

CalPERS Commitment to **Diversity & Inclusion** Report

Fiscal Year 2014-15



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Message from Our CEO



Anne Stausboll

*Our differences
are our strengths.*

I am pleased to present our 2015 “CalPERS Commitment to Diversity & Inclusion” annual report. The recent fiscal year again reflects the empowering influence of diversity in the workplace that impacts everything we do at CalPERS.

Diversity & Inclusion has evolved into an essential part of the CalPERS culture. It defines how we conduct ourselves and our business.

The CalPERS workforce is an elaborate collaboration of culturally diverse employees who speak 33 different languages.

We promote a synergy of differences that spawns innovation in the work we do and the way we do the work. The many different perspectives among our staff support ongoing excellence in our service to a diverse population.

We also strive to do business with partners who share CalPERS’ commitment to Diversity & Inclusion in their own organizations.

We are committed to Diversity & Inclusion. This annual report reflects our continued commitment to Diversity & Inclusion as an indispensable asset in serving the people who serve California.

Sincerely,

Anne Stausboll
Chief Executive Officer

About CalPERS

The California Public Employees' Retirement System (CalPERS) is the nation's largest public pension fund with total assets of \$301.9 billion as of June 30, 2015. Based in Sacramento, the pension fund serves more than 1.7 million members in the CalPERS retirement system and administers benefits for more than 1.4 million members and their families in our health program.

CalPERS is made up of active and inactive members from state, school, and public agencies. The fund provides benefits to the active and inactive members, including retirees, their beneficiaries, and survivors.

CalPERS is led by a 13-member Board of Administration, consisting of member-elected, appointed, and ex officio members.

The System operates eight Regional Offices located in Fresno, Glendale, Orange, Sacramento, San Diego, San Bernardino, San Jose, and Walnut Creek.

Our Approach to Diversity & Inclusion

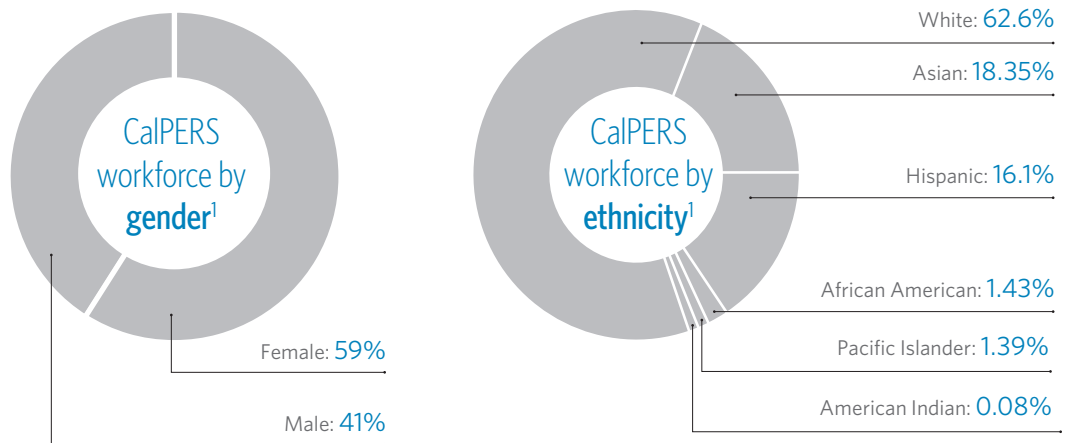
Diversity & Inclusion (D&I) at CalPERS is an organization imperative. It is vital to align with our members, engage our communities, and attract and retain talented individuals to maintain our success. Our strategic approach to integrate D&I into all aspects of our business is focused on three core areas:

- **Workforce** – We recruit and retain a high-performance team inclusive of our state's rich diversity.
- **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 sensitivity to their diverse perspectives.

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.



To ensure that our members, including those who are non-English speaking and Limited English Proficient, have equal access to CalPERS program services and information, CalPERS Diversity Outreach Program (CDOP) keeps current the CalPERS Language Fluency list. CDOP recruits bilingual employees biannually to maintain an updated Language Fluency list. The list features over 100 employees who speak 33 different languages, including American Sign Language.

¹ CalPERS employee data source: The data sources for this report are my|CalPERS member data (non-retiree and retiree) and the current July 2015 ethnic group data provided by Epsilon. CalPERS employees and managers/supervisors are subsets of the CalPERS member population. The classification of ethnic group was based on the member's first name, last name, and address.

