

## Racial Impacts of Financial Markets Operations

### Background Material

June 27, 2022

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#### Understanding the Role of Financial Markets:

Looking back at the creation of the United States and the development of markets and institutions, we see how the history of slavery and the role that discrimination and inequity has played shapes the current economic landscape and is reflected in the underrepresentation of racial minorities and genders groups.

Financial markets, broadly speaking, plays a large role in shaping our society, economy and culture. The extent to which the institutions that operate within these systems proliferate inequity, the harder it is to experience a just and equitable society.

#### The Role of Finance:

Finance plays a major role in the financial well-being of individuals. How individuals are treated – has impacts that reverberate throughout individual households, communities and the greater society as a whole.

Understanding the impacts of finance, the opportunities that come from equity and inclusiveness and the tremendous harm that discrimination creates, leads to a level of societal connectedness that we are just beginning to understand. As our society continues to grapple with these issues, we are seeing first-hand the tremendous opportunities that exist to have long lasting impacts throughout our society – at all levels.

#### Why it is important to recognize the impacts of Financial Markets Operations:

Recognizing the impacts of financial markets operations is important because of the very large role financial markets play in society and on CalPERS business. We believe that identifying and addressing these concerns will have an impact not only on our work environment and on the individuals we serve, but especially on our outcomes including performance.

The CalPERS DEI Framework and Investment Office initiatives go into specific detail regarding what functions we will undertake to improve outcomes.