



Charting Progress on Our Diversity, Equity & Inclusion Journey

Commitment to DEI Companion Report (2022-23)

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As a global leader with a fiduciary duty to deliver pension and health benefits to the millions of public employees who serve California, we have a responsibility to champion Diversity, Equity, and Inclusion (DEI) policies that can help create equitable opportunities, improve financial performance, and above all, align our work with our mission to serve members.

Our commitment to DEI has been, and continues to be, a guiding light for our culture, processes, and policies that puts the needs of people first. We aim to foster an atmosphere where team members feel valued and recognized, so they bring their whole selves to work. When they do, we thrive.

Achieving true inclusion and belonging, however, isn't easy. It requires us to continuously improve our practices and enhance our knowledge. That's why we created a DEI Framework with key initiatives, woven into California Public Employees' Retirement Systems' (CalPERS') five-year Strategic Plan.

In the 2022-23 fiscal year, we made notable strides within the framework that are outlined in this report. These include more than 50 tangible deliverables across five key pillars: Culture, Talent Management, Health Equity, Supplier Diversity, and Investments.

In year two of integrating our DEI framework across our strategic and business plans, we are proud of the progress we've made to date. It's been highly collaborative work, and we're pleased to share it with you.

Sincerely,



Marcie Frost

Chief Executive Officer



Marlene Timberlake D'Adamo

Chief Diversity, Equity, & Inclusion Officer

Diversity, Equity, & Inclusion at CalPERS

At CalPERS we're committed to people – the people we serve, those who work at CalPERS, and the larger community around us. As the nation's largest public pension fund and an organization with global impact, fostering an inclusive culture that welcomes diversity of thought, experience, and background is vital to what we do. We take our commitment to diversity, equity, and inclusion seriously.

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

Equity Ensuring that access, resources, and opportunities are provided for all to succeed and grow.

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

Mission

Deliver retirement and health care benefits to members and their beneficiaries.

Vision

A respected partner, providing a sustainable retirement system and health care program for those who serve California.

Values

Accountability

Balance

Integrity

Openness

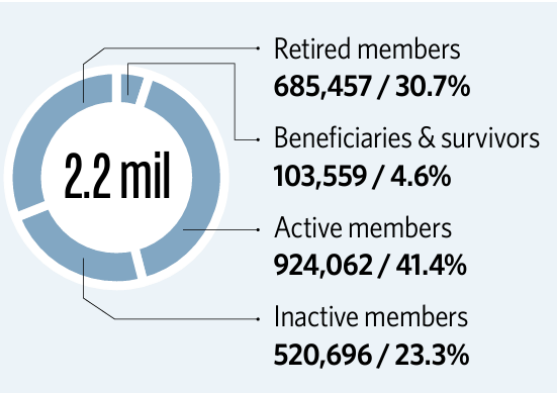
Quality

Respect

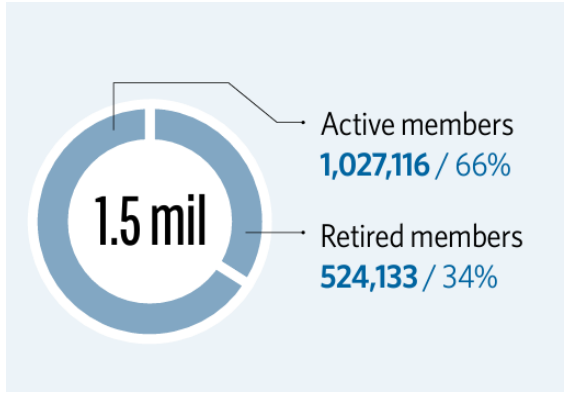
CalPERS at a Glance

Our pension fund serves more than 2 million members in the CalPERS retirement system and administers benefits for more than 1.5 million members and their families in our health program. CalPERS is about people. It's about the dedicated individuals who serve, or have served, California at the state, regional, and local level through a career in public service. As the nation's largest public pension fund, [our Mission & Vision](#) ensure that our members' benefits and earned retirements are as enduring as the state they maintain. To support our members, we also invest in the health and infrastructure of the Golden State itself – building portfolios that bolster local business and funding enterprises that directly influence and stimulate our economy. We have an unwavering commitment to financial security in retirement. The long-term nature of our benefits reflects our long-term investing horizon and our commitment to generations of public employees.

Largest Public Pension in the United States



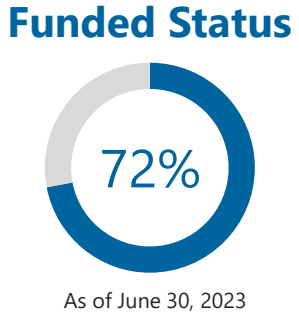
2nd Largest Health Purchaser in the United States



6.1%
 Net Rate of 5 Year Return
 on Investment
Total Fund
 As of June 30, 2023

5.8%
 Net Rate of 1 Year Return on
 Investment *PERF*
 As of June 30, 2023

\$464.6 billion
 Total Fund Market
 Value
 As of June 30, 2023



CalPERS DEI Framework

In 2021, CalPERS sharpened its focus on DEI and developed a DEI Framework that closely aligns with the CalPERS mission and includes five pillars:



Our Team

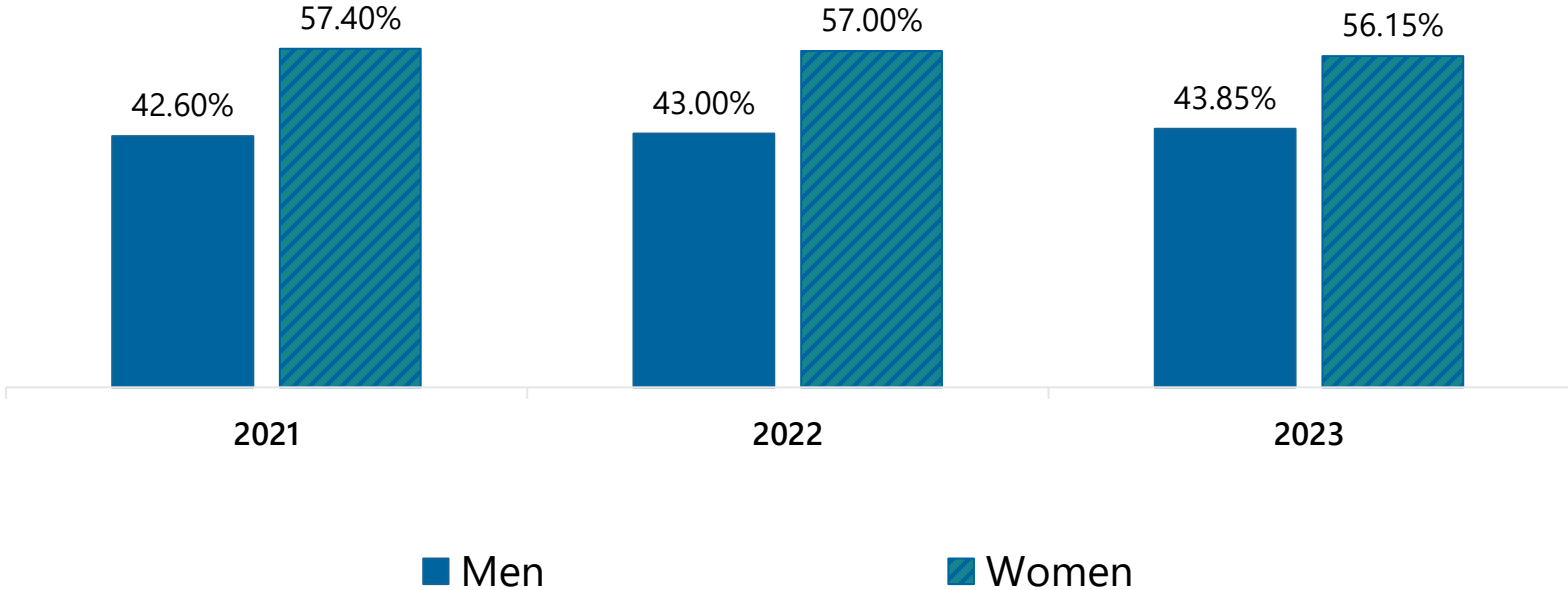
At CalPERS, diversity is one of our greatest strengths and we embrace our diverse workforce.

We rely on team member demographic data to inform the organization of its workforce race & ethnicity, generational, gender, Veteran, and persons with disabilities profile.

Our Team

Gender

Gender Representation 2021-2023



Our Team

Race & Ethnicity



- Asian - Cambodian 0.08%
- Asian - Chinese 8.26%
- Asian - Filipino 4.29%
- Asian - Indian 4.21%
- Asian - Japanese 1.94%
- Asian - Korean 0.58%
- Asian - Laotian 0.29%
- Asian - Other or Multiple 4.50%
- Asian - Vietnamese 4.17%
- Black or African American 7.51%
- Hispanic or Latino 16.64%
- Multiple Race 3.26%
- Native American or Alaskan Native 0.37%
- Other 0.70%
- Pacific Islander - Guamanian 0.17%
- Pacific Islander - Hawaiian 0.12%
- Pacific Islander - Other or Multiple 0.78%
- White 42.11%

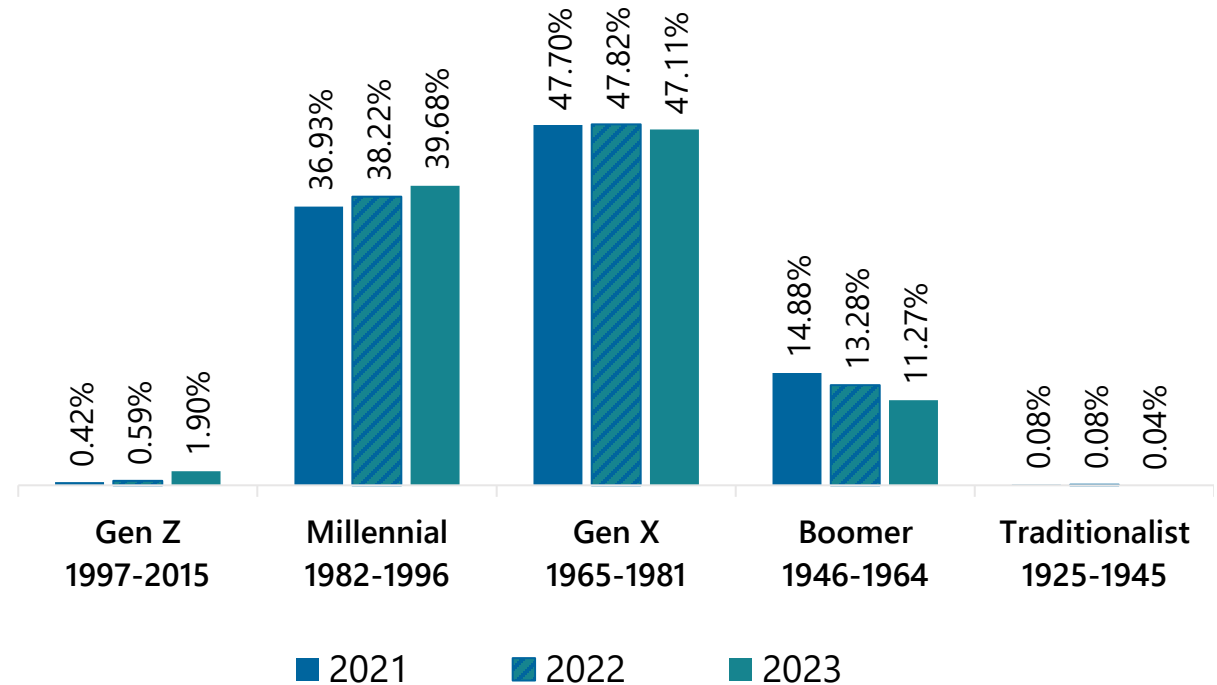
Our Team

Generations, Veterans, & Persons with Disabilities

4.3% Veterans

10.3% Persons with Disabilities

CalPERS' Generations 2021 - 2023



Talent & Culture

Diversity, Equity, and Inclusion (DEI) is rooted in the CalPERS culture, mission, vision, and core values of balance, openness, accountability, respect, integrity, and quality. We strive to reflect best practices in our culture to build mutually rewarding relationships that encourage collaboration and innovation. Our goal is to create a workplace where every team member feels valued, respected, and has a sense of belonging.

