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DATA AGGREGATION, ANALYSIS & BENCHMARKING: DIVERSITY, EQUITY & INCLUSION (DEI)

Presentation to Office of the General Treasurer State of Rhode Island

October 27th, 2021



LENOX PARK SOLUTIONS

Lenox Park Solutions, Inc. | lenoxparkinc.com

MEETING AGENDA

October 27th, 2021

I.	Introductions.....	5 Minutes
II.	Data Aggregation	5 Minutes
III.	Impact Score	10 Minutes
IV.	Survey Results.....	10 Minutes



TABLE OF CONTENTS

- I. *About Lenox Park*
 - Leading the way in DEI using Technology & Data Science..... 5*
- II. *RoundTables DEI Data Aggregation (Surveys)*
 - RoundTables Data Aggregation 7*
- III. *Lenox Park Diversity Impact Score (LPI)*
 - Lenox Park Diversity Impact Score..... 9*
 - DEI Impact Weighting Portfolios 10*
- IV. *Office of the General Treasurer State of Rhode Island Survey Results*
 - Overall Response Rate and LPI Results..... 12*
 - DEI RoundTables Trend Insights 15*

ABOUT LENOX PARK

LEADING THE WAY IN DEI USING TECHNOLOGY & DATA SCIENCE



MacArthur Foundation



The New 'FICO Score' CalPERS and NY Common Are Using to Push Managers on Diversity

Lenox Park has developed what it hopes will be the industry standard for grading managers on their diversity and inclusion efforts.



Bloomberg

Hedge Funds Face Mounting Pressure With Diversity Questionnaire

Some of the most notable investors have adopted our DEI Data Aggregation and LPI Scoring tools

- Our tools **promote disclosure and accountability around DEI** by leveraging the best elements of technology and data science
- Creating **Common Language** in the way DEI is managed by focusing on metrics
- Adoption by Public Pensions has paved a path and encouraged other channels of Allocators to engage more in DEI accountability for their Asset Managers

Asset Management must coalesce around an industry standard, and our firm is uniquely positioned to continue leading the way

- Over a decade of experience in the **Emerging & Diverse Managers** space
- Lenox Park and its professionals have cultivated **significant credibility among all participants in Asset Management**, including the approximately 1,300 Limited Partners, Asset Management firms, Broker / Dealers and other firms that have been invited into our RoundTables™ ecosystem
- Having sent approximately **4,000 DEI surveys to vendors on behalf of our Clients** (2,290 to vendors of Public and Corporate Pensions), few firms, if any, have similar depth of experience and domain expertise

ROUNDTABLES™ DEI DATA AGGREGATION (SURVEYS)



ROUNDTABLES™ DATA AGGREGATION

Surveys Overview

- RoundTables™ is a **secure, cloud-based platform** that enables multiple individuals to collaborate seamlessly to contribute information
- Our standard **DEI Template Survey** uses the best elements of technology and data science to efficiently gather necessary data to calculate the **Lenox Park Diversity Impact Score (LPI)**

Dynamic Conditional Questions

- RoundTables™ Surveys allow for dynamic conditional questioning which adapt to the Organization's chosen services, providing several layers of categorization, later used **for benchmarking purposes**
- The survey is **easily customizable** to reflect key information required by the survey host
- The dynamic nature of the survey reduces complexity for the user and ensures accuracy across all firms

Pre-population and Smart Error Elimination

- RoundTables™ Surveys allow users to easily complete surveys by pre-populating data from previously submitted surveys
- RoundTables™ Surveys assist in reducing user-error entries with data processing tools that improve the quality of the survey results

LENOX PARK DIVERSITY IMPACT SCORE (“LPI”)



LENOX PARK DIVERSITY IMPACT SCORE (LPI)

