## Benefit Administration

### Enterprise Risk Profile

<table>
<thead>
<tr>
<th>Enterprise Risk</th>
<th>Owner</th>
<th>Oversight</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Administration</td>
<td>Deputy Executive Officer, Customer Service and Support</td>
<td>Pension &amp; Health Benefits Committee</td>
<td>Operational</td>
</tr>
</tbody>
</table>

### Strategic Plan Goal

- **Reduce Complexity:** reduce complexity across the enterprise by simplifying programs to improve service and/or reduce cost.

### Functional Objective

To ensure accurate and timely benefits and information to members, retirees, and beneficiaries.

### Risk Statement

CalPERS members, retirees, and beneficiaries may not receive timely and/or accurate benefits.

### Risk Analysis:

The noted risk analysis is based on an understanding that the complexity of the Benefit Plan Design results in inherent risks that impact benefit calculations. In addition, we are dependent upon the employers to submit and maintain accurate membership and payroll data in a timely manner.

<table>
<thead>
<tr>
<th>Residual Risk</th>
<th>Probability</th>
<th>Impact</th>
<th>Velocity</th>
<th>Rating</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Unlikely</td>
<td>Moderate</td>
<td>High</td>
<td>Low Impact</td>
<td>Low Probability</td>
</tr>
</tbody>
</table>

### Risk Driver #1: Inaccurate employer reporting

#### Mitigations and Controls in Place:

1.1 Automated controls to edit and data check employer data  
1.2 Tools and reports for employers to identify and fix data issues  
1.3 Employer training through various mediums  
1.4 Employer response team  
1.5 Quality assurance reports  
1.6 Business partner identity account management  
1.7 Public Agency reviews

#### Future Mitigations:

- Enterprise Data Management (2017-18 Business Plan, June 2020)

### Risk Driver #2: Lack of team member knowledge and awareness of relevant laws, regulations, and policies

#### Mitigations and Controls in Place:

2.1 Comprehensive training for all levels of team members  
2.2 Team member communication tools  
2.3 Required second approvals and peer reviews  
2.4 Documentation and regular updates of desk procedures and process documents  
2.5 Internal audits

### Risk Driver #3: Inaccurate benefit and system calculations

#### Mitigations and Controls in Place:

3.1 System testing  
3.2 Peer review protocol  
3.3 Clear procedures and process documents  
3.4 Comprehensive training for all levels of team members  
3.5 Internal audits
3.6 Quality assurance programs  
3.7 Documentation of system functionality  
3.8 System enhancements  
3.9 Reconcile Retirement Roll  
3.10 Employer adjustment reports  
3.11 Identification and correction of data issues  

**Future Mitigations:**  
- Develop and implement continuous process improvement framework (2017-18 Business Plan, June 2019)

**Risk Driver #4: Complexity of the benefit plan design**  
**Mitigations and Controls in Place:**  
4.1 Change Advisory Board  
4.2 Legislative impact analyses  
4.3 Various employer and stakeholder communication tools  

**Future Mitigations:**  
- CEM Complexity Score Reduction (2017-18 Business Plan, June 2018)  
- Improve pension benefit payments timeliness (2017-18 Business Plan, June 2018)

**Risk Driver #5: Inability to implement statutory and regulatory changes**  
**Mitigations and Controls in Place:**  
5.1 Legislative impact analyses  
5.2 Statutory and regulatory changes and implementation process  
5.3 Various employer and stakeholder communication tools
<table>
<thead>
<tr>
<th>Enterprise Risk</th>
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<tbody>
<tr>
<td>Business Continuity</td>
<td>Deputy Executive Officer, Operations and Technology</td>
<td>Finance &amp; Administration Committee</td>
<td>Operational</td>
</tr>
</tbody>
</table>

**Strategic Plan Goal**

- **Risk Management**: cultivate a risk-intelligent organization.

**Functional Objective**

CalPERS' ability to resume business following a major business interruption.

**Risk Statement**

Inability to recover timely and resume business functions following a business interruption event.

**Risk Analysis:**

Though an enterprise-wide prioritized list of critical functions in the CalPERS Master Enterprise Business Continuity Plan was created during Phase I in 2017, the risk analysis noted a lack of a full resumption plan that prioritizes enterprise-wide non-critical functions; the inability to complete Disaster Recovery documents timely; the complexity and interdependencies of the systems used; and the limitations to testing recovery plans.

