

TOLERANCES	FREQ	2019–20	Q1	Q2	Q3	Q4	COMMENTS
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FUND SUSTAINABILITY | Strengthen the long-term sustainability of the pension fund

Probability of PERF funding levels below 50% <i>Owner: Chief Actuary</i>	<ul style="list-style-type: none"> ■ > 20% ■ 10%–20% ■ < 10% 	Annually	2%				<i>Data as of November 2020</i>
Investment return: Funded status impact <i>Owner: Chief Actuary</i>	<ul style="list-style-type: none"> ■ < 6% ■ 6%–7% ■ > 7% 	Annually	4.7%				<i>Status based on actual returns reported on November 2020</i> <i>Exception report attached.</i>
Employer contribution rate impact <i>Owner: Chief Actuary</i>	Projected vs. Actual <ul style="list-style-type: none"> ■ > 2% ■ 1%–2% ■ < 1% 	Annually	Misc. 0.27%%				<i>Results represent the variance between projected and actual annual contribution rates.</i>
			Safety 0.51%				

HEALTH CARE AFFORDABILITY | Transform health care purchasing and delivery to achieve affordability

Percent of contracting agencies retained <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> ■ ≤ 97.9% ■ 98%–98.9% ■ ≥ 99% 	Annually	99.57%	99.7%			<i>Data as of March 2021</i>
Increase in Total Covered Lives (TCLs) <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> ■ ≤ 5,999 TCLs ■ 6,000–8,999 TCLs ■ ≥ 9,000 TCLs 	Annually	5,407	16,597			<i>Data as of March 2021</i>
Legislation that negatively impacts CalPERS <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> ■ Legislation exists ■ No legislation exists 	Quarterly					
Maintain Health Care Fund Actuarial Reserve <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> ■ <90% / >110% Actuarial Reserve ■ 90%–110% Actuarial Reserve 	Annually	104%				<i>Pending refresh</i>