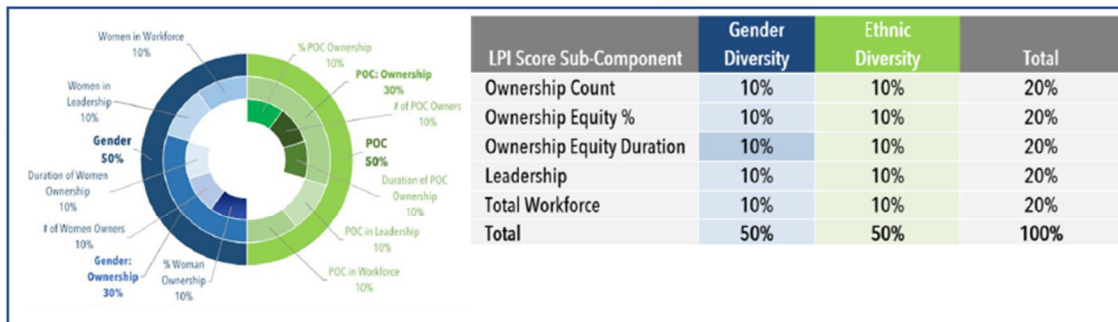
The **Lenox Park Diversity Impact Score** is an assessment methodology created by Lenox Park Solutions. The Score is a standardized DEI measure that can be used to measure demographic representation across organizations, in any industry.

LPI measures a comprehensive set of DEI components, including Ownership, Leadership & Management, and Total Staff or Workforce, and aims to achieve three critical objectives:

- 1) **Establish a Standardized Metric** that assesses DEI in a comparable format across a wide range of firms, including Asset Managers, Portfolio Companies, and Suppliers - a standard that reduces resources required by allocators during diligence or monitoring, and by the asset managers, portfolio companies, and suppliers, who need only provide DEI demographic data to a single platform. The metric also adapts to changing definitions and perspectives over time, and provides a transparent roadmap with a scoring methodology that all firms (not just those with diverse ownership) can reference to improve, participate in, and be held accountable to around their DEI efforts
- 2) **Offer metrics that add to and complement Ownership statistics** towards a truly comprehensive method of assessing DEI, by incorporating other important elements, including firm Leadership and Total Workforce data; enhanced statistical measures such as duration of ownership, and transparency; and the discretionary ability to consider evenness in diversity using the Normalized Herfindahl-Hirschman Index (HHI) as a supplement to our standard representation methodology. Allowing more components allow for all suppliers and asset managers to be evaluated, regardless of their ownership percentage metrics
- 3) **Establish Meaningful DEI Benchmarks** that meet industries and firms where they are *today, but also reflect reality*, with respect to DEI by offering statistics across multiple categories, including Asset Class / Industry, AUM, Firm Size, Geographic Region, Revenue / EBITDA, and sub-categories of gender and ethnicity that reveal relative performance in selected peer sets

The composition of the Score is based on a 1-10 scoring methodology, with 5 points devoted to each of Gender and Ethnicity, across the areas of Ownership, Leadership & Management, and Total Staff. All of these components can be displayed individually, and relative to relevant peer sets.

