CalPERS 2015-17 Business Plan Initiative Status Report   **February 2016**

Adopt an Asset Liability Management - Risk Mitigation Strategy

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: Actively manage and assess funding risk through an asset liability management framework to guide investment strategy and actuarial policy

Initiative Description

Create a risk mitigation strategy to encourage additional employer contributions, develop de-risking policy, and explore the feasibility of asset allocations options.

Start date:	July 2015
End date:	June 2016
Status:	On track 🟢

Next Steps

- Develop implementation procedures and timelines for risk mitigation policy.
- Present the proposed pension prefunding trust program, along with preliminary stakeholder feedback, during the Finance and Administration Committee meeting in February 2016.
- Provide a risk mitigation presentation to stakeholders during the California Society of Municipal Finance Officers Annual Conference in March.

Initiative Risk(s)   Mitigation(s)

- None identified at this time.   • n/a

Deliverables and Completed Activities

- ☑ Panel/Roundtable discussion with Board and Stakeholders regarding pension funding risk mitigation strategy. (August 2015)
- ☑ Presented an update on pension funding risk mitigation strategy to the Board. (September 2015)
- ☑ Presented Asset Allocation Choice Feasibility Study Review to the Board. (September 2015)
- ☑ Received Board approval on pension funding risk mitigation strategy. (November 2015)
- ☑ Present annual Pension Funding Level and Risk Report to the Board. (November 2015)

Note: Previous Initiative Title: Asset Liability Management – Risk Mitigation Strategy

CalPERS 2015-17 Business Plan Initiative Status Report   **February 2016**

Enhance Capital Allocation Framework

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: Actively manage and assess funding risk through an asset liability management framework to guide investment strategy and actuarial policy

Initiative Description

Enhance the Capital Allocation framework through improved risk factor modeling and greater understanding of trust-level investment risk and performance attribution.

Start date:	July 2014
End date:	June 2017
Status:	On track 🟢

Next Steps

- Present Portfolio priorities to the Investment Committee.
- Develop Investment Strategy Group meeting protocols and subcommittee charters.

Initiative Risk(s)	**Mitigation(s)**
• None identified at this time.	• n/a

Deliverables and Completed Activities

☐ Evaluate the roles, uses, and implications of CalPERS' policy benchmarks. (June 2016)
☐ Articulate goals for the structure of the Total Fund through the development of priorities. (June 2016)
☐ Elevate ISG's understanding of Trust-level investment risk and performance attribution, as well as the risk and performance impact of rebalancing or tactical asset class shifts. (June 2016)

FY 2015-16

- Developed roles and responsibilities, identified decision authorities for the Investment Strategy Group and its related subcommittees, and began developing and finalizing charters, memberships, deliverables, and timelines for each subcommittee.

FY 2014-15

- Introduced the Portfolio Priorities Project to the Investment Committee at the January Board offsite. (January 2015)
- The Board adopted proposed revisions to both the Statement of Investment Policy and the CalPERS Total Fund Investment Policy. (June 2015)
- To support the Investment Committee in its oversight capacity, staff presented Terminated Agency Pool (TAP) findings and analysis to the Investment Committee. (December 2014)

Note: Previous Initiative Title: Capital Allocation and Asset Allocation.

Investment Risk Management and Performance Attribution

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: Actively manage and assess funding risk through an asset liability management framework to guide investment strategy and actuarial policy

Initiative Description

Build effective risk review and decision processes within and across asset classes to ensure risks are fully understood, intended, and compensated.

Next Steps

- Present an update of accomplishments and next steps of the Liquidity – Operations initiative to the Investment Office Operating Committee.
- Obtain Investment Strategy Group approval of the Trust-Level Risk & Attribution Subcommittee charter and scope of work.

Initiative Risk(s)	Mitigation(s)
• None identified at this time.	• n/a

Deliverables and Completed Activities

☐ Partner with ACTO and consultants to identify, model and analyze risk factors driving assets and liabilities. (June 2017)
☐ Provide timely, standard analytic reports and analyses that accurately measures performance, risks, and exposures. (June 2017)

FY 2015-16
- Further refined the Public Employees' Retirement Fund (PERF) Total Fund Liquidity Cash Flow Forecasting data model.
- Completed second Global Fixed Income program review and began Private Equity program review work stream. Design and execution of program reviews is to measure and communicate performance, risks and exposures from a total fund perspective, within and across asset classes, to report to the Investment Strategy Group.

FY 2014-15
- Staff completed evaluation of trend analysis included in the Value at Risk reporting on the monthly Risk Report to the Investment Committee.
- Staff presented Asset Allocation targets to the Investment Committee and received approval to change the liquidity target.

FY 2013-14
- Enhanced and reformatted Investment Committee reporting package.

FY 2012-13
- Hired SIO for Asset Allocation and Risk Management.

Note: Previous Initiative Title: Investment Risk Management.

Start date:	July 2012
End date:	June 2017
Status:	On track 🟢

CalPERS 2015-17 Business Plan Initiative Status Report   **February 2016**

Sustain the Growth of the California Employers' Retiree Benefit Trust (CERBT) Fund and Improve Service to Our Employers

Strategic Goal A: Improve long-term pension and health benefit sustainability
Objective: Educate employers and other stakeholders to make informed decisions about retirement security and health care
Initiative: Expand member and employer access to information regarding the cost and quality of health care and ways to impact those trends

Initiative Description

Develop and implement strategies to sustain the growth of the CERBT fund and enhance the delivery of service to our employers.

Start date:	July 2014
End date:	June 2017
Status:	On track 🟢

Next Steps

- Continue training to improve staff knowledge of the CERBT program to deliver presentations, provide education, and give consultations to CERBT employers.
- Continue to communicate upcoming changes of Other Post-Employment Benefits accounting standards to CERBT contracting employers.
- Deliver retention presentations to employers.

