



Agenda Item 6a

September 15, 2015

ITEM NAME: Investment Beliefs Implementation Review Findings

PROGRAM: Total Fund

ITEM TYPE: Total Fund – Information

EXECUTIVE SUMMARY

This item is part of the 2015 Investment Beliefs Implementation Review Project (Review) and contains information on the following:

- The outcomes of the July 2015 Board and Executive Offsite session exploring CalPERS' Investment Beliefs interpretation in areas that appeared "unsettled."
- Summary recommendations and staff's proposed path forward.

The Review, undertaken by Mr. Roger Urwin with Towers Watson began in March 2015 and included an in-depth documentation review, surveys and interviews with Board members and staff, evaluation of CalPERS compared to a global peer reference group, a presentation of findings in May 2015, and a facilitated session at the July 2015 Board and Executive Offsite. Attachment 2 provides a summary of the key recommendations identified throughout the course of the Review.

Overall, the Review indicated that CalPERS has had success in embedding and articulating our Beliefs in our business processes and culture and that the Board and staff are largely united on many issues; however, as to be expected in this type of work, there are continuous opportunities for improvement.

Many of the recommendations identified by Towers Watson in the course of the Review appear to be in alignment with existing workstreams and strategic initiatives for both the Board and staff. This consistency underscores CalPERS' continued commitment to strengthening the use of our Beliefs, our governance and business processes.

STRATEGIC PLAN

This agenda item supports the CalPERS Strategic Plan goal to improve long-term pension and health benefit sustainability.

BACKGROUND

CalPERS' Investment Beliefs are not a checklist to be applied to every decision. Rather, they are a guide for making judgments and decisions that often require balancing multiple, interrelated factors. The Investment Beliefs create a framework for the strategic management of the investment portfolio and inform organizational priorities. They also serve to increase alignment between CalPERS Board members, staff, and external managers.

Development of the Investment Beliefs began in 2012 through a collaborative effort with facilitation by Towers Watson. Using a thorough and disciplined process, the Committee and staff achieved strong consensus around a set of 10 Investment Beliefs in the summer of 2013.

- All Board members reported that they “agreed with,” or could “live with” eight of the 10 proposed Beliefs in an interactive voting session conducted at the July 2013 Board and Executive Staff Offsite.
 - Only two of the proposed Belief statements received single votes indicating disagreement with the proposed Belief statements (Beliefs 5 and 7 respectively).
- In September 2013 the Committee adopted CalPERS' Investment Beliefs, and adopted a Statement of Investment Policy for the Investment Beliefs the following month.

An update on Beliefs integration activities was provided to the Committee in August of 2014. The 2014 update included the results of an Investment Office staff survey using the ADKAR framework, which showed a high degree of awareness and desire to integrate, but a lack of knowledge on “how,” particularly with regard to environmental, social, and governance (ESG) related Beliefs.

Following feedback from the August 2014 item, an in-depth review of CalPERS' implementation of the Investment Beliefs was incorporated as a key topic in the 2015 Committee calendar. The 2015 Implementation Review was undertaken by Mr. Roger Urwin with Towers Watson. Towers Watson presented the findings of the Review at the May 2015 Committee meeting. A key issue identified in the Review was that the Investment Beliefs were not leading to settled positions in the areas of:

- Investment risk (particularly Beliefs 1 and 9), and
- ESG (including Beliefs 2, 3 and 4).

An interactive session was then conducted at the July 2015 Board and Executive Offsite to further explore CalPERS' Investment Beliefs interpretation in the two areas that appeared “unsettled.”

ANALYSIS

The 2015 July Offsite session included interactive voting and small table discussions by Board members, senior staff from the Executive, Investment, Actuarial, and Financial Offices, and the Board's Investment Consultants (Wilshire Associates, Pension Consulting Alliance Inc., and StepStone). The session demonstrated that the group was largely united on many issues, and explored areas where differences exist. Highlights of the July session are included in the sections below, with additional detail available in Attachment 1.

Risk-Related Beliefs Session Findings and Near-Term Next Steps

The group was largely in agreement and responded to the risk-related Beliefs questions relatively consistently. The ability to better understand and articulate risk in a meaningful way is a shared priority and challenge facing many leading pension funds.

- Enhanced risk, performance, and exposure reporting is a key priority for CalPERS and is included as an initiative in the Investment Office 2020 Vision. Additional information on the Investment Office 2020 Vision will be brought to the Committee in the Investment Office Roadmap Update, currently scheduled for November 2015. Staff anticipates this work will be iterative over the next 12 to 36 months.
- Multi-year initiatives related to the exploration of risk factors, and implications for strategic asset allocation and better understanding of our liabilities are also underway and will continue to be a priority.

ESG-Related Beliefs Session Findings and Near-Term Next Steps

Opinions between Board members, staff, and the Board's Investment Consultants were more wide ranging on the ESG-related questions. Voting results appear to indicate:

- A majority of Board members and staff agreed that engagement, not additional divestment, is most appropriate for CalPERS' future plans.
- There are conflicting opinions on the extent to which carbon/ESG factors have been priced into the markets.
- There is a greater appetite among Board members than staff for targeted ESG investing/strategic tilting.
- Board members and staff are in agreement that more information, evidence, and research are needed and wanted.
- The issue of accountability for Board-directed investment policy stances deserves additional discussion to establish a common understanding between the Board and staff.

Staff proposes the following near-term steps to continue to explore the issues raised in the voting:

- Continue with efforts to gather additional ESG data, research, and evidence:
 - Continue the ongoing evaluation of the environmentally focused investment strategy currently active within the Global Equity Program.
 - Implement Phase 2 of the Sustainable Investment Research Initiative (SIRI), originally undertaken in 2012, in partnership with U.C. Davis and U.C. Berkeley to review for further evidence of the risk and return impact of ESG factors
 - Evaluate the Manager ESG Expectations pilot currently underway and return to the Committee with an update in spring/summer of 2016.
- Staff will continue to work with the Committee Chair to create additional opportunities to discuss ESG-related Beliefs issues, such as a review of the Fund's carbon/fossil fuel footprint analysis at an upcoming Offsite session (2016).
- Additionally, work has been underway to enhance staff's internal Investment Strategy Group governance, including the establishment of a standing subcommittee focused on issues of governance and sustainability (2015).

On the issue of accountability for Board-directed investment policy stances, staff believes it is important to address the disparity of opinion between the Board and staff that was identified through the interactive polling at the Offsite session. Upcoming Committee agenda items reviewing CalPERS' divestments (2015) are expected to provide opportunities to further discuss this issue.

Overall Investment Beliefs Implementation Review Findings, Recommendations and Proposed Path Forward

The amount of effort, attention, and discussion that has centered on CalPERS' Investment Beliefs to-date demonstrates that the Beliefs are a priority for CalPERS' Board and staff. Towers Watson assessed CalPERS' implementation of Investment Beliefs and found:

- CalPERS' adoption and implementation of Investment Beliefs as "above average" overall compared to a peer reference group of 15 funds
- Strong Board and staff values and talent are driving the organization forward
- CalPERS has the ability to undertake complex change processes successfully

CalPERS has had solid success embedding and applying our Investment Beliefs since adoption. However there continues to be room for improvement.

Attachment 2 provides a summary of the recommendations identified by Mr. Urwin in his presentation to the Committee on May 18, 2015, and in follow up to the July 2015 Offsite session. Attachment 2 also includes staff's interpretation of those recommendations. It is important to note that many of the recommendations are related to topics and challenges that are complex, evolving, and likely require multi-year effort to address through iterative work.

Encouragingly, many of the recommendations appear to be consistent with existing or upcoming initiatives and workstreams. We believe this further reflects the consistency and shared priorities of the Board and staff in embedding these values and principles in our work and culture.

BUDGET AND FISCAL IMPACTS

Not Applicable

BENEFITS/RISKS

Not Applicable

ATTACHMENTS

Attachment 1 – Investment Beliefs Implementation Review Presentation

Attachment 2 – Implementation Review Recommendations Summary

ERIC BAGGESEN
Managing Investment Director
Asset Allocation and Risk Management

THEODORE ELIOPOULOS
Chief Investment Officer

Investment Beliefs Implementation Review Presentation

September 15, 2015

Overall Implementation Review Findings Summary

Towers Watson assessed CalPERS' implementation of Investment Beliefs and found:

- CalPERS' adoption and implementation as “above average” overall compared to a peer reference group of 15 funds
- Strong Board and staff values and talent are driving the organization forward
- CalPERS has the ability to undertake complex change processes successfully
- Even on comparatively “unsettled issues” Board and staff are, as a whole, united on many issues.

July Offsite Starting Point - May Recap

May 2015 Presentation Recap

- Towers Watson presented findings of their Implementation Review
- Included a recommendation to conduct a session focusing on areas where the Beliefs were not leading to settled positions
- July Offsite session structured to support strategic dialogue through interactive voting and small group discussion

July Offsite Voting Results

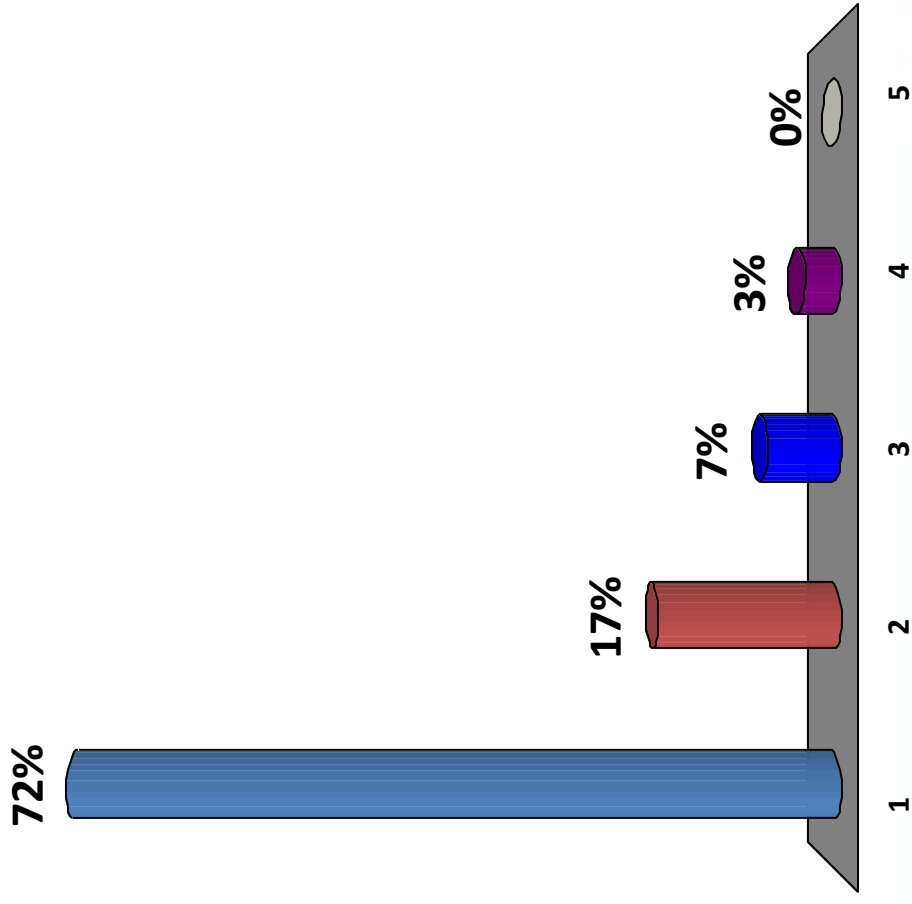
— Risk Related Beliefs Section

— ESG Related Beliefs Section

Offsite Session | Voting Results – Risk Section

1. A future global financial crisis is a significant risk to the fund

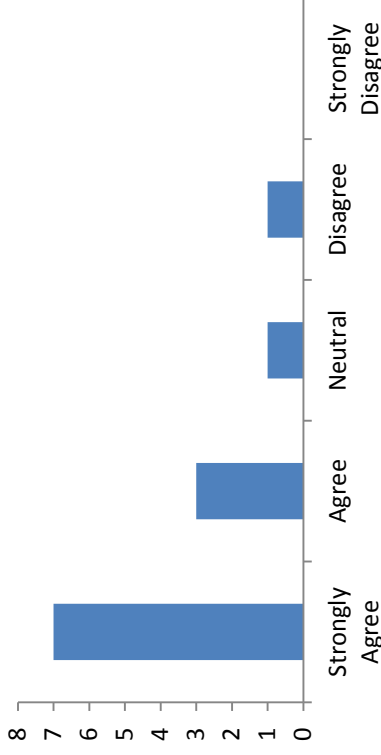
- 1. Strongly Agree
- 2. Agree
- 3. Neutral
- 4. Disagree
- 5. Strongly Disagree



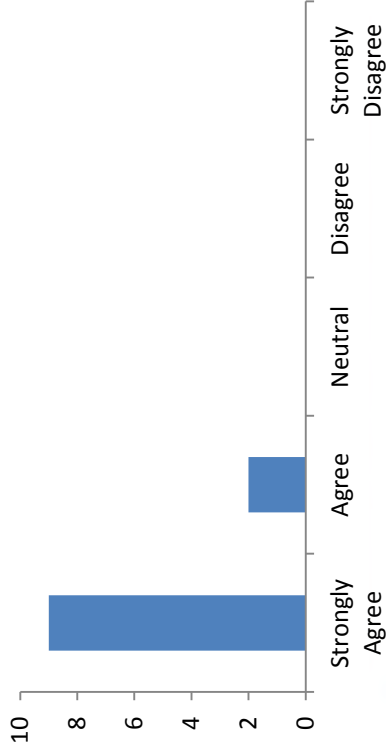
Voting Detail

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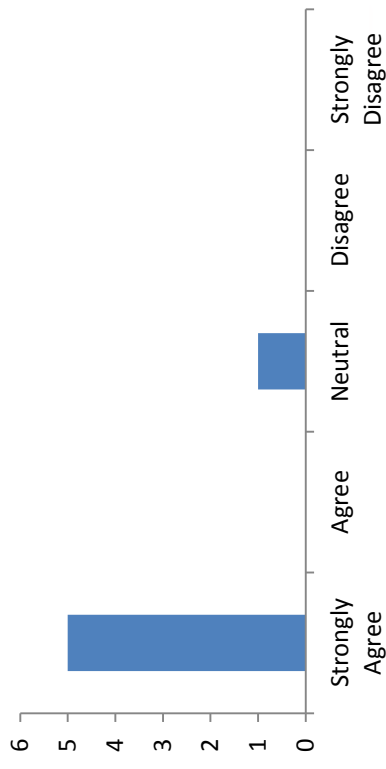
Board Members