Recruiting & Developing Talent

Acquiring Diverse Talent

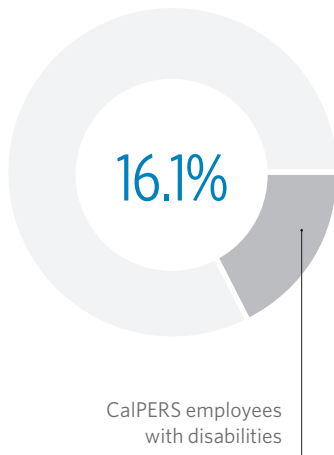
Our enterprise-wide D&I initiatives and strategies are designed to attract, develop, and advance talented individuals regardless of their race, national origin, sexual orientation, religion, age, gender, disability status, military or veteran status, or any other broad range of human differences.

To create a talent pool of diverse, multicultural, and qualified professionals, we attend a variety of outreach events including those targeting 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 leveraged our social media presence by advertising job openings on LinkedIn, Twitter, Facebook, Dice.com, Sac Jobs, Indeed, the TOIGO Foundation, and others to ensure we have broad diversity-focused outreach. In 2014, advertisements for our Investment Office were expanded to post on job boards and newsletters with diverse stakeholders to include New America Alliance, National Association of Investment Companies, National Association of Securities Professionals, and the Association of Asian American Investment Managers.

Highlights from Fiscal Year 2014-15

- Implemented Live Scan fingerprinting process for new employees reflecting CalPERS' commitment to protect the interests of the state, members, constituents, employers, and workforce.
- Created new and updated website content in SharePoint so our customers can easily find job and hiring related information.
- Partnered with the Public Affairs Office to improve the CalPERS career information on the external website.
- Participated in the 2015 CalPERS Career and Education Fair to provide job information to interested persons.



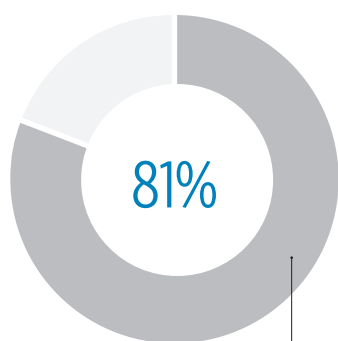
*Approximately
55,000 applications
were received
for over 600 job
vacancies during
the Fiscal Year (FY)
2014-15.*

- Updated online, job bulletin, and career opportunities language to ensure consistency and ease for customers when searching for vacant positions or career advancement.
- Developed and conducted Supervisory Skills Enhancement Hiring Overview Workshop and web-based training to provide hiring managers and supervisors information on the state's civil service, merit-based hiring process, hiring managers' roles and responsibilities, and best practices to fill positions.

Our Workplace, Our Culture

Our distinctive approach to D&I is based on each CDOP staff member taking personal accountability for success. 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.



CalPERS employees who took part in the Organizational Health Index survey

Integration of Diversity & Inclusion

Organizational Health Index Survey

The Organizational Health Index (OHI) is an employee opinion survey used to measure the health of an organization. CalPERS first administered the OHI survey in 2010 and the survey was given again in 2013. The OHI survey measures outcomes and practices that contribute to CalPERS' overall health score, which helps us to understand what we are doing well and where we can improve as an organization.

Executive staff reviewed and analyzed results from the 2013 OHI survey and identified three areas in need of improvement throughout the enterprise: accountability, capabilities, and innovation. Throughout 2013 and 2014, two cross-functional action planning teams were formed to address the enterprise-wide gaps identified through the OHI survey. The Accountability Team focused on "role clarity" and "process-based capabilities" and the Innovation Team focused on "employee-based innovation." The outcome of the work done by the Accountability and Innovation teams culminated in the development of programs, processes, and strategies that address role clarity, process-based capabilities, and innovation.

Staff will continue to be informed of the programs, processes, and strategies implemented as a result of OHI. In addition, staff will begin to plan for the next OHI survey which is scheduled to be administered in spring 2016.

Quarterly Professional Development Sessions

The Quarterly Professional Development Workshops helped 159 CalPERS leaders to develop and implement committed behaviors to integrate D&I competencies with their staff. Through the use of the new focus groups every quarterly workshop had a pilot, increasing the range of feedback and raising our number of participants for the year by 45 percent.