<table>
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<tr>
<th>Residual Risk</th>
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</table>

**Risk Driver #1: Lack of agreed upon enterprise prioritization of critical and non-critical business functions**

**Mitigations and Controls in Place:**

1.1 Updated Enterprise Business Continuity Plan for critical enterprise priorities (Phase I)

**Future Mitigations:**

- Update Enterprise Business Continuity Plan for all enterprise business functions and operations (Phase II – December 2018)

**Risk Driver #2: Untested Division Business Continuity Plans**

**Mitigations and Controls in Place:**

2.1 Division Business Continuity Training

**Risk Driver #3: Inability to restore critical business systems within expected timeframes**

**Mitigations and Controls in Place:**

3.1 Annual disaster recovery exercises
3.2 Dedicated off-site Emergency Operations Center
3.3 Contract with an external vendor to perform Disaster Recovery Services
3.4 Annual review of alignment of Disaster Recovery objectives and business continuity plan

**Future Mitigations:**

- Backup and Disaster Recovery Services contract (October 2017)

**Risk Driver #4: System changes are not recorded and reported timely to the disaster recovery vendor**

**Mitigations and Controls in Place:**

4.1 Annual disaster recovery exercises
4.2 Vendor has up-to-date technical disaster recovery procedures and has the contractual obligation to bring up myCalPERS within the documented recovery time objective
4.3 Disaster Recovery incorporation of system change process
### Future Mitigations:
- Automate Disaster Recovery vendor updates and test solutions (June 2018)

### Risk Driver #5: Inability to react to an emergency situation
#### Mitigations and Controls in Place:
- 5.1 Incident Command System
- 5.2 Training and exercise
- 5.3 Annual Emergency Response exercise and training
- 5.4 CalPERS Emergency Hotline
- 5.5 Partner with local safety responders

### Future Mitigations:
- Mass notification system (Winter 2017)

### Risk Driver #6: Dependency on the State Controller's Office
#### Mitigations and Controls in Place:
- 6.1 Documented workarounds to the State Controller’s Office functions
- 6.2 Annual State Controller’s Office Disaster Recovery Exercise

### Risk Driver #7: Mass regional disaster event impacting access to Emergency Operations Center
#### Future Mitigations:
- Establish external conference bridge lines for communication (December 2017)
- Enable VPN connectivity from anywhere (home/hotel) to CalPERS systems at disaster recovery vendor’s data center (June 2018)
- Contract for temp space with phone lines to redirect inbound contact center calls
## Health Care Administration

### Enterprise Risk Profile

<table>
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<th>Enterprise Risk</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Health Care Administration</td>
<td>Deputy Executive Officer, Benefit Programs Policy and Planning</td>
<td>Pension &amp; Health Benefits Committee</td>
<td>Strategic</td>
</tr>
</tbody>
</table>

### Strategic Plan Goal

**Health Care Affordability:** transform health care purchasing and delivery to achieve affordability.

### Functional Objective

To offer high quality, accessible, and affordable health care.

### Risk Statement

Inability to offer high quality, accessible, and affordable health care at a competitive price.

### Risk Analysis:

There are substantial inherent risks from rising healthcare and pharmaceutical costs; however, CalPERS is mitigating these risks and continues to offer high quality and affordable health care.

### Residual Risk

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### Risk Driver #1: Increases in health care costs

**Mitigations and Controls in Place:**

1.1 Annual reports presented to the PHBC: Integrated Health Models, Population Health, and Health Care Cost
1.2 Triple Aim Strategies from Let’s Get Healthy California: Better Health, Better Care, and Lower Costs
1.3 Dependent Eligibility Verification (on-going dependent eligibility reviews at least every 3 years)
1.4 Eligible enrollees over 65 transitioned to Medicare
1.5 Contractual provisions to promote and maintain healthy lifestyles, and improve high intensity case management and patient centered care through medical homes
1.6 Site of care program to guide members who need certain prescription drug infusions to lower-cost sites than hospitals (e.g., doctor’s office, ambulatory infusion center, or home infusion) (see also 2.2 below)
1.7 Reference pricing (Value-Based Purchasing Design) setting maximum reimbursements for selected surgical procedures to encourage use of appropriate and cost-effective care settings
1.8 Alignment of medical and pharmacy benefits across health plans to close clinical gaps in care, improve shared-decision making, control expensive specialty drugs, improve palliative care and support preventive care
1.9 Analysis of misuse of medical and pharmacy services including over and under utilization
1.10 Increased uptake of electronic health records through Meaningful Use