Initiative Risk(s)	**Mitigation(s)**
• None identified at this time.	• n/a

Deliverables and Completed Activities

- ☑ Utilize market analytics to begin current year marketing and retention strategies. (August 2015)
- ☑ Complete CERBT employer retention workshop schedule for fall. (October 2015)
- ☐ Complete CERBT employer retention workshop schedule for spring. (May 2016)
- ☐ Complete all marketing and retention activities. (June 2016)

FY 2014-15

- Developed retention and marketing databases.
- Completed archiving project.

CalPERS 2015-17 Business Plan Initiative Status Report   **February 2016**

Complete Pilot to Improve Long-Term Care Hospital Transition Care for Senior Members

Strategic Goal A: Improve long-term pension and health benefit sustainability
Objective: Educate employers and other stakeholders to make informed decisions about retirement security and health care
Initiative: Provide existing and prospective Long-Term Care Program policy holders with premium and other information to improve decision making

Initiative Description

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.

Start date:	June 2015
End date:	September 2016
Status:	On track 🟢

Next Steps

- AccentCare Health Management to continue outreach and in-home patient nurse assessments.
- AccentCare Health Management to generate updated Transitional Care Pilot activity report.

Initiative Risk(s)   Mitigation(s)

- None identified at this time.   • n/a

Deliverables and Completed Activities

- ☑ Pilot participant engagement and outreach. (July 2015)
- ☐ LTCG, Inc. and AccentCare to provide participant utilization and satisfaction survey reports. (May – July 2016)
- ☐ Based upon report findings, pilot evaluation will be conducted and a report developed to determine if the Long-Term Transitional Care program will be implemented. (September 2016)

CalPERS 2015-17 Business Plan Initiative Status Report   **February 2016**

Enhance Business Effectiveness, Resource Allocation, and Efficiency of Investment Programs

Strategic Goal A: Improve long-term pension and health benefit sustainability
Objective: Deliver target risk-adjusted investment returns
Initiative: Implement programs and initiatives that improve investment performance and ensure effective systems, operations, and controls are in place

Initiative Description

Enhance cost effectiveness, resource allocation, and efficiency of the investment program to increase net returns on assets.

Next Steps

- Explore the identification of the multiple monetization methods for the Legacy Portfolio.
- Present a proposed work plan, including different organization models for manager monitoring, to the Investment Management Committee.

Initiative Risk(s)	**Mitigation(s)**
- None identified at this time.	- n/a

Deliverables and Completed Activities

- ☐ Develop and implement integrated processes to manage out designated private equity, real estate, public equity, and hedge fund legacy assets. (June 2016)
- ☐ Explore and propose governance and protocols to improve efficiencies in the manager selection and monitoring process, including a centralized model. (June 2016)
- ☐ Develop and release the Master Custodian Request for Proposal. (June 2016)

FY 2015-16

- Identified and implemented key monitoring metrics for entire Legacy Portfolio, including: current and projected Net Asset Value (NAV), risk-adjusted return, horizon to realization, path to realization, and liquidation rights.
- Developed Manager Monitoring Decision Matrix to assist in the post-selection process of monitoring overall manager performance.

Note: Previous Initiative Title: Business Effectiveness.

Start date:	July 2015
End date:	June 2017
Status:	On track 🟢

CalPERS 2015-17 Business Plan Initiative Status Report   **February 2016**

Enhance Investment Platform and Controls

Strategic Goal A: Improve long-term pension and health benefit sustainability
Objective: Deliver target risk-adjusted investment returns
Initiative: Implement programs and initiatives that improve investment performance and ensure effective systems, operations, and controls are in place

Initiative Description
Enhance the investment platform and internal controls environment to achieve optimum efficiency.

Start date:	July 2015
End date:	June 2017
Status:	On Track 🟢

Next Steps
- Continue work towards establishing the foundation, reporting structure, and governance model for the Execution Services Strategy.
- Complete the expansion of Artemis to support the existing Global Equity portfolio structure.
- Obtain PEARS Steering Committee approval of Release 2B project plan, schedule, and detailed design and begin Release 2B application build and system testing.

Initiative Risk(s)
- Due to the Project Lead's departure, progress may be delayed.
- PEARS application stability – users have experienced system outages.

Mitigation(s)
- Management to identify a new Project Lead.
- E-Front and Capital Analytics are working on improvements to the PEARS application stability issue.

Deliverables and Completed Activities
- ☐ Explore evaluate and propose improvements to governance, organization, oversight, and protocols. (June 2016)
- ☐ Through a pilot in Global Equity, begin the expansion of Artemis, a system used for processing cash flows, rebalancing, and communicating trades, from Affiliate Funds to the PERF (June 2016)
- ☐ Establish the core capabilities and a governance/architecture model to manage investment data (June 2017)
- ☐ Complete Phase 1 of an integrated solution that incorporates a Portfolio Management System and Accounting and Data Services for Private Equity (June 2017)

FY 2015-16
- Private Equity Portfolio Management Accounting & Data Services (PEARS) went live with Release 1 in October 2015.
- To improve efficiencies and execution controls across securities, derivatives, and lending and currency markets, staff finalized the Execution Services Strategy (ESS) staffing and resourcing plan.

Note: Previous Initiative Title: Investment Platform and Controls

CalPERS 2015-17 Business Plan Initiative Status Report   **February 2016**

Investment Beliefs and Environmental, Social, and Governance (ESG) Risk Integration

Strategic Goal A: Improve long-term pension and health benefit sustainability
Objective: Deliver target risk-adjusted investment returns
Initiative: Implement programs and initiatives that improve investment performance and ensure effective systems, operations, and controls are in place

Initiative Description
Integrate the CalPERS Investment Beliefs and ESG risk considerations within and across all investment programs to guide investment policy, decision making, and manager expectations.

Next Steps
- Develop and obtain Investment Strategy Group approval of the Governance and Sustainability charter, mandate, and scope of work for the next fiscal year.
- Document criteria utilized and establish a framework for future capital commitments to emerging manager programs.

