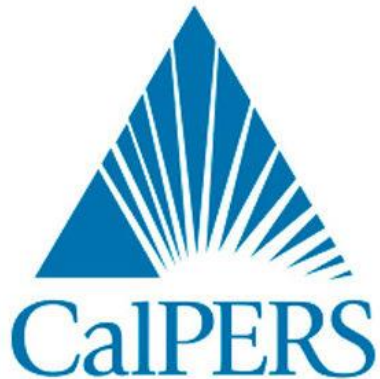




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Executive & Investment Positions Compensation Review – Key Findings



California
Public Employee
Retirement
System

February 13, 2023

GGA's Determination of Market Competitiveness

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- In assessing the competitiveness of compensation at CalPERS, GGA has generally compared the Midpoint Salary, Target Total Cash Compensation and Target Total Compensation at CalPERS to the:
 - Median of Combined Peer Group (i.e., 67% Public Sector & 33% Private Sector)

REMINDER:

- Total Cash Compensation = Salary + Annual Incentive at Target
- Total Compensation = Salary + Annual Incentive at Target + Long-Term Incentive at Target

KEY FINDINGS

Summary of Competitiveness – Executive Management



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- Overall, all roles are less competitive from a Total Compensation perspective when compared to the Combined Peer Group.

Position	Competitiveness (within 10% of Median)		
	Salary*	Total Cash Compensation	Total Compensation
CEO	Yes	No	No
CFO	Yes	No	No
General Counsel	Yes	No	No
COO	No	No	No
Chief Actuary	Yes	No	No
Chief Health Director	No**	No**	No**

* While Midpoint salaries are generally within a 10% range from the Market Median for most roles, slight adjustments should still be made to position Midpoints closer to the Market Median.

** While market data is not yet finalized for this role, based on GGA's experience and our preliminary findings, the role appears to show a gap to market that will need to be addressed.

Competitiveness Breakdown



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- While Midpoint Salary figures are less competitive for the COO role, the main cause for the gap in pay at CalPERS when compared to the Combined Peer Group appears to be less competitive Annual and Long-Term Incentive opportunity levels (similar to last year).

Position	Salary	Total Cash	Total Compensation
	% Difference	% Difference	% Difference
CEO	+1%	-57%	-66%
CFO	-5%	-23%	-33%
General Counsel	-8%	-33%	-41%
COO	-25%	-46%	-55%
Chief Actuary	-4%	-32%	-40%
Chief Health Director	TBD	TBD	TBD

Summary of Competitiveness – Investment Positions



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- Overall, almost all roles are less competitive from a Total Compensation perspective when compared to the Combined Peer Group.

Position	Competitiveness (within 10% of Median)		
	Salary	Total Cash Compensation	Total Compensation
CIO	Yes	No	No
Deputy CIO	Yes	No	No
COIO	Yes	No	No
Managing Inv. Dir.	Yes	No	No
Inv. Director	Yes	No	No
Inv. Manager	Yes	No	No
Associate IM	No	No	No

Competitiveness Breakdown



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- Midpoint Salary figures are competitive for almost all roles, so the main cause for the gap in pay at CalPERS when compared to the Combined Peer Group appears to be less competitive Annual and Long-Term Incentive opportunity levels (similar to last year).

Position	Salary	Total Cash	Total Compensation
	% Difference	% Difference	% Difference
CIO	-2%	-39%	-37%
Deputy CIO	+11%	-24%	-19%
COIO	-5%	-39%	-47%
Managing Inv. Dir.	+14%	-23%	-26%
Inv. Director	+13%	-25%	-24%
Inv. Manager	+15%	-18%	-11%
Associate IM	-13%	-29%	-24%

NEXT STEPS

Next Steps

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GGA will be coming forward in April with specific recommendations to address the gaps observed when comparing CalPERS to the Combined Peer Group and provide a level of pay opportunity that will allow CalPERS to attract the talent it needs to achieve its strategy.

- GGA's recommendations will be largely in the form of increases to At-Risk Incentive compensation, which will only provide additional compensation if performance expectations are hit.
- Adjustments to the Salary Band Midpoint will be recommended for select Executive and Investment roles where material gaps to market are observed in order to align the roles more competitively with the peer group.



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