**Future Mitigations:**

- Explore feasibility of financial incentives for members to adopt healthy behaviors, to use preventive services, to seek high-quality services, and to take prescribed medications
- Value Based Insurance Design development to encourage members to maintain good health and discourage members from using unnecessary services, for example by increasing cost-sharing for lower-value drugs

### Risk Driver #2: Increases in pharmaceutical costs

**Mitigations and Controls in Place:**

2.1 Evaluation of pharmacy benefits under medical management for cost saving opportunities and leverage Preferred Provider Organization / Pharmacy Benefit Manager PPO/PBM physician-led programs
2.2 Evaluation of site of care opportunities for reducing cost of specialty infusion drugs
<table>
<thead>
<tr>
<th>Enterprise Risk Profile</th>
<th>September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3 Initiation of a new program for reducing specialty drug cost through physician education/incentives and leveraging PBM and PPO physicians</td>
<td></td>
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<tr>
<td>2.4 Formulary management</td>
<td></td>
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<tr>
<td>2.5 Annual market check of PBM prescription drug pricing terms by independent consultant</td>
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</tr>
<tr>
<td>2.6 Pharmacy Benefit Manager contract with price lock provisions</td>
<td></td>
</tr>
<tr>
<td><strong>Future Mitigations:</strong></td>
<td></td>
</tr>
<tr>
<td>- Developing pharmaceutical strategies that reduce costs, for example value-based contracting in which payment for a drug is at least partially based on the drug’s effectiveness</td>
<td></td>
</tr>
</tbody>
</table>

**Risk Driver #3: Public Agencies and Schools electing to leave the CalPERS Health Benefit Programs**

**Mitigations and Controls in Place:**

| 3.1 Annual evaluation and negotiations of Health Plan Premiums |
| 3.2 CalPERS Annual Education Forum for employers |
| 3.3 Increased competition by expanding health plan choices across public agency regions |
| 3.4 PEMHCA precludes agency return to CalPERS health programs for 5 years after leaving the program |

**Future Mitigations:**

- Enhance communication and marketing to employers

**Risk Driver #4: Unfavorable changes in state and federal regulations**

**Mitigations and Controls in Place:**

| 4.1 Monitoring and tracking of state and federal legislation |
| 4.2 Enhancement and strengthening of proactive outreach and education to federal and state congressional and legislative members |
| 4.3 Identification and communication of policy issues/ballot initiatives (excise tax, drug relief) of interest to CalPERS health benefits |

**Risk Driver #5: Sustainability of the Health Care Fund**

**Mitigations and Controls in Place:**

| 5.1 Evaluation of Portfolio Investment Strategy |
| 5.2 Evaluation of Health Benefit Cost and Savings |
| 5.3 Comprehensive asset allocation review of the HCF every four years |
| 5.4 Maintaining a Risk Based Capital required reserve at 300% of the authorized control level |
| 5.5 Annual resetting of the health care premiums through rate negotiations |

**Risk Driver #6: Health plan contract management non-compliance**

**Mitigations and Controls in Place:**

| 6.1 Contract management oversight, audits, and quarterly business reviews |
### Information Security

#### Enterprise Risk Profile | September 2017

<table>
<thead>
<tr>
<th>Enterprise Risk</th>
<th>Owner</th>
<th>Oversight</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Security</td>
<td>Deputy Executive Officer, Operations and Technology</td>
<td>Finance &amp; Administration Committee</td>
<td>Operational</td>
</tr>
</tbody>
</table>

#### Strategic Plan Goal
- **Risk Management**: cultivate a risk-intelligent organization.

#### Functional Objective
- To ensure CalPERS information assets are safeguarded.

#### Risk Statement
- Failure to protect and secure information assets.

#### Risk Analysis:
Due to the constant changing environment, there are substantial inherent risks associated with information security. While CalPERS is actively managing this risk to an adequate level, the ever-changing environment requires continual development of new mitigations and controls in response.