Initiative Risk(s)	Mitigation(s)
• None identified at this time.	• n/a

Deliverables and Completed Activities
- ☑ Assess the integration to date of the Investment Beliefs. (June 2016)
- ☐ Conduct research on the integration of ESG tools and analytics into the investment decision-making process. (June 2017)
- ☐ Evaluate and establish criteria for commitment of new capital to emerging manager programs as documented in the Emerging Manager Five-Year Plan. (June 2017)

FY 2015-16
- Facilitated the Towers Watson Investment Beliefs Implementation presentation at the July 2015 Board offsite. The purpose of the presentation was to explore and obtain Board feedback on how beliefs can be best mapped to the investment framework and aligned policies.
- Developed and received Investment Committee approval on the Year Three Annual Report to the Legislature on the progress of the Emerging Manager Five-Year Plan, which provides a strategic framework to guide CalPERS investments and engagement with emerging investment managers.

Note: Previous Initiative Title: Investment Beliefs and Environmental, Social, and Governance (ESG) Risk

Start date:	July 2015
End date:	June 2017
Status:	On track 🟢

CalPERS 2015-17 Business Plan Initiative Status Report   **February 2016**

Health and Wellness Platform

Strategic Goal A: Improve long-term pension and health benefit sustainability
Objective: Create a lifestyle of wellness among members and employers
Initiative: Develop and administer an independent wellness platform that ensures the active engagement of employees and employers

Initiative Description

Develop and implement a statewide wellness platform to engage employees, employers, and retirees in improving member health.

Note: This initiative received Board direction in November 2015 that it cannot continue at the present time due to the delay of the Excise Tax.

Start date:	July 2015
Status:	Deferred ☐

CalPERS 2015-17 Business Plan Initiative Status Report   **February 2016**

Contracting Agency Outreach and Health Data Sharing

Strategic Goal A: Improve long-term pension and health benefit sustainability
Objective: Ensure high-quality, accessible, and affordable health benefits
Initiative: Implement new approaches and expand efforts already proven to reduce health care costs and improve health outcomes, including changing how we contract with health plans

Initiative Description

Engage employers in Health Policy discussions and identify ability to share health data with employers to develop workplace health improvement strategies.

Note: This initiative received Board direction in November 2015 that it cannot continue at the present time due to the delay of the Excise Tax.

Start date:	July 2015
Status:	Deferred

CalPERS 2015-17 Business Plan Initiative Status Report   **February 2016**

Medicare-Only Health Contracting Alternatives

Strategic Goal A: Improve long-term pension and health benefit sustainability
Objective: Ensure high-quality, accessible, and affordable health benefits
Initiative: Implement new approaches and expand efforts already proven to reduce health care costs and improve health outcomes, including changing how we contract with health plans

Initiative Description

Explore feasibility of simplifying Medicare Advantage contract and, if directed by the Board, implement changes.

Deliverables and Completed Activities

- ☑ Received Board approval of single non-Kaiser Medicare Advantage Plan. (July 2015)
- ☑ Developed Open Enrollment materials, implementation, and communication plans. (September 2015)
- ☑ Presented information to impacted stakeholders. (December 2015)

Start date:	July 2015
End date:	January 2016
Status:	Completed ⭐

CalPERS 2015-17 Business Plan Initiative Status Report   **February 2016**

Enterprise Internal Innovation

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: Adopt methodologies that empower staff to quickly test, vet, and refine ideas that improve internal and external performance and service

Initiative Description

Develop and implement a responsive innovation program that will inspire staff to share innovative ideas and solutions that improve performance and service.

Start date:	July 2012
End date:	June 2016
Status:	On track 🟢

Next Steps

- Publish the Idea Factory Toolkit on SharePoint.
- Begin phases one through six of the Idea Factory Implementation Plan.
- Collaborate with the Human Resources Division to ensure the 2016 OHI Survey includes questions related to the 2013 category of "learning and innovation."

Initiative Risk(s)   Mitigation(s)

- None identified at this time.   • n/a

Deliverables and Completed Activities

- ☑ EII program design pilots. (September 2015)
- ☑ EII Enterprise-wide Implementation Plan. (October 2015)
- ☑ EII program was officially branded as "Idea Factory." (December 2015)
- ☐ Enterprise-wide educational workshops. (January 2016)
- ☐ Implement the Idea Factory enterprise-wide. (June 2016)
- ☐ EII Communication Plan. (June 2016)

FY 2014-15

- Launched end-to-end EII Program test.
- Provided project communications to engage key business partners throughout the enterprise.

FY 2013-14

- Developed Enterprise Internal Innovation Program Description and EII Program Implementation Roadmap.
- Finalized employee-driven innovation strategy development and submitted strategies and tactics for Executive review.

FY 2012-13

- Conducted research of best practices for public and private organizations which excel at Innovation.
- Recruited enterprise team to develop definitions, designs, and propose options to Executive Owner.

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Complete Cost Effectiveness Measurement (CEM) Evaluation and Identify Enhancements

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: Adopt methodologies that empower staff to quickly test, vet, and refine ideas that improve internal and external performance and service

Initiative Description

Evaluate and analyze CEM Benchmarking reporting data to identify the feasibility of pension administration cost savings and performance improvements.

Next Steps

- Identify ongoing projects that may impact our future CEM service score.
- Create recommendation addressing addition of projects to improve the CEM service score.

Initiative Risk(s)	Mitigation(s)
• None identified at this time.	• n/a

Deliverables and Completed Activities

- ☑ Analyze 2013/14 CEM report and provide update to Executive team and CalPERS board. (October 2015)
- ☑ Develop and implement effective CEM data collection process and methodology to improve timeliness and accuracy of CEM data. (November 2015)
- ☐ Implement target improvement activities to increase our CEM customer service score. (June 2016)

Note: Previous Initiative Title: Cost Effectiveness Measurement (CEM) Evaluation.