Talent & Culture Contents

Increased Outreach & Expanded Candidate Pools

Talent Management strengthened embedded DEI principles into their recruitment and hiring efforts.

Career Services, and Upward Mobility & Emerging Leader Programs

Career services assisted CalPERS team members in their career development efforts. The Upward Mobility Program (UMP) improved advancement opportunities for team members. The Emerging Leader Program (ELP) prepared high-potential team members for leadership roles.

Training, Development, & Outreach

CalPERS, through its Talent Management and CalPERS Diversity Outreach Program (CDOP), provided a range of DEI training, development, and outreach opportunities throughout the fiscal year.

Employee Resource Groups (ERGs)

CalPERS has a range of ERGs, including the CalPERS Diversity & Inclusion Group (CDIG), and the CalPERS Disability Advisory Committee (CDAC). The CDAC, was awarded the 2022 Disability Advisory Committee (DAC) of the Year Award.

Accessibility

CalPERS is committed to inclusion and access to information for all. This means we aim to provide spaces, content, and information that can be accessed by any individual, regardless of a person's ability.

Philanthropy

CalPERS fosters a culture of philanthropy, supporting causes that are important to our team members.

Talent & Culture

Increased Outreach & Expanded Candidate Pools Highlights

We developed and implemented a Rapid Recruitment effort hiring more than 150 team members. Diversity, Equity, and Inclusion (DEI) principles were embedded in the Rapid Recruitment effort, and many of these principles are being embraced and integrated into routine recruitment, interviewing, and hiring practices.

Job Bulletin Design

Used an augmented writing tool to reduce biased language and attract a broader pool of candidates.

Candidate Pools

Built the largest candidate pools possible, receiving more than 1,600 applicants, moving most applicants through to the interview phase.

Unconscious Bias Training for all Interview Panelists

More than 200 team members who contributed to the Rapid Recruitment effort completed the Uncovering Unconscious Bias in Recruiting and Interviewing LinkedIn Learning training by Dr. Tana Session.

Career Services

196

Assisted 196 CalPERS team members in career development efforts through various programs.

Upward Mobility Program

42%

The UMP aims to improve advancement opportunities for team members. CalPERS welcomed 12 participants into the Upward Mobility Program, 42% from historically underrepresented groups (Asian, Black or African American, Hispanic or Latino, and Multiple Race).

Emerging Leader Program

52%

The ELP prepares high-potential team members for a leadership role. ELP invites journey-level analysts, technical, and professional staff to participate in a six-month learning program while they work in their current capacity. As of June 30, 2023, of the 114 participants from the six cohorts, 52% received internal promotions.

Talent & Culture

Learning, Development, & Outreach

Lunch & Learn Event:
Pride, Pronouns, &
Progress

All Team Speaker
Event: Building
Culture

DEI Roadshow

CDOP Workshop:
Color Lingo

87%

Session helped participants understand how to treat all people with respect & dignity at work

85%

Session helped participants understand the importance of building a culture of belonging

484

CalPERS Diversity Outreach Program worked collaboratively with others to offer internal DEI consultations & presentations, reaching 484 team members

94%

Color Lingo helped foster an environment that values differences & contributions

Talent & Culture

Employee Resource Groups

The CalPERS Diversity Outreach Program (CDOP) supports and facilitates two Employee Resource Groups (ERGs), the CalPERS Diversity & Inclusion Group (CDIG) and the CalPERS Disability Advisory Committee (CDAC). Membership is comprised of team members from across the enterprise who actively engage in spreading awareness of DEI and disability topics in the workplace. Both groups work together to promote their missions and provide DEI education to the enterprise through a one-hour monthly meeting. An average of 62 attendees participate at these monthly meetings.

CalPERS Diversity & Inclusion Group

The CDIG aims to foster an inclusive environment where respect and openness bridge our ideas, experiences, perspectives, and cultures to enrich the professional development of its members and the CalPERS workplace.

CalPERS Disability Advisory Committee

The CDAC is dedicated to the inclusion and equality of employees with disabilities and to ensure an environment that is accessible to all employees.

Talent & Culture

Accessibility

CalPERS has an Accessibility Compliance Team (ACT) that functions as a multi-disciplinary source of digital accessibility subject matter expertise for the organization

Web Content Accessibility

Furthering CalPERS' commitment to making our websites accessible to all visitors, including those with vision loss, hearing loss, limited manual dexterity, and cognitive disabilities, the Accessibility Compliance Team certified the CalPERS website for compliance with applicable state and federal laws and Web Content Accessibility Guidelines (WCAG) 2.1 AA. This certification fulfills a biennial requirement per [California Government Code section 11546.7 \(Assembly Bill 434\)](#).

Global Accessibility Awareness Day (GAAD)

CalPERS recognized the 12th annual [Global Accessibility Awareness Day](#) (GAAD) to impart what digital accessibility means to us as public servants and inclusive members of society altogether. Approximately 400 team members attended an enterprise guest speaker event, "The Importance of Accessibility and Disability Inclusion," with accessibility subject matter expert, [Sheri Byrne-Haber](#). The event highlighted the importance of delivering accessible content to our members and stakeholders.

Talent & Culture

Philanthropy

Pioneer House

[Pioneer House](#) is a skilled Nursing Facility that specializes in the care and rehabilitation of seniors recovering from a hospital stay.

- Delivered pies, apple cider, and 50 word-search books celebrating Thanksgiving.
- Gave more than \$200 in donations, and 100 bags of socks and toiletries in December 2022.

Best Buddies Friendship Walk

[Best Buddies](#) International is the world's largest organization dedicated to empowering 200 million people with intellectual and developmental disabilities.

- CalPERS team consisted of 31 members and raised \$2,060.
- CalPERS was awarded the Top Fundraising Corporate Team.

Mustard Seed School

[Mustard Seed School](#) is a free private school for unhoused children ages 3-15.

- Hosted a buy-one-feed-one campaign, where funds collected contributed to hot meals for the children.