#### Residual Risk

<table>
<thead>
<tr>
<th>Probability</th>
<th>Impact</th>
<th>Velocity</th>
<th>Rating</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Likely</td>
<td>Major-Extreme</td>
<td>High-Very High</td>
<td>High Impact</td>
<td>High Probability</td>
</tr>
</tbody>
</table>

#### Risk Driver #1: Failure to adequately respond to a large scale data breach and security incidents

**Mitigations and Controls in Place:**
2. Annual independent penetration tests
3. Information Security Incident Response and Reporting Procedures
4. Monitoring of CalPERS systems for unauthorized activity
5. Security Roadmap Program - Two Factor Authentication
6. Business Service Incident Response Plans
7. Information Security Incident Response Plan

**Future Mitigations:**
- Evaluate cybersecurity insurance (June 2018)
- Create/ integrate enterprise Information Security Incident Response Plan (December 2018)

#### Risk Driver #2: Lack of team member awareness of information security practices

**Mitigations and Controls in Place:**
1. Mandatory Information Security Training
2. Information Systems Security and Confidentiality Acknowledgement Agreement
3. Information Security Control Standards
4. Information Security Awareness communications
5. Phishing email education and training

**Future Mitigations:**
- Audience specific information security training (December 2018)
- Audience specific HIPAA and Privacy training (June 2018)
- Proactive Security Awareness through training (June 2019)
### Risk Driver #3: Inappropriate access to electronic information assets

**Mitigations and Controls in Place:**

3.1 Periodic reviews of team member access  
3.2 Constant monitoring of team member access  
3.3 Role-based access for business systems  

**Future Mitigations:**

- Enhance tracking of team member’s myCalPERS activity (June 2018)

### Risk Driver #4: Inappropriate physical access to information assets

**Mitigations and Controls in Place:**

4.1 CalPERS Physical Security Policy  
4.2 CalPERS Badge Card Policy  
4.3 Two-factor authentication for access to sensitive Data Center areas  
4.4 Staff Access to Protected Health Information Practice  
4.5 ISOF Control Standards - Portable Devices  
4.6 All data storage capable devices are either sanitized (wiped) or destroyed  
4.7 Certified confidential document destruction bins located in each division  
4.8 Quarterly enterprise-wide Badge Access Reviews  
4.9 Building Safety and Security communications  
4.10 Badge Card Access Procedure  
4.11 Periodic policy review  
4.12 Frequent external physical audit

### Risk Driver #5: Lack of compliance to policies and standards impacting information security

**Mitigations and Controls in Place:**

5.1 CalPERS Records Retention Policy  
5.2 HIPAA Records Management Practice  
5.3 Data Classification Control Standards  
5.4 Information Asset Ownership Control Standards
## Internal Governance and Control Environment

### Strategic Plan Goal

**Risk Management:** cultivate a risk-intelligent organization.

### Functional Objective

To establish a strong control environment.

### Risk Statement

Lack of a strong internal control environment could result in loss of authority or reputation, and/or incurred penalties.

### Risk Analysis:

There is a need to improve assurance functions through strengthening CalPERS’ standards, processes, and structures to build a strong control environment while promoting the organization’s integrity and ethical culture. While the organization has done much to strengthen the internal control environment, enterprise governance around this is still maturing.

### Residual Risk

<table>
<thead>
<tr>
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<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Possible</td>
<td>Major</td>
<td>Medium</td>
<td>High Impact</td>
<td>Low Probability</td>
</tr>
</tbody>
</table>

### Risk Driver #1: Unclear roles and responsibilities around applicable laws and regulations

#### Mitigations and Controls in Place:

1.1 Mandated training
1.2 Annual compliance communication plans
1.3 Embedded risk and compliance liaisons
1.4 Compliance and ethics discussion guides
1.5 Operational policies and procedures

#### Future Mitigations:

- Develop compliance and risk communication and training plans to increase awareness throughout the enterprise (2017-18 Business Plan, June 2018)