Staff



Investment Consultants



Offsite Session| Voting Results – Risk Section

2. Resource constraints/ limits to growth are significant risks to the fund

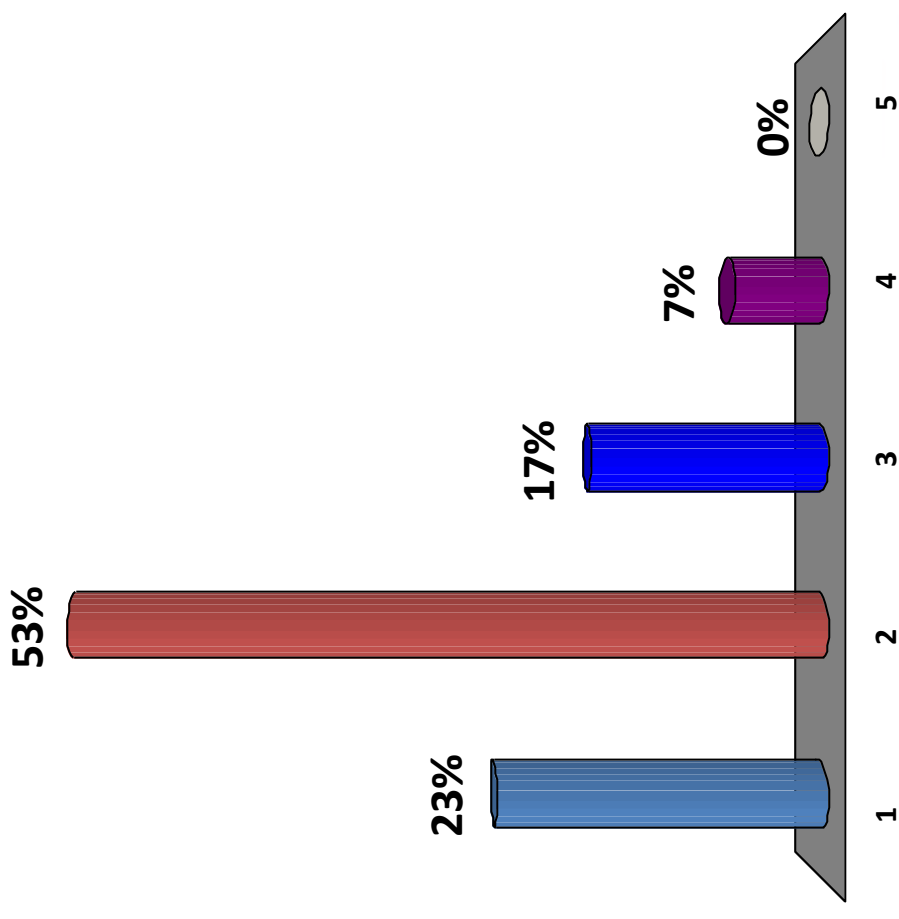
1. Strongly Agree

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3. Neutral

4. Disagree

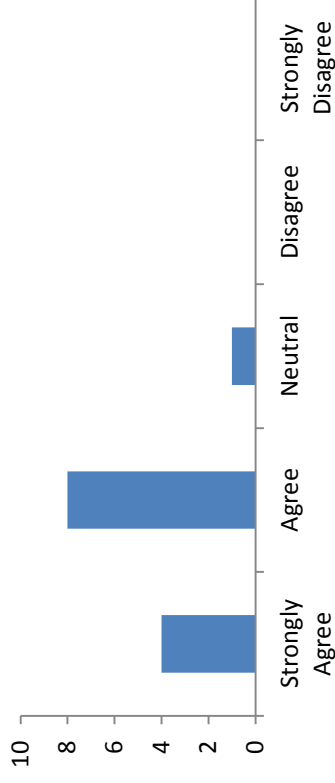
5. Strongly Disagree



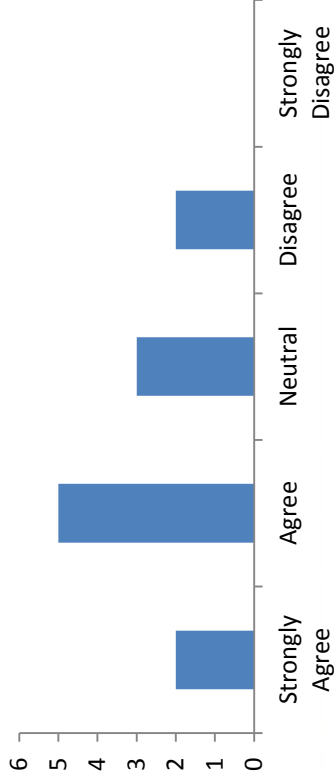
Voting Detail

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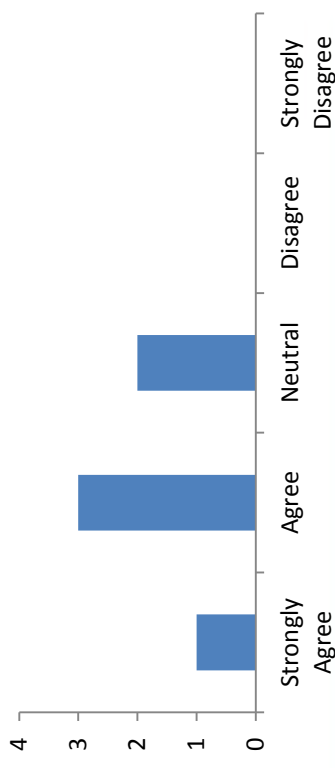
Board Members



Staff



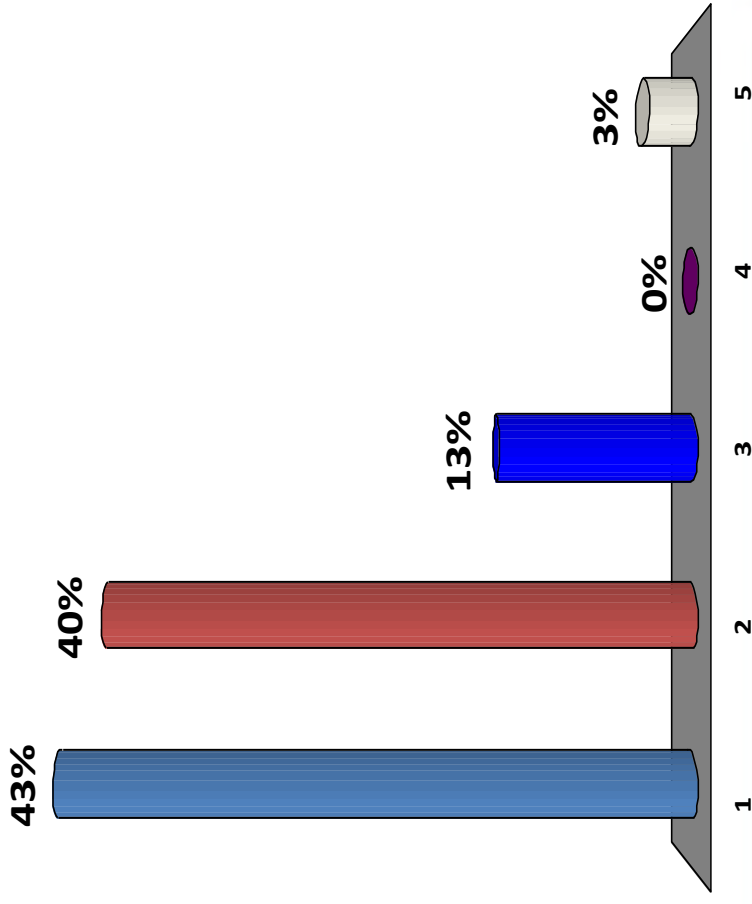
Investment Consultants



Offsite Session| Voting Results – Risk Section

5. CalPERS will find it difficult to attain the actuarially required rate of return on its PERF* assets in the next decade or so

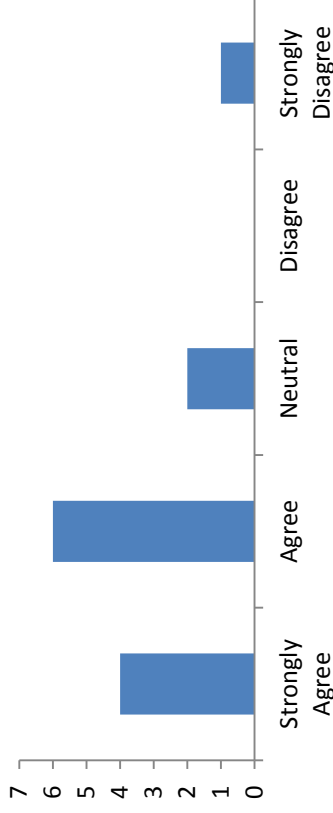
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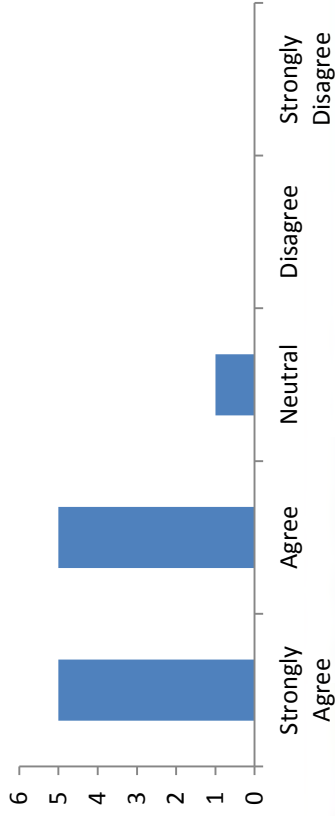
Voting Detail

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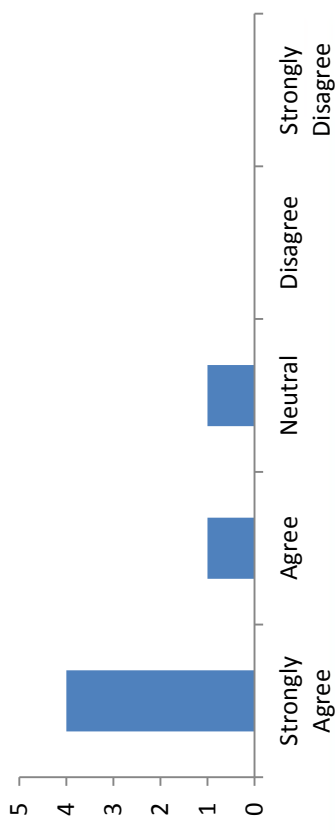
Board Members



Staff



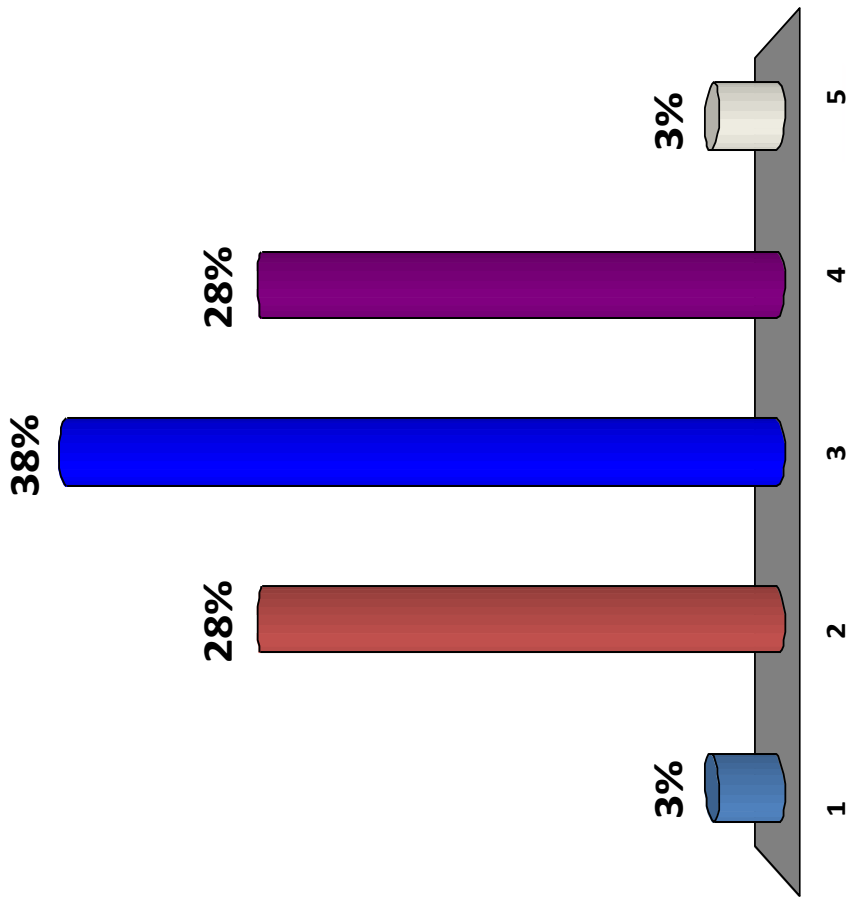
Investment Consultants



Offsite Session | Voting Results – Risk Section

6. The Board receives an appropriate and effective feed of risk information on CalPERS funds

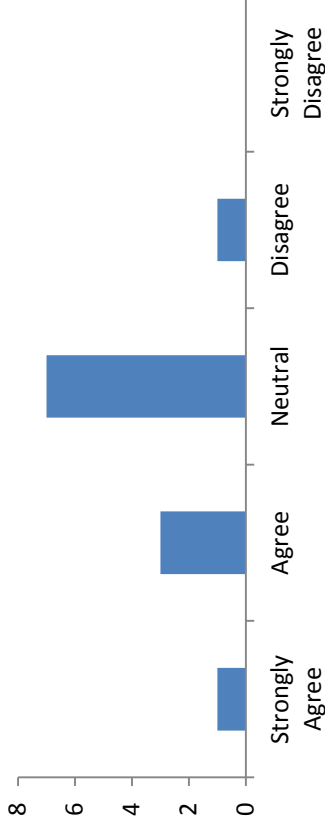
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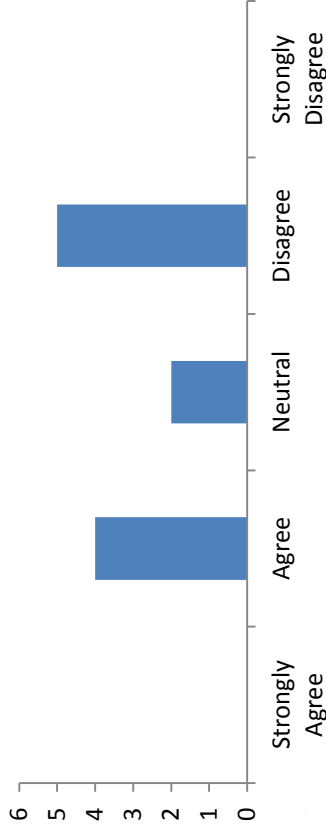
Voting Detail