Start date:	July 2015
End date:	June 2017
Status:	On track 🟢

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Improve the Use of Data to Drive Business Insights

Strategic Goal B: Cultivate a high-performing, risk-intelligent, and innovative organization
Objective: Deliver superior end-to-end customer service that is adaptive to customer needs
Initiative: Promote the use of business intelligence throughout the organization to optimize customer service and delivery

Initiative Description

Enhance end-to-end services through the use of business intelligence by enhancing enterprise research, innovation, and organizational performance.

Start date:	July 2012
End date:	June 2017
Status:	On track 🟢

Next Steps

- Complete Business Intelligence (BI) product repository and a tools catalog.
- Develop Data Governance roadmap.

Initiative Risk(s)   Mitigation(s)

- None identified at this time
- n/a

Deliverables and Completed Activities

- Develop BI Request Management process. (September 2015)
- Develop comprehensive Queries/Extracts catalog to provide the foundation for future extracts. (December 2015)
- Establish BI training plan. (June 2016)
- Review and implement Data Governance roadmap. (June 2016)

FY 2014-15

- Drafted a charter for and launched the Business Intelligence Competency Center (BICC).
- Developed BI priorities and BI Request Process.

FY 2013-14

- Completed project plan, charter and communication plan for BI governance infrastructure project.
- Developed and documented draft processes to ensure appropriate access to and quality of BI data.
- Developed communication plan.

FY 2012-13

- Developed strategic dashboard.
- Enhanced tactical reports and ability to access them.

Note: Previous Initiative Title: End-to-End Business Intelligence.

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Implement Digital Communication Strategy

Strategic Goal B: Cultivate a high-performing, risk-intelligent, and innovative organization
Objective: Deliver superior end-to-end customer service that is adaptive to customer needs
Initiative: Enhance business processes to achieve high-quality, timely, effective, and efficient customer service delivery to our members and employers

Initiative Description
Develop and implement a strategy to enhance digital communications capabilities to support outreach and communication to members, employers, and other stakeholders.

Next Steps
- Develop a communication plan for the Board and Executive social media training program.

Start date:	July 2015
End date:	June 2017
Status:	On track 🟢

Initiative Risk(s)   Mitigation(s)

Initiative Risk(s)	Mitigation(s)
• None identified at this time.	• n/a

Deliverables and Completed Activities
☐ Develop a Digital Communications Strategic Plan to enhance outreach and communication. (February 2016)
☐ Provide Board and Executive social media training. (June 2016)

Note: Previous Initiative Title: Digital Communications.

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Customer Service Optimization Strategies

Strategic Goal B: Cultivate a high-performing, risk-intelligent, and innovative organization
Objective: Deliver superior end-to-end customer service that is adaptive to customer needs
Initiative: Enhance business processes to achieve high-quality, timely, effective, and efficient customer service delivery to our members and employers

Initiative Description

Implement strategies that strengthen operations and optimize customer service through enhanced functionality, compliance, and business process improvements.

Start date:	July 2015
End date:	June 2016
Status:	On track 🟢

Next Steps

- Complete the Sick Leave to Service Credit Conversion at Retirement report.
- Draft Final Compensation Validation report.
- Develop additional business partner compliance tools.

Initiative Risk(s)	Mitigation(s)
• None identified at this time.	• n/a

Deliverables and Completed Activities

☐ Implement two myICalPERS enhancements. (January 2016)
☐ Develop and implement two reasonability reports. (April 2016)
☐ Implement enhanced edits to data validation. (June 2016)
☐ Develop and implement accountability toolkit. (June 2016)
☐ Implement two additional myICalPERS enhancements and two new retirement Member Self-Service functionalities. (June 2016)

Note: This initiative is linked to previous Service Delivery Transformation initiatives.

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Customer Experience

Strategic Goal B: Cultivate a high-performing, risk-intelligent, and innovative organization
Objective: Deliver superior end-to-end customer service that is adaptive to customer needs
Initiative: Enhance business processes to achieve high-quality, timely, effective, and efficient customer service delivery to our members and employers

Initiative Description

Implement strategies to increase customer feedback opportunities and advance the customer experience.

Start date:	July 2015
End date:	June 2016
Status:	On track 🟢

Next Steps

- Finalize procedures for retirement postcards and procedures for the educational/training outreach to audited employers.
- Complete correspondence training.
- Conduct a comprehensive revision of CalPERS Publication 1, Planning Your Service Retirement and HBD-120: Health Program Guide.

Initiative Risk(s)   Mitigation(s)

- None identified at this time.
- n/a

Deliverables and Completed Activities

☑ Develop and implement business process surveys. (December 2015)
☐ Implement correspondence writer's guide training course. (March 2016)
☐ Revise targeted publication content enhancements. (June 2016)
☐ Implement customer touch point improvements. (June 2016)
☐ Implement customer outreach product for three life/career events. (June 2016)

Note: This initiative is linked to previous Service Delivery Transformation initiatives.

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Workforce Strategic Plan Implementation

Strategic Goal B: Cultivate a high-performing, risk-intelligent, and innovative organization
Objective: Recruit, retain, develop, and empower a broad range of talents against organizational priorities
Initiative: Develop and implement a comprehensive talent management strategy that includes recruitment, knowledge transfer, succession planning, and a methodology to regularly gauge employee satisfaction

Initiative Description

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.

Start date:	October 2013
End date:	June 2016
Status:	On track 🟢

Next Steps

- Organizational Health Index (OHI) Survey: Develop role clarity package for leadership to share with staff.
- Emerging Leader Training: Begin developing program requirements and training curriculum development per concept paper.