### Risk Driver #2: Lack of oversight and monitoring of controls

#### Mitigations and Controls in Place:

2.1 Enhanced roles and responsibilities for Integrated Assurance
2.2 State Leadership Accountability Act Report
2.3 Third-party assurance
2.4 Policy Management framework
2.5 Annual review of Board Delegations
2.6 Delegated authority framework
2.7 Annual Compliance Report
2.8 Internal audits and quality assurance process
2.9 Embedded Compliance and Risk Liaisons
2.10 Operational Risk Event Reporting process
## Risk Driver #3: Ineffective controls and monitoring activities to prevent unethical behavior

### Mitigations and Controls in Place:

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<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>3.1</td>
<td>Core values</td>
</tr>
<tr>
<td>3.2</td>
<td>Policies, regulations and ethical behavior standards</td>
</tr>
<tr>
<td>3.3</td>
<td>Monitoring regulated employee activities</td>
</tr>
<tr>
<td>3.4</td>
<td>Escalation procedures for Personal Trading Regulation violations</td>
</tr>
<tr>
<td>3.5</td>
<td>Compliance reviews of complex, cross branch function</td>
</tr>
<tr>
<td>3.6</td>
<td>Testing priorities through internal audits</td>
</tr>
<tr>
<td>3.7</td>
<td>State Whistleblower Hotline and CalPERS Ethics Helpline</td>
</tr>
</tbody>
</table>

### Future Mitigations:

- Develop consistent, enterprise-level investigation procedures (June 2018)
### Pension Funding

#### Enterprise Risk Profile

<table>
<thead>
<tr>
<th>Enterprise Risk</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Pension Funding</td>
<td>Chief Financial Officer, Chief Actuary, Chief Investment Officer</td>
<td>Finance &amp; Administration Committee, Investment Committee</td>
<td>Strategic</td>
</tr>
</tbody>
</table>

#### Strategic Plan Goal

**Fund Sustainability:** strengthen the long-term sustainability of the pension fund.

#### Functional Objective

To ensure the sustainability of the pension system to deliver retirement benefits.

#### Risk Statement

Failure to meet benefit obligations to current and future members and beneficiaries.

#### Risk Analysis:

Pension Funding risk drivers are complex and interconnected. Current mitigations are strong, but inherent risks associated with Pension Funding create uncertainty in our ability to fully and effectively mitigate associated risk drivers. The mitigations for one particular risk driver may negatively impact another risk driver. For example, adopting a mitigation approach which significantly reduces the chance of a large decrease in the value of PERF assets may significantly increase the risk of employers being unable to meet contribution requirements.

#### Residual Risk

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<tbody>
<tr>
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<td>Low</td>
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</tbody>
</table>

#### Assets: Risk Drivers

1a: Financial markets suffer a severe downturn
1b: Investments underperform the discount rate on an extended year-over-year basis
1c: Low funded status limits investment options
1d: Government constraints and regulations reduce portfolio diversification
1e: Employers default on contracted pension contribution payments
1f: Portfolio size and complexity challenges efficient investment processes and limits investment universe

#### Mitigations and Controls in Place:

1a, 1b, 1c and 1f. Strategic Asset Allocation Targets and Ranges
1a, 1b and 1c. Investment Strategy Group focused on portfolio allocation, trust level review, risk and attribution, and sustainability
1a, 1b and 1c. Integrated processes, including Trust Level Portfolio Management and Investment Risk and Performance
1a and 1b. CalPERS Board reporting controls in place, including monthly investment performance and risk reporting, and biannual (February and August) CalPERS Trust Level Review
1b. Actuarial Amortization Policy
1b. Contribution Allocation Policy
1d. Monitoring and evaluation of proposed legislation in order to assess potential impacts
1e. Enhanced employer contracting process
1e. Employer contract termination process
1f. INVO Roadmap Initiatives and Target Operating Model
1f. Funding Risk Mitigation Policy
1f. Asset Liability Management (ALM) Policy and cross-enterprise Asset Liability Management Advisory Committee to facilitate strategic decision making
1f. Investment Operating Committee to focus on governance, processes, compliance, and operational efficiency
1f. Disciplined investment processes and teamwork to focus efforts on repeatable, predictable, and scalable portfolios and practices

<table>
<thead>
<tr>
<th>Liabilities: Risk Drivers</th>
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<tbody>
<tr>
<td>2a: Actual experience deviates significantly from the actuarial assumptions</td>
</tr>
<tr>
<td>2b: Benefit design enhancements</td>
</tr>
<tr>
<td>2c: Employer contribution rate increases insufficient to reduce unfunded liabilities over time</td>
</tr>
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**Mitigations and Controls in Place:**