6. The Board receives an appropriate and effective feed of risk information on CalPERS funds

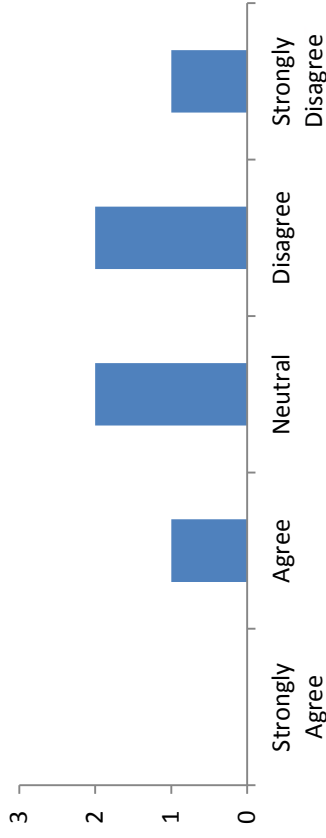
Board Members



Staff



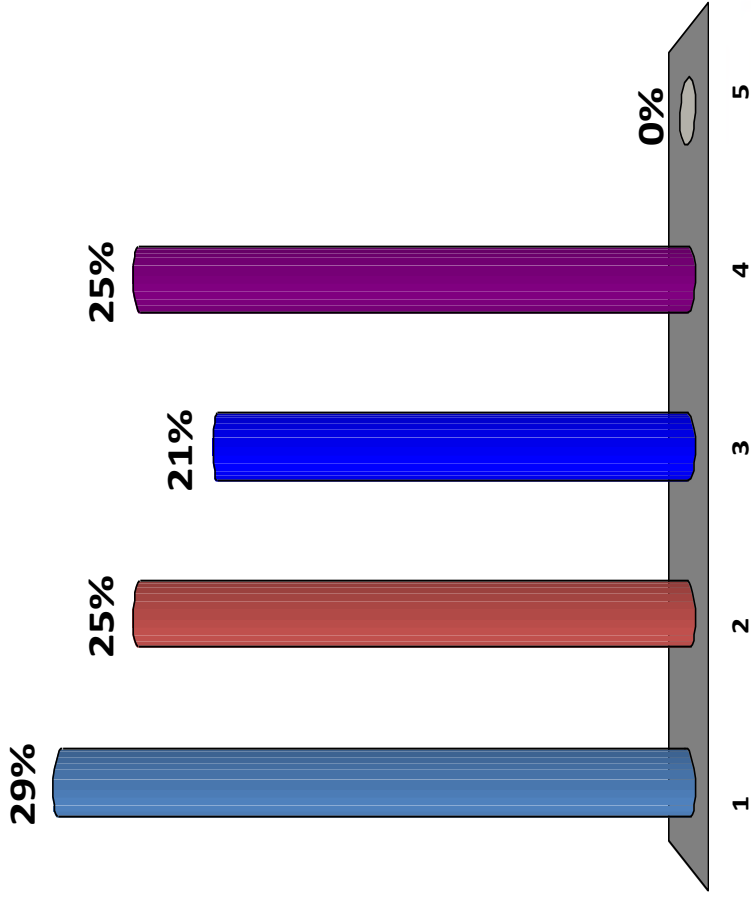
Investment Consultants



Offsite Session| Voting Results – Risk Section

7. The probability of mission impairment is a more helpful risk for the fund to focus upon than other measures of risk

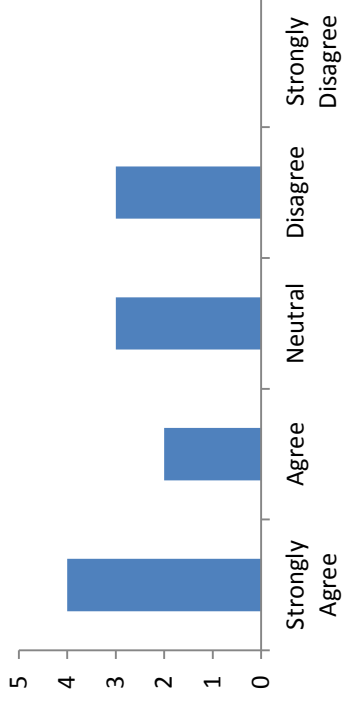
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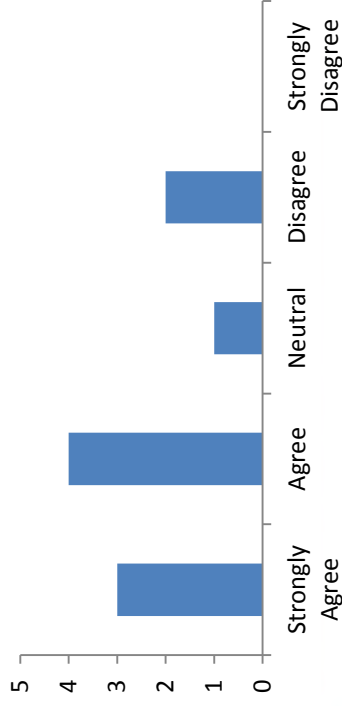
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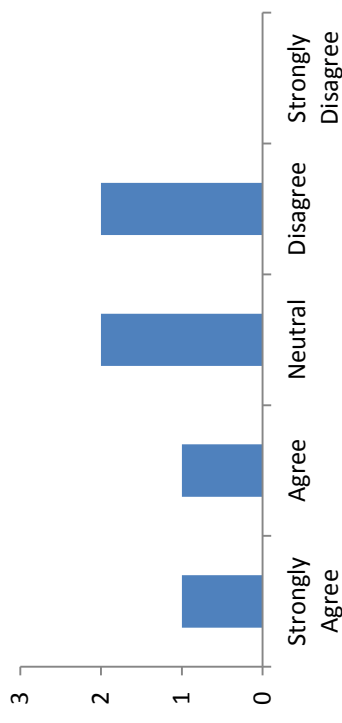
Board Members



Staff



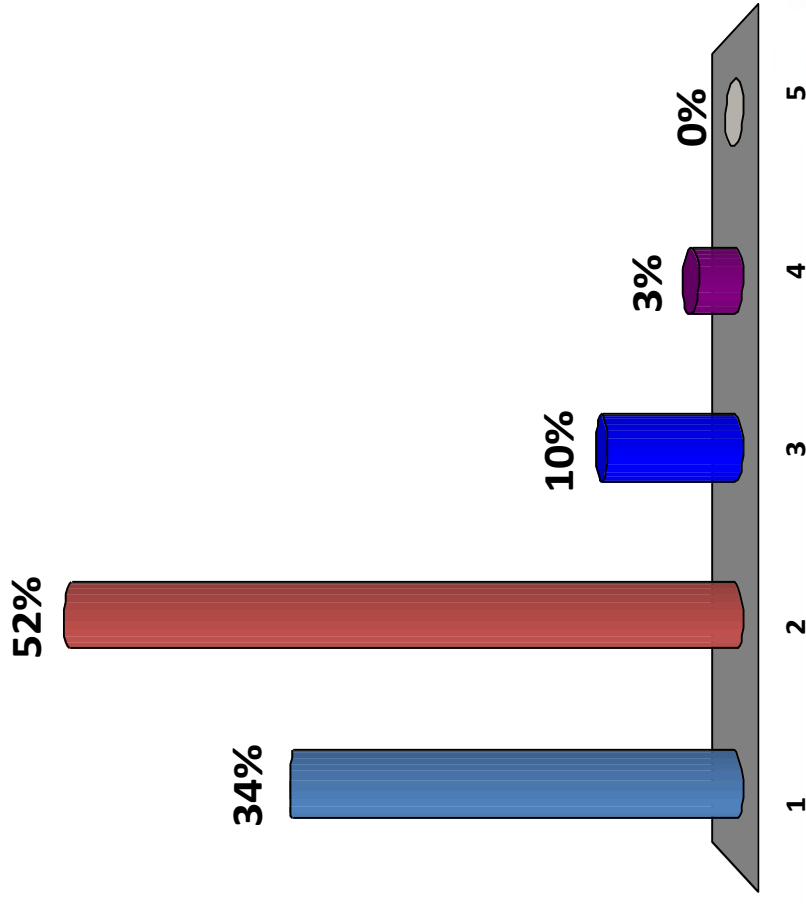
Investment Consultants



Offsite Session| Voting Results – Risk Section

8. Risk factors and return drivers provide a better investment framework for the fund than do asset class divisions

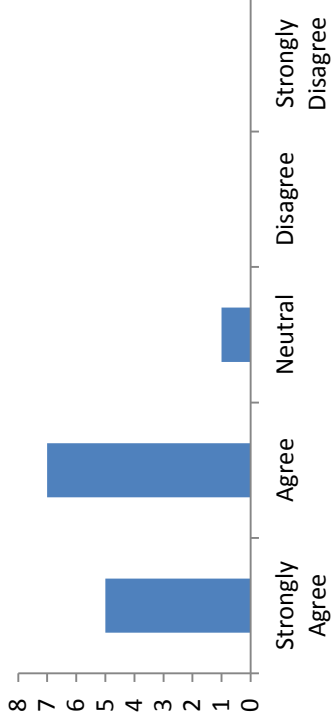
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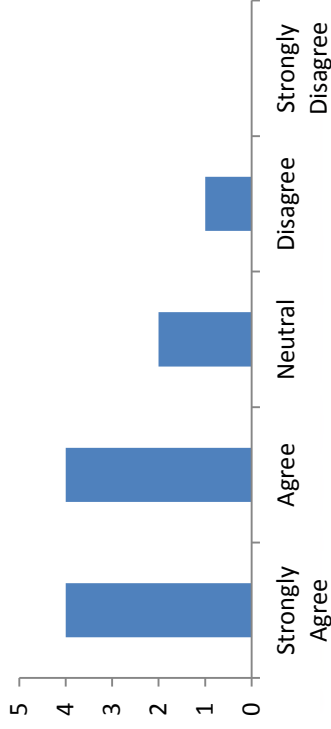
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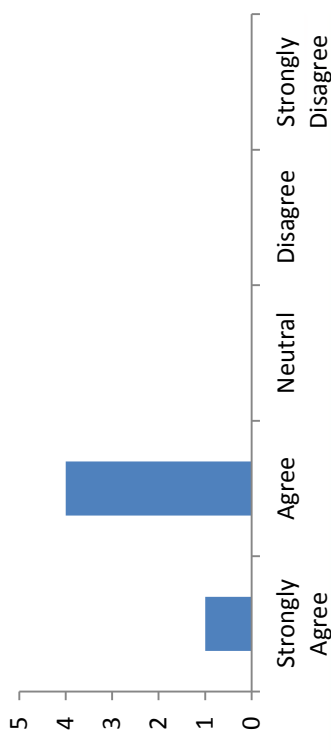
Board Members



Staff



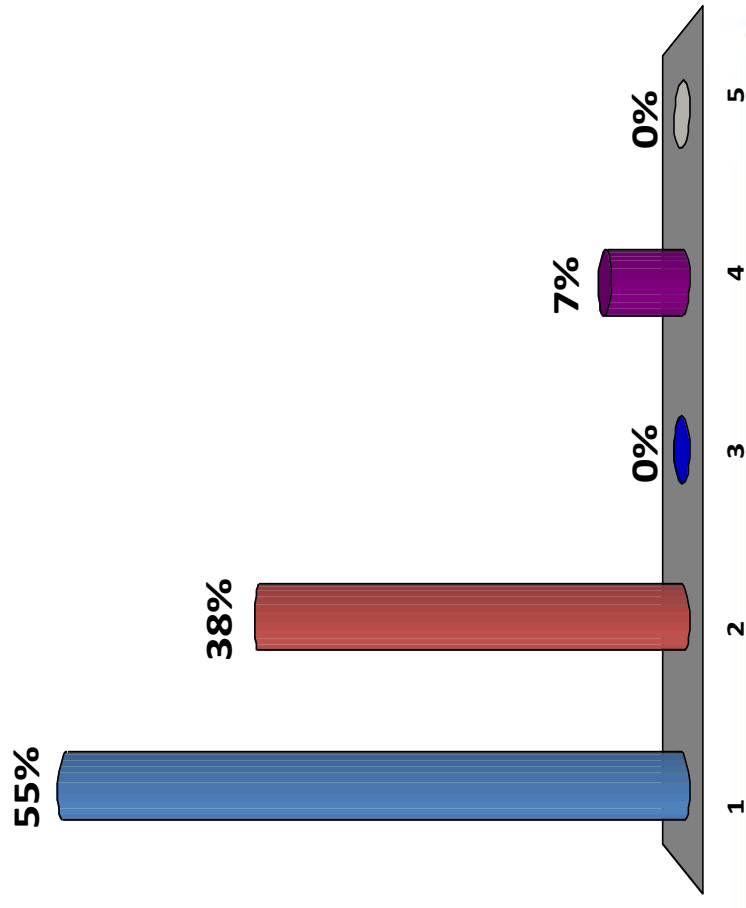
Investment Consultants



Offsite Session| Voting Results – Risk Section

9. The long-term is materially different to the sum of multiple short-term periods, and therefore long-term risk management requires a different focus and set of measures