In addition to these numbers, CDOP has touched all divisions through enterprise-wide events, such as D&I All Staff (850), D&I Day (350), Brown Bag Lunch Series (132), and Cultural Lunch Events.

Three new workshops were developed for managers that covered a broad range of topics to provide managers with the tools necessary to lead diverse teams and promote inclusion:

- The Concealed Mind: A look at Unconscious Bias - A workshop based on identifying and navigating unconscious judgments, delivered tools to translate this learning into organizational impact and workplace efficiency.
- Inclusive Leadership - A workshop based on the elements of successful inclusive leaders, focused on how to work effectively with diverse teams and how to create an open and inclusive work culture.
- LGBT & Gender Identity Topics in the Workplace - A workshop based on LGBT & Gender Identity awareness in the workplace to aid in aligning leaders with CalPERS Policies and Core Values regarding LGBT & Gender Identity topics by demonstrating how to identify different situations and then manage them through staff support and education, Equal Employment Opportunity (EEO) pathways, and personal communication and behavior adjustment. This workshop also evolved into a Brown Bag Lunch session and a separate workshop for 26 external State departments.

This year, D&I quarterly workshop participation increased by 45 percent.

Cultural Investments continues to be a popular monthly email newsletter designed to develop inclusive managers and supervisors. Cultural Investments delivers tips and action steps to help managers and their teams create an inclusive culture. The goal of the newsletter is to provide teams with tools that will heighten awareness around D&I and the benefits of how it can shape their culture to create high-performing, risk-intelligent, and innovative teams.

The benefit of outreach is to heighten awareness around D&I and cultivate diverse, high-performance, innovative teams.

Division & Regional Outreach

In addition to the quarterly workshops, our Certified Diversity & Inclusion Practitioners have trained 12 out of 25 CalPERS divisions in D&I concepts. Our staff applied the same strategy of focus groups to deliver high-impact workshops and to reach more employees. Two previous workshops were revised to provide up-to-date content:

- Revised - Color Lingo - A workshop based on communication skill building for staff. Since the new revamp of Color Lingo, this workshop has gained popularity and managers have requested additional workshops to aid in maintaining sustainability. Color Lingo is designed to help teams discover their strengths, values, and appreciation of each other's differences, as we identify the 4-Color Personality Styles. The workshop has been delivered to over 500 participants since the new launch in January 2015.

- Revised - D&I 101 - A workshop based on the basic foundation of D&I. This workshop has also been customized into a presentation format to better serve management needs and deliver to division All Staff meetings.

To better serve our Regional Offices (RO), staff employed new strategies to aid managers and supervisors with the knowledge and tools to integrate and sustain D&I with their staff by utilizing technology resources through video and teleconferencing. Staff also traveled to several ROs to provide instructor-led workshops.

- Second Annual Diversity & Inclusion All Staff - Guest speaker Stedman Graham conducted two live 90-minute sessions, titled "Leaders, not Labels," in the CalPERS Auditorium. This event was attended by over 850 employees and was video conferenced to the Regional Offices. Mr. Graham's message made a lasting impression on staff: Find who you are. Do not accept the labels that may be placed on you. Everyone has the potential to be a leader. Each session was video-conferenced to all ROs.
- Brown Bag Speakers Luncheon Series - CDOP and CalPERS ERGs sponsor Brown Bags that feature a wide range of internal and external guest speakers who provide D&I topics of interest to all staff. These include October's Brown Bag: Disability Awareness, May's Brown Bag: D&I 101, and June's Brown Bag: LGBT & Gender Identity Topics in the Workplace. Brown Bags are tied in with the CDOP calendar to encourage consistency and sustainability.
- CDOP Wesbite - As part of our continuing effort to integrate D&I throughout the organization, the CDOP website has successfully transitioned over to SharePoint as a user-friendly online resource. The website is effective in promoting D&I resources such as the Cultural Investments newsletter, CDOP's calendar of culturally diverse holidays and observances, manager tool-kits, photo galleries of past events, educational handouts for all staff, and much more.

The power of Informal Mentoring is that it encourages all employees to embrace and support the true essence of CalPERS culture.

