

ndcindex
national diversity council



2022 Annual Report





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Executive Summary

We are pleased to launch our inaugural NDC Index Annual Report. We are grateful to the 43 participating companies for trusting us with their data and demonstrating their commitment to diversity and inclusion in the face of the COVID-19 pandemic, social unrest, and economic uncertainty. Their participation is a testament to their leadership in recognizing the value of this work and its positive impact on identifying solutions in unprecedented times.

The NDC Index is an annual survey that measures diversity and inclusion best practices in the corporate sector. We are pleased to see the number of participating companies grow each year and the increase in the index scores of returning companies. Diversity, equity, and inclusion (DEI) is a journey requiring intentionality and accountability. We commend these companies for putting DEI at the forefront and continuing to move the needle year after year as part of their overall business strategy for success.

The NDC Index Annual Report offers an understanding of the current trends regarding diversity and inclusion in the corporate sector. It allows us to achieve two important objectives. First, we can celebrate triumphs by demonstrating the many best practices companies are implementing in their respective diversity and inclusion (D&I) programs while fostering business success and community well-being. Second, we can identify the areas that continue to challenge us from achieving a fully diverse and inclusive work environment. The following are highlights of our findings.

- Most CEOs regard diversity as part of the company's business growth strategy.
- Fifty-eight percent of the companies have an executive diversity council.
- Sixty-seven percent of participants have succession programs in place while 58 percent implement mentoring programs.
- Sixty-seven percent of participants have employee resource groups.
- Women account for over half of all employees while Black, Indigenous, and People of Color (BIPOC) make up nearly half of the overall workforce.
- For BIPOC, lack of diversity representation is evident at the leadership and management levels. While accounting for 45 percent of the overall workforce, BIPOC make up 32 percent of management, 20 percent of corporate executives and only 18 percent of the executive team.
- While women make up 49 percent of management, their representation steadily declines to 38 percent at the corporate executive level and to 33 percent at the executive team level.

We hope you find this report informative and a helpful resource for businesses and the public at large. We look forward to growing the NDC Index and supporting companies as they continue this necessary and important work.



About the NDC Index

Purpose

The NDC Index is a measurement of organizational commitment to diversity and inclusion (D&I) among companies in the U.S. aimed to elevate the value of D&I for business success. Through an annual survey, the NDC Index rates company performance on CEO engagement and corporate initiatives, policies, and programs. Ultimately, our goal is to advocate for diversity and inclusion as a business imperative and to help organizations increase opportunities for innovation and long-term sustainable growth.

History

The NDC Index initiative began with a desire to help NDC partner companies benchmark their D&I efforts. By conducting exhaustive research, we developed our survey based on current best practices that drive and impact diversity and inclusion in the workplace. As the index developed, we realized that such a powerful and informative analytical tool could have a wider audience and a broader impact. Hence, we designed this survey to help organizations strengthen their D&I strategy based on current industry norms and market relevancy. We initially piloted the survey with NDC partners in 2019. As we launched the index nationally, we have seen a growth in participation, with 38 participating companies in 2021 and 43 in 2022.

Assessment Areas

The NDC Index uses five assessment areas to rate company performance on diversity and inclusion.



1. **CEO Engagement:** The extent to which the Chief Executive Officer is a champion of diversity and inclusion and D&I efforts are integrated across the organization.



2. **Policies, Benefits, and Initiatives:** The practices and strategies in support of diversity and inclusion across the organization.



3. **Supplier Diversity:** The extent to which the company uses its supplier diversity program to its full potential to meet D&I goals.



4. **Community Outreach:** The extent to which the company utilizes the full potential of employees, consumers, and experts as resources to meet D&I goals.



5. **Corporate Social Responsibility:** The extent to which the company provides for the social and economic well-being of the diverse community it serves.

Methodology

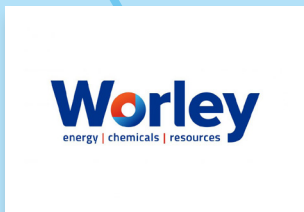
The NDC Index is designed as a rating tool for D&I efforts in the corporate sector. Scores are attributed to best practices in the five assessment areas. The scoring method was developed by the NDC Index team through academic and professional research on diversity best practices. Not all questions receive the same points. We place more weight on some best practices than others—especially if these are foundational and fundamental to D&I strategies.

Participating companies receive a score from zero to 100 points, and we recognize companies with a score of 90 or higher as the Best U.S. Companies for Diversity. Companies can utilize their results to identify areas of improvement and refine their D&I strategy.

Participating Companies

These are the 43 companies that participated in the 2022 NDC Index in alphabetical order. While the companies represented 13 different industry types, the largest segment of businesses were in healthcare, with 47 percent providing a variety of health services including insurance, direct patient care, care coordination, or other ancillary services.





