of the people we serve.

Through the Expand D&I Business Initiative, we continue to explore and engage new efforts in talent management, education, and communication. Our goal is to build inclusive leaders and to educate and empower our workforce to be more aware, understanding, and embrace all our many differences.

As we look forward to another year together, we will begin implementation of our new D&I Enterprise Strategy and continue to explore and develop new and innovative ways of improving our inclusive work culture. We plan to achieve this by listening to our employees through a revamped annual engagement survey so we can better use and plan future efforts to increase engagement by 8 percent by 2022.

Diversity & Inclusion is not only a goal, but a call-to-action, a call we have answered on behalf of our members who serve those who serve California.

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