DiversityInc Executive Diversity Councils Web Seminar

Barbara Frankel
Senior Vice President, Executive Editor
October 22, 2013
Assistance

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For other assistance, contact Customer Service at 973-494-0506.

Thank you!
### 2013 DiversityInc Top 50 Companies for Diversity

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sodexo</td>
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<td>2.</td>
<td>PricewaterhouseCoopers</td>
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<td>3.</td>
<td>Kaiser Permanente</td>
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<td>4.</td>
<td>Ernst &amp; Young</td>
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<td>5.</td>
<td>MasterCard Worldwide</td>
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<td>6.</td>
<td>Novartis Pharmaceuticals Corporation</td>
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<td>7.</td>
<td>Procter &amp; Gamble</td>
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<td>8.</td>
<td>Prudential Financial</td>
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<td>9.</td>
<td>Accenture</td>
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<td>10.</td>
<td>Johnson &amp; Johnson</td>
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<td>11.</td>
<td>Deloitte</td>
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<td>12.</td>
<td>Merck &amp; Co.</td>
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<tr>
<td>13.</td>
<td>AT&amp;T</td>
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<td>14.</td>
<td>Abbott</td>
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<td>15.</td>
<td>Cummins</td>
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<td>16.</td>
<td>Marriott International</td>
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<td>17.</td>
<td>Medtronic</td>
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<td>18.</td>
<td>Kraft Foods</td>
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<td>19.</td>
<td>Aetna</td>
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<td>20.</td>
<td>Target</td>
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<td>21.</td>
<td>Colgate-Palmolive</td>
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<td>22.</td>
<td>Cox Communications</td>
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<td>23.</td>
<td>KPMG</td>
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<td>24.</td>
<td>IBM</td>
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<td>25.</td>
<td>Wells Fargo</td>
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<td>26.</td>
<td>General Mills</td>
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<td>27.</td>
<td>ADP</td>
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<td>28.</td>
<td>Pfizer</td>
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<td>29.</td>
<td>Northrop Grumman</td>
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<td>30.</td>
<td>New York Life</td>
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<td>31.</td>
<td>BASF</td>
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<td>32.</td>
<td>Kellogg Company</td>
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<td>33.</td>
<td>Time Warner</td>
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<td>34.</td>
<td>Rockwell Collins</td>
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<td>35.</td>
<td>Eli Lilly and Company</td>
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<td>36.</td>
<td>Allstate Insurance Company</td>
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<td>37.</td>
<td>Dell</td>
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<td>38.</td>
<td>The Coca-Cola Company</td>
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<td>39.</td>
<td>The Walt Disney Company</td>
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<td>40.</td>
<td>WellPoint</td>
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<td>41.</td>
<td>TIAA-CREF</td>
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<td>42.</td>
<td>Monsanto</td>
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<td>43.</td>
<td>TD Bank</td>
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<td>44.</td>
<td>Microsoft</td>
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<td>45.</td>
<td>Bristol-Myers Squibb</td>
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<td>46.</td>
<td>Wyndham Worldwide</td>
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<td>47.</td>
<td>Verizon Communications</td>
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<td>48.</td>
<td>Toyota Motor North America</td>
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<td>49.</td>
<td>Comcast</td>
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<td>50.</td>
<td>jcpenny</td>
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DiversityInc Top 50 Areas of Measurement

- Talent Pipeline
  - Recruitment
  - Diameter of Existing Talent
  - Structure

- Equitable Talent Development
  - Effective Development Programs
  - Movement
  - Fairness

- Supplier Diversity
  - Quality of Program
  - Developing Suppliers
  - Effective Strategies

- CEO/Upper Management Commitment
  - Quality of Accountability
  - Executive Involvement
  - Representation
Send In Your Questions!

• You may submit your questions via the web by using the text chat box on your screen.

• Simply type in your question and click send.
What Is A Diversity Council?

• Term means many things
  • Other name for resource groups
  • Groups of employees from different demographics working together on D&I (Cox, Southern Company)
  • External group of experts advising company (Deloitte, Toyota, Sodexo)
  • Mid-level group of managers tasked with observation/implementation
What Is an Executive Diversity Council?