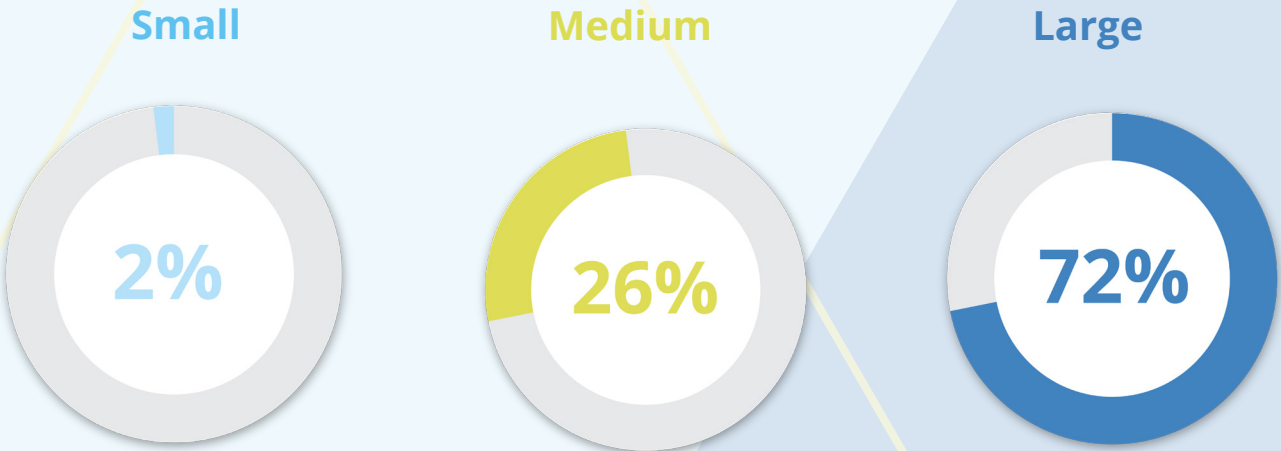


NDC Index Scores

NDC Index scores ranged from 22 to 98, with 19 companies scoring 69 or higher. Scores are attributed based on the participants' answers to the five assessment areas. Not all questions receive the same points. We place more weight on some best practices than others—especially if these are foundational and fundamental to D&I strategies. Due to the large volume of participants, the scoring process is automated to eliminate human error.

Size of Participating Companies

Like the industry types, companies of various sizes submitted responses, with the number of company employees ranging from 517 to over 250,000. We categorized each company based on the number of reported employees: small (less than or equal to 1,500), medium (between 1,501 and 2,000), and large (more than 2,000). Large companies comprised most of the NDC Index participants.



The 2022 Best U.S. Companies for Diversity

The Best U.S. Companies for Diversity distinction is bestowed to companies receiving an NDC Index score of 90 or higher. The National Diversity Council congratulates these companies for their leadership in diversity and inclusion.

“

At AAA - The Auto Club Group, we aim to maintain a diverse workforce with equitable outcomes for employees in an inviting, inclusive workplace. We stand committed to our DE&I strategic initiatives designed to strengthen our culture and create meaningful and sustainable growth. We are extremely honored to receive this recognition and we encourage other DE&I practitioners to stay the course.



Ken Mathies,
Vice President and Chief Diversity Officer,
AAA - The Auto Club Group

“

At Blue Shield of California, our dedication to diversity, equity, and inclusion is at the core of our mission to create a healthcare system worthy of our family and friends. We are committed to sustaining an inclusive culture and representation across all levels to reflect the communities we serve.



Paul Markovich,
Chief Executive Officer,
Blue Shield of California

“

Diversity, equity, and inclusion positively impact all areas of the bank, helping us to better serve our customers, colleagues, and communities. The benchmarking feedback that we receive from the NDC Index continues to drive our ability to impact the communities we serve and advance racial equity.



Nate Bennett,
Chief Diversity Officer and Senior Vice President, Head of Talent Acquisition,
Comerica Bank

“

Horizon is proud to be recognized by the National Diversity Council as one of the Best U.S. Companies for Diversity. Our ongoing efforts to create a Culture of Excellence for our employees, members, and communities is one of value and priority. The results of the 2022 NDC Index reflect those efforts.



Alison Banks-Moore,
Vice President & Chief Diversity Officer, EO/AA, WorkLife Initiatives,
Horizon Blue Cross Blue Shield of New Jersey