- CDOP Spark Page - The CalPERS social media outlet, Spark, is a valuable tool for reaching more employees and creating platforms where employees are able to discuss D&I topics. Between CDOP and both ERG groups we have over 272 followers and growing.

Informal Mentoring: Share What You Know

The purpose of CalPERS Informal Mentoring is to encourage staff at all levels, in all directions, to exchange ideas and learn from each other. What began as a two-year initiative is now an ongoing effort that benefits the enterprise through knowledge transfer and is 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. In its fluid, accessible, and open manner, it allows employees to feel empowered to seek out opportunities and engage with one another to develop themselves professionally. The organization benefits through improved employee engagement, retention, and morale. The power of Informal Mentoring is its simple and easy format, which relies on the ever-increasing number of employees participating across the enterprise. As outlined in our Workforce Strategic Plan and Business Plan, 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 2014-15

- Established an enterprise-wide Mentoring Advisory Committee to shape mentoring efforts by contributing ideas and feedback and serving as mentoring advocates at CalPERS.
- Remarketed and communicated the addition of the two performance factors added to the Employee Performance and Development form for managers and supervisors effective January 2015.
- Celebrated National Mentoring Month in January:
 - » On January 9, 2015, staff were encouraged to share their mentoring story to inspire others to join the mentoring movement in honor of "I Am a Mentor Day."
 - » On January 15, 2015, staff recognized those individuals who had a lasting positive impact on their life in honor of "Thank Your Mentor Day."

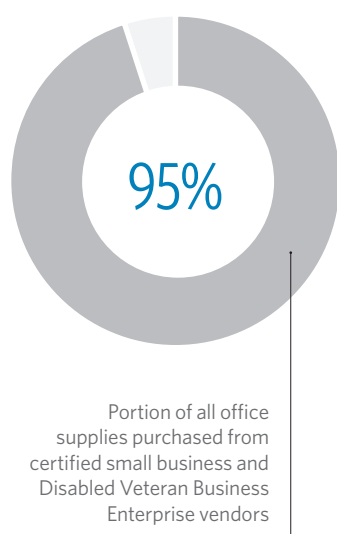
- CalPERS CEO Anne Stausboll championed the “Mentor Your Manager” activity in April 2015 by visiting the Orange County Regional Office to learn firsthand the important work staff provide to our members.
- Anne also had the opportunity to visit other Regional Offices.
- Promoted “Mentor Your Manager” in April 2015 to all CalPERS staff so managers could gain a better understanding of the work their teams do every day.
- Promoted “Meeting Mentoring” in June 2015 to encourage staff at all levels to invite their colleagues to accompany them to one or more of their meetings.
- Repurposed Informal Mentoring Initiative kick-off speaker Joel Zeff's videos into four shorter segments (time ranges from 6 to 16 minutes) as part of the Informal Mentoring Toolkit for Managers and Supervisors available on Inside CalPERS.
- Updated the Informal Mentoring Toolkits for executives, senior leaders, managers, and supervisors with new resources.

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 2014-15



- Career Services analysts assisted 572 clients via one-on-one meetings, email, or telephone. Added mock interviews to list of resources that Career Services provides.
- Career Services & Outreach Unit, in collaboration with other Human Resources Division units (Leadership Development, All Staff Training and Development, and partnership with University of California, Davis) coordinated and executed the on-site 2015 Career and Education Fair to provide education and career advancement information to employees.
- Marketed the Career Services Program by conducting quarterly outreach sessions in the Lincoln Plaza North café corridor.
- Participated in “Let’s Talk About Your CalPERS Career” with All Staff Training and Development and Leadership Development in the Lincoln Plaza North café corridor. Staff had the opportunity to speak directly to Career Services analysts and Training staff to discuss professional development opportunities.
- The Career Services & Outreach unit attended 33 career fairs: multiple Sacramento Job Works, UC Berkeley Investment Forum, various CSUS events, multiple HIREvents, multiple SacJobs, and UC Davis.
- Partnered with the Office of Public Affairs (PAOF) to design handouts for job seekers displaying CalPERS-specific classifications they may qualify for based on various levels of completed education including a high school degree, associate of arts degree, and bachelor’s degree.
- Partnered with PAOF to create three new recruitment videos located on the CalPERS website and YouTube channel:
 1. Showcasing Sacramento and CalPERS Involvement in Community
 2. New online job application process
 3. Civil Service Process – It’s Simple
- Lead an information session with the Financial Office at California State University, Sacramento, to provide career opportunity information to potential Financial Office candidates.
- Provided four “How to Get a State Job” sessions for the Sacramento Works Job Center.