LPI Score Detail



Sample LPI Score Calculation

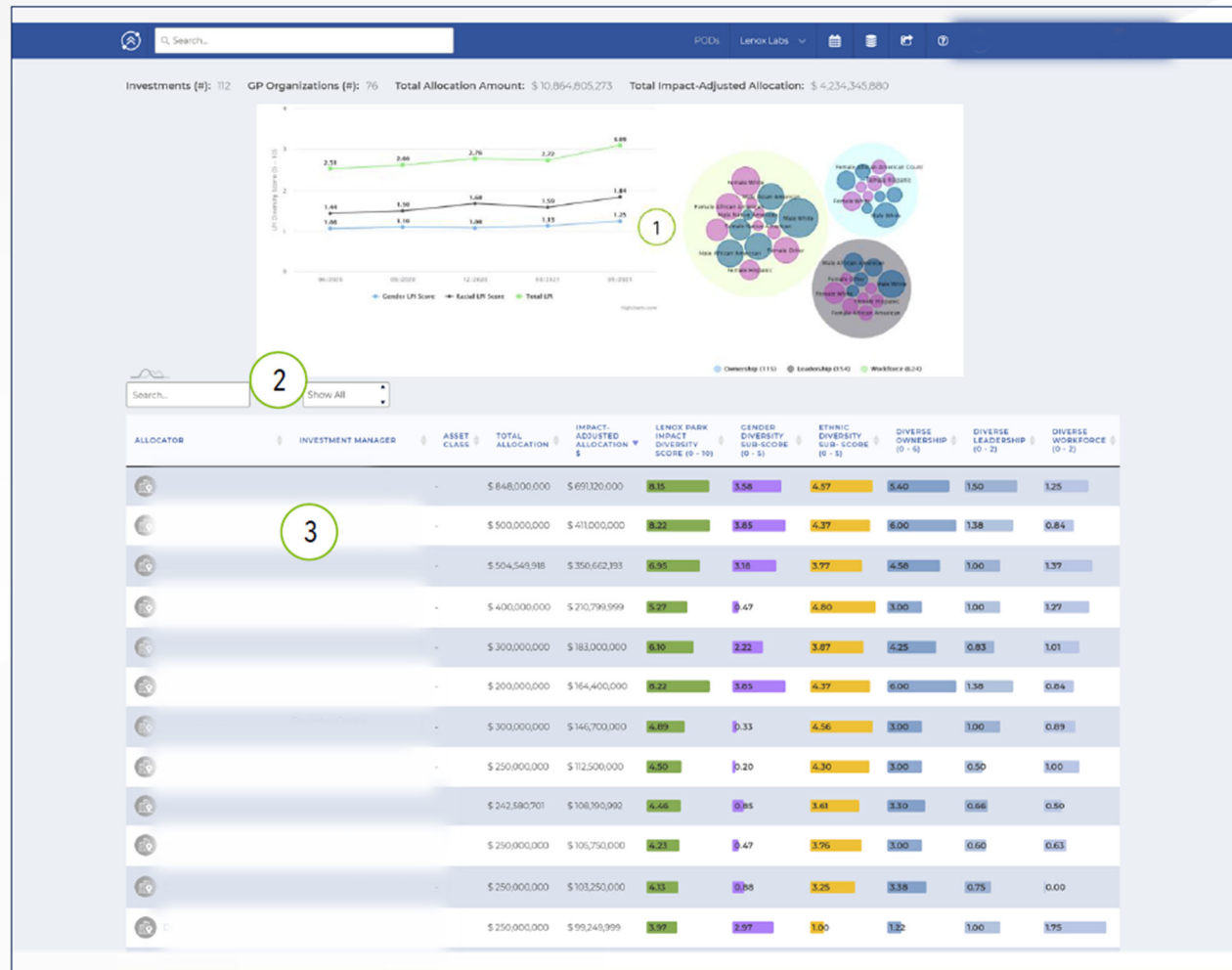
SAMPLE ASSET MANAGER

LPI Score Sub-Component	Gender Diversity (0-5)	Ethnic Diversity (0-5)	Total (0-10)
Ownership Count (0-1)	0.25	0.10	0.35
Ownership Equity % (0-1)	0.50	0.05	0.55
Ownership Equity Duration (0-1)	0.25	0.08	0.33
Leadership (0-1)	0.12	0.23	0.35
Total Workforce (0-1)	0.35	0.18	0.53
Total	1.47	0.64	2.11

DEI IMPACT WEIGHTING PORTFOLIOS

DIVERSITY IMPACT

- Granularity of data gathered has allowed development of tools that bring accountability to Investment Portfolios and/or Vendors
 - Expands the pool beyond diversity designation thresholds, allowing all suppliers and managers to be held accountable
 - Provides a roadmap to areas for improvement for vendors / managers / companies and clients / allocators alike
- Ability to filter by asset class and other factors enables Investment Staff to better understand subsections of the portfolio and create meaningful peer sets for evaluation
- Drill-down on a vendor / manager's individual statistics and sub-scores, including their contributions to the DEI impact-weighted total portfolio at Gender and Ethnicity levels across categories of Ownership, Leadership, and Total Staffing