Overall Workforce Profile

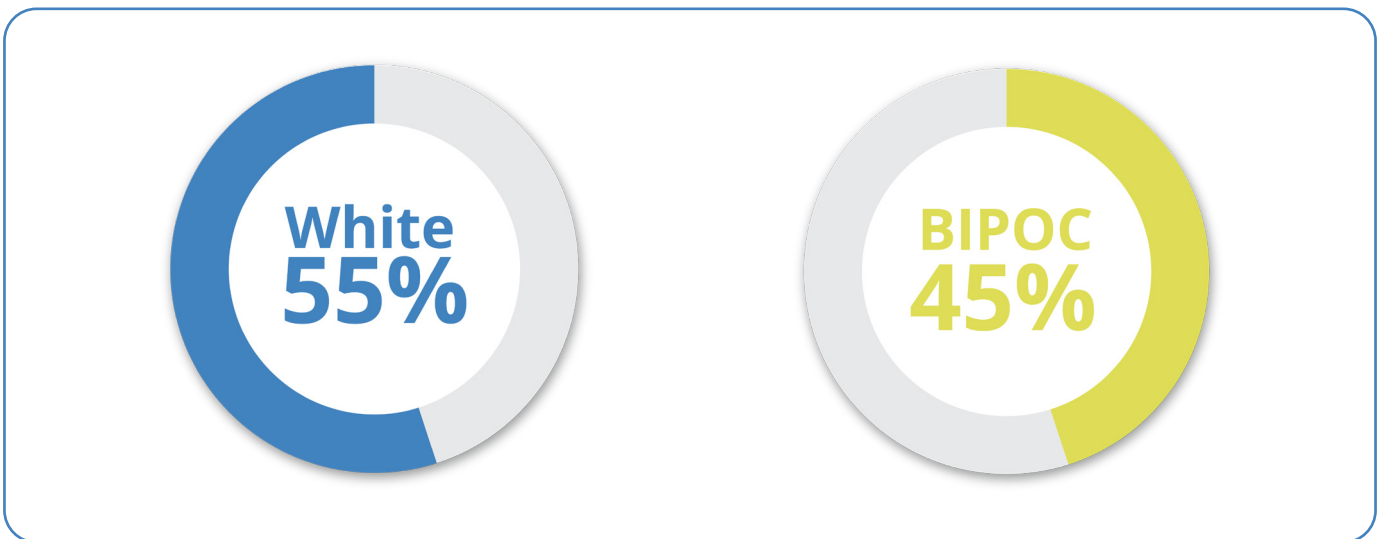
We analyzed the overall gender and racial makeup of participating companies. While there is greater gender and racial diversity in the overall workforce, women and Black, Indigenous, and People of Color (BIPOC) are still underrepresented at the leadership level.

- Women account for over half of employees while BIPOC make up nearly half of the workforce.

Workforce by Gender



Workforce by Race and Ethnicity





Management Profile

For the index, we define management as all employees directly above the non-management ranks including lower, middle, and upper-level management. The latter includes the executive team defined as the CEO and direct reports. Corporate executives are the executives one level below the executive team. The tables below show gender, race, and top earner demographics for NDC Index participants.

Table 1: Management and Non-Management Profile

Management



Women
49%



Men
51%

BIPOC
32%

White
68%

Non-Management



Women
57%



Men
43%

BIPOC
48%

White
52%

Table 2: Executive Leadership Profile

Executive Team



Women
33%



Men
67%

BIPOC
18%

White
82%

Corporate Executives



Women
38%



Men
62%

BIPOC
20%

White
80%

Top 10% Earners



Women
41%



Men
59%

BIPOC
32%

White
68%

- Compared to the overall workforce profile, these data reveal a lack of diversity representation at the leadership and management levels for BIPOC. While accounting for 45 percent of the overall workforce, BIPOC make up 32 percent of management, 20 percent of corporate executives and only 18 percent of the executive team.
- With limited advancement opportunities to leadership positions, BIPOC are less likely to be part of the top 10 percent earners within their organization. In our sample, they account for only 32 percent compared to women at 41 percent and whites at 68 percent.
- While we see gender diversity at the management level with 49 percent women, their representation steadily declines to 38 percent at the corporate executive level and to 33 percent at the executive team level.

Our findings are not new. A 2022 McKinsey¹ report shows that top earners and leaders in the corporate sector are most likely white men. In 2021, Bloomberg² reported that even among the largest U.S. companies, women and people of color remain underrepresented in leadership roles. A consistent pattern persists as organizations struggle to attract, retain, and advance women and BIPOC at the management and executive levels.



Best Practice: CEO Engagement

CEO Engagement is the extent to which the Chief Executive Officer is a champion of diversity and inclusion, and the extent to which D&I efforts are integrated across the organization. Five specific aspects encompass CEO Engagement: CEO commitment, D&I metrics, board of director demographics, and the executive diversity council.

CEO Commitment

For companies to excel in their D&I initiatives, there must be a sincere and intentional commitment to D&I from the most senior leader in the organization. NDC Index participants were asked to select from 15 practices demonstrating CEO commitment to creating an inclusive work environment.

- Among those commonly reported, our analysis found that most CEOs regard diversity as part of the company's business growth strategy.
- The least common practices include tying CEO compensation to D&I goals and overseeing the supplier diversity metrics and diversity council.

