

2015-2016 PERFORMANCE PLAN – Chief Executive Officer (A. Stausboll)

All of the terms and provisions of the "CalPERS Compensation Policies and Procedures for Executive and Investment Management Positions" are incorporated in this Performance Plan by this reference as if set forth in full.

Quantitative Performance Measure

Weight	Factor	Performance Measure	Incentive Schedule
5%	Total Fund Performance	Excess return in basis points relative to: Total Fund performance versus Total Fund benchmark {SJ1CA1BO – CPSTO2IC} *Cost-adjusted Benchmark	0 basis points = 0 +20 basis points = 1.0 +30 basis points = 1.5
5%	Subtotal	Quantitative Measures	

Qualitative Performance Measures

Rating Scale for All Qualitative Performance Measures		
Consistently Exceeds High Expectations	Meets High Expectations	Does Not Meet High Expectations
1.5	...	0
<i>Intermediate points are interpolated</i>		

Weight	Factor	Performance Measure
55%	Business Plan / Enterprise Objectives	By June 30, 2015, implement the objectives set forth for FY 15-16 in the Board approved 2015-17 Business Plan. (See Attachment A)
40%	Leadership	By June 30, 2016: <ul style="list-style-type: none"> • Continue to develop and implement communication and advocacy programs, to educate stakeholders and influence pension, health, and financial market policies. • Continue to enhance accountability within the organization through implementation of performance metrics to measure progress on strategic and business planning. • Continue to lead initiatives on Accountability and Innovation to ensure a healthy and high-performing organization, based on results of 2013 Organizational Health Index. • Lead and develop internal talent management efforts that support core values and foster a diverse and inclusive workforce. • Continue to work with the Board on succession planning for the CEO and CIO positions, and oversee succession planning to establish and grow an internal pipeline for executive level vacancies. • Continue to work with the Board President to enhance the Board and Committee agenda planning process and content and to ensure the effective and efficient flow of pertinent information. • Work with Board President to implement ongoing Board Education policy. • Demonstrate the Leadership Expectations in the CalPERS Executive Leadership Competencies. (See Attachment B)
95%	Subtotal	Qualitative Measures
100%	Total	Quantitative and Qualitative Measures

Strategic Goal A | Improve long-term pension and health benefit sustainability

Objective – Fund the System through an integrated view of pension assets and liabilities

Initiative Title	Proposed Initiative Description	Completion Date
Governmental Accounting Standards Board (GASB) Statement 68 Accounting Valuations	Enhance the current Actuarial Valuation System and produce the accounting valuations that provide employers with the pension cost information they need to comply with Governmental Accounting Standards Board Statement 68	September 2015
(NEW) Asset Liability Management – Risk Mitigation Strategy	Create a risk mitigation strategy to encourage additional employer contributions, develop de-risking policy, and explore the feasibility of asset allocations options	June 2017
Capital Allocation	Enhance the Capital Allocation framework through improved risk factor modeling and greater understanding of trust-level investment risk and performance attribution	June 2017
Investment Risk Management	Build effective risk review and decision processes within and across asset classes to ensure risks are fully understood, intended, and compensated	June 2017

Objective – Educate employers and other stakeholders to make informed decisions about retirement security and health care

Initiative Title	Proposed Initiative Description	Completion Date
California Employers’ Retiree Benefit Trust (CERBT) Fund Growth Strategies	Develop and implement strategies to sustain the growth of the California Employers' Retiree Benefit Trust fund and enhance the delivery of service to our employers	June 2017
(NEW) Improve Hospital Transition Care for Senior Members Through the Long-Term Care Transitional Care Pilot	Assess the specialized hospital transition care management program to improve quality and reduce hospital readmissions for Preferred Provider Organization Health Plan members with Long-Term Care policies	March 2016

*These initiatives do not include core and ongoing workload

Strategic Goal A | Improve long-term pension and health benefit sustainability (Cont.)