2021 DIVERSITY, EQUITY, & INCLUSION SURVEY RESULTS

SURVEY RESPONSE RATE AND LPI RESULTS OVERVIEW DATA

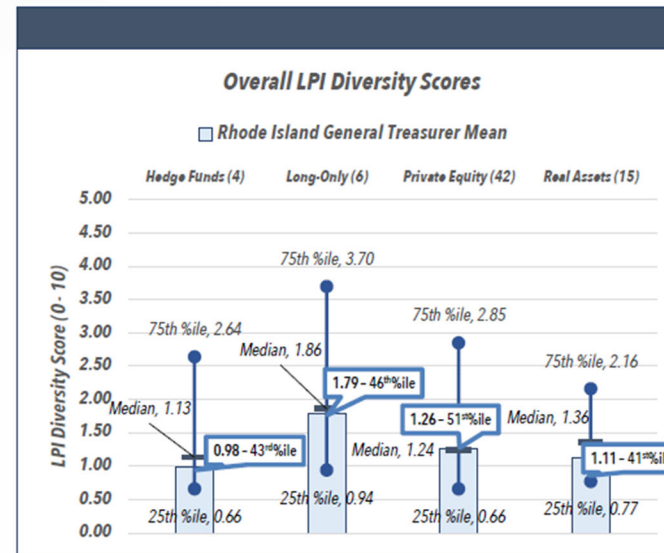
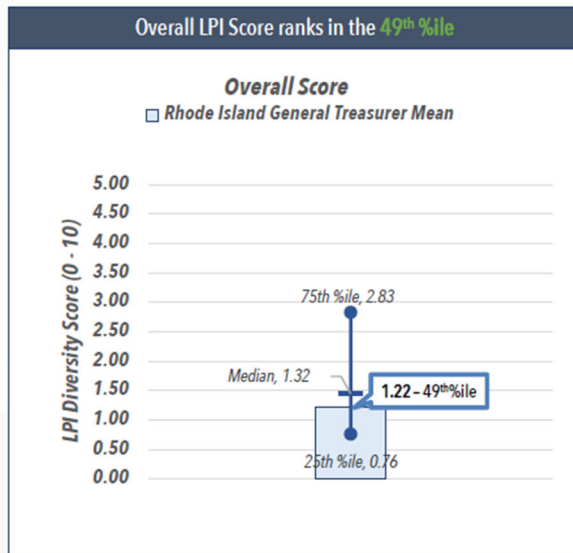
TOTAL # RESPONDENTS

2021 Office of the General Treasurer State of Rhode Island Survey ('Survey') results:

- The Office of the General Treasurer State of Rhode Island surveyed all the Employees' Retirement System of Rhode Island ("ERSRI") active current 104 fund managers across its entire portfolio. A full portfolio survey of ERSRI's current managers will be performed annually for at least the next 2 years.
 - **94** of all surveyed managers responded to the Survey
 - **90%** response rate; **27% points higher** when compared to the 63% RoundTables survey response rate average
 - 67 managers (**64% of the 104 surveyed managers & 71% of the 94 managers that responded**) submitted a response with sufficient LPI data

LPI PORTFOLIO RESULTS¹

The average LPI score of the 67 managers that responded with sufficient data is 1.22, ranking in the 49th percentile of managers in the LPI universe.