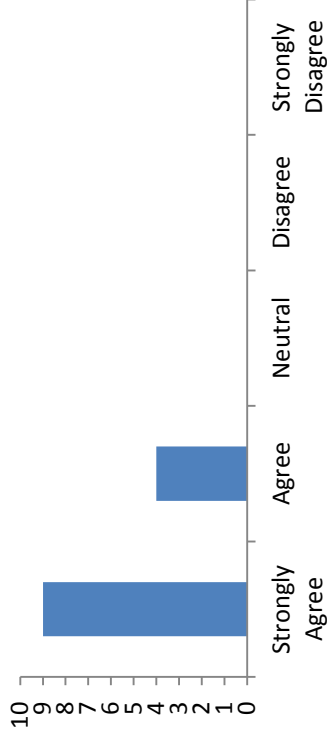
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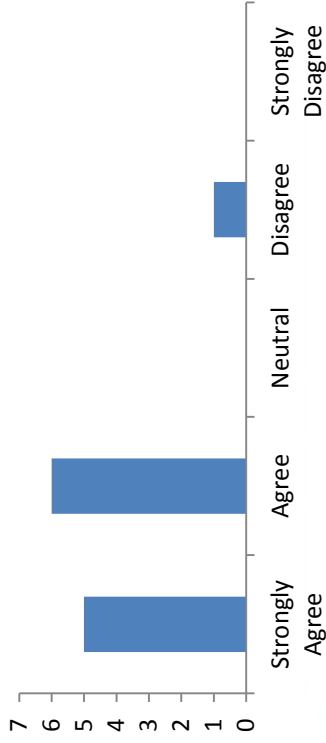
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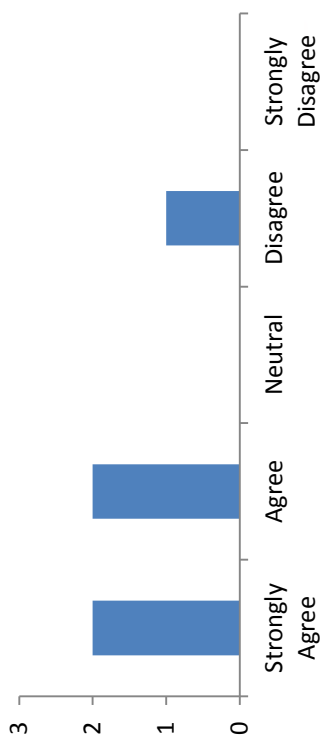
Board Members



Staff



Investment Consultants



July Offsite Voting Results

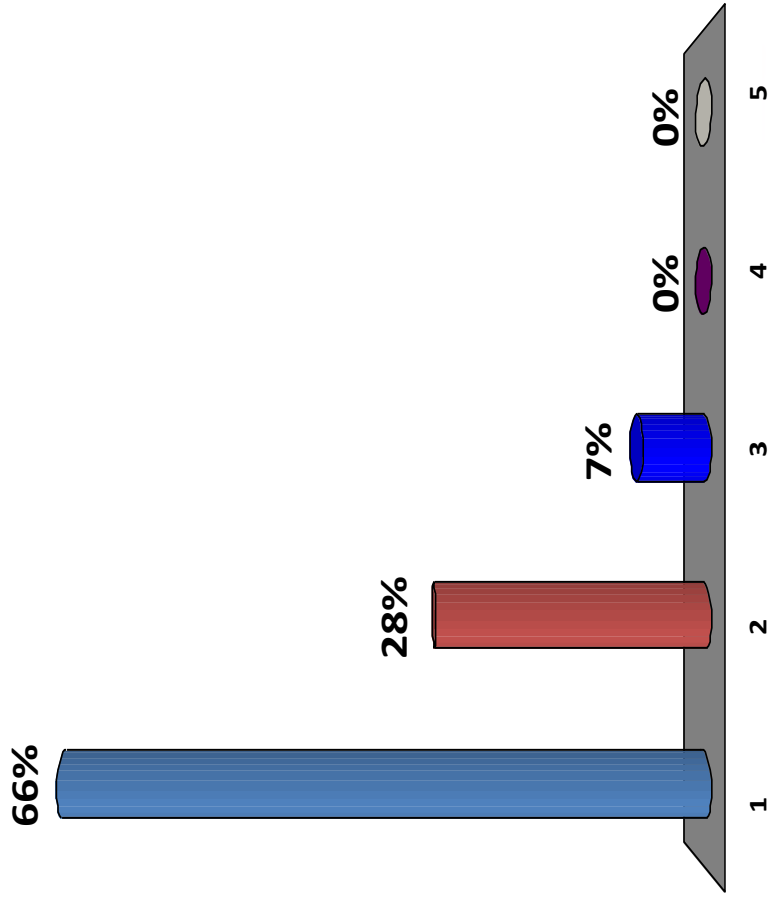
— Risk Related Beliefs Section

— ESG Related Beliefs Section

Offsite Session| Voting Results – ESG Section

1. There is evidence that carbon is causing material climate change

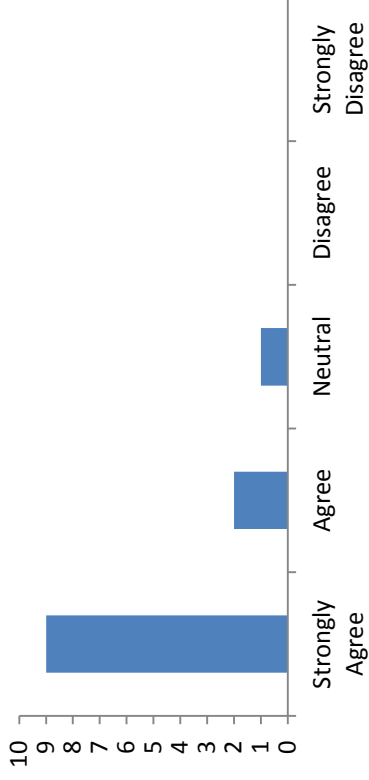
- 1. Strongly Agree
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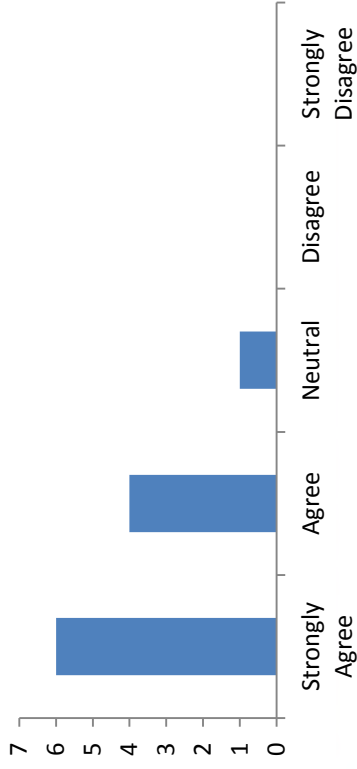
Voting Detail

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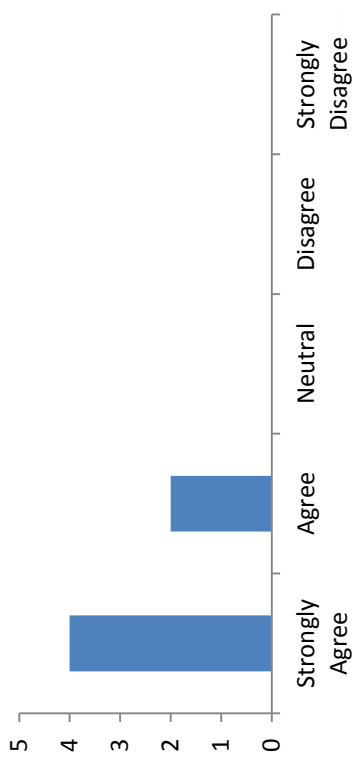
Board Members



Staff



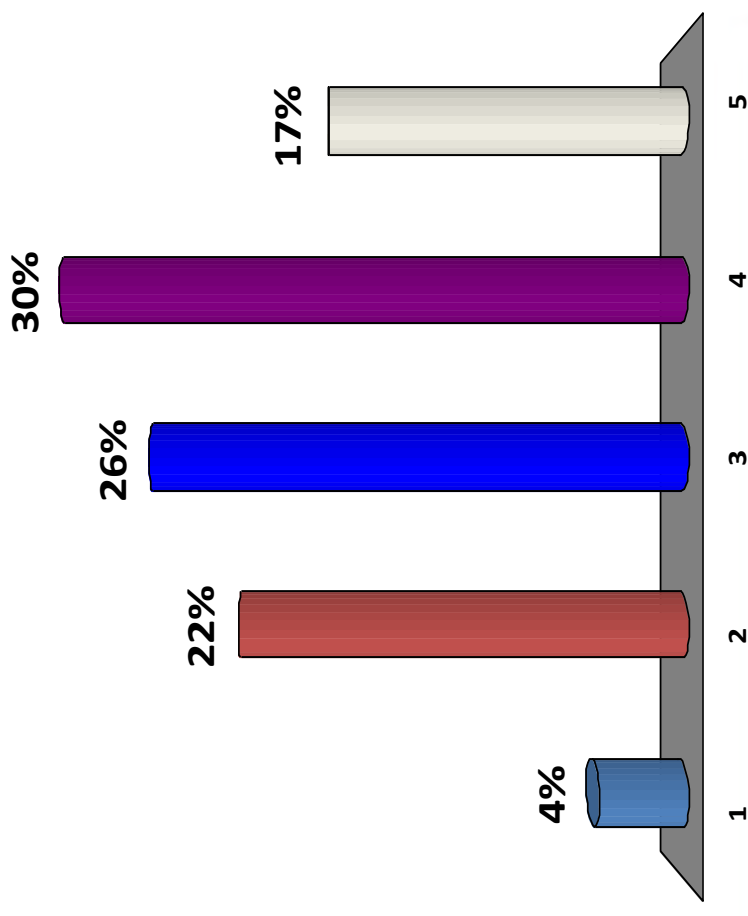
Investment Consultants



Offsite Session| Voting Results – ESG Section

2. There is evidence that high carbon/fossil fuel companies are structurally overpriced

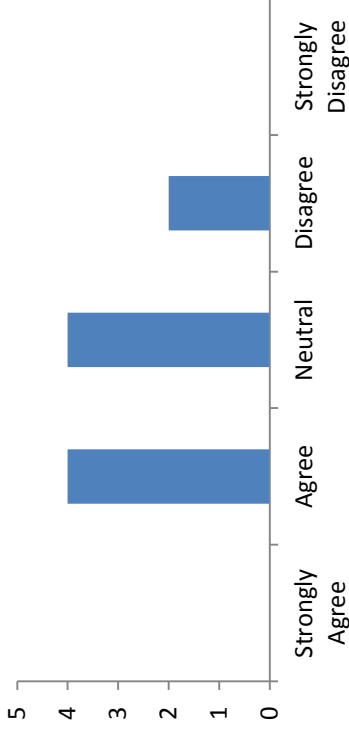
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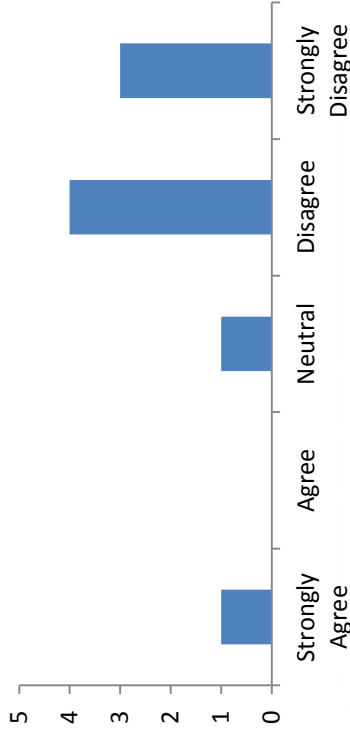
Voting Detail

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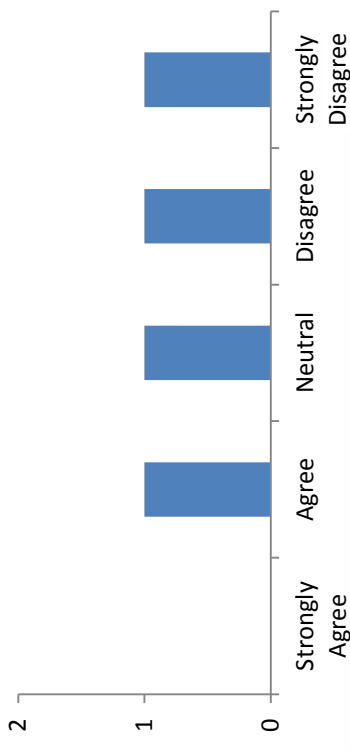
Board Members



