

Opening Comments

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Investment Office
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Highlights of Today's Agenda

- Opening Comments
 - Investment Office (INVO) 2023-24 Roadmap
- Sustainability and Implications for Asset Owners
 - Peter Cashion & Karen Karniol-Tambour, Bridgewater
- CalPERS' Sustainable Investments 2030 Strategy
 - Peter Cashion & Travis Antoniono
- DEI & Investing
 - Marlene Timberlake D'Adamo
- Overview of the Asset Liability Management Mid-Cycle and Strategic Asset Allocation Reviews
 - Sterling Gunn

Investment Office (INVO) 2023-24 Roadmap

Close out
2022-23
Strategic
Initiatives

Refined
INVO
Mission &
Vision

Identify Core
Strategies,
Principles &
Values for
Best-in-
Class

Articulate
Culture for
Best-in-
Class

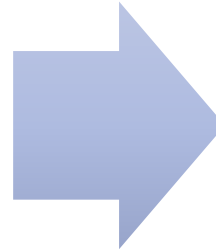
Develop
INVO's
Strategy
2030

Roll out
2023-24
Strategic
Initiatives

Mission Statement Refined

From (Prior Version)

Manage the CalPERS investment portfolio in an efficient and risk aware manner to generate returns to sustainably pay benefits



To (Current Version)

Manage the CalPERS investment portfolio in an efficient and **sustainable manner** to generate **risk-adjusted** returns to pay benefits **now and into the future**

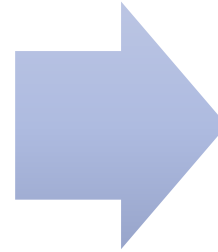
The current version emphasizes efficiency, sustainability, and risk-adjusted, which implies themes of cost effectiveness, funding status, sustainable investing, resiliency, and focus on dollar value-add (DVA), as well as being risk aware, and being rewarded for the risks taken.

“Now and in the future” addresses that while we are a long-term investor, we will always be focused to meet benefit payments in the short-term as well and managing the portfolio with both time horizons in mind.

Vision Statement Refined

From (Prior Version)

Work as one team with a culture of trust, respect, and accountability to effectively manage one total fund



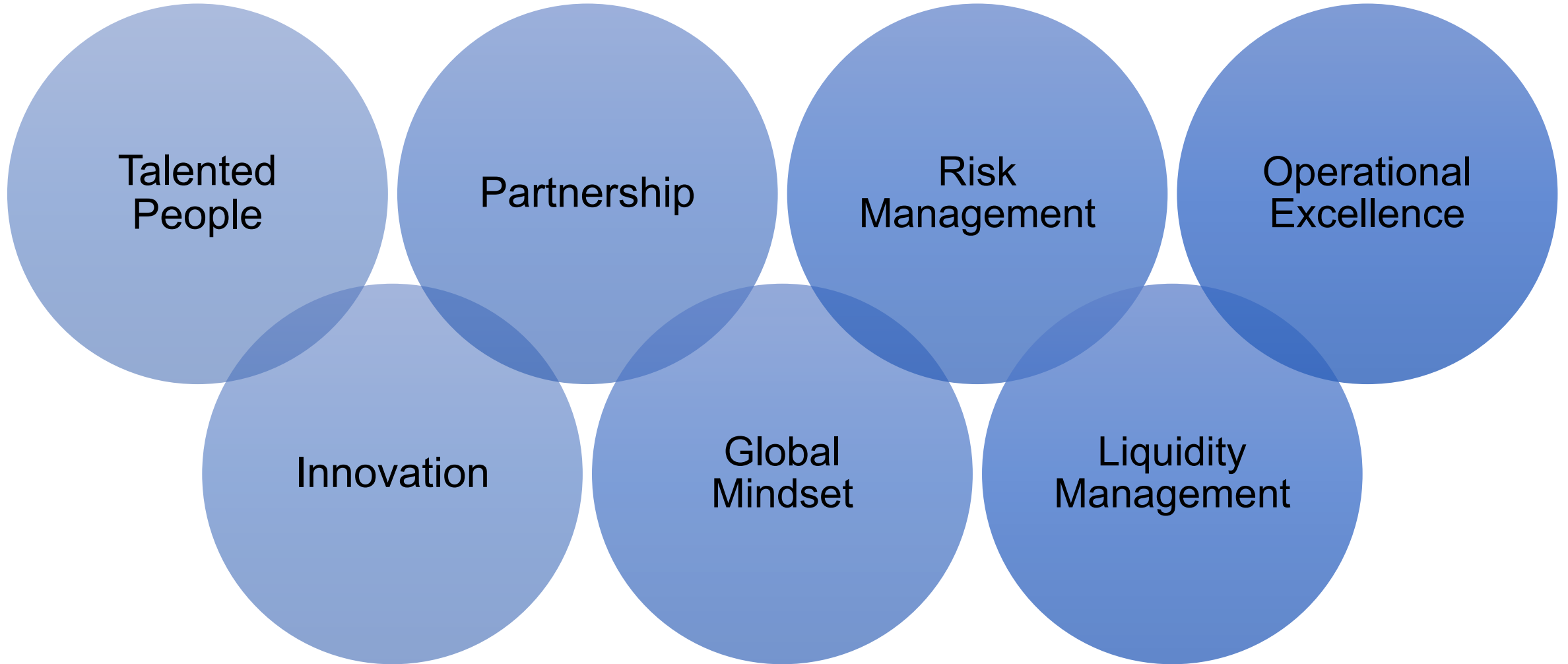
To (Current Version)

