



# Performance, Compensation & Talent Management Committee

## Agenda Item 7a

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**June 18, 2019**

**Item Name:** 2019-20 Incentive Plan of the Chief Executive Officer

**Program:** Administration

**Item Type:** Action

### **Recommendation**

Approve the fiscal year 2019-20 incentive plan for the Chief Executive Officer (CEO).

### **Executive Summary**

This agenda item presents the proposed 2019-20 incentive plan for the CEO. Approving an incentive plan for the CEO aligns with standard practice and satisfies the related approval provision in the Board's Compensation Policy (Policy) for Investment and Executive Management Positions.

### **Strategic Plan**

This agenda item supports CalPERS' Strategic Goal to promote a high-performing and diverse workforce in the 2017-22 Strategic Plan. The Executive Compensation Program provides a means for recruiting, retaining, and empowering highly-skilled executives to meet our organizational priorities.

### **Background**

The Board of Administration's Executive Compensation Policy requires the annual approval of incentive plans. The establishment of incentive plan measures is critical to the management of a competitive compensation program for executives at the highest levels of the organization. This, in turn, is critical to the success of the organization.

### **Analysis**

The CEO's incentive plan (Attachment 1) contains the five Board-approved incentive metrics (Total Fund Performance, Stakeholder Engagement, Investment Office CEM, Customer Service, and Enterprise Operational Effectiveness) and high-level organizational leadership priorities. These metrics and priorities are consistent with the CEO's fiscal year 2018-19 incentive plan.

**Budget and Fiscal Impacts**

The cost of the incentive awards that arise from the recommendations in this item will be funded from existing resources.

**Benefits and Risks**

If the CEO's 2019-20 incentive plan is not approved, the associated risk would be non-compliance with the policy-required development and approval of annual plans.

**Attachments**

Attachment 1 – CEO's draft incentive plan

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