Staff



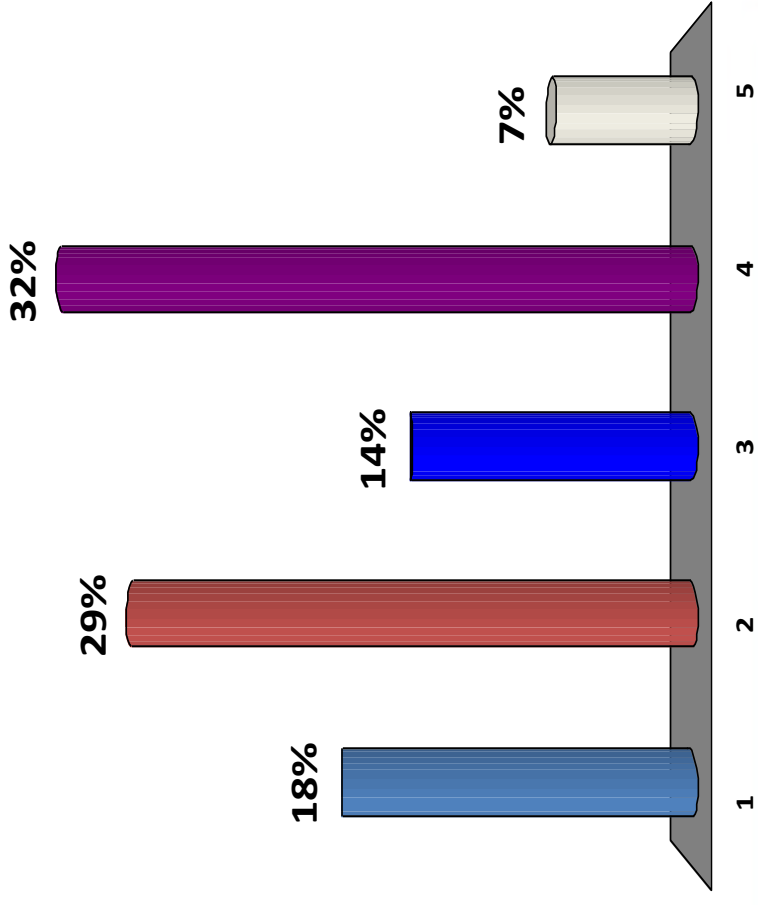
Investment Consultants



Offsite Session | Voting Results – ESG Section

3. It is likely that ESG factors have been priced into assets by the market (whether accurately or not)

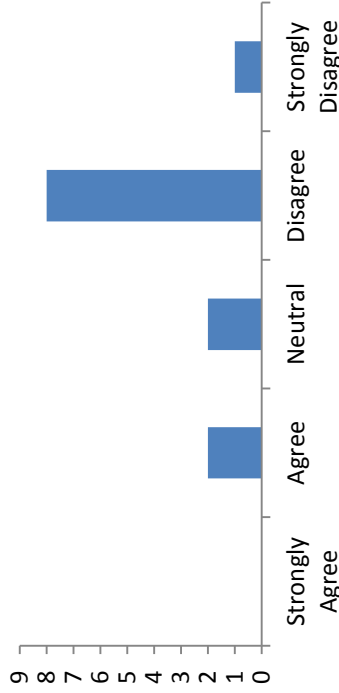
- 1. Strongly Agree
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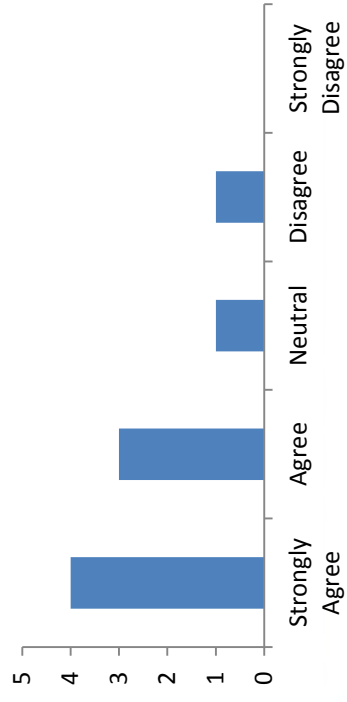
Voting Detail

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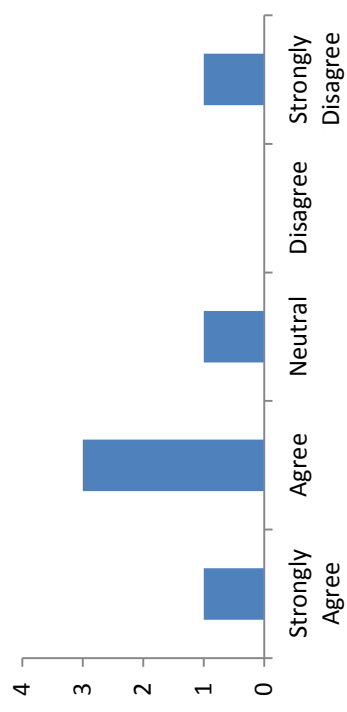
Board Members



Staff



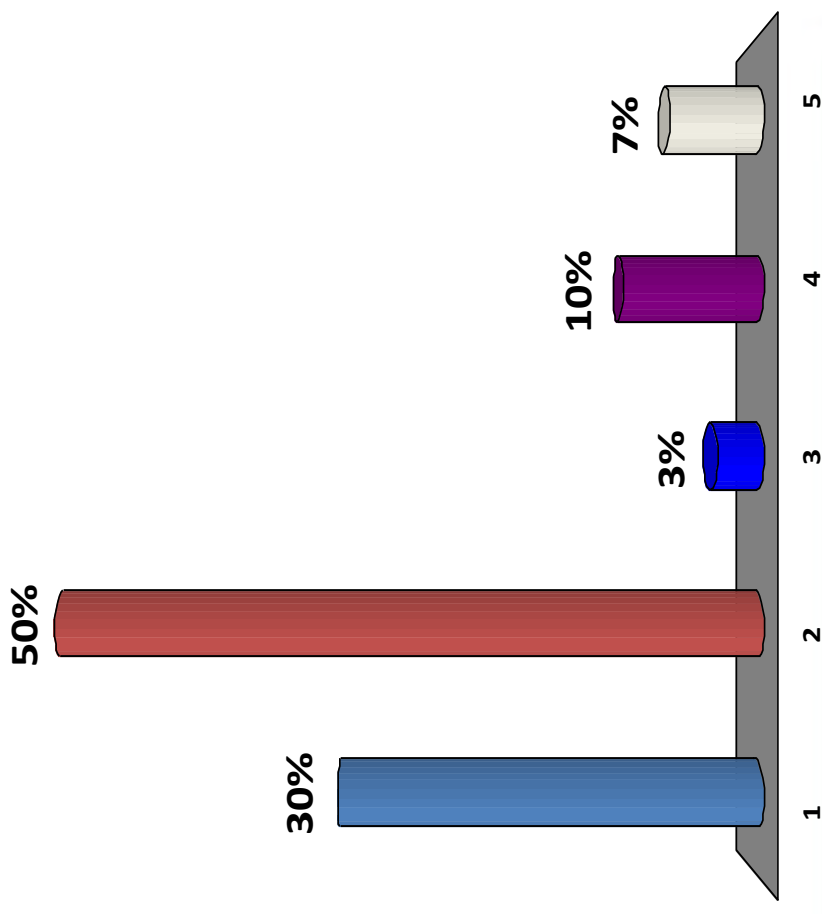
Investment Consultants



Offsite Session| Voting Results – ESG Section

4. The lack of performance evidence is a limitation for the fund to take any systematic positions to ESG factors

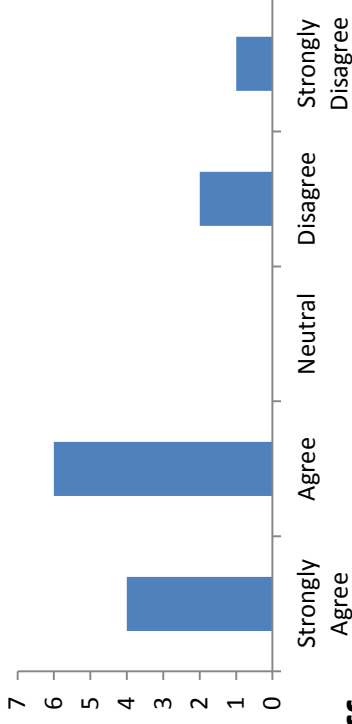
- 1. Strongly Agree
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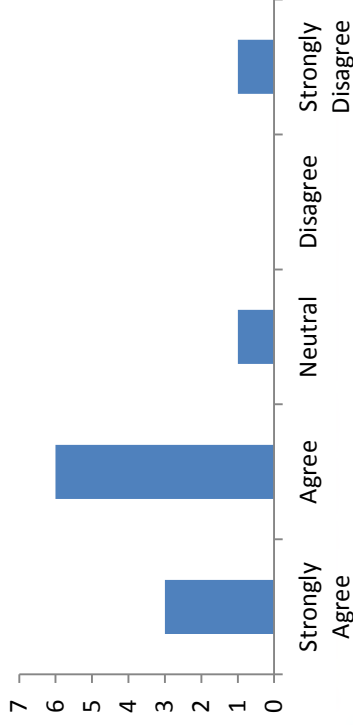
Voting Detail

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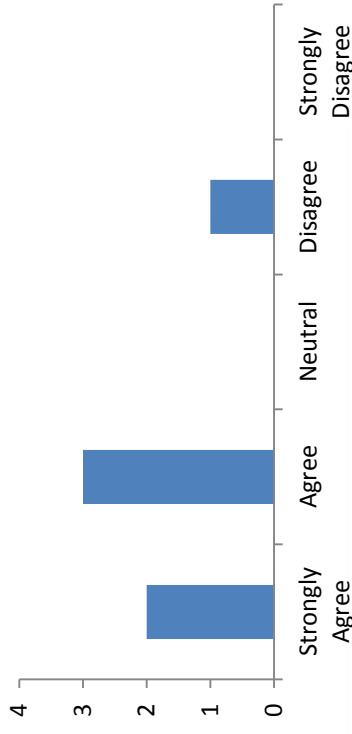
Board Members



Staff



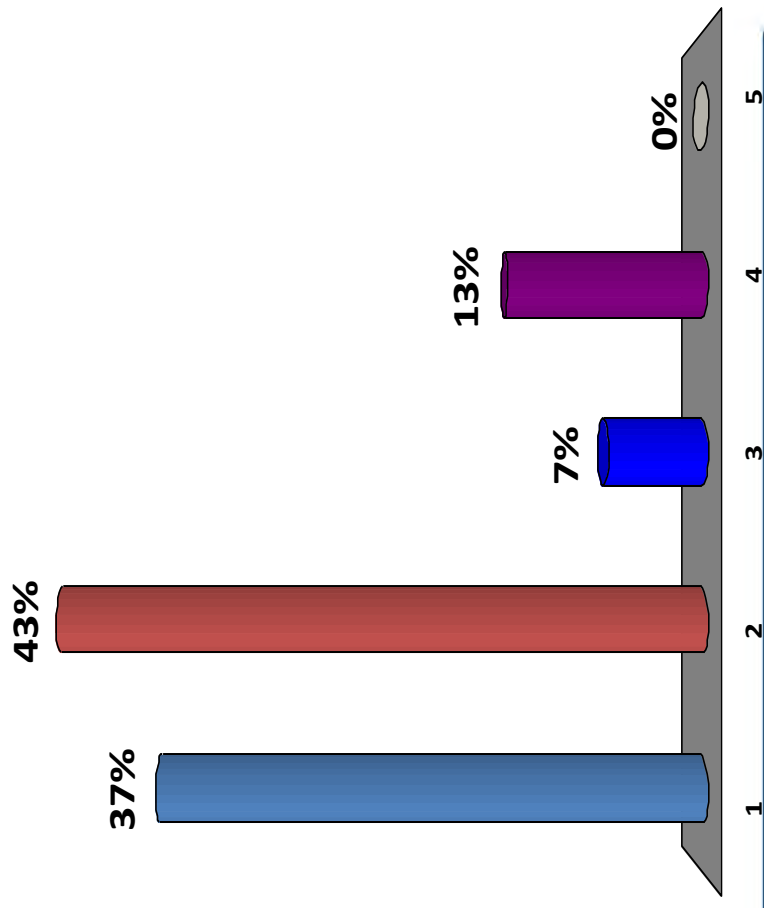
Investment Consultants



Offsite Session| Voting Results – ESG Section

5. ESG metrics are relatively untested/ can be subjective and this acts as a limitation to ESG factors being significant in investors' decisions

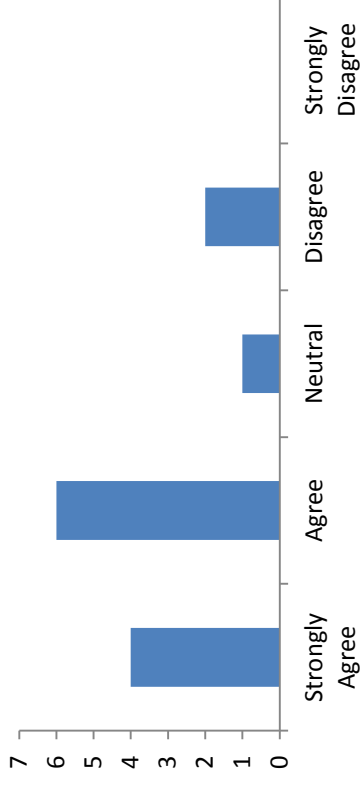
- 1. Strongly Agree
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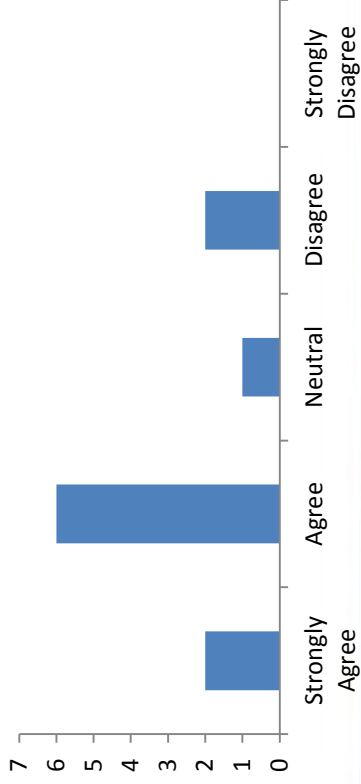
Voting Detail