Top 3 CEO Commitment Practices

- Sees D&I as a strategic means for achieving business growth and success (41%)
- Regards leaders at all levels as D&I champions (38%)
- Is confident and effective in cross-cultural interactions (38%)
- Publicly supports external diversity-related initiatives (38%)

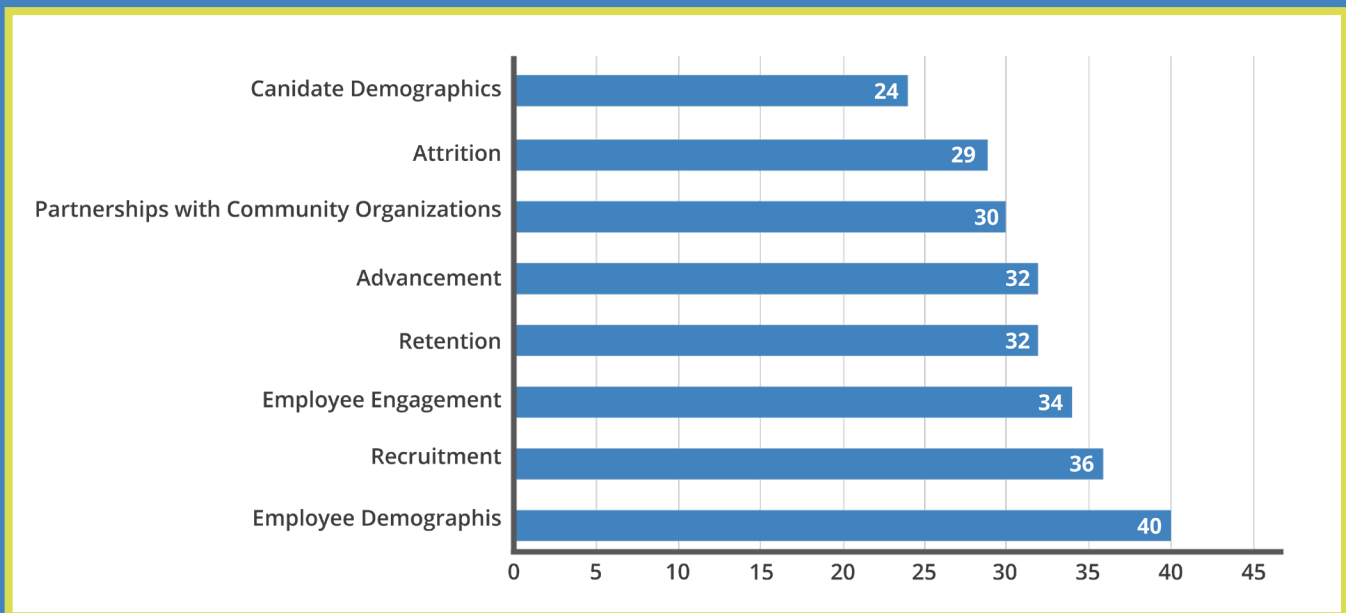
Bottom 3 CEO Commitment Practices

- Ties management compensation to D&I goals (13%)
- Oversees and/or reviews supplier diversity metrics and achievements (18%)
- Ties executive compensation to D&I goals (18%)
- Oversees or chairs the corporate/executive diversity council (19%)

D&I Metrics

Studies show that organizations use multiple internal and external metrics to measure diversity and inclusion initiatives. The most frequently used are employee demographics, retention, attrition, candidate demographics, advancement or promotion rates, pay equity, and employee resource group participation.³

- With NDC Index participants, 88 percent use some platform for assessing diversity and inclusion within their organization.
- 93 percent use employee demographics as the most common metric.



Executive Diversity Councils

An Executive Diversity Council is a group of senior and executive leaders who manage and oversee an organization's diversity and inclusion initiatives.⁴ Among index participants:

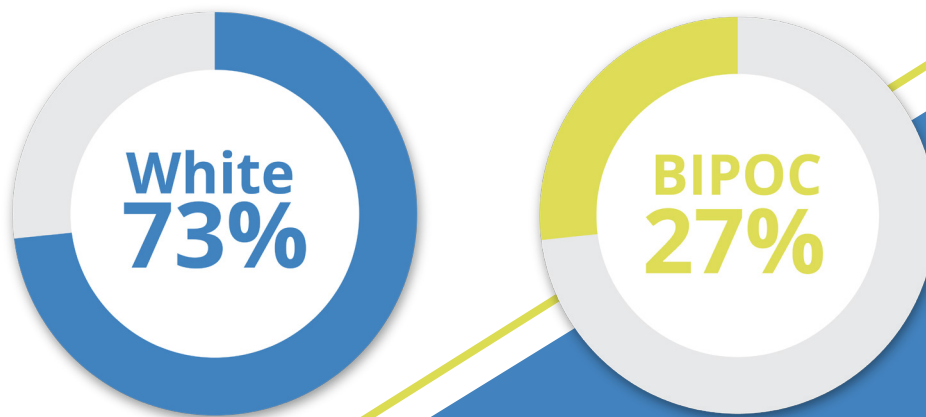
- 58 percent of companies had an existing executive diversity council.
- 84 percent of these companies established a thorough selection process to ensure there was an appropriate representation of diversity on the council.
- Of the 25 companies that had an executive diversity council, most were led by the CDO as a direct report to the CEO (28 percent) or by the CDO not as a direct report to the CEO (24 percent).
- Councils can be charged with various specific functions. The most commonly reported roles were to focus on trends and long-term change (88 percent) and to set and sign off on D&I metrics and goals (76 percent).