Angelman Syndrome Foundation Walk

The [Angelman Syndrome Foundation](#) (ASF) advances the awareness and treatment of Angelman Syndrome through education and information, research, and support. The ASF Walk is the foundation's largest fundraiser.

- Four CalPERS team members participated in this event and raised \$499.

Talent & Culture

Talent Spotlight

Kim Malm is the only woman in CalPERS' history to serve as chief of its Operations Support Services Division, a role she held for 13 years. She's since held various leadership roles across the organization, and recently celebrated 35 years at the state — nearly 25 of them at CalPERS.

She credits her success to her work ethic, her ability to “do what has to be done,” and her love for the organization. While she could have retired almost three years ago, she's stayed for the work, the people, and those she works for.

One of Kim Malms' career tips is to find a mentor who holds you accountable. Though mentorship wasn't common when Kim began her career, she's a firm believer in the value of having a mentor who's honest and tells you like it is.



Read More:

[CalPERS News Release, "CalPERS Names Kim Malm Deputy Executive Officer of Customer Services and Support Branch"](#)

As part of our employee-centric workforce, CalPERS has implemented an informal mentoring program to nurture our diverse workforce.

CalPERS embraces a sharing culture where we strive to find new and creative ways to work together, help each other grow, and leverage the knowledge of our amazingly dedicated and talented team. Thanks to the diverse backgrounds, skills, and abilities of the individuals who make up our organization, the best resource for our growth is often the team member working next to us.

Talent & Culture

Culture Spotlight

“Out Leadership helps businesses create a better world. A world in which all people can live authentically and openly without fear, love who they love, create the families they want, and achieve their full potential.”¹

We’re paving the way for public agencies to embolden their inclusivity efforts by being the first public pension system to join [Out Leadership](#), an association that helps companies integrate Lesbian, Gay, Bisexual, Transgender, Queer, Plus (LGBTQ+) equality into their business practices.

“It’s about saying, ‘Yes you belong here, and yes you can have a successful career here,’ said Pacheco, who’s been at CalPERS for 28 years and has served as deputy executive officer for CalPERS’ Communications & Stakeholder Relations since 2015.”²



Read More:

[CalPERS Blog Article
“CalPERS Becomes First
Pension System to Join
Out Leadership”](#)

What It Means for CalPERS’ Investments

CalPERS and its Investment Office will be better positioned to influence the diversification of corporate boards by having access to a network of LGBTQ+ professionals ready to step up if called upon.

How It Helps Employees Serve Our Members

CalPERS leaders are hopeful this relationship offers greater visibility and a sense of belonging to LGBTQ+ employees, while demonstrating our commitment to inclusivity.

Talent & Culture

Talent & Culture Spotlight

“Supporting diverse leadership is critical to the success of public and private companies and helps create opportunities for more inclusive decisions and innovative solutions.”

CEO, Marcie Frost

Intended to inspire and inform women who seek to advance their careers, CalPERS hosts an annual Pathways for Women Conference on Women’s Equality Day.

CalPERS supports equity initiatives that help drive performance, retain top talent, and most importantly, deliver high-quality service to members and stakeholders. The Pathways for Women Conference aims to create opportunities for more inclusive and innovative business solutions.

This annual event fosters an ongoing dialogue around achieving fair representation and advancing women in their careers, and creates inclusive spaces where women connect meaningfully with a supportive community.



Read More:

[CalPERS News Release, “Chief Justice Tani Cantil-Sakauye to Headline CalPERS Women’s Conference”](#)

The event features leaders in business, healthcare, and government. In addition to panel participants Chief Executive Officer (CEO) Marcie Frost, former Chief Investment Officer (CIO) Nicole Musicco, and Board President Theresa Taylor, the 2022 conference featured a keynote by Chief Justice of California Tani Cantil-Sakauye.

All are invited to attend this annual conference, regardless of gender identity or background. CalPERS Pathways for Women is for anyone looking for career inspiration and growth.

Learn more about the conference and registration at the [event website](#).

Talent & Culture

Partnerships, Influence, & Engagements



CalPERS became the first public pension system to join [Out Leadership](#), an organization that helps companies integrate LGBTQ+ equality into their business practices.



CalPERS participated in numerous career fairs to share information about CalPERS, job opportunities, the [Limited Examination and Appointment Program](#) (LEAP), Training and Development appointments and the state hiring process.

CDOP participates in monthly [Statewide Disability Advisory Council](#) (SDAC) meetings.



In August 2022, CalPERS hosted its second Pathways for Women Conference. CEO Marcie Frost, former CIO Nicole Musicco, and Board President Theresa Taylor were featured as panel participants.

- There were 387 attendees, and 99% of post-event survey respondents rated the experience as good or excellent.
- 97% of post-event survey respondents agreed or strongly agreed that the sessions were helpful for their career growth.

Talent & Culture

Partnerships, Influence, & Engagements

CalPERS' Diversity Outreach Program (CDOP) and our Employee Resource Groups (ERGs) provided consultation to the following agencies, sharing best practices for creating DEI programs and ERGs.



Supplier Diversity

The vision of the Statewide Supplier Diversity Program is "to promote economic resiliency, innovation, and sustainability of the state's economy while integrating diversity and inclusion in the state's procurement process that reflects California's diverse communities."

CalPERS exceeded the 3% Disabled Veteran Business Enterprises (DVBE) and 25% Small Business (SB) procurement goals.

Supplier Diversity

Exceeded Disabled Veteran Business Enterprise Procurement Goals

CalPERS more than doubled the Disabled Veteran Business Enterprises (DVBE) 3% participation goal. In the 2022-23 Fiscal Year (FY), CalPERS achieved a DVBE participation level of 6.06%.

Exceeded Small Business Procurement Goals

CalPERS exceeded the 25% Small Business/Micro Business participation goal, achieving 25.24% Small Business/Micro Business participation of all contracting.