Initiative Risk(s)   Mitigation(s)

- None identified at this time.   • n/a

Deliverables and Completed Activities

OHI
- ☑ Dedicated OHI Webpage on Inside CalPERS. (July 2015)
- ☐ Comprehensive OHI Communication Plan. (March 2016)
- ☐ 2016 OHI Survey. (June 2016)

Emerging Leader
- ☑ Completed feasibility concept paper. (December 2015)
- ☐ Develop program requirements and training curriculum. (December 2016)
- ☐ Implement program. (June 2017)

FY 2014-15
- Executive Succession Planning: Initiated and completed the FY 2015-16 cycle of DEO succession planning and facilitated completion of DEO Executive Assessment Panels and CEO/CIO Readiness Assessments.
- Recruitment Outreach and Marketing: Attended career fairs and worked with Communications and Stakeholder Relations (CSR) to conduct a social media campaign "miniseries" and to film a third video for use at career fairs and outreach events.
- Supervisory Skills Enhancement: Delivered instructor-led and Web-based workshops on positive employee relations, performance management

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and coaching, and the hiring process.
- OHI: Introduced "Mentor Your Manager," created an OHI page in Inside CalPERS, and created a Spark "Thanks" badge as a recognition tool for providing role clarity, etc.

FY 2013-14
- Executive Succession Planning: Completed Executive Assessment Panels for Executive succession candidates and working to establish Leader Development Plans.
- Informal Mentoring: Released five Informal Mentoring Conversation videos on Inside CalPERS and added language incorporating Informal Mentoring as a new performance factor on manager/supervisor evaluations.

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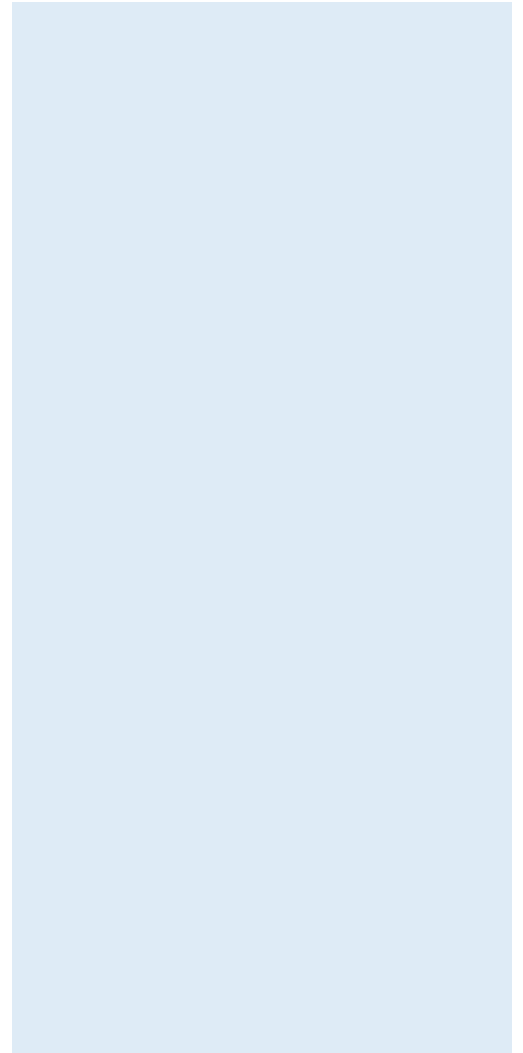
Compensation Policy Review

Strategic Goal B: Cultivate a high-performing, risk-intelligent, and innovative organization
Objective: Recruit, retain, develop, and empower a broad range of talents against organizational priorities
Initiative: Develop and implement a comprehensive talent management strategy that includes recruitment, knowledge transfer, succession planning, and a methodology to regularly gauge employee satisfaction

Initiative Description

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 Board's policies, philosophy, and rationale remain appropriate and relevant.

Start date:	July 2014
End date:	June 2017
Status:	At Risk ⚠

Next Steps

- Provide Board's consultant with requested compensation program background information and policy for review.
- Obtain Board direction in January for next steps, including Board expectations for consultant's program review and deliverables, and timing of upcoming Board or Performance, Compensation, & Talent Management Committee presentations.

Initiative Risk(s)

- Without clearly understanding the expectations and desired outcomes for the review of the compensation program, it could be challenging to ensure that forthcoming recommendations will be presented for approval in June 2016.

Mitigation(s)

- Work closely with consultants to ensure they are well-versed in the history of the compensation program and ongoing concerns, in addition to ensuring the consultants meet with key stakeholders to obtain additional detail prior to the January Board Offsite.

Deliverables and Completed Activities

☐ Develop any recommendations which are approved by the Board of Administration. (June 2016)
☐ Provide periodic updates on status of projects. (June 2016)

FY 2014-15

- Staff coordinated with compensation consultant to deliver the Compensation Incentives and Best Practices Workshop at the Board Offsite.
- Staff recommended and received Board approval of a revision to the Executive Compensation Program policy to move to semiannual status

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reporting.
- Staff aligned the Board-approved changes to the Executive & Investment Management qualitative rating scale and semiannual reporting schedule to the Career Executive Assignment (CEA) Compensation Policy and delivered notification to impacted CEA staff.
- Staff delivered and facilitated the Executive Compensation Policies Review for Government Code 20098, CEA, and Investment Officer III Positions Workshop with the Board.
- Conducted an educational workshop for the Board of Administration on the Compensation Policy Review projects findings and recommendations.

Note: Previous Initiative Title: Compensation Policy Implementation

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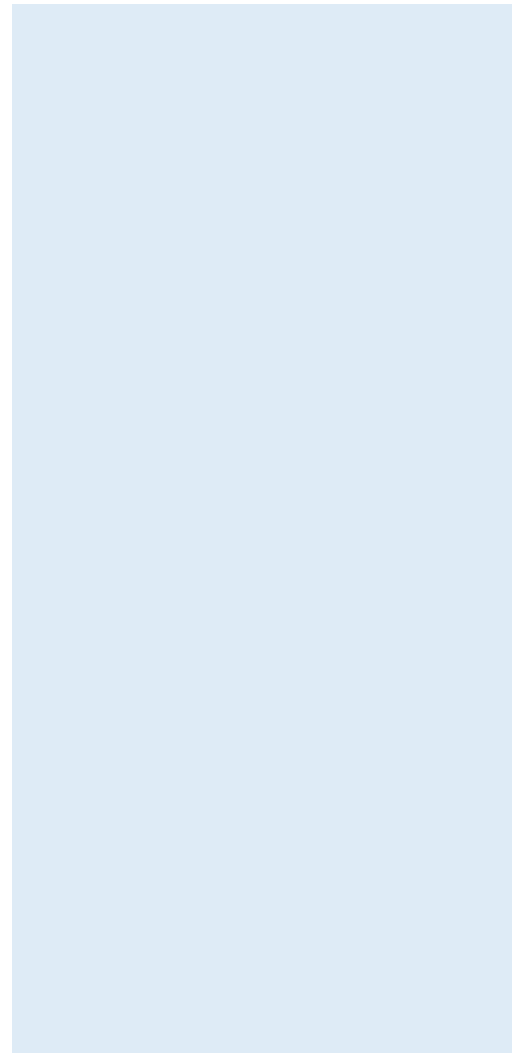
Workforce Investment, Knowledge Transfer, and Consultant Reductions

