

**CalPERS Executive Compensation Plan
Analysis vs. CalPERS Governance Principles**

CalPERS Principles for Accountable Corporate Governance	Executive Compensation Plan Does Comply	Executive Compensation Plan Does Not Comply	Additional Details
Pay for Investment Performance Discipline	✓		Proposed weightings and ranges directly link incentive payouts to investment performance of Total Fund, Asset Class, and Individual Portfolios.
Establishing Performance Metrics	✓		Investment performance targets are established for Total Fund, Asset Class, and Individual Portfolios
Multiple Performance Metrics	✓		Multiple metrics (Investment Performance and Business Objectives, including key competencies) are linked with pay for performance.
Design of incentive plans support risk management	✓		Business objectives clearly support investment and operational risk mitigation in order to enhance risk-adjusted returns of the Fund.
Relevance of health, safety, environmental and social sustainability performance to compensation	✓		Business objectives clearly support relevance of Environmental Social Governance performance to compensation.
Disclosure of compensation philosophy and policy	✓		Compensation Policies and Procedures for Chief Executive Officer, Chief Actuary, General Counsel, and Investment Management Positions are disclosed.
Focus on long-term performance	✓		A 3-year investment performance measurement period for the Total Fund, Asset Classes, and Individual Portfolios is utilized.

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Clawback Disclosure	✓		Executive Compensation Plan contains a provision which allows the Board to seek repayment of performance award when a violation of Performance Award Policy has occurred.
Performance Hurdles	✓		Executive Compensation Plan clearly details Incentive Schedules for the Total Fund, Asset Class, and Individual portfolios.
Retesting Incentive Compensation	✓		Retesting means extending a performance period to enable initial performance hurdles to be achieved. CalPERS does not retest performance periods, the Executive Compensation Policies language should be updated to reflect so.
Severance Agreement Disclosure	✓		CalPERS expects companies to disclose cases where consideration will be given for severance agreements (such as a SIO, SPM, or PM in the case of CalPERS) tied to awarding earned, but unpaid incentive compensation. The Executive Compensation Policies outline Action Upon Separation.
Annual non-binding advisory note		✓	There is currently no mechanism by which CalPERS can obtain feedback, such as through a non-binding vote of approval, from its member beneficiaries for its compensation practices. CalPERS expects, and securities laws mandate, a corporate annual say-on-pay non-binding vote of shareowners.