<table>
<thead>
<tr>
<th>Liabilities: Risk Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2a. Actuarial Assumption Policy</td>
</tr>
<tr>
<td>2b and 2c. Actuarial Cost Method Policy, Actuarial Amortization policy</td>
</tr>
<tr>
<td>2c. Increased employer education</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External Factors: Risk Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>3a: Pension reform legislation or referendums that reduce employer obligation to honor pension contracts</td>
</tr>
<tr>
<td>3b: Judicial decisions that alter benefit design or contribution requirements</td>
</tr>
<tr>
<td>3c: Changes to actuarial standards</td>
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**Mitigations and Controls in Place:**

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<th>External Factors: Risk Drivers</th>
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<tbody>
<tr>
<td>3a. Engagement with member, retiree, and employer associations</td>
</tr>
<tr>
<td>3b. Provide technical expertise and industry thought-leadership to ensure sound decision-making</td>
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### Enterprise Risk Profile

**Stakeholder Confidence**

**Enterprise Risk Profile**

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<tr>
<td>Stakeholder Confidence</td>
<td>Deputy Executive Officer, Communications and Stakeholder Relations</td>
<td>Finance &amp; Administration Committee</td>
<td>Strategic</td>
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</tbody>
</table>

**Strategic Plan Goal**

| Fund Sustainability: | strengthen the long-term sustainability of the pension fund. |

**Functional Objective**

To ensure CalPERS is recognized as a respected and trusted steward of the system and fiduciary in delivering retirement and health benefits by its members, employers and stakeholders.

**Risk Statement**

Inability to maintain stakeholder confidence in CalPERS as a trusted fiduciary.

**Risk Analysis:**

The risk analysis notes an elevation to the inherent risk surrounding Stakeholder Confidence due to system solvency and sustainability decisions. Although CalPERS has developed a mature engagement strategy that effectively addresses unbalanced reporting and flagging public perception, there is an awareness of current issues due to the present political environment, as well as public opinion of public defined benefit plans.

<table>
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</table>

**Risk Driver #1: Negative, inaccurate, or unbalanced information reporting**

**Mitigations and Controls in Place:**

1.1 Proactive, positive narrative of CalPERS actions and policies through all communications channels
1.2 Monitor and report on the perception of CalPERS in the media to identify opportunities and challenges
1.3 Respond and correct negative, inaccurate, or unbalanced reporting
1.4 Develop and maintain good working relationships with media outlets
1.5 Author messaging on key CalPERS actions, views, or policy changes
1.6 Leverage CalPERS leadership and program experts to help tell CalPERS story
1.7 Data integrity of information reporting

**Risk Driver #2: Negative public perception of CalPERS and/or public defined benefit plans**

**Mitigations and Controls in Place:**

2.1 Proactive, positive narrative of CalPERS actions and policies through all communication channels
2.2 Board reporting on CalPERS economic impacts
2.3 Leverage CalPERS Ambassador Program and member associations
2.4 Timely fulfillment of all Public Record Act requests
2.5 Build and nurture positive relationships with stakeholders
2.6 Involvement in national public pension associations
2.7 CalPERS research on trends and plan design value
2.8 Asset Liability Management Advisory Council
## Risk Driver #3: CalPERS failure to engage, educate, and inform members, employers, stakeholders, and the CalPERS team

**Mitigations and Controls in Place:**

- 3.1 Outreach and engagement strategy
- 3.2 Digital Communications Roadmap and toolkit
- 3.3 Employer information and education events
- 3.4 Member information and education events
- 3.5 Monthly Stakeholder Engagement Briefings
- 3.6 Live webcasts of board meetings
- 3.7 Webinars and webcasts, including Board education resources
- 3.8 Social media channels