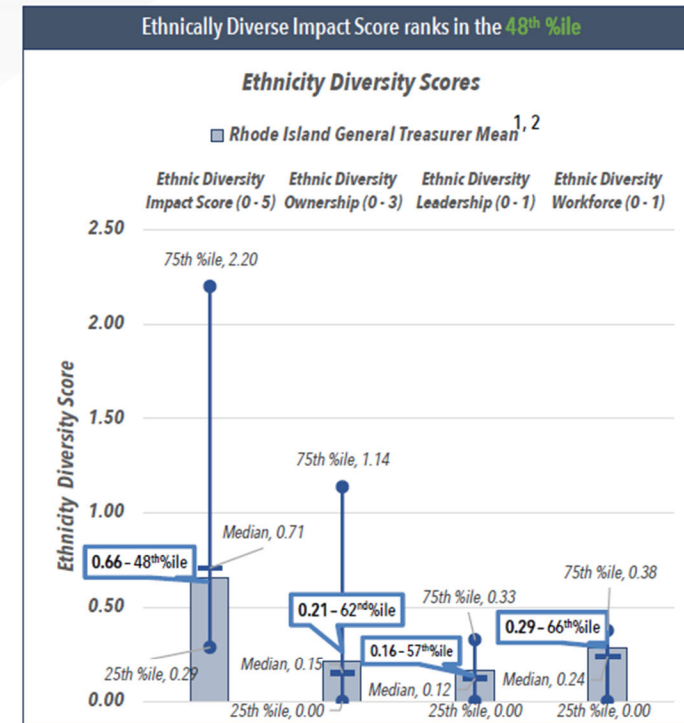
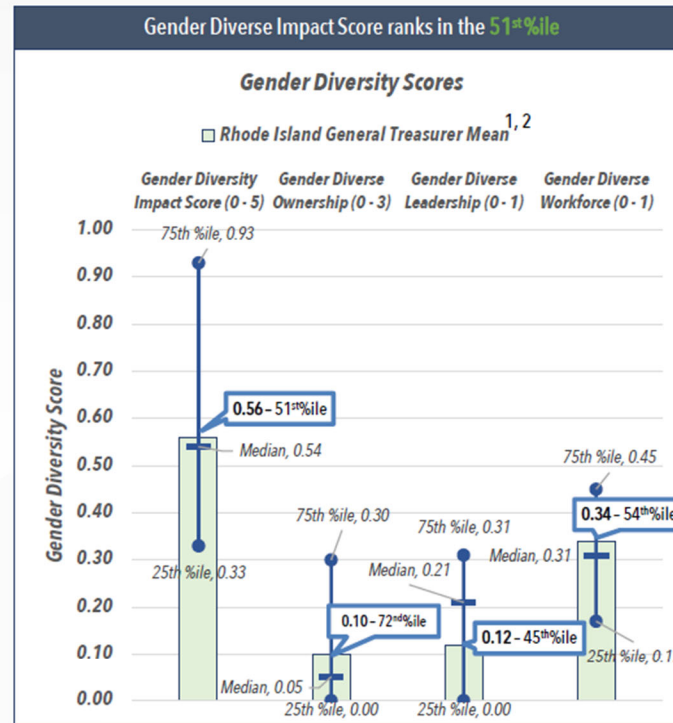
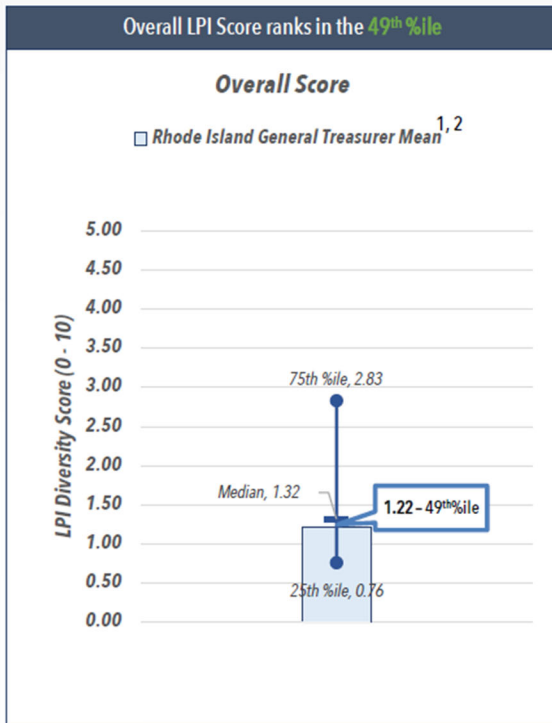
1. For the purposes of this Survey, Lenox Park relies on self-reported demographic information, and makes no attempt to verify any of the self-reported data, other than to ask that duly authorized respondents answer to the best of their abilities.

