



Finance & Administration Committee

Agenda Item 8a

February 21, 2019

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 2017-18 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).

The 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

CalPERS began implementation of the newly adopted D&I enterprise strategy with the help of team leaders and members across the organization. The strategy is intended to be an enterprise approach to D&I efforts to increase engagement and integrate best practices.

Our renewed focus on D&I efforts connect talent management, education, and communication to other initiatives across the enterprise serving to be more cohesive and efficient with cross-divisional partnerships to maximize resources.

To meet the 17-18 business deliverables, our team implemented a communication plan, developed and began implementation to expand training, created a plan for capturing self-identifying data, and most importantly established the Workforce Diversity & Inclusion Strategic Measure to increase engagement by 8% by 2020.

D&I Program Highlights

- Implemented the D&I Strategy to increased collaboration, communication, and engagement across the Enterprise to increase engagement.
- Conducted Employee Engagement Survey and increased Workforce D&I Strategic Measure by 1.7% over the target of 1.6% annual goal.
- Conducted workshops and presentations to over 40 teams, including the Senior Leadership Council and as a result senior leader engagement increased with employee resource groups efforts.

The identified opportunities helped increase executive and leadership involvement with our two employee resource groups (ERGs), CalPERS Diversity & Inclusion Group (CDIG) and CalPERS Disability Advisory Committee (CDAC), adding momentum to ERG efforts in 2019.

The 11th Annual D&I day for the first time had a guest speaker. Eighty-two percent of surveyed attendees reported that the event increased awareness on the value of individual differences and contributions. Eighty-five percent reported that the event helped expand their perspective on what D&I means at CalPERS.

Demographic Highlights

CalPERS workforce continues to span over four generations. Gen-Xers (decreased by 4 team members) remain the largest group, followed by Millennials (increased by 41 team members), Baby Boomers (decreased by 51 team members), and Traditionalists (no change).

58% of CalPERS workforce is female and 42% is male.

44% of CalPERS Executives are Female and 56% are male.

40% of Senior Leaders (SSM III, DC) are Female and 60% are male.

70% of Team Leaders (SSM I/II) are Female and 30% are male.

58% of Rank & File team members are Female and 42% are male.

There are over 75 team members on the Language Fluency List, speaking 25 different languages.

D&I in the Investment Office

D&I 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 throughout the Investment Office.

The Investment Office D&I 2020 Plan, developed by the D&I Steering Committee in 2016, provides a strategic framework that continues to guide Investment Office decisions, engagement, and establish new D&I initiatives. The plan details 3 areas of focus: corporate boards, external managers, and talent management.

D&I Program Highlights

- Fourteen candidates in the Diverse Director DataSource (3D) candidate pool were appointed to Corporate Boards
- 18 percent of companies CalPERS engaged added a diverse director to their boards (93 of 504 companies)
- Voted against 271 directors at 85 companies where diversity engagements did not result in positive outcomes
- Ran proxy solicitations at two diversity engagement companies where others had filed diversity proposals
- Began implementation of Emerging and Transition Manager 2020 Plan
- Launched Transition Manager searches in Private Equity and Global Equity
- Launched manager search for Private Equity Emerging Manager mandate
- Hosted 50 managers at CalPERS Emerging, Transition, and Diverse Manager Day
- Launched a collaborative roadmap initiative to examine hiring, development and mentoring practices within INVO

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: 2018 Commitment to D&I Report

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