Employee Resource Group (ERG) in Action

Fostering inclusion in our culture and everyday actions requires the active engagement of all our employees. CalPERS' dynamic and rapidly growing employee resource groups, CalPERS Diversity & Inclusion Group (CDIG) and the CalPERS Disability Advisory Council (CDAC), play a key role in fostering an inclusive culture and help build our reputation as an employer of choice. Open to all and led by employees, the ERGs provide opportunities for networking, professional development, community involvement, and volunteerism.

Ninth Annual Diversity & Inclusion Day

In August 2015, CDOP, in collaboration with CDIG and CDAC, hosted the CalPERS ninth annual Diversity & Inclusion Day – “The HeART of Generations – Connecting Our Generations Through Art.” This event highlighted art made by our very own employees, and from generations of family members. The art gallery showcased 40 different art pieces that told a story across generations, including the four generations represented at CalPERS. The art gallery can be found on CalPERS' internal website.

D&I Happy Hour - Networking Event

To celebrate different cultural events and to invest in networking, CDIG created D&I Happy Hour on May 21, 2015. CDIG hosted the first D&I Happy Hour on World Day for Cultural Diversity for Dialogue and Development in collaboration with the CalPERS Café. Employees gather for D&I roundtable discussions while networking with staff throughout the organization. Participation has also been growing and participants have reported positive feedback, such as “I made more connections and feel more like I ‘belong’ here at CalPERS.”

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 adopted provisions of Public Contract Code §10115 et seq. in 1990 to award 3 percent of all contracts to disabled veteran business enterprises (DVBE) and established an overall small business (SB) contract participation of 25 percent to SBs. 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. The foundation of our program consists of internal and external deliverables to help ensure program success for all CalPERS stakeholders.

During Fiscal Year 2014-15, CalPERS and our SB/DVBE Advocate received numerous awards at the State Agency Recognition Awards, including the 2015 Advocate of the Year Gold Award, Small Business Advocate's Innovation Award, Agency of the Year Finalist, and Advocate Finalist Award. The Department of General Services (DGS) honors state agencies and state advocates for their outstanding work with California small businesses and disabled veterans' businesses.

CalPERS' DVBE participation increased significantly as the result of our due diligence and collaboration with our health benefits vendors. CalPERS' commitment to provide opportunities for DVBEs is reflected in our astounding DVBE participation goal of 9.69 percent, which is more than three times the state's requirement of 3 percent. CalPERS achieved a SB/Micro Business (MB) participation goal of 11.75 percent, which is a slight decrease from the past fiscal year. The decrease in SB/MB participation can be attributed to our HMO and PPO contracts, legal contracts, and investment contracts, which often do not lend themselves to SB/MB subcontract participation due to HIPAA and proprietary clauses. If the health, legal, and investment contracts were excluded from the reporting requirements, CalPERS would have surpassed the SB/MB participation goal with 35.27 percent. Our health, investment, and legal contracts accounted for approximately 75 percent of our total contracting and procurement dollars in FY 2014, which are not conducive to SB/MB participation.

CalPERS strengthened our SB/DVBE program as we collaborated with program areas to identify possible SB/DVBE contract participation, provided that products, services, price, distribution, and service levels are comparable.

"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

CalPERS and our SB/DVBE Advocate received the 2015 Advocate of the Year Gold Award, Small Business Advocate's Innovation Award, Agency of the Year Finalist, and Advocate Finalist Award.

CalPERS' SB/DVBE Advocate participated in bidders' conferences, business tradeshows, conventions, and events to promote CalPERS contract opportunities. In addition, our advocate is one of seven selected members to sit on the Advocate Steering Committee led by DGS and the Department of Veterans Affairs.

The Operations Support Services Division (OSSD) updated internal and external SB/DVBE web pages to provide information on DVBE compliance and how to do business with CalPERS. CalPERS also created and implemented an internal contract manager training program to track and monitor DVBE compliance and updated the Contracting Manager Training Module to include DVBE requirements.

OSSD enhanced PeopleSoft to track the actual dollars spent with DVBEs and small businesses. Additional enhancements have circumvented some of the manual reporting processes, thus streamlining how we report annually to DGS.