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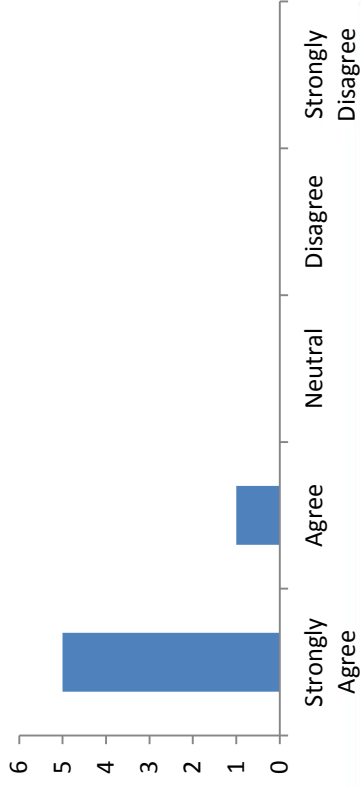
Board Members



Staff



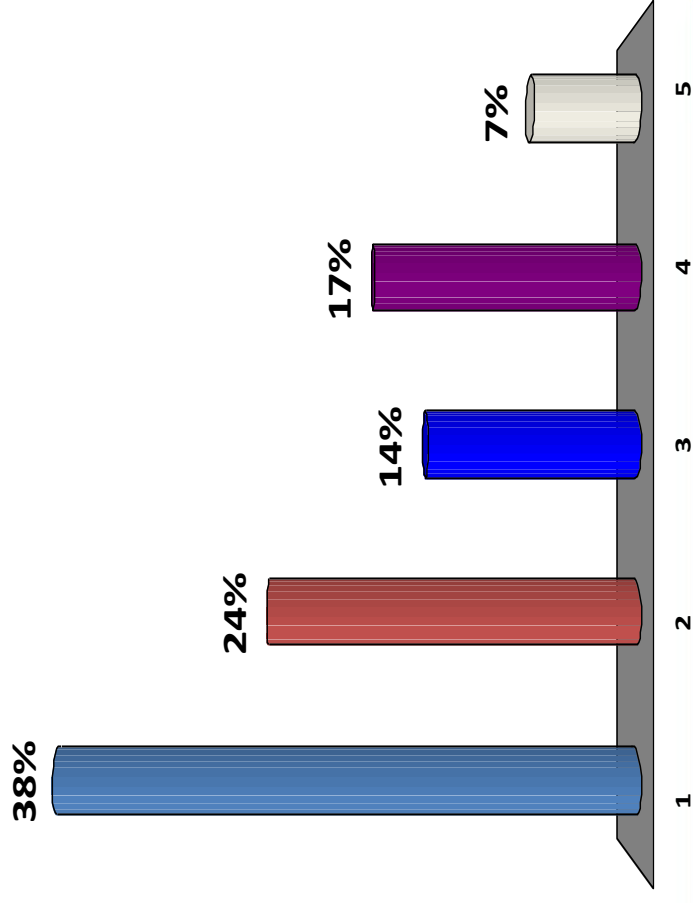
Investment Consultants



Offsite Session| Voting Results – ESG Section

12. Any Board-directed policies should be captured in the CalPERS “reference portfolio” so that performance impacts of that stance can be isolated and attributed to the Board’s decision

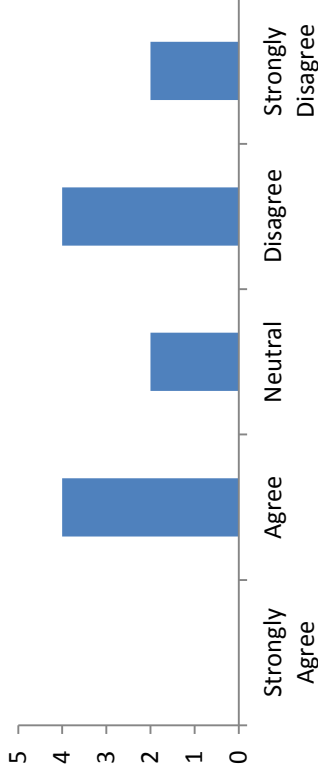
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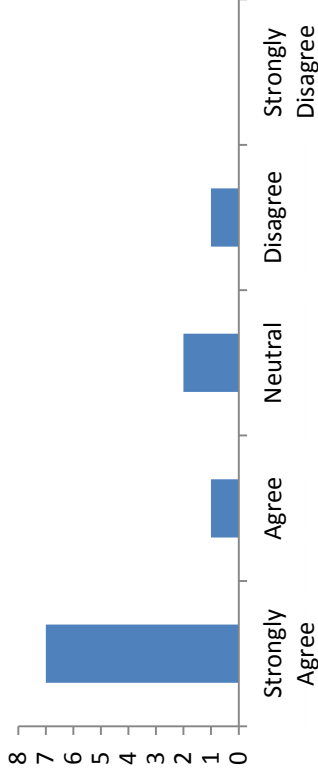
Voting Detail

12. Any Board-directed policies should be captured in the CalPERS “reference portfolio” so that performance impacts of that stance can be isolated and attributed to the Board’s decision

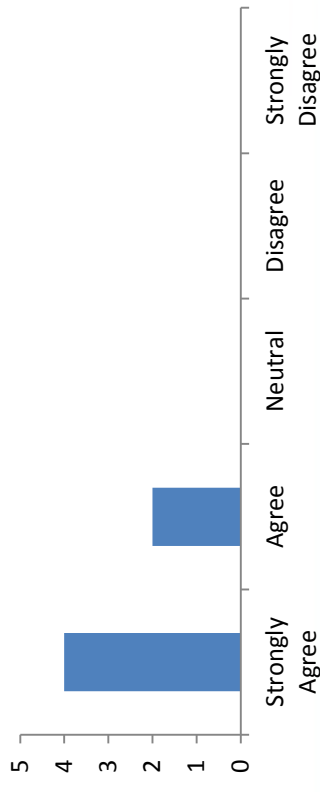
Board Members



Staff



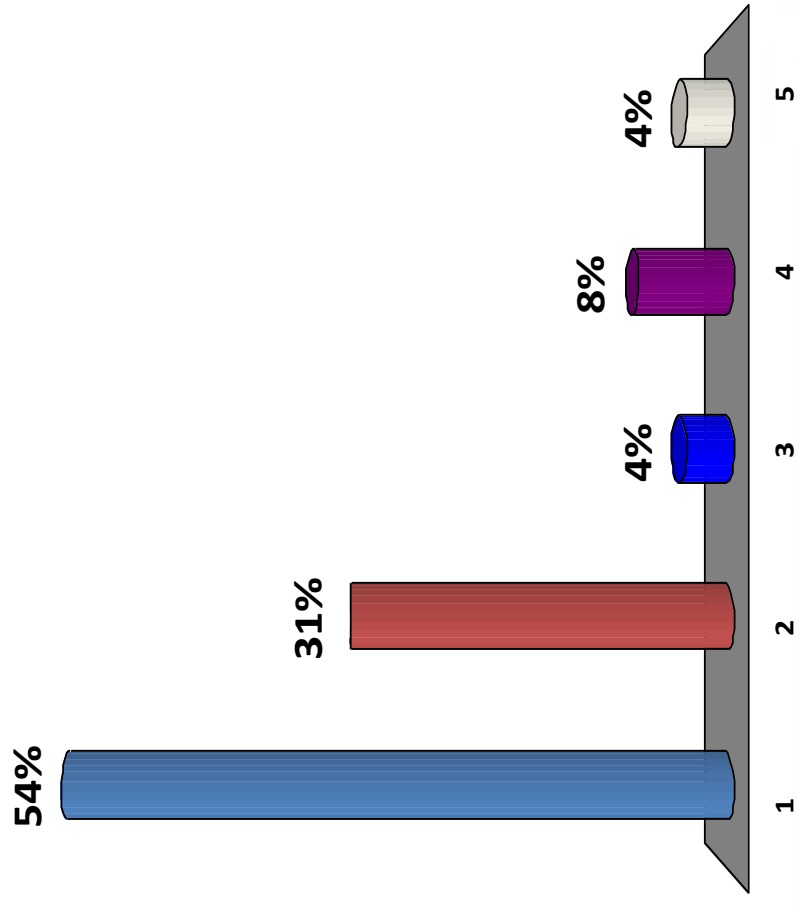
Investment Consultants



Offsite Session | Voting Results – ESG Section

13. CalPERS' current ESG positions on active ownership/global governance are appropriate for CalPERS' future plans

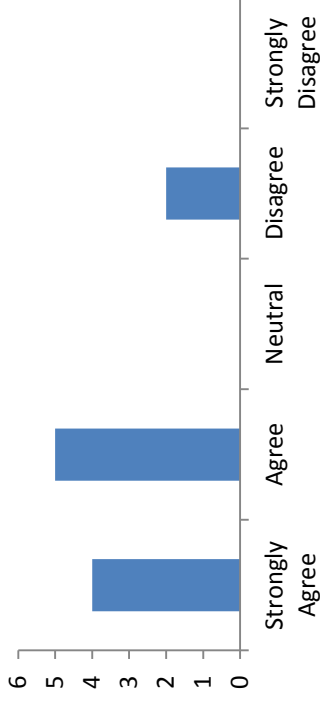
- 1. Strongly Agree
- 2. Agree
- 3. Neutral
- 4. Disagree
- 5. Strongly Disagree



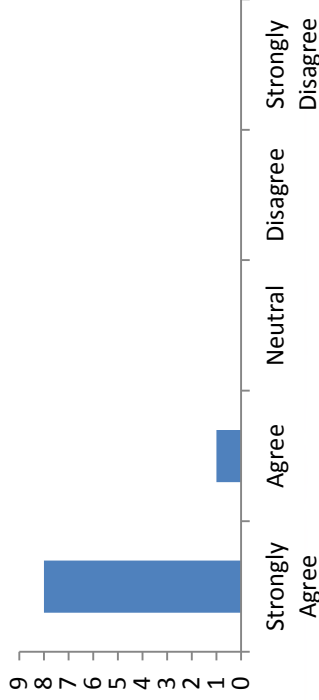
Voting Detail

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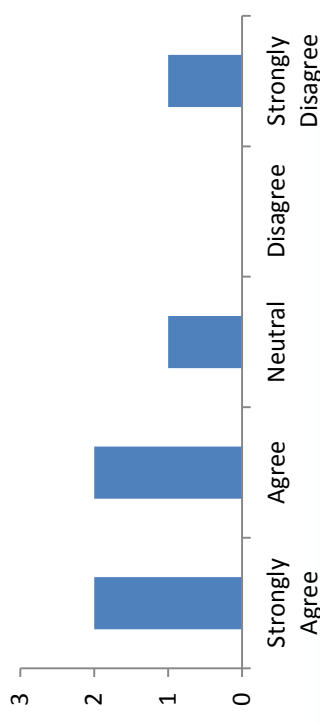
Board Members



Staff



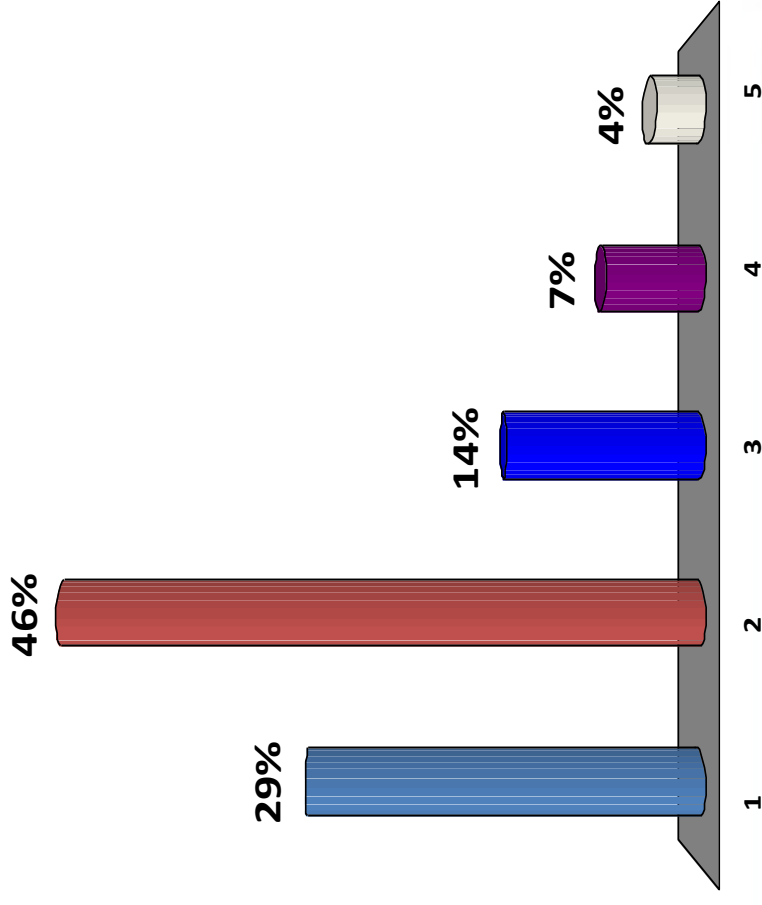
Investment Consultants



Offsite Session | Voting Results – ESG Section

14. CalPERS' current positions on integrated ESG/ ESG manager expectations are appropriate for CalPERS' future plans

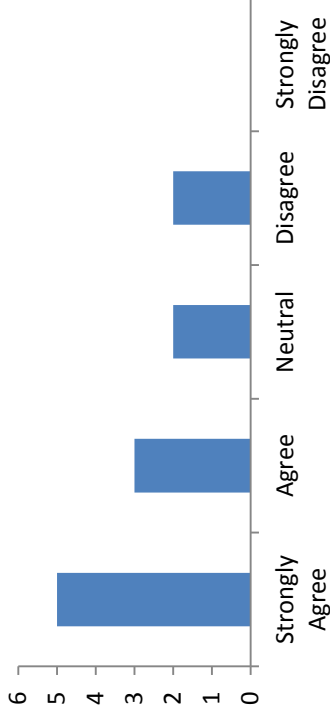
- 1. Strongly Agree
- 2. Agree
- 3. Neutral
- 4. Disagree
- 5. Strongly Disagree