Board of Directors

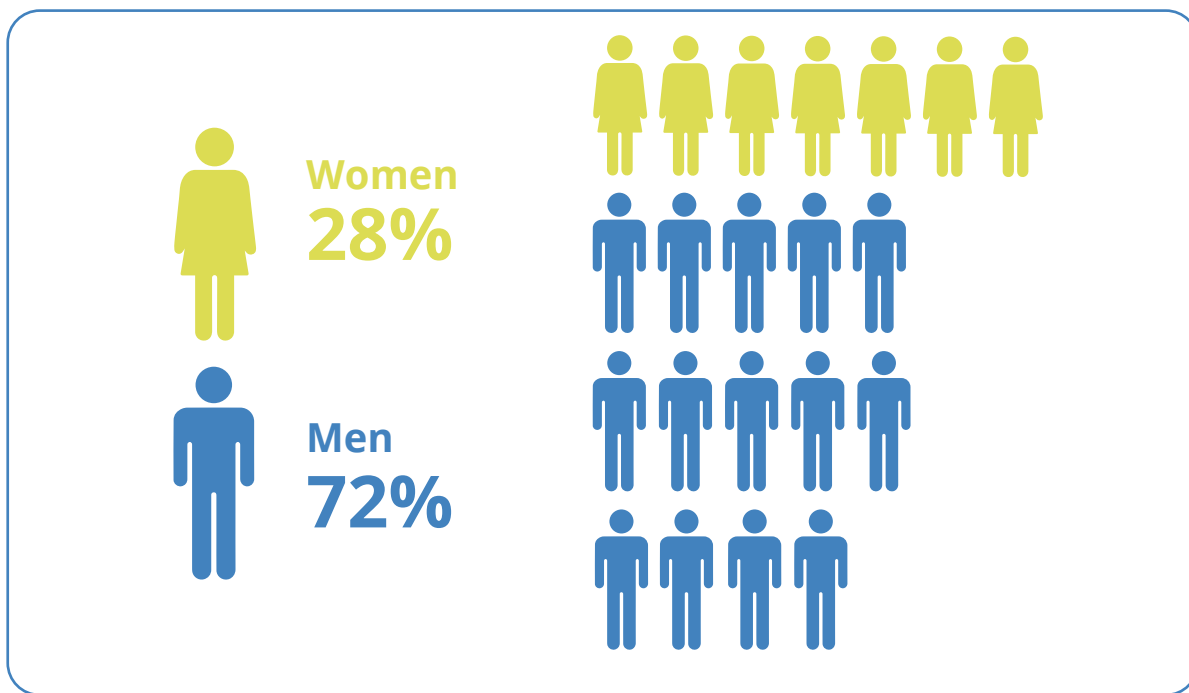
Board diversity is essential in framing company engagement with D&I work as board of directors typically govern and establish policies that directly impact D&I strategies.

- While NDC Index participants excel in implementing CEO engagement best practices, an area of improvement is representation on the board of directors.
- Of the 41 companies reporting their BOD demographics, we see that women and BIPOC are significantly underrepresented.

Board of Directors Race & Ethnicity



Board of Directors Gender





Best Practice: Policies, Benefits, and Initiatives

Policies, Benefits, and Initiatives are the practices and strategies an organization institutes to support diversity and inclusion. Most NDC Index participants reported having a D&I policy statement (86 percent) and/or a D&I strategy within company goals (79 percent). While these policies disseminate the company's stance and commitment to diversity and inclusion, the tenets of these statements and policies should be apparent throughout the organizational culture.

Recruitment Initiatives

Given the workforce demographic data from this analysis, we have chosen to discuss the best practices resulting in increased representation of women and BIPOC in leadership positions. Companies with a diversity recruitment initiative will likely have a pool of candidates with various backgrounds and experiences. However, our NDC Index sample revealed that:

- Only 84 percent have diversity recruitment initiatives.
- Only 35 percent have a mandatory diverse slate requirement for open positions.

A best practice to support a diverse candidate pool includes having multiple recruitment methods. Most NDC Index participants implement a combination of recruiting and scouting approaches.