We are pleased with the results of our commitment to SB and DVBEs, and we look forward to increasing our SB/DVBE participation annually.

Accomplishments for FY 2014-15

- Changed the invoice approval process to ensure prime contractors submit DVBE expenditures with each invoice.
- Updated the Contract Manager Training Module to include DVBE requirements.
- Continued to purchase 95 percent of all office supplies from certified SB/DVBE vendors.
- Awarded the Advocate of the Year Gold Award and the Small Business Advocate Innovation Program award by DGS for our commitment to small businesses and DVBEs.
- Participated in outreach events and shared CalPERS' message of supplier diversity with business representatives attending the events, including the CalPERS Investment Emerging and Diverse Manager Forum and the DVBE Alliance Keeping the Promise event.
- Provided internal education and training to purchasing coordinators, contract managers, and CalPERS staff, enhancing awareness and understanding of the SB/DVBE program.
- Provided assistance to uncertified businesses by encouraging and assisting them in getting certified through the Department of General Services State Small Business and Disabled Veteran Business Enterprise Certification program.
- Participated in contract and procurement fairs, workshops, panel discussions, and networking opportunities with SB/DVBE vendors.
- Enhanced PeopleSoft Contracts Module to better track SB, MB, and DVBE subcontracting commitments.

Plans for Future Fiscal Years

- Create a process to notify SB/DVBE subcontractors when listed on an awarded contract.
- Continue our initiative to purchase all office supplies from certified SB and DVBE vendors.
- Attend bidders' conferences to provide networking opportunities.
- Further participate in DGS State Department Advocate Meetings to address the need for more certified SB/DVBE vendors to provide investment and legal services.
- Encourage eligible SB/DVBE vendors to become certified.
- Work with the program areas to identify SB/DVBE contract participation opportunities to provide internal education and serve as a resource to various CalPERS programs.
- Participate in business tradeshow, bidders' conferences, conventions, and events to promote CalPERS contract opportunities (often partnering with the Department of Veterans Affairs and/or the Department of General Services) and events specific to the investment and legal fields.
- Continue notifying vendors when their certification has expired and encourage them to recertify.
- Focus on identifying small business legal firms to help meet our small business participation goal.
- Collaborate with the Investment Office with our participation in the Investment Diversity Forum.

Investment Office

Diversity and Inclusion Steering Committee

To lead Diversity & Inclusion efforts, the Investment Office has established a Steering Committee. The Steering Committee is guided by 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.” The Steering Committee develops Diversity & Inclusion goals and priorities, and provides direction and oversight on the three Diversity & Inclusion work streams.

Corporate Boards

CalPERS invests in over 10,000 companies worldwide, so we have a voice as owners. We view board quality and diversity as critical to a company’s performance. We promote diversity in the boardroom through advocacy, engagement, and outreach.

Diverse Director DataSource (3D)

CalPERS is a co-founder of the 3D Database focused on providing a pool of diverse talent for companies looking for skilled individuals to serve as board members. In August, Morgan Stanley Capital International (MSCI) completed its acquisition of GMI Ratings – the previous owner and operator of the 3D Database. CalPERS and CalSTRS continue to work closely with MSCI through this transition. The database has grown to over 750 searchable candidates from across the globe.

Board Quality & Diversity Event – Council of Institutional Investors

On March 31, 2015, CalPERS, CalSTRS, and North Carolina Retirement System hosted a side event at the spring Council of Institutional Investors Conference on Board Diversity. A number of topics were covered such as the 30% Coalition, the California Initiative, and a new Securities and Exchange Commission (SEC) Petition on Enhanced Disclosure.

New Securities and Exchange Commission Petition on Enhanced Disclosure

On March 31, 2015, CalPERS, alongside eight other pension funds, called on the SEC to strengthen disclosure of corporate board diversity. A joint letter was sent to the SEC urging the adoption of a rule requiring corporate disclosure of board nominees’ gender, racial, and ethnic diversity, as well as mix of skills, experiences, and attributes.

Board Accountability Project – Proxy Access

Proxy access gives shareowners in the United States the right to nominate director candidates and have such candidates appear on a company's ballot or proxy statement. This has been a longstanding priority for CalPERS to ensure board accountability. New York City funds, working in partnership with CalPERS, filed proxy access shareowner proposals at 75 companies. Companies were selected based upon specific criteria that include Board diversity issues. CalPERS staff assisted New York City funds through engagement with shareowners and companies and attended annual meetings.