Objective – Deliver target risk-adjusted investment returns

Initiative Title	Proposed Initiative Description	Completion Date
Business Effectiveness	Enhance cost effectiveness, resource allocation, and efficiency of the investment program to increase net returns on assets	June 2017
Investment Platform and Controls	Enhance the investment platform and internal controls environment to achieve optimum efficiency	June 2017
Investment Beliefs and Environmental, Social, and Governance (ESG) Risk	Integrate the CalPERS Investment Beliefs and ESG risk considerations within and across all investment programs to guide investment policy, decision making, and manager expectations	June 2017

Objective – Create a lifestyle of wellness among member and employers

Initiative Title	Proposed Initiative Description	Completion Date
(NEW) Health and Wellness Platform	Develop and implement a statewide wellness platform to engage employees, employers, and retirees in improving member health	June 2017

Objective – Ensure high-quality, accessible, and affordable health benefits

Initiative Title	Proposed Initiative Description	Completion Date
(NEW) Contracting Agency Outreach and Health Data Sharing	Engage employers in Health Policy discussions and identify ability to share health data with employers to develop workplace health improvement strategies	June 2017
(NEW) Medicare-Only Health Contracting Alternatives	Explore feasibility of simplifying Medicare Advantage contract and, if directed by the Board, implement changes	June 2017

*These initiatives do not include core and ongoing workload

Strategic Goal B | Cultivate a high-performing, risk-intelligent, and innovative organization

Objective – Use a focused approach to generate, test, refine, and implement new ideas

Initiative Title	Proposed Initiative Description	Completion Date
Enterprise Internal Innovation	Develop and implement a responsive innovation program that will inspire staff to share innovative ideas and solutions that improve performance and service	June 2016
(NEW) Cost Effectiveness Measurement (CEM) Evaluation	Evaluate and analyze CEM Benchmarking reporting data to identify the feasibility of pension administration cost savings and performance improvements	June 2017

Objective – Deliver superior end-to-end customer service that is adaptive to customer needs

Initiative Title	Proposed Initiative Description	Completion Date
End-to-End Business Intelligence	Enhance end-to-end services through the use of business intelligence by enhancing enterprise research, innovation, and organizational performance	June 2017
(NEW) Digital Communications	Develop and implement a strategy to enhance digital communications capabilities to support outreach and communication to members, employers, and other stakeholders	June 2017
(NEW) Customer Service Optimization Strategies	Implement strategies that strengthen operations and optimize customer service through enhanced functionality, compliance, and business process improvements	June 2017
(NEW) Customer Experience	Implement strategies to increase customer feedback opportunities and advance the customer experience	June 2017

*These initiatives do not include core and ongoing workload

Strategic Goal B | Cultivate a high-performing, risk-intelligent, and innovative organization (Cont.)

Objective – Recruit, retain, develop, and empower a broad range of talents against organizational priorities

Initiative Title	Proposed Initiative Description	Completion Date
Workforce Strategic Plan Implementation	Continue implementation of the five-year Strategic Workforce Plan to administer the Organizational Health Index survey, develop and implement an Emerging Leader training program, and talent management strategies that focus on role clarity, accountability and support diversity and inclusion	June 2017
(NEW) Compensation Policy Implementation	Implement recommendations from the Compensation Policy Review for programs and policies governed by the CalPERS Board of Administration including all Executives, Senior Managers designated in a Career Executive Assignment, and select investment staff to ensure the Boards' policies, philosophy and rationale remain appropriate and relevant	June 2016
Workforce Investment, Knowledge Transfer, and Consultant Reductions	Develop and enhance the CalPERS workforce and reduce the reliance on third party consultants by recruiting skilled staff, increasing retention, improving processes and providing staff with training and knowledge transfer opportunities	June 2016

*These initiatives do not include core and ongoing workload

Strategic Goal B | Cultivate a high-performing, risk-intelligent, and innovative organization (Cont.)