Strategic Goal B: Cultivate a high-performing, risk-intelligent, and innovative organization
Objective: Recruit, retain, develop, and empower a broad range of talents against organizational priorities
Initiative: Develop and implement a comprehensive talent management strategy that includes recruitment, knowledge transfer, succession planning, and a methodology to regularly gauge employee satisfaction

Initiative Description

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.

Next Steps

- Marketing Plan: Present Employee Performance and Development (EPAD) Marketing Plan to the Senior Leadership Council and then communicate out to the enterprise.
- Knowledge validation process: Collaborate with the Enterprise Solutions Development Division (ESDD) to develop a tool to assist with automating the Knowledge Transfer (KT) tracking process.
- Skills Repository: Demonstrate the system to other state agencies, develop the governance model, and provide a hosted sandbox implementation of the system for CalHR to explore functionality for their possible use.

Initiative Risk(s)   Mitigation(s)

- None identified at this time.   • n/a

Deliverables and Completed Activities

- ☑ Develop EPAD Personal Development Marketing Plan. (October 2015)
- ☐ KT validation process (document): Develop to ensure that KT contract deliverables are being managed and adhered to. (April 2016)
- ☐ Deploy Skills Repository Solution for three non-ITSB divisions. (June 2016)

FY 2014-15

- Participated the Joint Management Labor Committee (JLMC) and discussed collaborative workplace ideas, with a greater focus on career services and how this supports upward mobility for employees.
- Developed a Communication Plan that leverages existing training and professional development opportunities to promote workforce investment.

FY 2013-14

- Developed and implemented a communication plan to socialize Knowledge Transfer for Contract Managers, Division Chiefs, and

Start date:	July 2012
End date:	June 2016
Status:	On track 🟢

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impacted staff.
- Developed and implemented an on-site consultant tracking process and annual Knowledge Transfer Exception Tracking report for Executive Staff.
- Developed policy for pushing contract and procurement training to target audiences on an ad hoc basis.

FY 2012-13
- Created and posted Knowledge Transfer forms, reports, policies, procedures, and FAQs to a shared internal knowledge transfer website. The Human Resources Services Division (HRSD) developed an education plan.

Note: Previous Initiative Title: Knowledge Transfer, Insourcing, and Consultant Reduction.

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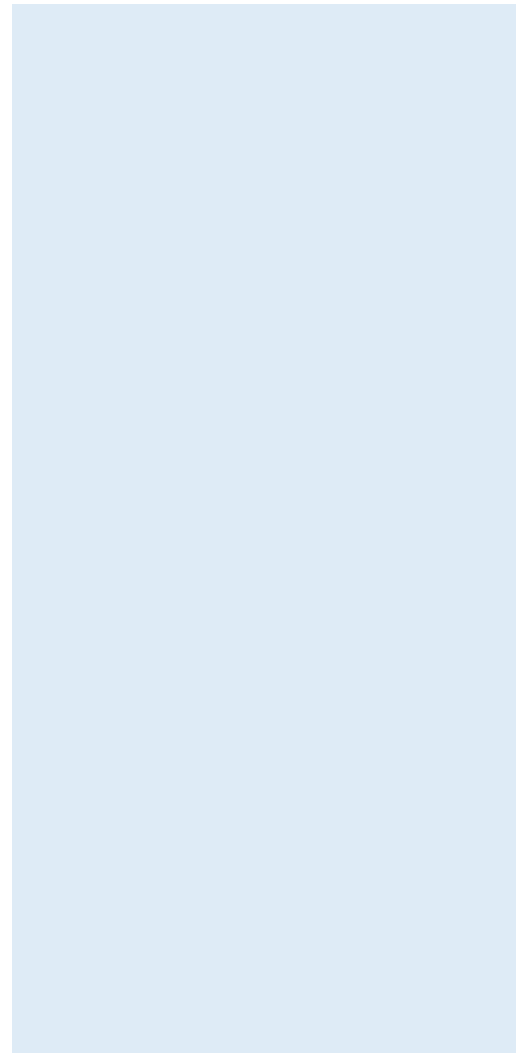
Participating Employer Financial Hardship / Insolvency

Strategic Goal B: Cultivate a high-performing, risk-intelligent, and innovative organization
Objective: Actively manage business risks with an enterprise-wide view
Initiative: Develop a robust risk-intelligent culture through enhanced governance, risk assessment and mitigation, and collaboration with stakeholders

Initiative Description

Assess the impacts of participating employer bankruptcy cases and evaluate legislative and/or regulatory action to protect the System and mitigate risks.

Start date:	July 2013
Status:	Deferred ☐

Deliverables and Completed Activities

☑ Systematized the procedures for handling payment defaults or other non-performance by contracting agencies. (December 2015)
☐ Worked with ACTO and FINO to clarify, systematize, and communicate the process for voluntary and involuntary termination of participation in the System by contracting agencies. (December 2015)
☐ Introduce amendments to Gov. Code §§20537 and 20572. (February 2016)
☐ Introduce amendments to Gov. Code §20574. (February 2016)

FY 2014-15

- Participated in hearings in the City of San Bernardino bankruptcy case.
- Finalized decision regarding legislative amendments, identified what form such legislation will take, and drafted proposed statutory amendments.
- Reviewed San Bernardino's proposed plan of adjustment with attention to provisions of the plan that relate to CalPERS and pensions.