Global Governance Principles

On March 16, 2015, the Investment Committee amended the Global Governance Principles to include sexual orientation and gender identity when assessing Board talent and diversity.

External Investment Managers

CalPERS deploys approximately \$90 billion of capital through external investment managers. As part of our commitment to equality of access, we seek to understand and report the diversity of our external managers and the broader investment industry. We engage with our external managers, our pension peers, and the investment industry on these important issues through our Emerging Manager Five-Year Plan, industry research, and industry conferences and organizations.

Global Equity Internal Equity Brokerage

CalPERS Global Equity trading activity is implemented through a number of brokerage relationships. Members of the brokerage community may apply to be selected as a broker for CalPERS through a web-based questionnaire available on CalPERS' external website. The semiannual posting of selected brokers on the Investment Office website now includes identification of women and minority owned brokerage firms. As of June 2015, 24 percent or five of the 21 brokers authorized to trade for CalPERS are women or minority owned firms.

Webinar: CalPERS Managers and Consultants Diversity

In 2014, staff surveyed all CalPERS investment managers and consultants to better understand the participation of women and minorities in those firms. The survey found very limited participation of women and minorities, particularly in managerial and executive positions. The low representation of women and minorities was compared to, and found to be consistent with, Equal Employment Opportunity Commission data on the investment and finance industry broadly. A webinar on the results of the survey was held in September 2014. CalPERS external investment managers, consultants, and stakeholders attended the webinar.

Talent Management

The Investment Office, Diversity Outreach Program, and Human Resources Division initiated a project aimed at identifying leading diversity practices to attract, retain, and develop diverse talent for the Investment Office. CalPERS' goal is to implement best practices and establish relationships with diverse organizations. This initiative is ongoing and continued progress will be reported to the Investment Committee.

Investment Office Strategic Partnerships

The Investment Office is developing strategies and establishing partnerships with diverse organizations to work on talent management initiatives. An extensive research and interview process led consultant Heidrick and Struggles to recommend five diverse organizations for partnership with the Investment Office. This work is in the early stages of development of goals and milestones of success.

CalPERS – Looking Ahead

Future D&I initiatives and activities are underway and directly link 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 & Inclusion in the workplace through various avenues.

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 have met 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 if they have a disability or confirm they do not.

CalPERS plans to launch CalHR's online disability survey and will encourage all employees to participate in the survey. CalPERS' goal is to increase its rate from 15.2 percent to 16.6 percent, which is CalHR's mandated rate to employ persons with disabilities in the workforce.

Workplace

To integrate D&I into the organizational culture, CalPERS continues to seek support from its two established employee resource groups: the CalPERS Diversity & 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 to focus on a centrally unified 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 the Brown Bag Luncheon Speaker Series that will feature a wide range of guest speakers who provide Diversity & Inclusion topics of interest to all employees. On October 6, in recognition of Mental Illness Awareness Week (Oct. 4-10) and National Disability Employment Awareness Month, CDOP and CDAC will host a Brown Bag Speaker Series – Conversations About Mental Illness and Hope of Recovery. Four members of Stop Stigma Sacramento Speakers Bureau will candidly share their personal journey toward good mental health.

Regional Offices

CDOP will continue to serve our Regional Offices as we offer innovative methods and strategies to further the integration of D&I.

Marketplace

The Investment Office will host two important Diversity & Inclusion events.

Emerging, Transition, and Diverse Manager Day

On September 9, 2015, the Investment Office will host the second annual Emerging, Transition, and Diverse Manager Day. Over 76 firms, with a total of 146 managers, are expected to participate in the event. The event will provide an opportunity for emerging managers to meet with senior asset class staff and investment advisers and introduce their firm.

CalPERS Diversity Forum September 2015

The Investment Office will host a CalPERS Diversity Forum on September 10, 2015 at the Sacramento Convention Center. The event will assess the representation of women and minorities on corporate boards and at investment management firms, and discussed best practices to build a diverse and inclusive culture, among other topics. The Forum expects to have over 350 attendees who consist of corporate board members and executives, diversity officers, institutional investors, investment companies, and representatives from academic institutions.

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



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