Objective – Actively manage business risks with an enterprise-wide view

Initiative Title	Proposed Initiative Description	Completion Date
Participating Employer Financial Hardship / Insolvency	Assess the impacts of participating employer bankruptcy cases and evaluate legislative and/or regulatory action to protect the System and mitigate risks	June 2017
Treasury Management	Develop and implement enterprise treasury management function to enhance cash controls, cash integrity, and liquidity management	June 2016
(NEW) Business and Technology Alignment Roadmap	Establish a comprehensive enterprise roadmap that aligns technology investments to business strategy and priorities	June 2017
Enhance Internal Controls	Develop and implement improved processes and internal controls to improve financial policy management throughout the organization	June 2016
Information Security Roadmap	Implement risk mitigation strategies to enhance management of security events, access to information and data loss prevention to safeguard information assets	June 2017

*These initiatives do not include core and ongoing workload

Strategic Goal C | Engage in State and national policy development to enhance the long-term sustainability and effectiveness of our programs

Objective – Clarify and communicate CalPERS perspective on pension, health, and financial markets

Initiative Title	Proposed Initiative Description	Completion Date
(NEW) Leadership and Research Communication Strategies	Develop and execute communication strategies to leverage CalPERS leadership on key policy issues including Asset Liability Management (ALM) , Environment, Social, and Governance (ESG), Retirement Security, investment and pension beliefs, and new research	June 2017

Objective – Provide education and engagement opportunities to shape policy agenda and expand impact

Initiative Title	Proposed Initiative Description	Completion Date
(NEW) External Partnership Strategies	Develop and execute strategies for creating relationships with key academic and industry partners to communicate our perspective on critical aspects of pension, health, and investment markets	June 2017
(NEW) Financial Literacy	Develop a plan to enhance members' understanding of key concepts related to financial literacy and retirement security	June 2017

*These initiatives do not include core and ongoing workload

CalPERS Executive Leadership Competencies

The CalPERS Executive Leadership team will exemplify these essential attributes and competencies in working together to achieve the strategic objectives of the organization while cultivating a risk intelligent culture:

Ethics and Integrity

- Exhibits ethical, honest and professional behavior at all time with all staff, customers, and stakeholders
- Chooses the right course of action, even in the face of opposition or influence
- Takes responsibility for own actions and for those of the group, team or organization
- Exemplifies the CalPERS core values of quality, respect, integrity, openness, accountability and balance

Building Coalitions

- Develops networks and builds alliances; collaborates with customers and stakeholders to build strategic relationships and address needs
- Creates and manages a positive perception of the organization and its programs and services
- Performs effectively in an open public setting and serves as a trusted advisor and educator to customers and stakeholders
- Builds relationships of trust, confidence, and respect with members of the Board
- Works effectively with the Board to develop and manage strategic initiatives that accomplish objectives and meet CalPERS fiduciary responsibility

Leading People

- Fosters an inclusive workplace that values diversity and respects and recognizes individual contributions
- Promotes continuous learning and the development of self and others to achieve maximum potential
- Fosters and maintains cooperative and productive relationships across all levels and functions
- Seeks to understand concerns, emotions, feelings, and differing viewpoints to resolve conflicts constructively
- Inspires commitment, pride and trust by modeling CalPERS core values
- Applies broad and extensive Executive/senior level management experience to establish and achieve strategic goals

Leading Change

- Formulates strategic goals and objectives and implements plans consistent with CalPERS long-term interests
- Builds a shared vision and influences others to translate vision into action
- Encourages new ideas and innovation; designs and implements new or cutting edge programs/processes
- Demonstrates maturity, resiliency and sound judgment when dealing with organizational challenges
- Cultivates a risk intelligent culture, and assesses and mitigates risk when making decisions or recommending organizational strategies and tactics

Results Driven

- Recognizes when a decision must be made and acts in a thoughtful and timely manner
- Makes decisions that produce high quality results by applying technical knowledge, analyzing problems and calculating risks
- Deals effectively with ambiguity and learns from success and failure
- Anticipates and meets the needs of both internal and external customers; delivers high-quality products and services
- Understands and ensures appropriate application of principles, strategies, requirements, regulations, and policies related to pension administration, health benefit purchasing and administration, financial markets and institutional investment programs

Business Acumen

- Strategically manages human, financial/investment, material and information resources and assets
- Understands the organization's financial processes and effectively manages program budgets using cost-benefit thinking to set priorities and achieve results
- Builds and manages the workforce based on organizational goals, budget considerations, and staffing needs
- Keeps up-to-date on technological developments and effectively uses technology to achieve results

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