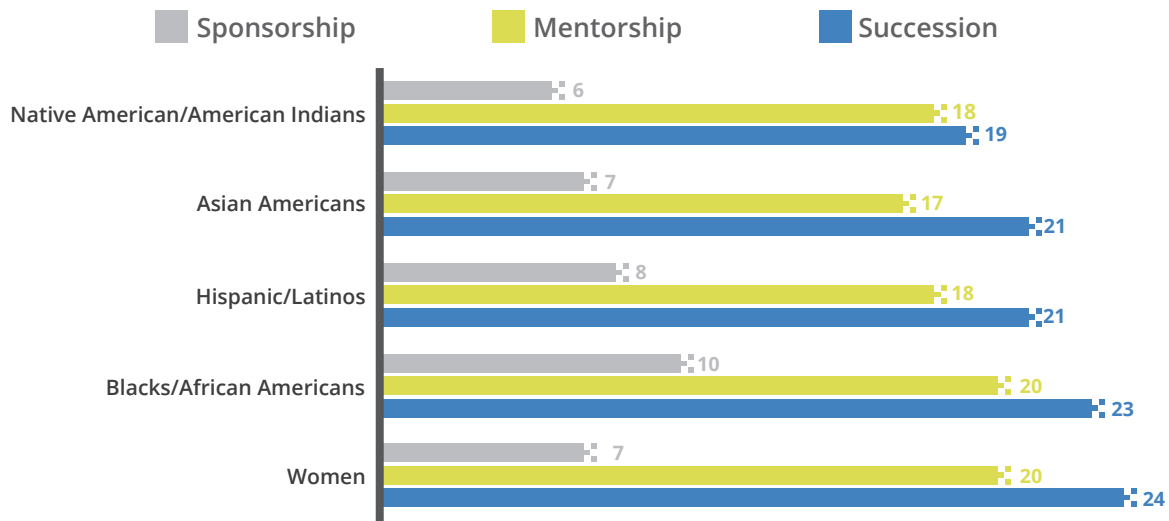
Employee Development Programs

Mechanisms for diversifying leadership require the intentional act to institute formal employee development programs. Examples of these include succession, mentoring, and sponsorship programs. Most index participants implemented succession (67 percent) and mentoring (58 percent) programs while few had sponsorship programs (23 percent).



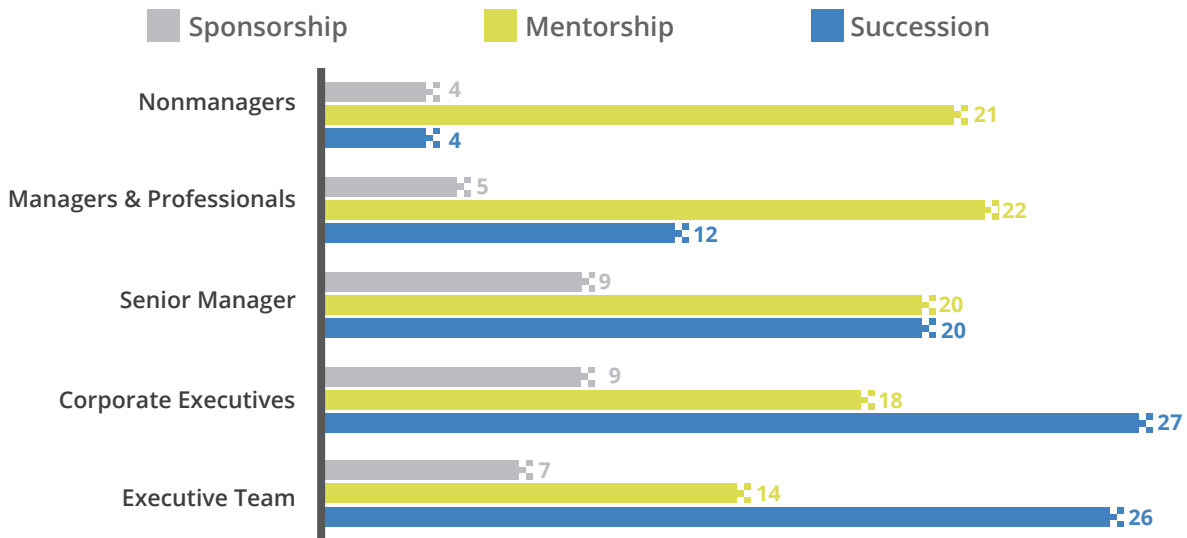
Of the companies with these specific programs, our data show that women and BIPOC employees are regularly recruited for these opportunities.

Targeted Population Segments for Employee Development



The analysis further revealed that managers/professionals and nonmanagers are often targeted for mentorship, while mainly executives benefit from succession planning. Mentoring engages employees within the company, allowing them to connect and learn from leaders and managers. However, the goal of mentorship is not automatically corporate advancement.

Targeted Levels for Employee Development



Given that women and the BIPOC population are least likely to be in high-level management positions, organizations must aim to include managers/professionals and nonmanagers in their mentorship and succession programs to ensure these levels have equal opportunities to advance. If companies are intentional in their employee development programs per position level, the efforts will be amplified given that participating companies reported targeting diverse segments for these programs.

D&I Training

Formal D&I training allows companies to understand various diversity-related concepts and topics. Training increases the attendee's understanding and capacity to support and cultivate a diverse and inclusive environment. For this sample of index participants:

- 70 percent had formal D&I training while 30 percent reported that their training programs were still under development.
- Of the 30 companies with a formal D&I training program, all reported that executives, corporate executives, and senior managers participated in the training.
- Only 27 companies stated that the training was mandatory.