Supplier Diversity

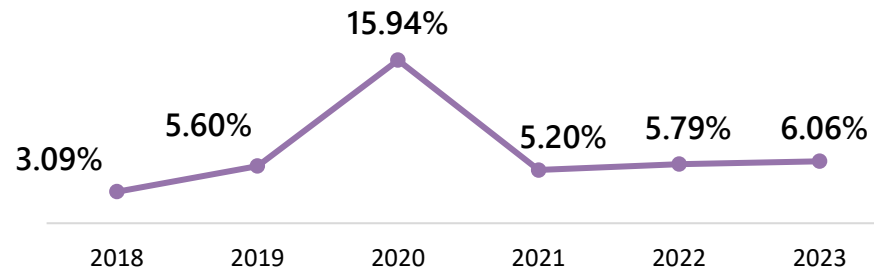
Disabled Veteran Business Enterprises

CalPERS annually exceeds the Disabled Veteran and Business Enterprise (DVBE) procurement goal of three percent

CalPERS achieved a DVBE participation level of 6.06% of all contracting, exceeding and more than doubling the 3% goal set in 2005.

- A total of 9.89% procurement of non-information technology IT goods.
- A total of 13.12% procurement of IT goods and services.

Disabled Veteran Business Enterprises Participation



Supplier Diversity

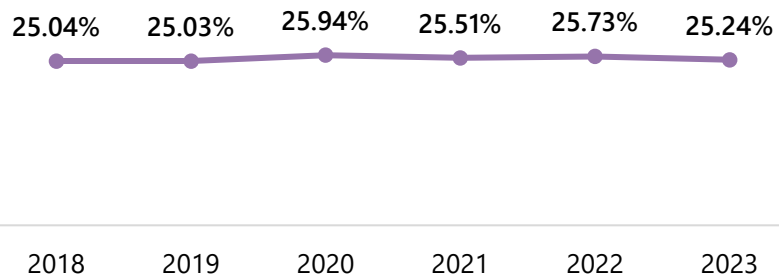
Small Business Enterprises

CalPERS annually exceeds the Small Business Enterprise procurement goal of twenty-five percent

CalPERS exceeded the 25% goal and achieved 25.24% Small Business/Micro Business (SB/MB) participation level. Contracts and procurements remained consistent with the prior fiscal year.

- A total of 26.74% to SB/MB prime contractors for the procurement of non-IT goods.
- A total of 17.09% to MB prime contractors for the procurement of non-IT services.
- A total of 37.02% to SB/MB prime contractors for the procurement of IT goods and services.

Small Business Enterprises Participation



Supplier Diversity

Spotlight

Ramon Rivera has received multiple awards for his work in supplier diversity. The most recent award was at the 24th Annual State Agency Recognition Awards where he was awarded the Bronze Advocate of the Year award for the 2022-23 fiscal year. ¹



Our Small Business and Disabled Veteran Business Enterprise Advocate, Ramon Rivera, has received multiple awards from the Annual State Agency Recognition Awards ceremony.

Ramon was awarded the Silver Advocate of the Year Award at the [21st Annual State Agency Recognition Awards](#) and was awarded the Bronze Advocate of the Year Award at the [22nd Annual State Agency Recognition Awards](#). This award recognizes advocates throughout the state of California for exemplary work and success through outreach efforts, performance measurements, and notable improvements.

Ramon also received the Secretary's Special Achievement Award, at the [23rd Annual State Agency Recognition Awards](#). This award is given to the state department, agency or individual whose best practices, innovation, and advocacy efforts have allowed them to go above and beyond in exceeding the state's Small Business and Disabled Veteran Business Enterprise contracting goals.

At CalPERS, we recognize the competitive advantage diversity brings, and we promote an environment where all business types have equal access to opportunity. If you are interested in doing business with CalPERS, check out our guide to [Doing Business with CalPERS \(PDF\)](#).

Supplier Diversity

Partnerships, Influence, & Engagements



CalPERS' SB/DVBE Advocate, Ramon Rivera, received the Silver (2019-20) and Bronze (2020-21, and 2022-23) Advocate of the Year Award, and the Secretary's Special Achievement Award (2021-22).



CALIFORNIA
HISPANIC
CHAMBERS OF COMMERCE

CalPERS' SB/DVBE Advocate attended the California Hispanic Chambers of Commerce [Annual Business Policy Summit](#), April 2023



CalPERS' SB/DVBE Advocate attended the Latinas in Tech event, [How to Overcome the Challenges of Transitioning into an IT Career](#), hosted by CalPERS' Information Technology Services Branch. April 2023

Investments

At CalPERS, we leverage the DEI Framework and Sustainable Investment Plan to improve investment outcomes. We're working to ensure the public companies we invest in have a level of board diversity reflective of each company's business, customer base, workforce, and society.

Through our corporate engagement process, we advocate for board diversity in terms of skill sets, gender identity, age, nationality, race, sexual orientation, historically under-represented groups, experiences, thoughts, perspectives, and competencies.

Investments

Sustainable Investments

CalPERS integrated sustainable investment strategies to strengthen the long-term sustainability of the pension fund.

Advocacy and Engagements

CalPERS worked to ensure the public companies we invest in have a level of board diversity reflective of each company's business, customer base, workforce, and society.

Proxy Votes

CalPERS focused on director accountability as we increased votes against director elections primarily because of oversight of climate-related risk and board recruitment and refreshment. For more information on our Proxy Votes, see our [Proxy Season Wrap-Up Report \(PDF\)](#).

Investing in Diverse and Emerging Managers

CalPERS continued to grow its more than 30-year commitment to and investment in diverse and emerging managers.

Collecting DEI Data Across Asset Managers

CalPERS surveyed its External Managers to better understand the demographic characteristics of the portfolio, as well as measure the progress of external managers over time.

Sustainable Investments

Our mission is to “deliver retirement and health care benefits to members and their beneficiaries.” The California Public Employees’ Retirement System is the nation’s largest defined benefit public pension fund with a duty to deliver the retirement and health benefits promised to our members. This responsibility applies not just to our current beneficiaries, but also to future members who may not retire for several decades. We therefore need to ensure that our commitments can be honored over the long-term.

Our members rely on our investments to sustainably deliver financial results to support their promised retirement and health benefits, not just for today, but for decades to come.

Our Sustainable Investments (SI) Program is a “total fund” resource. We work to address short, and long-term risks and opportunities that can impact our returns. As a Total Fund

resource deployed to meet a variety of high-value needs for the Investment Office, the SI team leverages our expertise across a wide-range of sustainable investment topics, including human capital, climate change risk, integrated reporting, and financial market structures.