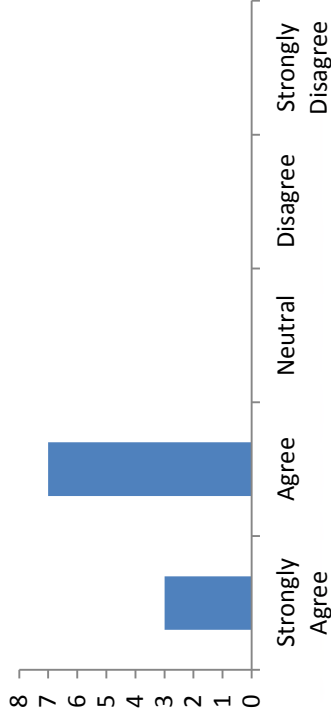
Voting Detail

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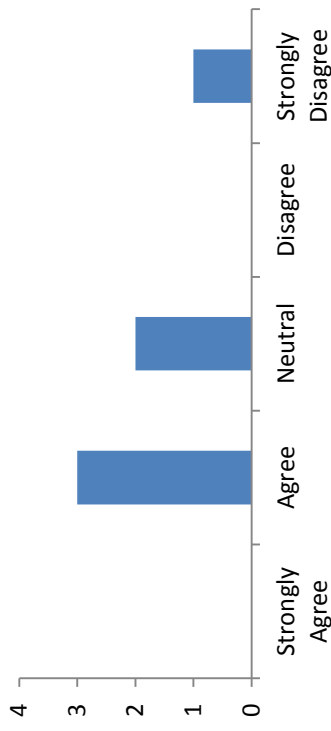
Board Members



Staff



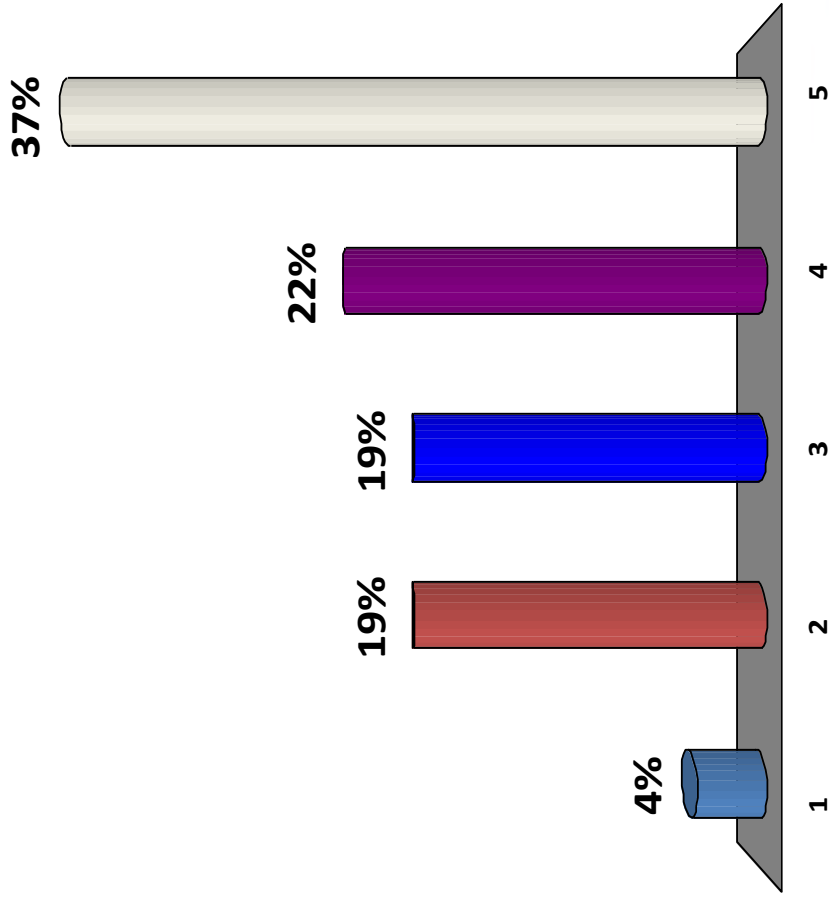
Investment Consultants



Offsite Session| Voting Results – ESG Section

15. CalPERS should do more with divestments

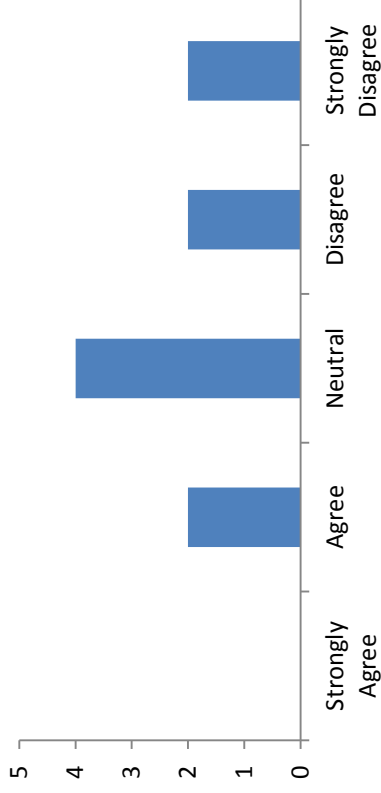
- 1. Strongly Agree
- 2. Agree
- 3. Neutral
- 4. Disagree
- 5. Strongly Disagree



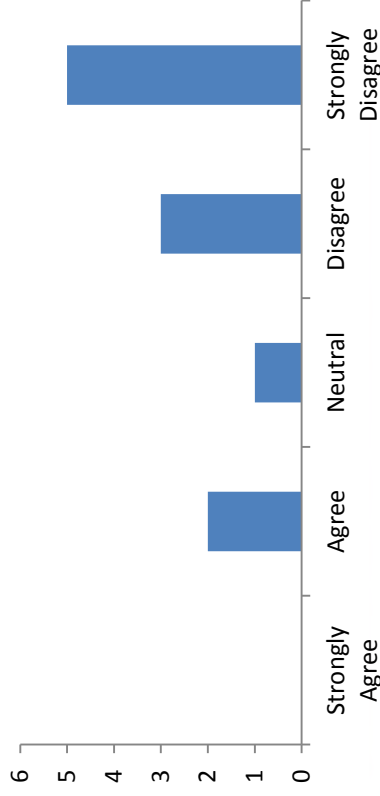
Voting Detail

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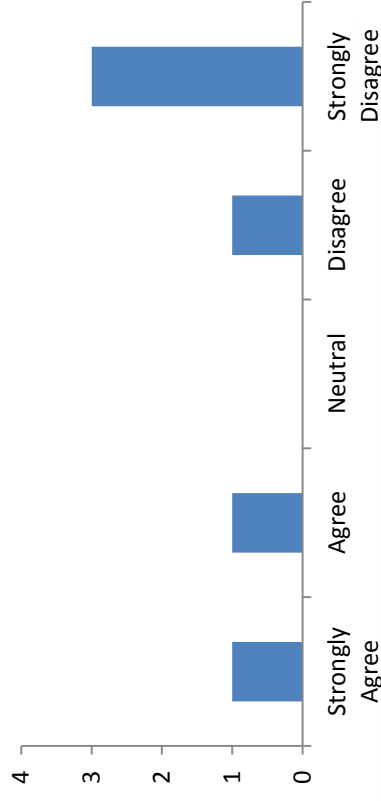
Board Members



Staff



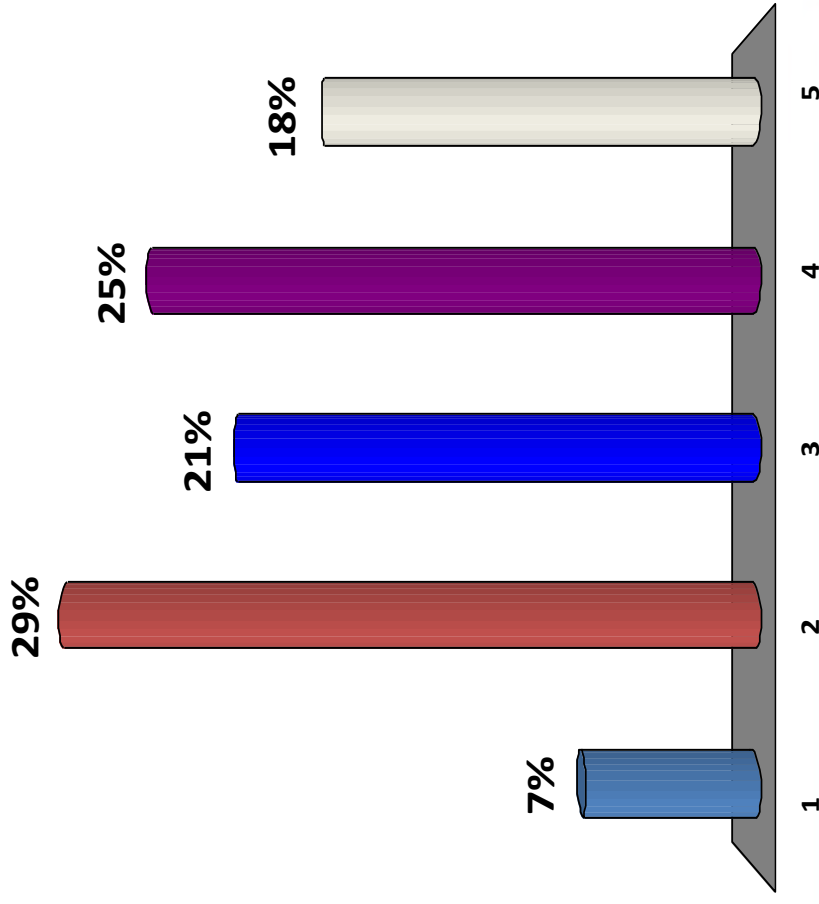
Investment Consultants



Offsite Session| Voting Results – ESG Section

16. CalPERS should do more on targeted ESG/ targeted capital/
strategic tilting

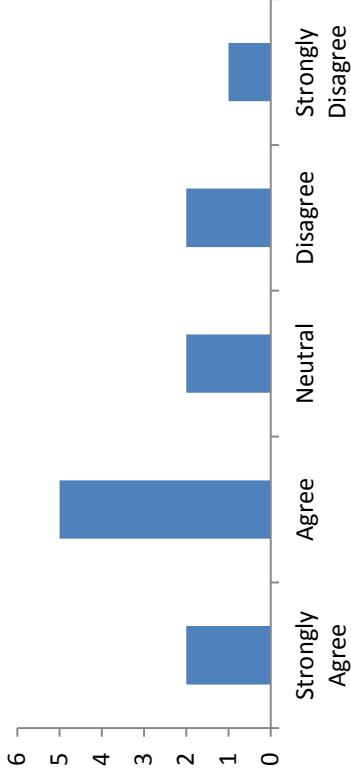
- 1. Strongly Agree
- 2. Agree
- 3. Neutral
- 4. Disagree
- 5. Strongly Disagree



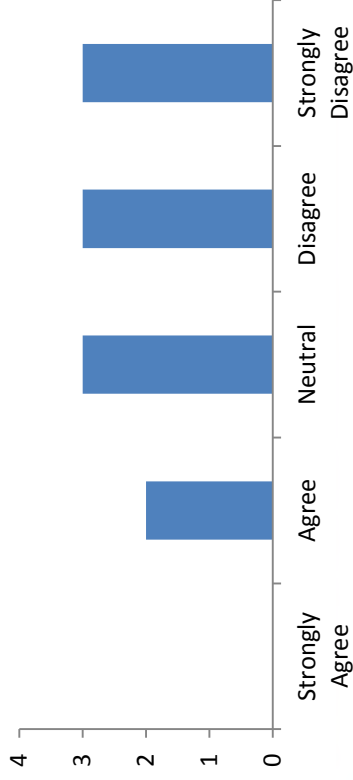
Voting Detail

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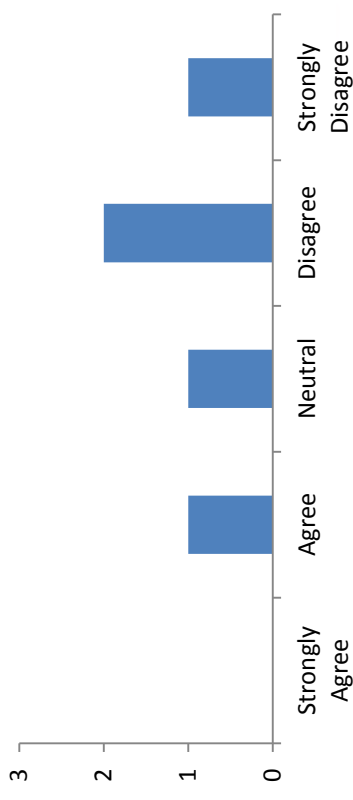
Board Members