D&I Curriculum

Of the 30 companies with a formal D&I training program, the top three content areas promote diversity and inclusion while helping organizations to identify, recruit, and retain employees from diverse backgrounds.



Employee Resource Groups and Business Resource Groups (ERGs/BRGs)

ERGs/BRGs provide opportunities for employees with shared identities to build organizational rapport, expand their professional network, and share experiences and opportunities. Research indicates that an estimated 90 percent of Fortune 500 companies have formed various ERGs.⁵ Among NDC Index participating companies:

- 67 percent reported having ERGs/BRGs.
- The average number of ERGs/BRGs per organization was seven, with the top three groups being LGBTQ, women, and Blacks/African Americans.

ERG/BRG Types



Companies can also leverage the camaraderie and structure of ERGs/BRGs to achieve business and D&I goals. Of the 29 companies with ERGs/BRGs, all reported using these groups strategically to achieve business goals, and 83 percent have an executive sponsor.

ERGs/BRGs offer a unique opportunity to identify and recruit external talent and develop current team members. Our findings further show that the companies with ERGs/BRGs are maximizing the benefits of these groups to get involved with their served community, recruiting and talent development efforts, and D&I training. However, missed opportunities to grow and support internal employees exist. While 55 percent allow these employee groups to assist in onboarding new employees, only 21 percent use ERGs/BRGs to identify team members for succession planning.

ERG/BRG Utilization

100%

Community
Involvement

93%

Recruiting
Initiatives

86%

D&I Training
Initiatives

69%

Talent
Development

55%

New Employee
Onboarding

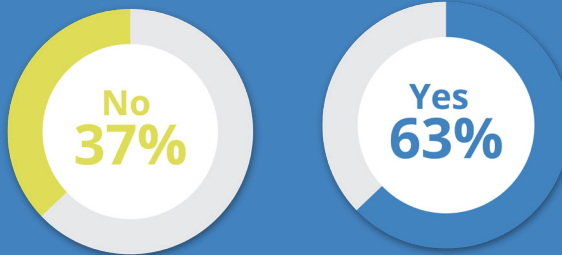
21%

Succession Planning
Talent Pool



Best Practice: Supplier Diversity

Supplier Diversity is the extent to which a company uses its supplier diversity program to its full potential to meet D&I goals.



Sixty three percent of our participants reported having a supplier diversity program. Within a supplier diversity program, specific program components ensure the success and likelihood of elevating and promoting companies owned by diverse segments (e.g., women, BIPOC, people with disabilities, LGBTQ, or veterans). Our analysis found that most companies with a supplier diversity program have invested funding and executive leadership to support the development and management of the program.



However, there are opportunities to promote the success of diverse suppliers by requiring suppliers to have their own supplier diversity program and offering D&I training to suppliers. Although companies allocate funding to conduct their program, most do not tie the results to the executive's compensation.





Best Practice: Community Outreach

Community Outreach encompasses the extent to which companies utilize the full potential of employees, consumers, and experts as resources to meet D&I goals. Our participating companies reported seeking input from consumers.

81%

Engage in research related to changes in demographics, values, and consumer behaviors

84%

Incorporate accessibility into the design and development of marketing materials and customer service

70%

Involve D&I staff or consulting experts in the development of products and services

While these activities pertain to consumer products and services, they represent an organization's intentional commitment to D&I. Community outreach also allows companies to design targeted campaigns to reach specific marginalized segments of consumers. Women and BIPOC communities were the most targeted segments for marketing and advertising.

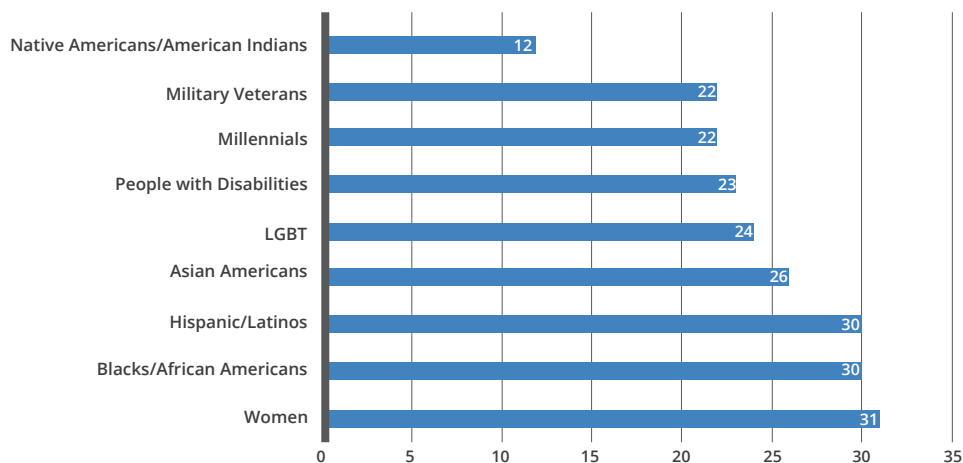
79%

Survey diverse groups of customers and potential customers to assess their needs and satisfaction