• Leadership comes from the top – CEO or direct report chairs council
• Messaging on council’s importance to business is consistent (this is NOT an advisory group)
• Council sets specific goals for D&I, like any important facet of business
• Goals have KPIs and are measured, usually quarterly
• Chief Diversity Officer monitors progress, reports regularly
• Council flows implementation down management chain
• Results often tied to exec compensation
How Executive Diversity Councils Frame Importance of D&I

Council Establishes and Signs Off on Goals and Metrics

- 2008 DiversityInc Top 50: 54%
- 2013 DiversityInc Top 50: 86%
How Executive Diversity Councils Impact D&I: Pipeline

% of Recruits That are Asian

- 10.2% in 2008 DiversityInc Top 50
- 11.2% in 2013 DiversityInc Top 50
How Executive Diversity Councils Impact D&I: Leadership Commitment

CEO Chairs Executive Diversity Council

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 DiversityInc Top 50</td>
<td>48%</td>
</tr>
<tr>
<td>2013 DiversityInc Top 50</td>
<td>56%</td>
</tr>
</tbody>
</table>
How Executive Diversity Councils Impact D&I: Leadership Commitment

Links Council Goals to Executive Compensation

- 2008 DiversityInc Top 50: 22%
- 2013 DiversityInc Top 50: 42%
How Executive Diversity Councils Impact D&I: Equitable Talent Development

Blacks, Latinos and Asians in the Top Level

- 2008 DiversityInc Top 50: 13.2%
- 2013 DiversityInc Top 50: 16%
How Executive Diversity Councils Impact D&I: Supplier Diversity

% of Procurement Spent with Tier-I MBEs

- 4.3% in 2010 DiversityInc Top 50
- 4.6% in 2013 DiversityInc Top 50
Best Practices of Effective Executive Diversity Councils

• Top Leadership Personally Involved
• Sets Goals and Metrics Tied to Business Needs
• Communicates importance of D&I and council throughout organization
• Tasks next levels down and middle management with implementation and ensures they understand relevance
• Links success to KPIs and compensation
• Is never satisfied as competition intensifies constantly
Executive Diversity Councils
Presented by Joy Fitzgerald

Providing Thought Leadership in Support of Corporate D&I Strategy & Goals
Diversity and Inclusion Strategic Framework

People
- Employee Resource Groups
- Mentoring
- Executive Diversity Council

Workplace
- Training
- Workforce Planning
- Diversity Advisory Council

Marketplace
- Branding
- Strategic Partnerships
- Supplier Diversity

Attract
Develop
Retain
Executive Diversity Council

Rockwell Collins
President & Chief Executive Officer
R.K. Ortberg

International and Service Solutions
Senior Vice President
C.R. Mahoney

Government Systems
Executive Vice President & Chief Operating Officer
P.J. Jasper

Commercial Systems
Executive Vice President & Chief Operating Officer
K.L. Statler

Finance
Senior Vice President & Chief Financial Officer
P.E. Allen

General Counsel
Senior Vice President & Secretary
G.R. Chadick

Engineering & Technology
Senior Vice President
N. Mattai

Operations
Senior Vice President
B.M. King

e-Business
Senior Vice President
J.E. Besong

Human Resources
Senior Vice President
M.L. May

Corporate Development
Senior Vice President
B.M. Abzug

Washington Operations
Senior Vice President
R.A. Sturgell
Diversity Advisory Council (DAC)

Executive Chair

Executive Vice-Chair

African American Professionals Forum
Disability Employee Resource Group
Friends of Asia
Latino Employee Network
New Hire Employee Network
Pride Employee Resource
Veterans & Military Employee Resource Group
Women’s Forum

*Comprised of Chairs & Co-Chairs
### Council Roles and Responsibilities

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibilities</th>
<th>Role</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chief Diversity Officer</strong></td>
<td>• Sets and oversees the strategic direction of the diversity strategy&lt;br&gt;• Chairs the EDC&lt;br&gt;• Facilitates approval of the diversity initiatives&lt;br&gt;• Speaks publicly on diversity&lt;br&gt;• Hosts annual diversity event&lt;br&gt;• Mentors a cross cultural employee&lt;br&gt;• Sponsors 2 speed mentoring events for diverse populations annually</td>
<td><strong>Executive Diversity Council</strong></td>
<td>• Approves diversity initiatives&lt;br&gt;• Oversees progress of initiatives&lt;br&gt;• Bring new ideas to add to initiatives&lt;br&gt;• Be a source for people in organization and address specific BU/SS concerns&lt;br&gt;• Implementation of diversity strategy within specific BU/SS&lt;br&gt;• Sponsors an Employee Resource Group&lt;br&gt;• Mentors a cross cultural employee</td>
</tr>
<tr>
<td><strong>CEO</strong></td>
<td>Senior Leadership Council Members (direct reports of the CEO)</td>
<td><strong>Diversity Advisory Council</strong></td>
<td>• Constructs and develops ERG diversity plans&lt;br&gt;• Implement diversity initiatives within BU/SS&lt;br&gt;• Track the success of diversity initiatives&lt;br&gt;• Serves as BU/SS diversity champions and change agents</td>
</tr>
<tr>
<td><strong>Influences, endorses, promotes and monitors corporate diversity strategy both internally and externally</strong></td>
<td>Reviews and approves diversity initiatives</td>
<td><strong>Develops, generates, and recommends diversity plan to EDC</strong></td>
<td></td>
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</table>
Executive Diversity Council Mission