## Risk Driver #4: Inability to inform, shape, or implement legislation

**Mitigations and Controls in Place:**

- 4.1 Inform legislative leaders and consultants on relevant legislative and regulatory issues
- 4.2 Build alignment and nurture relationships between CalPERS and key legislative leaders
- 4.3 Hold periodic briefings to educate Legislative Members on CalPERS issues concerning their constituents
- 4.4 Annually update legislative briefing packets
- 4.5 Legislative constituent help desk
- 4.6 Monitor and assess proposed legislation
<table>
<thead>
<tr>
<th>Enterprise Risk</th>
<th>Owner</th>
<th>Oversight</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent Management</td>
<td>Deputy Executive Officer, Operations and Technology</td>
<td>Performance, Compensation, &amp; Talent Management Committee</td>
<td>Strategic</td>
</tr>
</tbody>
</table>

**Strategic Plan Goal**

**Talent Management:** promote a high-performing and diverse workforce.

**Functional Objective**

To successfully recruit, develop, and retain an engaged, diverse, and qualified workforce.

**Risk Statement**

Current workforce is unable to support and execute the core mission and strategic objectives of the Enterprise.

**Risk Analysis:**

There is a gap in CalPERS practices to capture institutional knowledge and fill hard-to-recruit for positions due to increasing retirements at senior level positions with 25% of the workforce projected to retire by 2022. CalPERS is actively investing in team members’ professional growth to maintain continuity in the workforce and mitigate talent risks.

**Residual Risk**

<table>
<thead>
<tr>
<th>Probability</th>
<th>Impact</th>
<th>Velocity</th>
<th>Rating</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlikely-Possible</td>
<td>Major</td>
<td>Low</td>
<td>High Impact</td>
<td>Low Probability</td>
</tr>
</tbody>
</table>

**Risk Driver #1: The skills and abilities of team members are inadequate to meet current and future business objectives**

**Mitigations and Controls in Place:**

1.1 CalPERS 2012-17 Workforce Plan
1.2 Employee Performance and Development process
1.3 Informal Mentoring Program
1.4 Educational, developmental and training opportunities
1.5 Succession Planning Program
1.6 Leadership competencies
1.7 Unit-level workforce assessments

**Future Mitigations:**

- Online networking resource, Illuminet
- Update enterprise Workforce Plan (June 2018)
- Emerging Leader Pilot Program (2017-18 Business Plan June 2020)
- Upward mobility policy that is targeted to entry-level positions (June 2018)
- Develop and implement an expanded recruitment strategy (2017-18 Business Plan, June 2018)
- Develop and administer team member engagement surveys (2017-18 Business Plan, June 2018)
- Expand Diversity and Inclusion Program (2017-18 Business Plan, June 2018)
- Develop Team Member Competency Model (June 2018)
- Integration of leadership competencies into recruitment, training, and evaluation (2018-19 Business Plan, June 2019)
### Risk Driver #2: Loss of institutional knowledge

**Mitigations and Controls in Place:**

- 2.1 Knowledge transfer for multi-year consultant contracts
- 2.2 CalPERS Informal Mentoring Program
- 2.3 Succession Planning Program
- 2.4 Annual Division Workforce Plans

**Future Mitigations:**

- Update enterprise Workforce Plan (June 2018)

### Risk Driver #3: Inability to recruit and select qualified candidates

**Mitigations and Controls in Place:**

- 3.1 Hiring manager education and support
- 3.2 Lean Hiring Process pilot program
- 3.3 State-wide Civil Service Improvement effort
- 3.4 Develop targeted recruitment strategies and activities for critical positions
- 3.5 Utilization of search firms
- 3.6 Career fairs and advertising in non-traditional mediums
- 3.7 Salary survey of comparable positions
- 3.8 Examination and Certification Online System
- 3.9 Market CalPERS as a destination employer
- 3.10 Incentive compensation programs and policies

**Future Mitigations:**

- Phased implementation of the Start Talent Acquisition Request System integrating the front and back-end of the hiring process with ECOS (June 2018)
- Expand recruitment channels with focus on Veteran Organizations and Active Recruitments (2017-18 Business Plan, Goal B, June 2018)

### Risk Drivers #4: Inconsistent or inadequate levels of engagement across the enterprise

**Mitigations and Controls in Place:**

- 4.1 Ongoing Employee Enrichment programs
- 4.2 New employee onboarding
- 4.3 Diversity and Inclusion events
- 4.4 Innovation platforms

**Future Mitigations:**

- Expand the Diversity and Inclusion Program (June 2018)
- Launch annual Employee Engagement Survey (June 2018)