At CalPERS, we leverage the DEI Framework and Sustainable Investment Plan to improve investment outcomes. With strong partnerships, we provide an asset owner’s perspective on the significant questions of the day – congressional testimony, comment letters on proposed pieces of regulation, and commissioned research regarding sustainable investments and human capital management.

Learn more about our Sustainable Investment Program on our [website](#) and in our [Governance & Sustainability Principles \(PDF\)](#).

Investments

Leadership Spotlight

“Limiting risk is vital for a global institutional investor like CalPERS... While some have made climate change and renewable energy into political issues, at CalPERS they are very much investment issues. We use climate risk to screen investment opportunities and to advocate for additional climate planning and disclosure from assets we already own”

[CEO Marcie Frost](#)

Throughout 2022-23 CalPERS continued its Sustainable Investments Program, including its focus on climate change. As an investor in the global economy, the scale and multi-faceted nature of climate change presents a systemic risk to our portfolio. Climate change impacts investors like us in two key-ways: [Physical impacts and transition risks](#). To learn more about the concentration of carbon emissions in our portfolio, we measured the carbon footprint of each asset class, and you can read more about that in [CalPERS' Response to the Taskforce on Climate Related Financial Disclosure \(TCFD\) and Senate Bill 964 report \(PDF\)](#).

CalPERS participates in and leads many climate change efforts. For example, CalPERS worked with global organizations and fellow investors to establish the



[Climate Action 100+](#) initiative in 2017 to “mitigate financial risk and maximize the long-term value of assets.”

CEO Marcie Frost has also been recognized for her leadership. In October 2022, she won the International Climate Leadership award.

“Under Marcie’s leadership, CalPERS is actively using its voice, investments and position in the financial industry to minimize climate risk by advocating for regulatory measures that are enforceable, engaging with the public companies in which it invests to reduce emissions, and integrating climate risk across its billion-dollar portfolio to generate returns for the long-term.”

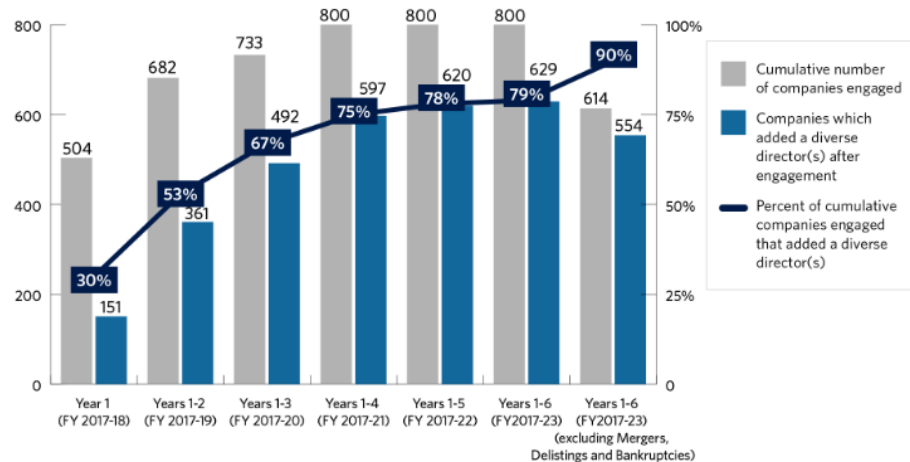
[Here is where you can read more about Climate Finance Week and the award.](#)

Investments

Advocacy & Engagement

In fiscal year 2022-23, globally we voted “against” 768 directors (nominating/governance committee members) at companies where staff identified diversity concerns related to board composition. This represents an increase in comparison to the 133 directors that we voted “against” in fiscal year 2021-2022.

Russell 3000 Corporate Board Diversity Engagements (Fiscal Years 2017 to 2023)



Since fiscal years 2017-2023, we've engaged 800 companies in the Russell 3000 index requesting they improve diversity on their boards (Figure 1). Of the 800 companies engaged, 629 companies (approximately 79%) have since added elements of board diversity that they did not have prior to our engagement.

- McKinsey & Company, "[Diversity Matters Even More: The Case for Holistic Impact](#)" by Sundiatu Dixon-Fyle, Celia Huber, María del Mar Martínez Márquez, Sara Prince, Ashley Thomas, and Dame Vivian Hunt, December 2023.
- McKinsey & Company, "[Diversity Wins: How Inclusion Matters](#)" by Sundiatu Dixon-Fyle, Kevin Dolan, Dame Vivian Hunt, and Sara Prince, May 2020.
- McKinsey & Company, "[Delivering through Diversity](#)" by Vivian Hunt, Sara Prince, Sundiatu Dixon-Fyle, Lareina Yee, January 2018.
- McKinsey & Company, "[Why Diversity Matters](#)," by Vivian Hunt, Dennis Layton, and Sara Prince, January 2015.

Investments

Proxy Votes

On a case-by-case basis CalPERS will withhold from nominating/governance committee members at companies that don't make commitments to improve board diversity. Separately, we generally support diversity proposals requesting the company to provide additional information and disclosure at the board, management and employee levels, and where its diversity lags those of its peers or the population. For more information on CalPERS' proxy voting activities, see our [2023 Proxy Season Wrap-Up \(PDF\)](#).

The CalPERS Stewardship Team promoted diversity via engagement and proxy voting activities. The market level statistics presented here for U.S. corporate boards, were provided by the Top Governance and Stewardship Issues in 2023 [report](#) by Institutional Shareholder Services (ISS).

86%

Approximately 86% of Russell 3000 Index companies have at least one racially/ethnically diverse board member (excluding S&P 500).

97%

More than 97% of Russell 3000 have at least one-woman director.

99%

Approximately 99% of S&P 500 companies have at least one racially/ethnically diverse director.

100%

100% of S&P have at least one-woman director.

Investments

Emerging & Diverse Managers

Investments & Commitments

CalPERS invested approximately \$1.4B with managers that met the definition of "emerging managers," across the Private Equity asset class. CalPERS, also, invested approximately \$4.1B with managers that met the definition of "substantially diverse."