LPI DATA ANALYSIS

OFFICE OF THE GENERAL TREASURER STATE OF RHODE ISLAND LPI SCORE OVERVIEW

- The average LPI score of the 67 managers that responded with sufficient data is **1.22¹**, ranking in the 49th percentile of managers in the LPI universe.²

Rhode Island General Treasurer managers have the following rankings relative to the Asset Manager LPI universe²:

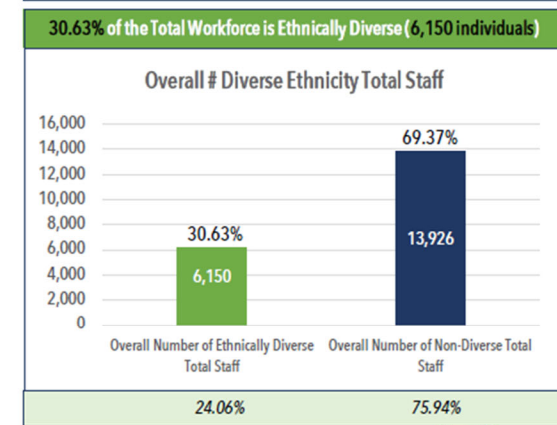
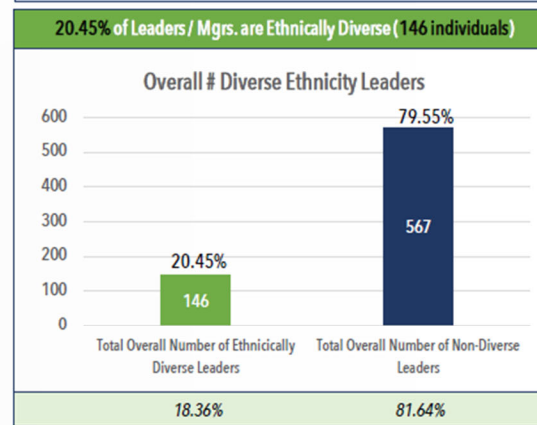
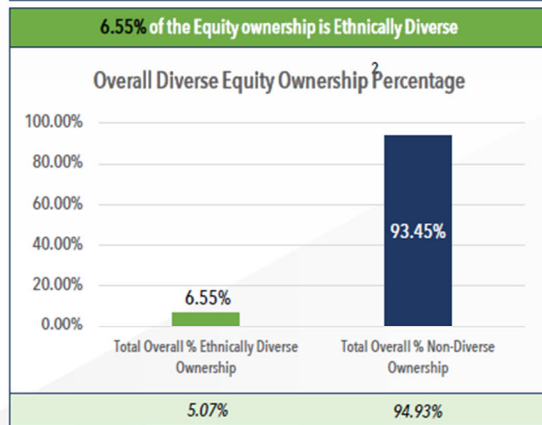
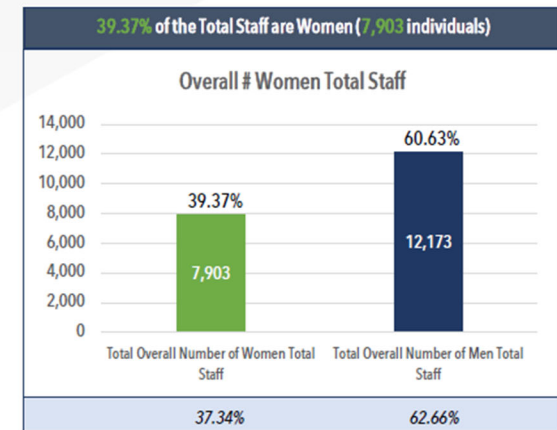
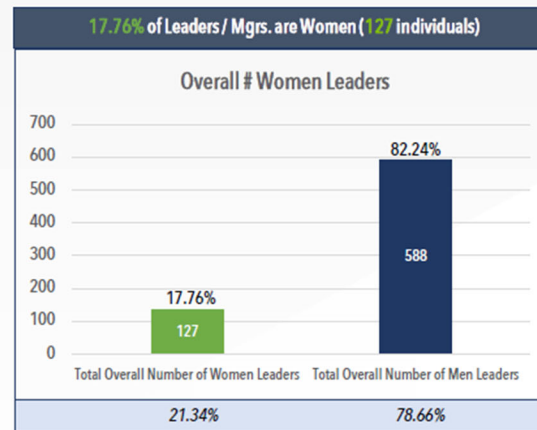
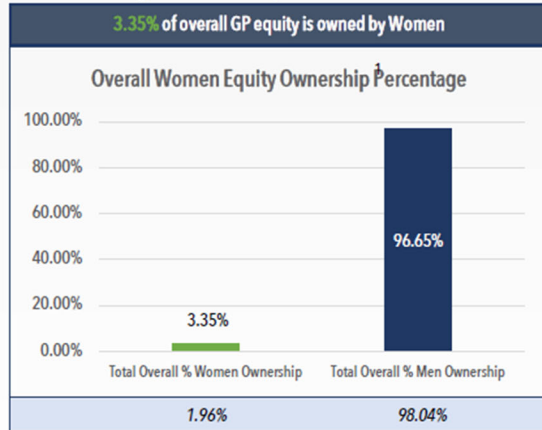