**Charter:**
Leverage our Diversity and Inclusion strategy to foster an environment where everyone feels respected, valued, welcomed and heard

- **We will accomplish this by:**
  - Comparing RC performance to external benchmarks to uncover areas of opportunity
  - Ensure the Diversity Advisory Council has senior leadership to chair ERG Chair and Vice Chair roles
  - Reviewing diversity index in the Voice of the Employee survey and develop actions around results
  - Partnering with Employee Resource Groups to administer surveys
  - Being a conduit to HR for our employees

- **The value of the DAC is that we:**
  - Promote diversity and inclusion by providing unfiltered communication to our executive leadership

- **We will measure our success by “indicators to enable”:**
  - Any employee can define the business case for diversity and inclusion
  - Accomplishments against D&I Corporate and BU/SS Scorecards
  - Employee network group engagement and satisfaction surveys
  - Improved VOE scores in the Diversity Index
Executive Sponsor – Roles and Expectations

• Provide strategic guidance and direction to the Employee Resource Group (ERG)
  – value to the business, attraction, engagement, retention

• Support the ERG leaders
  – Advocate for their participation and professional development (i.e. encourage PRDP goal)
  – Straight talk series

• Sponsor/support a minimum of 1 event per year
  – Fund
  – Encourage attendance

• Support D&I initiatives across the enterprise (Diversity Champion)
  – Visible support
  – Attend minimum of 1 event per year

• Attend all quarterly Executive Diversity Council meetings
  – Strategic guidance

• Provide guidance and perspective on business challenges and act as mentor to the ERG leadership team

Attract, Engage, Retain
Measure of Success and Accountability

- Corporate Diversity Scorecard & Business Scorecards
  - Retention
  - Development
  - Leadership Engagement
  - Supplier Diversity
  - Affirmative Action
- Voice of the Employee Survey
  - Satisfaction
  - Engagement Index
  - Diversity Index
- Performance Reviews
  - Integration
## Diversity & Inclusion Enterprise Scorecard

<table>
<thead>
<tr>
<th>Goal</th>
<th>Actual</th>
<th>Last Qtr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Retention</td>
<td>&gt;95%</td>
<td></td>
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</tbody>
</table>

## Corporate D&I Metrics & Goals

### Retention

<table>
<thead>
<tr>
<th>Domestic Demographic</th>
<th>Enterprise Retention % of Population</th>
<th>Goal</th>
<th>Last Qtr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minority</td>
<td>93%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-5 YOS</td>
<td>91%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Millennial</td>
<td>91%</td>
<td></td>
<td></td>
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</tbody>
</table>

### BU/SS Workforce Demographics

### Tier 1 Supplier Diversity

<table>
<thead>
<tr>
<th>Metric</th>
<th>Goal</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td>Minority</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td>Veteran</td>
<td>4.0%</td>
<td></td>
</tr>
<tr>
<td>Service Disabled</td>
<td>1.0%</td>
<td></td>
</tr>
</tbody>
</table>

### Enterprise Leadership Engagement

<table>
<thead>
<tr>
<th>Goal</th>
<th>% Complete (minimum of 2)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

### Mentoring

<table>
<thead>
<tr>
<th>Metric</th>
<th>Mentees</th>
<th>Mentors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Employees</td>
<td></td>
<td></td>
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</tbody>
</table>

### Employee Resource Groups

<table>
<thead>
<tr>
<th>Metric</th>
<th>Members</th>
<th>Non-members</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Development Moves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Retention</td>
<td></td>
<td></td>
</tr>
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### Training/Awareness

<table>
<thead>
<tr>
<th>Training</th>
<th>Goal</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taking Ownership for D&amp;I</td>
<td>100% by end of FY13</td>
<td></td>
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</table>
Best Practices

• Engage council in setting corporate diversity goals
• Have each council member create a business unit diversity scorecard that supports key business goals
• Provide opportunities for the council to meet with employees
• Bring external thought to the Advisory council on diversity topics
• Council leadership should have a personal connection to diversity (compliance versus commitment)
• Leverage the executive sponsor to send communications to leaders in support of diversity strategy and activities
• Leverage the council in retention strategies
• Leverage council support in curriculum development
• Cadence Diversity Scorecard data with the council (quarterly)
• Ensure council members are board members of organizations that support diversity
OUR ROAD TO INNOVATION
STARTS WITH DIVERSITY AND INCLUSION

DiversityInc
Diversity & Inclusion Councils

23 October 2013
Global Employees (full-time employment): **122,402**

A global manufacturing footprint that helps balance the shifting world economies.
be present
SEEK + SHARE + LISTEN + CHAMPION
inclusion.cat.com
As an enterprise we will develop the **Best Team** to build innovative solutions for our global customers, deliver superior results for our stockholders and positively impact our people and the communities we serve.
How Do We Measure Success?