Staff



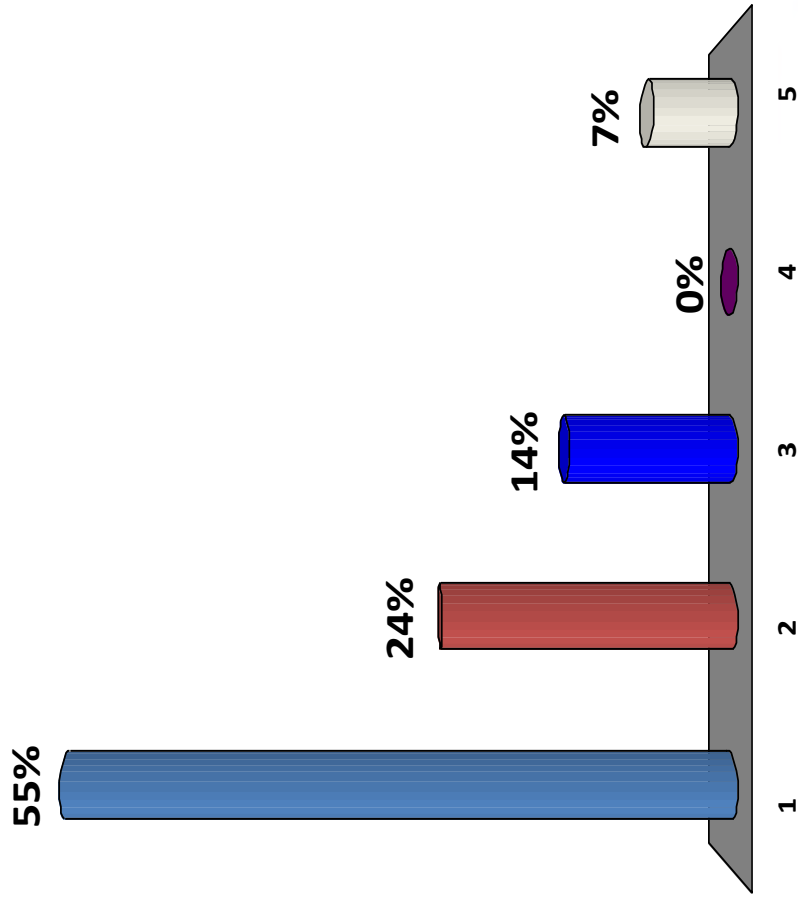
Investment Consultants



Offsite Session| Voting Results – ESG Section

17. CalPERS should do more on wider engagement/ working with others/ collaboration

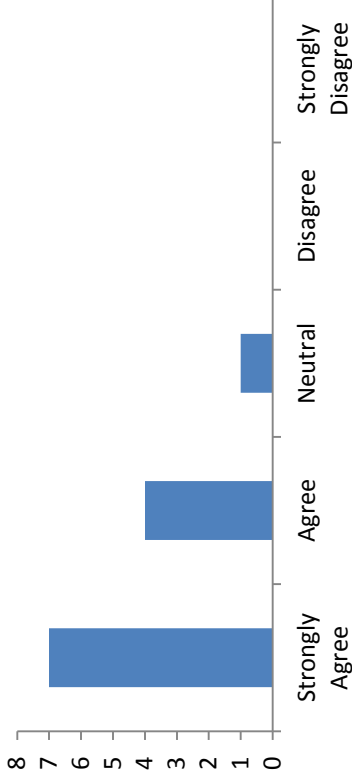
- 1. Strongly Agree
- 2. Agree
- 3. Neutral
- 4. Disagree
- 5. Strongly Disagree



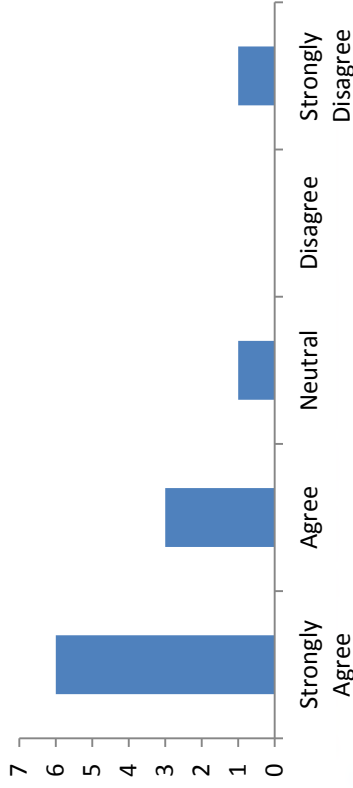
Voting Detail

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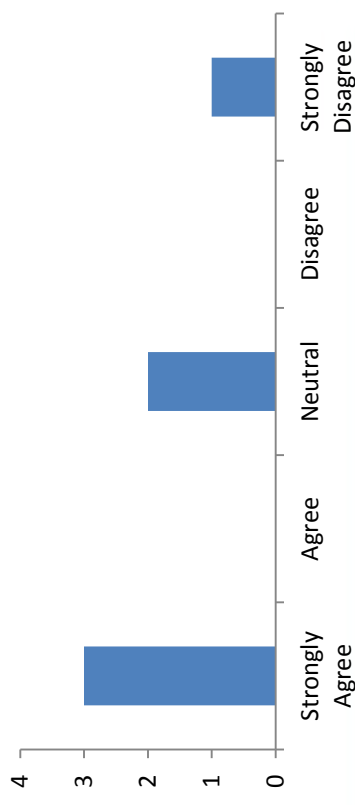
Board Members



Staff



Investment Consultants



July Offsite Summary | Risk Session

- Staff and the Board were generally in agreement
- Further evaluation of “mission impairment” as a way to frame risk will add value
- Enhancing our understanding of risk is a key priority for the enterprise
 - Enhanced risk and performance reporting is a priority initiative for the Investment Office 2020 Vision
 - Further exploration of risk factor concept and ongoing enhancement of ALM process

July Offsite Summary | ESG Session

- Board and staff results indicated:
 - Moderately different stances on targeted ESG investing and divestment
 - Different opinions on “pricing evidence”
 - Agreement that additional data and evidence are needed and wanted
 - The issue of accountability for Board-directed investment policy stances deserves additional discussion
- Further dialogue on accountability for policy stances and performance attribution will strengthen governance

Proposed Path Forward

- While CalPERS has successfully embedded and applied the Investment Beliefs since adoption, as expected in this type of process there continues to be room for improvement.
- Many of Towers Watson’s recommendations are in alignment with existing initiatives and workstreams, some in the near-term, and others which are undoubtedly multi-years efforts.
- Attachment 2 provides a summary of the key recommendations identified in the course of the Review.

Proposed Path Forward Highlights| Unsettled Issues

Area	Item	Near-Term Path Forward
Risk Related Beliefs	a. Further explore concept of “probability of mission impairment” as an area to focus on for the fund	<ul style="list-style-type: none">• Dedicated Investment Office 2020 Vision Initiative to enhance risk, performance and exposure reporting for the fund
ESG Related Beliefs	b. Question 12- Disparity of opinion on attribution of Board-directed policies	<ul style="list-style-type: none">• Continued focused discussions in ALM Workshops and Special Sessions
		b. Staff supports additional discussion to address this issue Upcoming Committee agenda items regarding divestments may provide opportunities for additional dialogue (2015)

Proposed Path Forward Highlights| Unsettled Issues

Continued

Area	Item	Near-Term Path Forward
ESG Related Beliefs	c. Board and staff desire additional data, evidence, and information on ESG issues	c. Establish a dedicated subcommittee to staff's internal Investment Strategy Group focusing on governance and sustainability issues
		Continue efforts to gather additional research and evidence, such as:
		<ul style="list-style-type: none">• The environmental investment strategy underway in Global Equity• Phase 2 of the Sustainable Investment Research Initiative (2015-16)• Manager ESG Expectations Pilot (2015-16)
		Build opportunities for further discussion into Committee calendar - Focus on carbon/fossil fuel footprint and views on pricing at January 2016 Offsite Session

Questions & Comments

This document summarizes the key recommendations identified by Mr. Roger Urwin, Towers Watson, in the course of the 2015 Investment Beliefs Implementation Review.

Investment Beliefs Implementation Review Recommendations			Staff Interpretation
Category	Ref. #	Specific Item(s)	
Strengthening the Investment Beliefs Alignment	1	Use program reviews to help bring out regular reviews of beliefs application	<p><i>Currently In Practice – Continue</i></p> <p>Investment Beliefs were integrated into Investment Office annual asset class program review templates in 2014.</p> <p>In the interest of allowing a full experience of the revised templates staff intends to use the templates, largely unchanged, for the 2015 period.</p> <p>An in-depth review and reconsideration of the templates may be warranted upon completion of the next Strategic Asset Allocation process and review of the Beliefs in 2017-18.</p>
	2	Embed beliefs as part of performance review and qualitative input to compensation	<p><i>Currently In Practice – Continue</i></p>
	3	Strengthen the cultural and leadership influences on using Investment Beliefs	<p><i>Recommendation Consistent With Current Workstreams/ Initiatives</i></p> <p>Deepened integration of Investment Beliefs will continue to be a priority and is evidenced through a considerable number of Investment Office 2020 Vision Roadmap initiatives such as:</p> <ul style="list-style-type: none"> • Enhancement of staff's internal Investment Strategy Group governance to include several standing subcommittees, including one focused on governance and sustainability issues.

Investment Beliefs Implementation Review Recommendations			Staff Interpretation
Category	Ref. #	Specific Item(s)	
			<ul style="list-style-type: none"> Ongoing work with Portfolio Priorities concept will strengthen the linkages between Beliefs and portfolio construction with a Total Fund perspective.
Strengthening the Investment Beliefs Traction with Staff	4	Work to fill out narrative and evidence supporting the Investment Beliefs in accordance with global best practice hierarchy [set out in May 2015 Implementation Review, Towers Watson Discovery Report]	<p><i>No Change at This Time.</i></p> <p>In the course of the Beliefs development and adoption, CalPERS made a deliberate choice not to develop detailed narrative/evidence statements to accompany each Belief set in consideration of the:</p> <ul style="list-style-type: none"> Evolving nature of a beliefs system, and Perceived required flexibility to capture best long-term results of a beliefs adoption program. <p>Staff believes that the circumstances which underpinned the choice outlined above have not changed at this time. However, this issue could be revisited when the scheduled reviews of the Beliefs are undertaken in the future.</p>
Further Embedding Investment Beliefs in IC Practices	5	<p>Sustained strengthening of Investment Committee (IC) alignment with the following “soft steps:”</p> <p>a) Working to a culture and practice of diversity in dialogue, unity in conviction</p>	<p>a) <i>Recommend to Area Outside of Investment Office</i> - The Board continues to enact and refine improvements to its governance process consistent with the findings of the 2012 Board Governance Study. Staff anticipates many of the initiatives undertaken in response to that work will continue to support the Board in this respect.</p>

Investment Beliefs Implementation Review Recommendations		Staff Interpretation	
Category	Ref. #	Specific Item(s)	
		<p>b) Ensure Board adoption of Beliefs is undertaken annually following discussion</p> <p>c) Ensure consulting input reinforces the Beliefs application</p>	
Tackle the Interpretation of Investment Beliefs in Unsettled Areas	6	Commit time at the 2015 July Board and Executive Offsite to further explore perceived unsettled issues related to the Investment Beliefs around risk (Beliefs 1 and 9), and ESG (Beliefs 2,3 and 4)	<p><i>Complete</i></p> <p>This recommendation has already been taken up and was completed on July 13, 2015. Additional recommendations were proposed to address issues related to the Beliefs regarding risk and ESG.</p>
	7	<i>Following July 2015 session on Risk-related Beliefs –</i> Continue to evolve the risk governance. This could include consideration of development of a “checklist” of high-level principles for annual review and evaluation	<p><i>Recommend Consistent with Current Workstreams/ Initiatives</i></p> <p>CalPERS has several initiatives underway related to enhancing our risk governance. The consideration of a checklist could be considered as part of these activities.</p>
	8	<i>Following July 2015 session on Risk-related Beliefs –</i> Staff to consider ways to provide more consistent and decision-orientated risk feed to the	<p><i>Recommendation Consistent With Current Workstreams/ Initiatives</i></p> <p>Effective risk information is a key priority and a complex issue. There is currently an Investment Office Roadmap initiative</p>

Investment Beliefs Implementation Review Recommendations		Staff Interpretation
Category	Ref. #	Specific Item(s)
		Board, including measures around mission impairment.
		underway which seeks to enhance reporting to the Board regarding performance, risks and exposures.
	9	<p><i>Following July 2015 session on Risk-related Beliefs – Strategic dialogue should be enhanced around how the Board fulfills its “risk intelligence” target – The concepts of risk factors and mission impairment may be ideal topics to start with</i></p>
		<p><i>Recommendation Consistent With Current Workstreams/ Initiatives</i></p> <p>Staff anticipates continued focused discussions in Asset Liability Management Workshops and Board Special Sessions.</p>
	10	<p><i>Following July 2015 session on ESG-related Beliefs – Continue strategic dialogue and staff/Board engagement on topics of integrated ESG and focused research (on topics such as integrated reporting, performance data, stranded assets, divestment, etc.)</i></p>
		<p><i>Recommendation Consistent With Current Workstreams/ Initiatives</i></p> <p>These topics are being explored through a number of initiatives and workstreams. Several engagements with the Board on these topics are currently planned and will be reflected in the upcoming IC calendar(s).</p>
	11	<p><i>Following July 2015 session on ESG-related Beliefs – Resolve differences in Board and staff sentiment on accountability (This was raised in an Offsite polling question regarding if Board-directed investment policies should be captured in a reference portfolio so that impacts of the stances can be attributed to the Board’s decision)</i></p>
		<p><i>Recommend Additional Discussion</i></p> <p>Staff believes it is important to address this issue of Board and staff accountability.</p>

Investment Beliefs Implementation Review Recommendations			Staff Interpretation
Category	Ref. #	Specific Item(s)	
Using Investment Beliefs as a Catalyst to Governance Change	12	Board and staff consider how to develop a “dialogue culture” in their engagement, this could include:	<i>Recommendation Consistent With Current Workstreams/ Initiatives</i>
		<ul style="list-style-type: none"> a) Use of outside facilitation to resolve differences and strategic choices b) Use of sub-groups to address the most complex issues (recognizing that Board unity is ultimately required) 	Recent work in the Board Governance Committee appears to be in alignment with this recommendation.

It is important to note that some of the recommendations are related to topics and challenges that are complex, evolving, and likely require multi-year and iterative effort.