77%

Engage in marketing or advertising to diverse segments

Targeted Segments of Marketing and Advertising





Best Practice: Corporate Social Responsibility

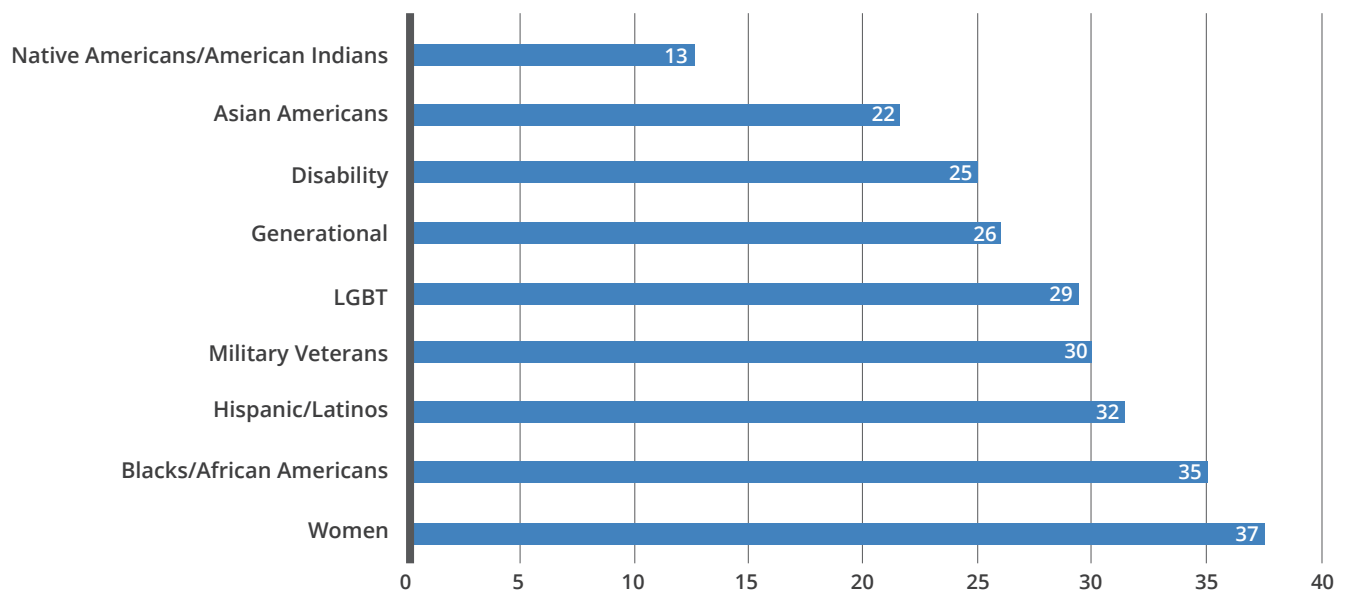
Corporate Social Responsibility (CSR) demonstrates the extent to which a company provides for the social and economic well-being of the diverse community it serves. CSR allows the company and individual employees and leaders to serve communities in various ways and demonstrate commitment to D&I. Among our NDC Index participants:

- 91 percent contributed philanthropic support to diversity-specific nonprofit organizations.
- Additionally, 86 percent permitted employees to have the time to participate in various community projects.

When considering the need to diversify the workforce, lobbying and educational awareness events create opportunities for companies to engage with local community members.

- More than half of the participants (56 percent) were involved in lobbying or educational efforts to promote issues, practices, or public policy matters related to D&I.
- Women (86 percent), Blacks/African Americans (81 percent), and Hispanics/Latinos (74 percent) were the segments most frequently targeted.

Targeted Segments of D&I Lobbying and Education





Key Takeaways and Recommendations

We reiterate our gratitude to the 43 companies that participated in the 2022 NDC Index to provide us with a snapshot of their efforts in the D&I space. These participants have demonstrated best practices in the five different areas and a desire to create a respectful and inclusive work environment.

Overall, the company's leadership has demonstrated a commitment to D&I efforts. That commitment permeates the policies, outreach, and activities they have implemented internally and externally. This report reiterates the importance of leadership buy-in to ensure D&I activities are strategically implemented. While we cannot determine when each company began working on its D&I strategy, our results show that companies are implementing the best practices.

The workforce demographics indicate that women and BIPOC are underrepresented in leadership roles. Companies should continue to identify opportunities to engage and recruit women and BIPOC populations internally and externally. Internal development of these segments can result in diversity throughout the workforce and position level over time. Externally, interacting with diverse segments for outreach and recruitment initiatives will continue to exemplify a company's commitment to D&I, attracting diverse talent.

Lastly, as these and other companies dedicate resources and human capital to developing their D&I strategy, we must remember to assess if these efforts have the intended outcome. Participating in the NDC Index is one way to benchmark diversity work annually. Doing so holds leadership and companies accountable for those initiatives and results.

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