FY 2013-14

- Provided ongoing legal representation to the system in the San Bernardino and Stockton bankruptcy cases.
- Through mediation, successfully reached an agreement with the City of San Bernardino regarding various terms that will help form the basis for a plan of adjustment.
- Actively engaged with the City of Stockton in order to obtain a proposed plan of adjustment that does not impair pensions.

Note: At the direction of the Board, initiative activities related to legislative amendments have been deferred.

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Treasury Management

Strategic Goal B: Cultivate a high-performing, risk-intelligent, and innovative organization
Objective: Actively manage business risks with an enterprise-wide view
Initiative: Develop a robust risk-intelligent culture through enhance governance, risk assessment and mitigation, and collaboration with stakeholders

Initiative Description

Develop and implement enterprise treasury management function to enhance cash controls, cash integrity, and liquidity management.

Start date:	July 2014
End date:	June 2016
Status:	On track 🟢

Next Steps

- Present quarterly Treasury Management update for the Finance and Administration Committee.
- Begin Request for Information process for treasury management software.
- Begin documentation of system requirements for Treasury Management reporting.

Initiative Risk(s)   Mitigation(s)

- None identified at this time   • n/a

Deliverables and Completed Activities

- ☑ Provide Finance & Administration Committee with Treasury Management Update. (September 2015)
- ☐ Prepare preliminary reports and analysis for Enterprise Treasury Team's review and consideration. (December 2015)
- ☐ Complete technology assessment on current treasury management needs. (June 2016)

FY 2014-15

- Developed a current state assessment for the Treasury Management Program that describes cash and liquidity components for each Trust and determines criteria for different levels of cash based on availability and use.
- Developed policy for the Treasury Management Program, which was approved by the Board in March 2015.
- Finalized Key Performance Indicators (KPIs) for Board reporting and internal operational procedures by detailing the calculations, process of escalation, and roles and responsibilities associated with KPIs.
- Developed cash forecasts for all trusts, along with procedure documentation to ensure payment of member benefits and organizational obligations.

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Align Technology Planning to Business Priorities

Strategic Goal B: Cultivate a high-performing, risk-intelligent, and innovative organization
Objective: Actively manage business risks with an enterprise-wide view
Initiative: Develop a robust risk-intelligent culture through enhanced governance, risk assessment and mitigation, and collaboration with stakeholders

Initiative Description
Establish a comprehensive enterprise roadmap that aligns technology investments to business strategy and priorities.

Next Steps
- Map current technology efforts to CalPERS' strategic goals.
- Finalize the Technology Leadership Council, which will provide strategic guidance on tying business and technology together.
- Operationalize the Strategic Alignment process for timing, resources, costs, technology requirements and schedule adjustment as needed.

Initiative Risk(s)	**Mitigation(s)**
• None identified at this time.	• n/a

Deliverables and Completed Activities
- ☑ Draft enterprise strategy framework and present to the Senior Leadership Council and its subgroup. (October-December 2015)
- ☑ Draft current-state Enterprise Technology Roadmap (December 2015)
- ☐ Strategic alignment of FY 15-16 IT projects and current applications. (April 2016)
- ☐ Application portfolio assessment categorized by business value, technical condition and cost. (June 2016)
- ☐ Strategic alignment of FY 16-17 IT Projects and current applications. (May 2016)
- ☐ Enterprise Technology Roadmap – "Future State" that aligns to the new Strategic Plan. (January 2017)
- ☐ IT Service Portfolio. (May 2017)
- ☐ ITSB Core Workload and Project Capacity Model. (June 2017)

Note: Previous Initiative Title: Business and Technology Alignment Roadmap.

Start date:	July 2015
End date:	June 2017
Status:	On track 🟢

CalPERS 2015-17 Business Plan Initiative Status Report   **February 2016**

Enhance Internal Controls

Strategic Goal B: Cultivate a high-performing, risk-intelligent, and innovative organization
Objective: Actively manage business risks with an enterprise-wide view
Initiative: Develop a robust risk-intelligent culture through enhance governance, risk assessment and mitigation, and collaboration with stakeholders

Initiative Description

Develop and implement improved processes and internal controls to improve financial policy management throughout the organization.

Next Steps

- Continue to rollout embedded compliance in Customer Service and Support (CSS) and Operations and Technology (OPT), build integrated assurance structures, improve Personal Trading procedures, and enhance personal trading training.
- Begin implementing Compliance Communication and Education Plan.
- Educate CSS and OPT on policies, delegations, legal opinions, and management determinations.
- Present a comprehensive update to the Risk and Audit Committee in March 2016.

Deliverables and Completed Activities

- ☑ Developed the 2015-17 Enterprise Compliance Plan.
- ☐ Present a comprehensive update to the Risk and Audit Committee. (March 2016)
- ☐ Begin implementation of the 2015-17 Enterprise Compliance Plan. (June 2016)

Start date:	July 2015
End date:	June 2016
Status:	On track 🟢

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Enhance Cyber Security Program

Strategic Goal B: Cultivate a high-performing, risk-intelligent, and innovative organization
Objective: Actively manage business risks with an enterprise-wide view
Initiative: Develop a robust risk-intelligent culture through enhanced governance, risk assessment and mitigation, and collaboration with stakeholders

Initiative Description

Implement risk mitigation strategies to enhance management of security events, access to information and data loss prevention to safeguard information assets.

Start date:	July 2012
End date:	June 2017
Status:	On track 🟢

Next Steps

- Complete engagement with consultant to validate Security Information and Event Management (SIEM) architecture, build reports, and review Phase 3 requirements.
- Install and configure additional SEIM infrastructure.
- Complete federated single sign-on pilot.