EOS Inclusion Index
Enterprise Metric—Best Team

Division Indicators
- Attract, Develop, Perform
- Leader behaviors
- New hires, L.E.A.D., development, ERGs, supplier diversity

Inclusion Survey
- Optional and confidential
- Deeper dive to help improve environment
- Focused action planning
- Identified demographic disparities

Making Great Leaders

OUR ROAD TO INNOVATION
STARTS WITH DIVERSITY AND INCLUSION
History of D&I councils

1999
Corporate Diversity Council formed

2005
Diversity Champions identified for each business unit

2008
Regional Diversity Councils formed with Regional focus on talent development and engagement

2009
Diversity goals required by business units
Creation of Diversity Metrics Dashboard

2011
Accountability and execution of action plans at the Business Division
Refocus of Regional Diversity Councils to actionable level

2012
Refocused Diversity & Inclusion councils around portfolios of business
Revamped D&I metrics
Diversity & Inclusion Councils

Executive Office

- Construction Industries Group
  - Group President & Vice Presidents D&I Council
  - Working Committee

- Resource Industries Group
  - Group President & Vice Presidents D&I Council
  - Working Committee

- Energy & Power Systems Group
  - Group President & Vice Presidents D&I Council
  - Working Committee

- Customer & Dealer Support Group
  - Group President & Vice Presidents D&I Council
  - Working Committee

- Corporate Services Group
  - Group President & Vice Presidents D&I Council
  - Working Committee

- Law & Public Policy Group
  - Executive Vice President & Vice President D&I Council
  - Working Committee

- Enterprise System Group
  - Senior Vice President & Vice President D&I Council
  - Working Committee

Global Diversity & Inclusion Office

OUR ROAD TO INNOVATION STARTS WITH DIVERSITY AND INCLUSION
# Diversity & Inclusion Councils

<table>
<thead>
<tr>
<th>Executive Office</th>
<th>D&amp;I Council</th>
<th>Working Committee</th>
<th>Global Diversity &amp; Inclusion Office</th>
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</thead>
</table>
| • Serve as the D&I Board of Directors  
• Ensures alignment across the enterprise | **Group Presidents**  
• Chairs Diversity Council (by portfolio)  
• Serves as the D&I CEO for their portfolio  
• Establishes priorities  
• Approves D&I Goals  
**Vice Presidents**  
• Serve as Council Member (by portfolio)  
• Own and drive D&I Goals into their organization  
• Communicates goals throughout Division | **Purpose**  
• Make goal recommendations  
• Share best practices  
**Membership**  
• 10-15 members  
• Maximum of two people from each Division  
• Representing all four regions  
• Lead HR manager and/or delegate.  
**BU HR**  
• Develop, own and implement action plans | • Serve as D&I strategy consultant  
• Communicate enterprise D&I initiatives, tools and change management resources  
• Provide metrics update:  
  • Validate enterprise goals (across all Groups)  
  • EOS Inclusion Index  
  • D&I divisional indicators  
  • Inclusion Survey |
Lessons Learned

• Find what works for you
• Establish clear accountability
  – Regional vs. Business Unit ownership
• Gain leadership support at all levels
• Communicate vision and goals (with metrics)
  – **Clear and consistent focus** on embedding
    Inclusion → Innovation culture
2013-2014 Web Seminar Schedule

- **December 3** – Diversity Metrics
- January 28 – Building a Talent Pipeline
- February 25 – Resource Groups
- March 25 – Equitable Talent Development/Succession Planning
- April 29 – Diversity Department Structures
- May 20 – DiversityInc Top 50 Best Practices
- June 24 – CEO Commitment
- July 22 – Supplier Diversity
- September 16 – Mentoring and Sponsorship
- October 14 – Diversity Councils
- November 4 – Diversity Metrics

Please contact customer service at webseminars@diversityinc.com
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• You will receive a follow-up e-mail from us containing the link to download this presentation for future reference

• The presentation will be available approximately 72 hours after this event

• Questions? Call (973) 494-0506