

## INCENTIVE METRICS | Fiscal Year 2024-25

### Total Fund Performance

The Total Fund Performance Metric is measured based on fund performance against the policy benchmark for the five-year period of July 1, 2020, through June 30, 2025. Payout ratio for intermediate results will be determined by interpolation.

| Variance (bps) from Benchmark | Payout Ratio |
|-------------------------------|--------------|
| +10                           | 1.50 (150%)  |
| +5                            | 1.00 (100%)  |
| 0                             | 0.00 (0%)    |

### Enterprise Operational Effectiveness

The Enterprise Operational Effectiveness Metric for 2024-25 is defined as Overhead Operating Costs as a percentage of Total Operating Costs ("OOC").

- Total Overhead Operating Costs ("OOC") identify all administrative costs not mapped directly to Product and Service Delivery Operating Costs ("PSDOC"); excludes Board costs, Third-Party Administrator Costs, and lump sum payment costs
- $OOC = OOC / (OOC + PSDOC)$

| Score              | Payout Ratio |
|--------------------|--------------|
| < -1.05%           | 1.50 (150%)  |
| -1.05% to < -0.55% | 1.25 (125%)  |
| -0.55% to 0.0%     | 1.00 (100%)  |
| > 0.0% to 0.55%    | 0.75 (75%)   |
| > 0.55% to 1.05%   | 0.50 (50%)   |
| > 1.05%            | 0.00 (0%)    |

### Investment Office CEM

The 2024-25 annual participation in the CEM benchmarking survey analyzes CalPERS' investment costs and return performance over a five-year period against a customized peer group.

| Score                                                                                                 | Payout Ratio |
|-------------------------------------------------------------------------------------------------------|--------------|
| Outperforms US Benchmark on Net Value Added (Returns) <u>and</u> Cost by 0.1% and 8 bps, respectively | 1.50 (150%)  |
| Outperforms US Benchmark on Returns <u>and</u> Cost by .05% and 4 bps, respectively                   | 1.00 (100%)  |
| Outperforms US Benchmark on Cost <u>or</u> Outperforms US Benchmark on Returns                        | 0.50 (50%)   |
| Underperforms US Benchmark on Returns <u>and</u> Cost                                                 | 0.00 (0%)    |

## Customer Service

The Customer Service Metric for 2024-25 is based on the following two Service Dimensions:

- Benefit Payment Timeliness: Percentage of benefit payments issued to our customers within established service levels
- Customer Satisfaction: Customer service with CalPERS services as measured by surveys and other methods

| Score          | Payout Ratio |
|----------------|--------------|
| ≥ 97%          | 1.50 (150%)  |
| 96% to < 97%   | 1.25 (125%)  |
| 95.5% to < 96% | 1.00 (100%)  |
| 95% to < 95.5% | 0.75 (75%)   |
| 94% to < 95%   | 0.50 (50%)   |
| < 94%          | 0.00 (0%)    |

## Stakeholder Engagement

The Stakeholder Engagement Metric for 2024-25 is based on results of the following three Stakeholder Engagement Survey questions:

- Is CalPERS sensitive to the needs of its members?
- Is CalPERS doing a good job of keeping in touch with its members and keeping them informed?
- CalPERS is effective in communicating and engaging with stakeholders. (Ranked on scale of 1-10)

| Score             | Payout Ratio |
|-------------------|--------------|
| ≥ 80.5%           | 1.50 (150%)  |
| 80% to < 80.5%    | 1.25 (125%)  |
| 79.75% to < 80%   | 1.00 (100%)  |
| 79.5% to < 79.75% | 0.75 (75%)   |
| 79% to < 79.5%    | 0.50 (50%)   |
| < 79%             | 0.00 (0%)    |