



# CALPERS RISK APPETITE STATEMENTS

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## BENEFIT ADMINISTRATION

We have an **averse** appetite for inaccurate or untimely delivery of benefits and information to members, retirees, and beneficiaries. We will not accept any loss due to internal process errors that will affect the livelihood of our members, nor will we accept any reductions to our stakeholder confidence.

## BUSINESS CONTINUITY

We have a **cautious** appetite for the inability to recover timely and resume critical business functions following a major business interruption event. Providing members are kept informed and receive benefit payments on time, we are prepared to accept some service delays depending on the nature of the event.

## COMPLIANCE

We have an **averse** appetite for material failure to comply with laws and regulations. Therefore, we will not tolerate increased likelihood of financial loss, reductions to member satisfaction or stakeholder confidence, or loss of delegated authorities.

## DATA MANAGEMENT

We have an **averse** appetite for inaccurate data and reporting used to make business decisions. We are prepared to assign a moderate amount of resources to preserve member satisfaction and stakeholder confidence regarding the integrity of CalPERS' data.

## HEALTH CARE ADMINISTRATION

We have an **averse** appetite for the inability to offer high quality, accessible, and affordable health care at a competitive price. We have no tolerance for increases to the total cost of care or adverse changes in the health of CalPERS' covered population.

## INFORMATION SECURITY

We have an **averse** appetite for failure to protect information assets from unauthorized access. We support continuous improvement of CalPERS cyber-security and will communicate risk readiness to maintain member satisfaction and stakeholder confidence. We will not accept loss of member data or negative member impacts from unauthorized access.

## OPERATIONAL EFFICIENCY

We have a **cautious** appetite for the inability to meet our strategic and business priorities in a cost-effective and efficient manner. We are prepared for some reductions to member satisfaction in the short-term to increase organizational efficiency.

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## STAKEHOLDER CONFIDENCE

We have a **cautious** appetite for the inability to maintain stakeholder confidence in CalPERS as a trusted fiduciary. We support a proactive stakeholder engagement strategy and manage public perception issues as they arise.

## TALENT MANAGEMENT

We have a **cautious** appetite for talent recruitment and employee engagement. We are prepared to support flexibility in our recruitment and retention processes to attract and retain the most talented team members for the achievement of our business objectives. We value employee engagement and have no tolerance in any loss of CalPERS' reputation as a destination employer.

## PENSION FUNDING

The risk appetite and corresponding statement will be developed with Board input during the current Asset Liability Management Cycle.

## RISK APPETITE SUMMARY