REDUCE COMPLEXITY | Reduce complexity across the enterprise

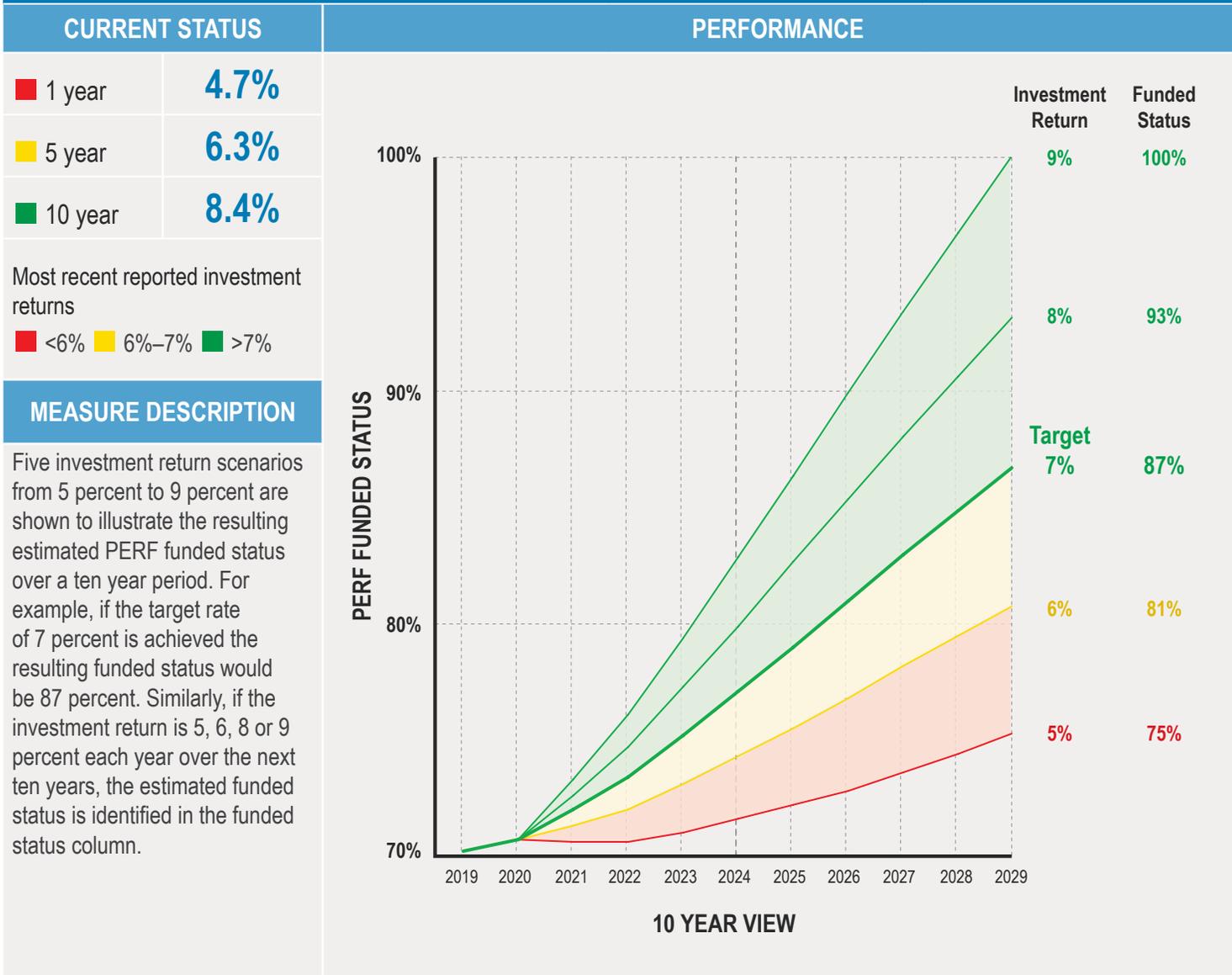
Proposed legislation that would reduce plan designs <i>Owners: Deputy Executive Officer, Communications & Stakeholder Relations</i>	<ul style="list-style-type: none"> ■ No Legislation exists ■ Legislation exists 	Quarterly / Point in time					<i>Pending refresh</i>
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	TOLERANCES	FREQ	2019–20	Q1	Q2	Q3	Q4	COMMENTS
 REDUCE COMPLEXITY Reduce complexity across the enterprise								
Externally proposed bills that have the potential to increase the complexity of the plan design <i>Owners: Deputy Executive Officer, Communications & Stakeholder Relations</i>	<ul style="list-style-type: none"> ■ Legislation exists ■ No legislation exists 	Quarterly / Point in time						Pending refresh
Continuous process improvement adoption <i>Owners: Chief Operating Officer, Operations & Technology</i>	<ul style="list-style-type: none"> ■ Decrease in adoption ■ No change (0.0) ■ Increase in adoption 	Biannual	0.1%	0.1				Changes to risk measure beginning FY 2020–21 that considers additional factors of Lean adoption and to be more aligned with the current KPI.
 RISK MANAGEMENT Cultivate a risk-intelligent organization								
Enterprise Risk Training Index <i>Owner: Chief Compliance Officer</i>	<ul style="list-style-type: none"> ■ ≤ 84% ■ 85%–94% ■ ≥ 95% 	Annually						In development
Percent of policies, delegations, and charters up-to-date and current <i>Owner: Chief Compliance Officer</i>								In development
 TALENT MANAGEMENT Promote a high-performing and diverse workforce								
Employee Engagement Survey – Diversity and Inclusion (D&I) <i>Owners: Deputy Executive Officer, Communications & Stakeholder Relations</i>	<ul style="list-style-type: none"> ■ ≤ 44% agree ■ 45%–59% agree ■ ≥ 60% agree 	Annually	68%					Data as of January 2020
Employer Brand <i>Owners: Chief Operating Officer, Operations & Technology</i>	<ul style="list-style-type: none"> ■ ≤ -11 ■ -10–20 ■ ≥ 21 	Quarterly						Not yet started

FUND SUSTAINABILITY | Strengthen the long-term sustainability of the pension fund



Investment return: Funded status impact



NEXT STEPS

Action Items	Owner	Targeted Completion Date
Ongoing stakeholder education and engagement	CFO/ALMAC	ALM Cycle