



# 2020 DEI Progress Report: Executive Summary

April 2021

# EXECUTIVE SUMMARY

NEPC's first annual Diversity, Equity and Inclusion (DEI) Progress Report tracks the progress in 2020 of diversity and inclusion efforts across several areas of NEPC's business.

The DEI Progress Report fulfills a promise made on September 12, 2019. At that time, NEPC announced its Diverse Manager Policy 2.0, highlighting a pledge to be **transparent and accountable** for both successes and shortcomings on DEI. This report charts milestones achieved in 2020 as well as ongoing challenges that require additional focus going forward.

We are pleased to report substantial progress:

- **NEPC brought on diverse talent in 2020:** When looking at gender, ethnicity and race, more than half (58%) of NEPC's new hires in 2020 were diverse.
- **DEI improved at the ownership level:** Diverse partners now own a 30% interest in the firm.
- **Engagement with diverse investment managers increased significantly:** The representation of diverse firms on NEPC's Focused Placement List rose by 45%, fueled by a 72% increase in our Research team's interactions with diverse-owned and diverse-led firms.

NEPC's firmwide commitment reflects our view that DEI will drive long-term success in our own business as well as the investment organizations with which we collaborate. We believe our clients' investment programs benefit from skilled portfolio management sourced from a variety of backgrounds and perspectives.

## What You'll Learn from the Report

The report breaks down the firm's DEI performance in three distinct areas: **Workforce**, **Workplace** and **Marketplace**.

The **Workforce** section analyzes the **demography and upward mobility** of NEPC employees, leaders and ownership. We've seen steady improvement in the diversity of our workforce since 2017. In 2020, 42% of new hires were racially diverse and 31% were women. We also made gains in partner and ownership diversity in 2020.



# EXECUTIVE SUMMARY CONT.

The firm's employee turnover in 2020 declined overall and improved significantly in two aspects important to DEI:

- The gap between white and non-white turnover narrowed sharply.
- **Turnover for women at NEPC was lower than that for men** in a year when the knock-on effects of the pandemic forced millions of American women out of the workforce.

From a **Workplace** perspective, we took several steps to ensure the sustainability of an equitable and inclusive culture, including the adoption of 12 DEI strategic initiatives and firmwide training on conscious inclusion.

While NEPC's Diversity and Inclusion board is responsible for coordinating DEI policy and governance, the firm's DEI ecosystem is enriched by the voluntary participation of our employees in programs sponsored by the following network of groups:

- Diversity, Equity and Inclusion Network
- Women's Leadership Forum
- Diverse Manager Committee
- Employee Resource Groups

The **Marketplace** review reflects our engagement with diverse managers, with the broader investment industry, and with the communities we serve. The initial goals we set in 2019 were for a 10% increase in the number of meetings with diverse firms in 2020, and having diverse managers represent 10% of the managers on the firm's Focused Placement List by the end of 2021; we exceeded that goal with a 72% increase in engagements with diverse-led and -owned managers. That rate of growth is likely not sustainable in future years, but it underscores the strength of our commitment. The percentage of public-market strategies managed by diverse firms on NEPC's Focused Placement List rose to 8.7% in 2020 from 6% in 2018. In addition, NEPC underwrote 13 private-market strategies managed by, or focused on, diverse firms in 2020.

NEPC's goal is to not only embrace diversity internally, but also to demonstrate leadership toward our industry. We believe the 2020 report is the **first comprehensive annual DEI Progress Report of its kind released by an investment consultant**. We hope sharing this information voluntarily will encourage other investment consultants, asset managers and investors to transparently report on their own goals for diversity, equity and inclusion.



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- *All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.*
- *The information in this report has been obtained from sources NEPC believes to be reliable. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.*
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