Be a best-in-class global pension fund manager

The purpose of the prior INVO Vision Statement was to transition out of silos and move to a Total Fund culture.

When discussing a future INVO Vision Statement, we landed on the current version, which aligns us to a “North Star”. It emphasizes moving to a best-in-class investment firm /pension fund (including asset classes and operations), while knowing in order to be best-in-class, we need an underlying Total Fund culture.

Core Strategies



INVO Principles

Our fundamental assumptions or truths that govern our actions - foundational to a system of beliefs

Engaged People and Collaboration as One Team Drives Success

Personal & Professional Development should be Promoted

Exhibiting and Championing Accountability builds Trust

Diversity, Equity and Inclusion lead to better Decisions and Outcomes

A Global Mindset is Critical

Effective Leaders demonstrate our Values

Honest Communication Enables Better Investing

A Culture of Continuous Improvement Facilitates a Learning Organization

INVO Values

What values does it take to become a best-in-class, high-performing investment team?

Performance-
Driven

Agile

Resilient

Continuous
Improvement
Mindset

Humility

Teamwork

Promote and
Respect DEI

INVO Culture

In order to articulate our INVO Culture, we launched a multi-phase project with an external firm to facilitate discussions with INVO leadership on a path to reach our Vision of being a best-in-class global pension fund manager

- Phase 1 (March – June, 2023) entailed current state diagnostic of INVO culture with input from:
 - ✓ Over 40 independent interviews with Enterprise and INVO team leaders including all IDs, MIDs, and DCIOs
 - ✓ Two-day offsite with INVO team leaders (IDs and above) to share insights on the current state and develop a path forward
 - ✓ CalPERS Human Resources Division; and Office of Diversity, Equity, and Inclusion
 - ✓ Review of INVO 2022 Employee Engagement Survey results
- Phase 2 commenced with focus on identifying a ‘true north star’ target culture and roadmap for achievement leveraging industry frameworks and models for organizational design
- Will seek and engage additional INVO team member input in the Fall

Next Steps

Develop INVO's Strategy 2030

- Define investment strategic destination
- Transition to an Active Portfolio with DVA focus, supported by operational excellence, and integration of ESG / SI / Net Zero activities
- Present in September 2023

Roll out 2023-24 Strategic Initiatives

- INVO Executive(s) - DCIO or MID - will lead Initiatives
- Create cross asset class and program teams to drive progress
- Monitor progress of SMART goals alongside metrics

Questions?

