



## 2016-17 PERFORMANCE PLAN

<b>CHECK ONE:</b>
Status Update
<input checked="" type="checkbox"/> 1 <sup>st</sup> Semiannual
<input type="checkbox"/> 2 <sup>nd</sup> Semiannual

<b>Name:</b> Marcie Frost	<b>Position:</b> Chief Executive Officer
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### Key Business Objectives

Weight	Performance Measure
25%	<p>Through June 30, 2017, provide organizational leadership in support of the following priorities:</p> <ul style="list-style-type: none"> <li>• Board Support</li> <li>• Open and Transparent Communication / Building Relationships</li> <li>• Efficient and Effective Organization</li> <li>• Supportive and Engaged Leadership</li> <li>• Customer Satisfaction Driven Organization</li> <li>• Team Member Engagement</li> </ul>

### Semiannual Status Update

Established board satisfaction criteria to create agreed-upon expectations for the CEOs performance. The criteria was established through one-on-one meetings with each board member and then validated. Created weekly check-in calls with individual board members who expressed interest in communicating more frequently. Ensured effective information and data flow for impactful items.

Met extensively with several stakeholder groups representing employers, labor, administration and legislature to listen to expectations each has of CalPERS. Clarified to mutually agreed upon expectations. Addressed key items with each group and modified meeting structure to fit needs, including a monthly meeting to address questions about board agenda items.

Developed a framework for regular enterprise communication to the CalPERS team to share strategic direction, actions and timely updates from the leadership team. This includes monthly gatherings with team members throughout the organization that will begin in February/March to keep pulse on the organization's health.

Put enterprise position pooling concept into effect, eliminating 5 PYs from the annual budget first reading presented to the board. Established protocol to do enterprise review of vacant positions and further reduction of blanket positions. Created new process for establishing CalPERS budget priorities which will be reflected in the March budget agenda item. This process uses the 5 key goals of customer satisfaction, team engagement, reliable partner, best practice leader and efficient and effective organization as the criteria for approving new work. It also requires the requestor to document ROI components in submission.

Created the framework and structure to implement Enterprise Performance Reporting and quarterly dashboard/scorecard for the new management system. Board will see concept in February with the ESPD team. The new reporting will begin with the July 1 effective date of the new strategic and business plans and will incorporate all performance measures into a single system.

Met with all lines of business to explain 5 key organizational values (outlined above) – creating a common language and beginning integration into hiring, training programs and leadership values.

Worked with Human Resources to bring leadership behavioral competencies more fully into hiring and development processes.

Created a workshop for the executive team on Stop, Start, Keep to fully align thinking and enterprise alignment of priorities. This workshop will be done with the SLC and in individual programs for full organizational alignment.

Completed 100 day assessment of organization and recommendations including organizational alignment to begin rolling out in February.