Additionally, CalPERS made a \$1B commitment aimed at identifying and supporting the next generation of investor entrepreneurs in the private markets. Our commitment represents the next evolutionary step in our emerging and diverse manager strategy in Private Equity. We want to establish an ecosystem that helps emerging and diverse firms mitigate risk, unlock alpha, accelerate growth, and provide risk-adjusted returns. CalPERS partnered with two of its long-standing asset managers, TPG and GCM Grosvenor, with each firm receiving a \$500 million allocation from the pension fund.

\$1.4 billion was invested with emerging managers

\$4.1 billion was invested with diverse managers

For more information about commitments to Emerging and Diverse Managers, see [Assembly Bill 890: Diversity in the Management of Investments \(PDF\)](#).

For more information about CalPERS' \$1B commitment, see the [CalPERS News Article: CalPERS Commits \\$1 Billion to Fund Investor Entrepreneurship and Innovation in the Investment Industry](#).

Investments

Collecting DEI Data Across Asset Managers

The 2023 DEI Survey of External Managers was a comprehensive DEI Survey of all external investment managers that included questions on harassment, pay equity, disability, recruitment and retention, and diversity across all levels.

The survey was distributed across 218 asset managers

- 160 managers (73%) responded
- 131 managers (60%) provided highly detailed demographic and policy information

Across 131 managers that responded, the total workforce was 49,359

- 35.7% were women and 26.4% were people of color

Of the respondents, nearly one-third of privately held managers (32.4%) were diverse based on CalPERS' definition of ["substantially diverse"](#) at 25%

Investments

Spotlight

Now more than ever, the investment industry needs to place a greater emphasis on inclusivity to those who can bring prudent and competitive financial returns towards our investment portfolios.

“We’re here today for one goal: to advance diversity, equity, and inclusion in the investment industry,” said Nicole Musicco, CalPERS’ former chief investment officer, as she opened [Catalyst: California’s Diverse Investment Manager Forum](#). Co-hosted with the California State Teachers’ Retirement System (CalSTRS), Catalyst brought together more than 130 global investors, representing a combined one trillion dollars in assets, with the next generation of diverse emerging entrepreneurs.

We pride ourselves in being a leader and an advocate for policies that make a difference and move the needle on important issues. For more than 30 years,



Read More:

[CalPERS Blog Article, “Opening Doors in the Investment Industry: Highlights from Catalyst, California’s Diverse Investment Manager Forum”](#)

CalPERS has developed and implemented [diverse and emerging manager programs](#) and invested in up-and-coming managers from a wide variety of backgrounds.

Global investment managers took the stage at Catalyst to share their inclusive practices and policies that have proven results within their own firms. The allocators and diverse entrepreneurs who attended Catalyst left with new relationships and connections and an array of tips, strategies, and advice on how to push their companies toward innovation and growth. CalPERS remains committed to partnering with each other and other industry leaders to share ideas, explore opportunities, and stand up to the challenges of building inclusivity and diversity in the investment industry.

Investments

Partnerships, Influence, & Engagements



CalPERS is a CFA Signatory to the CFA [Institute's DEI Code](#).

CalPERS' Chief Diversity, Equity, and Inclusion Officer is the Chair of the DEI [Steering Committee](#).



Continued partnership with California State Teachers' Retirement System (CalSTRS) on the California Board Diversity Initiative to improve board diversity at S&P 500 companies regarding underrepresented groups.



Continued partnership with Los Angeles County Employees Retirement Association (LACERA) on the California Board Diversity Initiative to improve board diversity at S&P 500 companies regarding underrepresented groups.



Continued partnership with San Francisco Employees' Retirement System (SFERS) on the California Board Diversity Initiative to improve board diversity at S&P 500 companies regarding underrepresented groups.



Hosted by CalPERS and CalSTRS, the **Catalyst: California's Diverse Investment Manager Forum** brought together institutional investors and other global allocators to meet and engage with diverse investor entrepreneurs and general partners to forge a new path in leadership and growth.

- Catalyst took place June 27-28, 2023, at San Francisco Airport Marriott Waterfront in California.

Investments

Partnerships, Influence, & Engagements

CalPERS is continuously recognized for being at the forefront of issues that matter

The Milken Institute

[*The Path to Inclusive Capitalism:*](#)

[*An Asset Owner Guide for Investment Portfolios \(PDF\)*](#)

Forbes

[*Pillar One of the Path to Inclusive Capitalism:*](#)

[*Incorporate Diversity, Equity, and Inclusion into Governance*](#)

Investment News

[*Pledges alone don't catalyze diversity*](#)

Chief Investment Officer

[*How Allocators Can Boost Their Woeful Diversity*](#)

Top1000funds.com

[*CalPERS' Leadership Trio on Culture, Mission, and Responsibility*](#)

CalPERS leverages its voice through participation in investment industry events

Keynote Speaker – CalPERS Board Member Jose Luis Pacheco

[*NAA Venture Capital and Private Equity Symposium \(PDF\)*](#)

CalPERS Panel Discussion Participation, and CalPERS Received a DEI Leadership Award

[*Institutional Investor's Inaugural DEI Roundtable*](#)

CalPERS Panelist Participation

[*GCM Grosvenor Small and Emerging Manager Forum*](#)

Health Equity

CalPERS is committed to ensuring exceptional health care and equitable health outcomes for all members, regardless of race, ethnicity, preferred language, sexual orientation, or gender identity.

CalPERS recognizes that addressing health disparities requires alignment with other large purchasers and statewide organizations, commitment, focus, and accountability to create meaningful change. We have developed and implemented various initiatives, including the Health Demographic Profile (HDP), identifying and addressing disparities, and updating our benefit design.

Health Equity

Developed Health Equity Index

CalPERS developed a Health Equity Index (HEI) strategic measure to monitor the progress on our health equity work. HEI milestones foster health equity by creating a consistent infrastructure for improving outcomes, narrowing health disparities, and creating a culture of health equity for CalPERS members.

Health Demographic Profiles

CalPERS is collecting Health Demographic Profiles (HDP) to identify inequalities, and work to improve health equity on behalf of our members.

Contract Requirements to Achieve Health Equity

CalPERS continued implementing contract requirements and working with Health Maintenance Organization (HMO) health plans to accelerate provider and health plan efforts to achieve health equity.