Initiative Risk(s)   Mitigation(s)

- None identified at this time.   - n/a

Deliverables and Completed Activities

- ☑ Complete project initiation and charter and create and baseline project plans, budgets, and resources for the Enterprise Identity System (EIS) wave 2 and Security Information Event Management (SIEM) phase 2. (October-December 2015)
- ☐ Procure, design, and install SIEM infrastructure. (March 2016)
- ☐ Implement self-service password reset capability. (July 2016)
- ☐ Implement cloud-based single sign-on for some high-value targets such as The Spark. (July 2016)

FY 2014-15

- Completed phase 3 of projects and developed recommendations for phase 4 projects.
- Initiated the SIEM project.

FY 2013-14

- Completed phase 2 of projects and presented the Enterprise Risk Dashboard to the Risk & Audit Committee.
- Expanded data loss prevention capabilities, completed eDiscovery implementation and staff training for public records act requests, and completed the Remote Access Assessment to safeguard CalPERS systems.

FY 2012-13

- Reassessed security risks to ensure focus on top priorities.

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Note: Previous Initiative Titles: Information Security Roadmap and Technology Security Improvements.

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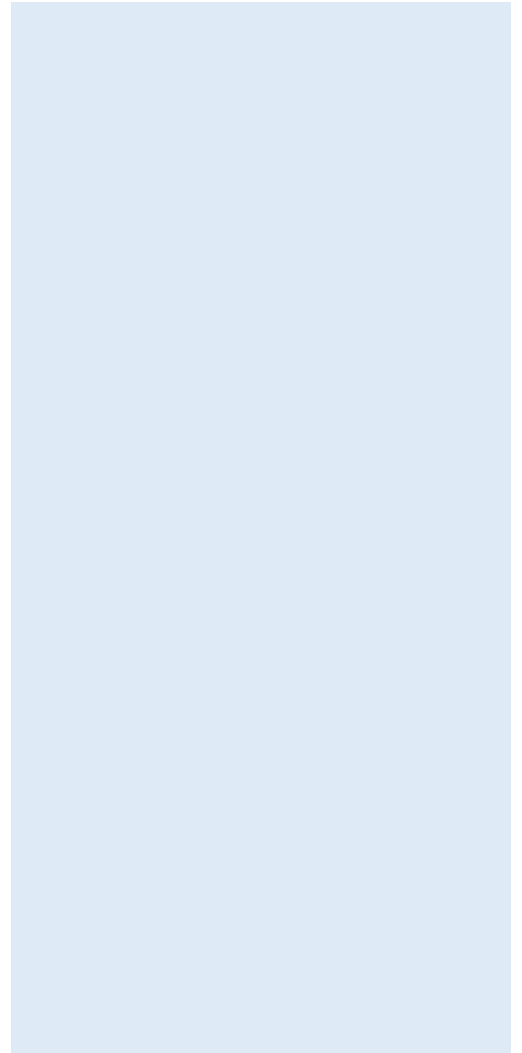
Leadership and Research Communication Strategies

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: Establish principles and beliefs to guide public policy engagement by the System

Initiative Description

Develop and execute communication strategies to leverage CalPERS leadership on key policy issues including Asset Liability Management, Environment, Social, and Governance, Retirement Security, investment and pension beliefs, and new research.

Start date:	July 2015
End date:	June 2016
Status:	On track 🟢

Next Steps

- Finalize key messages and communication strategies on selected issues.
- Work with the Retirement Research and Planning Division to conduct a financial literacy survey of membership.

Initiative Risk(s)   Mitigation(s)

- None identified at this time.   • n/a

Deliverables and Completed Activities

☑ Develop key messages that will increase senior leadership's engagement, awareness, and agreement regarding selected issues. (December 2015)
☐ Develop a comprehensive communication plan and key strategies regarding pension, healthcare, and investment industry issues. (June 2016)
☐ Develop a comprehensive research plan and schedule. (June 2016)

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Enhance External Partnerships

Strategic Goal C: Engage in State and national policy development to enhance the long-term sustainability and effectiveness of our programs
Objective: Provide education and engagement opportunities to shape policy agenda and expand impact
Initiative: Develop new strategic partnerships with academic institutions, governmental organizations, non-profits, the financial sector, and the California business community

Initiative Description

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.

Start date:	July 2015
End date:	June 2017
Status:	On track 🟢

Next Steps

- Collaborate with senior management and Executive staff to implement next steps for the academic partnerships effort.
- Implement the next round of Executive Employer Visits.
- Conclude the final round of the Stakeholder Assessment Project (SAP) and make a recommendation to Executive staff for next steps.

Initiative Risk(s)	**Mitigation(s)**
• None identified at this time.	• n/a

Deliverables and Completed Activities

- ☑ Host Global Chief Financial Officer Forum. (September 2015)
- ☐ Host Business Roundtable at CalPERS. (December 2016)
- ☐ Complete Executive Employer Visits initiative to engage with key employer stakeholder leaders. (June 2017)
- ☐ Develop and host an academic symposium at CalPERS. (June 2017)

Note: Previous Initiative Title: External Partnership Strategies.

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Financial Literacy

Strategic Goal C: Engage in State and National policy development to enhance the long-term sustainability and effectiveness of our programs
Objective: Provide Education and engagement opportunities to shape policy agenda and expand impact
Initiative: Develop a series of thought leadership initiatives that promote CalPERS priorities and policies

Initiative Description

Develop a plan to enhance members' understanding of key concepts related to financial literacy and retirement security.

Next Steps

- Gain approval from Executive team on strategies to improve financial literacy.
- Develop a plan that will support the implementation of approved strategies.

Start date:	July 2015
End date:	June 2016
Status:	On track 🟢

Initiative Risk(s)   Mitigation(s)

- None identified at this time.   • n/a

Deliverables and Completed Activities

- ☑ Document best practices, existing CalPERS educational strategies, and tools. (December 2015)
- ☐ Document enhancements to existing CalPERS educational strategies and tools. (March 2016)
- ☐ Develop financial literacy plan. (March 2016)