Metrics																			
Weight	<i>Performance data for all Metrics to be provided in year-end report</i>																		
20%	<b>Enterprise Operational Effectiveness</b> The Enterprise Operational Effectiveness Metric for 2016-17 is defined as Overhead Operating Costs as a percentage of Total Operating Costs ("OOC"). <ul style="list-style-type: none"> <li>Total Overhead Operating Costs ("OOC") identify all administrative costs not mapped directly to Product and Service Delivery Operating Costs ("PSDOC")</li> <li>OOC = OOC / (OOC + PSDOC)</li> </ul>	<table border="1"> <thead> <tr> <th>Score</th> <th>Rating</th> </tr> </thead> <tbody> <tr> <td>33.8%</td> <td>1.50</td> </tr> <tr> <td>34.3%</td> <td>1.25</td> </tr> <tr> <td>34.9%</td> <td>1.00</td> </tr> <tr> <td>35.9%</td> <td>.75</td> </tr> <tr> <td>36.4%</td> <td>.50</td> </tr> <tr> <td>&gt;36.4%</td> <td>0.00</td> </tr> </tbody> </table>	Score	Rating	33.8%	1.50	34.3%	1.25	34.9%	1.00	35.9%	.75	36.4%	.50	>36.4%	0.00			
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15%	<b>Total Fund Performance</b> Return deviation in basis points relative to: Total Fund performance versus Total Fund policy benchmark (7/1/12 - 6/30/17)	<table border="1"> <thead> <tr> <th>Variance (bps) from Benchmark</th> <th>Payout Ratio</th> </tr> </thead> <tbody> <tr> <td>+35</td> <td>1.50</td> </tr> <tr> <td>+30</td> <td>1.41</td> </tr> <tr> <td>+20</td> <td>1.25</td> </tr> <tr> <td>+5</td> <td>1.00</td> </tr> <tr> <td>0</td> <td>.76</td> </tr> <tr> <td>-15</td> <td>.05</td> </tr> <tr> <td>&lt; -15</td> <td>.00</td> </tr> </tbody> </table>	Variance (bps) from Benchmark	Payout Ratio	+35	1.50	+30	1.41	+20	1.25	+5	1.00	0	.76	-15	.05	< -15	.00	
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15%	The Customer Service Metric for 2016-17 is based on the following two Service Dimensions: <ul style="list-style-type: none"> <li>Percentage of benefit payments issued to our customers within established service levels</li> <li>Customer service with CalPERS services as measured by surveys and other methods</li> </ul>	<table border="1"> <thead> <tr> <th>Score</th> <th>Rating</th> </tr> </thead> <tbody> <tr> <td>&gt;95%</td> <td>10.00</td> </tr> <tr> <td>94% to &lt; 95%</td> <td>8.33</td> </tr> <tr> <td>92% to &lt; 94%</td> <td>6.67</td> </tr> <tr> <td>90% to &lt; 92%</td> <td>5.00</td> </tr> <tr> <td>88% to &lt; 90%</td> <td>3.33</td> </tr> <tr> <td>&lt; 88%</td> <td>0.00</td> </tr> </tbody> </table>	Score	Rating	>95%	10.00	94% to < 95%	8.33	92% to < 94%	6.67	90% to < 92%	5.00	88% to < 90%	3.33	< 88%	0.00			
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15%	<b>Stakeholder Engagement</b> The Stakeholder Engagement Metric for 2016-17 is based on results of the following three Stakeholder Engagement Survey questions: <ul style="list-style-type: none"> <li>Is CalPERS sensitive to the needs of Stakeholders?</li> <li>Does CalPERS do a good job of keeping its stakeholders informed?</li> <li>On a scale of one to ten, how would you rate CalPERS being effective in engaging and communicating with stakeholders?</li> </ul>	<table border="1"> <thead> <tr> <th>Score</th> <th>Rating</th> </tr> </thead> <tbody> <tr> <td>75%</td> <td>1.50</td> </tr> <tr> <td>73% to &lt; 75%</td> <td>1.25</td> </tr> <tr> <td>71% to &lt; 73%</td> <td>1.00</td> </tr> <tr> <td>69% to &lt; 71%</td> <td>.75</td> </tr> <tr> <td>67% to &lt; 69%</td> <td>.50</td> </tr> <tr> <td>&lt; 67%</td> <td>0.00</td> </tr> </tbody> </table>	Score	Rating	75%	1.50	73% to < 75%	1.25	71% to < 73%	1.00	69% to < 71%	.75	67% to < 69%	.50	< 67%	0.00			
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10%	<b>Investment Office CEM</b> The 2016-17 annual participation in the CEM benchmarking (CEM) survey analyzes CalPERS' investment costs and return performance over a five-year period against a customized peer group.	<table border="1"> <thead> <tr> <th>Score</th> <th>Rating</th> </tr> </thead> <tbody> <tr> <td>Outperforms US Benchmark on Net Value Added (Returns) and Cost by 0.2% and 5 bps, respectively</td> <td>1.50</td> </tr> <tr> <td>Outperforms US Benchmark on Returns and Cost by .001% and 1 bps, respectively</td> <td>1.00</td> </tr> <tr> <td>Outperforms US Benchmark on Cost or Outperforms US Benchmark on Returns</td> <td>.50</td> </tr> <tr> <td>Underperforms US Benchmark on Returns and Cost</td> <td>0.00</td> </tr> </tbody> </table>	Score	Rating	Outperforms US Benchmark on Net Value Added (Returns) and Cost by 0.2% and 5 bps, respectively	1.50	Outperforms US Benchmark on Returns and Cost by .001% and 1 bps, respectively	1.00	Outperforms US Benchmark on Cost or Outperforms US Benchmark on Returns	.50	Underperforms US Benchmark on Returns and Cost	0.00							
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