Updated the 2024 Health Benefit Design

Updated the 2024 Health Benefit Design to improve health care access, affordability, equity, and quality.

Health Equity

As the largest public employer purchaser of health benefits in California, and the second largest employer purchaser in the nation, we aim to provide access to equitable, high-quality, and affordable health care to our 1.5 million members.

CalPERS is committed to ensuring exceptional health care and equitable health outcomes for all members, regardless of race, ethnicity, preferred language, sexual orientation, or gender identity.

Our health equity journey as an organization and as a state is nascent, and we are in the process of building our capacity toward our ultimate goal of eliminating health disparities and creating a health system that fosters and advances equity.

Health Equity Index

At CalPERS, we developed a Health Equity Index (HEI) Strategic Measure to monitor the progress on our health equity work. The goal of this measure is to eliminate health disparities and create a health system that fosters and advances equity. HEI milestones foster health equity by creating a consistent infrastructure for improving outcomes, narrowing health disparities, and creating a culture of health equity for CalPERS members.

Health Demographic Profiles

Demographic information has the power to reveal important trends in access and treatment needed to improve health outcomes for our 1.5 million health care members. To better understand who our members are, we created the Health Demographic Profile (HDP), an online survey available to CalPERS health members 18 and older. In 2022-23, CalPERS exceeded the goal of collecting 100,000 HDPs.

“

We believe everyone deserves high-quality, equitable health care regardless of race, ethnicity, language, sexual orientation, gender identity, where you live, or your physical or mental health.”

Dr. Julia Logan
CalPERS Chief Clinical Director



Health Equity

Contract Requirements & Health Benefit Design

CalPERS recognizes that addressing health disparities requires alignment with other large purchasers and statewide organizations, commitment, focus, and accountability to create meaningful change.

CalPERS continued implementing contract requirements and working with Health Maintenance Organization (HMO) health plans to accelerate provider and health plan efforts to achieve health equity.

- Required plans to develop and maintain a [Member Advisory Committee \(PDF\)](#) that is reflective of our membership.
- Required health equity accreditation of our plans, through the [National Committee for Quality Assurance \(NCQA\)](#), by 2025.
- Updated our 2024 clinical quality measure set to align with Covered California and Department of Health Care Services and required plans to stratify measures by member demographics.

Updated the [2024 Health Benefit Design \(PDF\)](#) to improve health care access, affordability, equity, and quality.

- Implemented a site of care member incentive program for labs to decrease cost variation and improve affordability of lab services for members in our Basic Preferred Provider Organization (PPO) plans. This will reduce or eliminate member out-of-pocket expenses and contribute to improved long-term affordability of the PPO program.
- Educated members about the pharmacy home delivery benefit for non-specialty medications, with the ability to opt-out.

Health Equity

Spotlight

Dr. Lisa Albers faced an uphill battle finding a therapist for her trans teen. She's also a medical consultant for CalPERS and is creating requirements for health plans to expand and improve access to behavioral health.

A year and a half into the pandemic, Dr. Lisa Albers' teenager came out as transgender. Together, Lisa's family helped in choosing her new name. To ensure support, Lisa's family sought out a therapist who specialized in working with transgender teens, only to find themselves facing an uphill battle. Demand for and access to behavioral health services have increased substantially, and it was challenging to find a behavioral health provider.

At CalPERS, members have also faced challenges in finding a mental health care professional. Lisa and the health team have been committed to helping CalPERS do something about this. The team believes behavioral health should be part of primary care, as one can't be physically healthy if one's mental health is suffering.

Read More:

[CalPERS Blog Article, "Breaking Down Barriers to Behavioral Health Care"](#)



With more than 1.5 million members, CalPERS is the largest purchaser of public employee health benefits in California and the second largest public purchaser in the nation after the federal government.

To ensure all CalPERS members receive exceptional health care in all areas, CalPERS has worked to improve behavioral health treatment for CalPERS health care members. New behavioral health requirements have been added to health plan contracts, including integrating behavioral health care with primary care. CalPERS is also working with the California Department of Health Care Services and Covered California to push for similar requirements surrounding behavioral health.

Health Equity

Partnerships, Influence, & Engagements



Transgender, Gender Diverse, or Intersex (TGI) Working Group

The [Transgender, Gender Diverse, or Intersex \(TGI\) Working Group](#), sponsored by the California Department of Managed Health Care (DMHC), aims "to develop a quality standard for patient experience to measure cultural competency related to the TGI community and recommend a trans-inclusive training curriculum to be used by health care plan staff who are in direct contact with enrollees in the delivery of health care services."

The Team provided recommendations to the working group and Director of DMHC on quality and equity standards and culturally competent care training for California's managed care health plans.

Health Equity and Quality Committee

The [Health Equity and Quality Committee](#), sponsored by the DMHC, aims to "make recommendations to the DMHC Director for standard health equity and quality measures, including annual benchmark standards for assessing equity and quality in health care delivery."

As part of the committee, contributed to recommendations about the quality and equity standards of California's managed care plans provided to the Director of the DMHC.

Contributed to the recommendations made to the committee in their [2022 Report \(PDF\)](#). The DMHC considered committee recommendations and established health plan data collection, reporting standards, and health equity and quality benchmarks.

Health Equity

Partnerships, Influence, & Engagements



Joint Purchasers Clinical Forum Workgroup

The workgroup is comprised of large healthcare purchasers, including Covered California, Department of Health Care Services (DMHC), and health plan providers, whose work has the potential to impact all Californians.

The workgroup aims to:

- Identify areas of alignment and establish standards for assessing equity and quality in healthcare delivery.
- Increase access, address inequalities, and improve quality of health care at an affordable cost.
- Explore ways to hold our health plans accountable for eliminating disparities.

Looking Ahead

As we continue our journey, it's important we acknowledge and extend gratitude to our CalPERS team and board for their commitment to DEI. Grounded in our shared commitment, we work together embracing our differences to deliver retirement and health care benefits to members and their beneficiaries. We foster an inclusive culture welcoming diversity of thought, experience, and background that is vital to the work we do.

Moving forward, we will use the knowledge to continue developing our framework and foster a work culture where all team members feel included and experience a sense of belonging.