

IX. DELEGATIONS TO EXECUTIVES AND BOARD REPORTING RELATIONSHIPS

- A. The Board will have two direct reports: the Chief Executive Officer and the Chief Investment Officer. The Chief Executive Officer is responsible for the overall administration of all units, departments and functions within CalPERS. With the exception of the Chief Investment Officer, all personnel of CalPERS are under the authority of the Chief Executive Officer. The Chief Investment Officer is responsible for the investment function at CalPERS and has delegated authority from the Chief Executive Officer to manage all units and departments within the CalPERS Investment Office. The Chief Executive Officer shall have the authority responsibility for administrative supervision on the Chief Investment Officer.
- B. The Board will have long-term Chief Executive Officer and Chief Investment Officer succession planning processes.
- C. The Board will evaluate direct report performance and compensation based on the agreed-upon strategy and performance outcomes and metrics. If the Board is not satisfied with the performance of its direct report(s), it will discipline or replace the executive(s) but will not get involved in day-to-day operations.
- D. The Board will have ready access to all executives, and such access will be coordinated by the Chief Executive Officer.
- ~~E. The Board will require all executives, to the level of senior portfolio managers, to certify in writing, at least annually, that they have been free from undue influence by any individual Board member, executive or third party.~~
- E. The Board strongly supports an environment where CalPERS staff may engage in impartial, robust, objective and ethical decision-making free of improper influence from individual Board members, executives or third parties. The Board requires implementation of a staff policy regarding impartial decision-making and immediate reporting of instances of undue influence.
- F. The Board and/or its committees will establish a schedule of closed session meetings with selected executives, i.e., those making frequent reports to the Board or significant investment decisions.