1. Calculated average is the mean of all manager scores. No weighting of scores is used relative to allocation amount / AUM in these statistics.
 2. Asset Manager LPI universe is defined as all manager LPI scores excluding Client manager LPI scores; percentile calculations for LPI universe exclude Client manager data for comparison purposes.

DEI DATA AGGREGATION RESULTS

GENDER & ETHNICITY REPRESENTATION

- The 67 managers that responded with sufficient data have a total workforce of **20,076**



- Represents the normalized, overall average % of equity across all polled organizations owned by Women.
- Represents the normalized, overall average % of equity across polled organizations owned by Diverse Ethnicities.

DEI ROUNDTABLES TREND INSIGHTS

TOP QUARTILE VS. BOTTOM 3 QUANTILES LPI SCORE ANALYSIS

Lenox Park conducted analysis that compared the **Top Quartile of LPI Ownership and Leadership** scoring firms and the **Bottom Three Quartiles of LPI Ownership and Leadership** scoring firms.

- Firms that are in the top quartile for **Ownership LPI Scores** have resulting **Total Staff LPI Scores** that are statistically significantly higher than their bottom 3 quartile counterparts' **Total Staff LPI Scores**. **The same dynamic also holds true for Leadership**, at almost exactly the same multiple overall. That is to say, Top Scoring Leadership firms are overall just as likely to have high Total Staff scores as Top Scoring Ownership firms.
- Broadly, this is evidence that Ownership and Leadership diversity at top scoring firms leads to more diversity at the Total Staff levels than their lower performing Ownership and Leadership peers
 - More specifically, we think this supports the notion that **Leadership diversity can be just as influential with respect to overall diversity** (ie, Total Staff scores), and in some cases more influential (see below), as Ownership diversity.
- In brief, Ownership and Leadership diversity levels seem to have similar effects, or at least exhibit similar relationships around the levels of diversity at Total Workforce levels when Ownership and Leadership diversity is high
 - **Overall Total Staff effects are remarkably similar**, at 1.38x at the Total Workforce level for both Ownership and Leadership for top vs. bottom 3 quartile LPI scoring firms
 - **Gender Ownership** tends to have more of an effect than Gender Leadership at Total Workforce levels (1.15x Total Workforce multiple vs. 1.05x Total Workforce multiple)
 - Whereas, **Ethnicity Leadership** tends to have more of an effect than Ethnicity Ownership at the Total Workforce levels (1.42x Total Workforce multiple vs. 1.35x Total Workforce multiple)

THANK YOU



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PLEASE NOTE THAT WHILE THESE RESULTS REPRESENT RESPONSES GATHERED TO THE BEST OF OUR ABILITY, THE RESULTS ARE PROVIDED FOR INFORMATION PURPOSES ONLY, AND LENOX PARK SOLUTIONS DOES NOT GUARANTEE EXTRAPOLATION OF SIMILAR RESULTS FOR LARGER DATA SETS.