



Board of Administration

Agenda Item 9b

March 20, 2024

Item Name: Board Self-Assessment

Program: Sustainable Investments

Item Type: Information

Executive Summary

This purpose of this agenda item is to provide findings, key themes, and next steps from CalPERS' Board 2023 self-assessment.

Strategic Plan

This agenda item supports the 2022-2027 Strategic Plan goals "Pension Sustainability" and "Organizational Excellence."

Background

The CalPERS Board Governance Policy requires that the Board complete a self-assessment every two years. The most recent Board self-assessment was completed in fall 2023 and was facilitated through the National Association of Corporate Directors (NACD). 100% of Board members completed self-assessment questionnaires and NACD faculty member, Cari Dominguez, conducted one-on-one interviews with all participants.

CalPERS' Board self-assessment centered around five core governance competencies:

- Board Structure
- Operational Oversight
- Talent Oversight and CEO Succession
- Strategy Oversight
- Risk Management and Oversight

Analysis

As fiduciaries for the largest public pension fund in the United States, it is imperative that CalPERS Board Members have the knowledge, skills, and expertise necessary to govern effectively. The Board self-assessment process provides the opportunity to identify priorities for enhancing effectiveness and governance enhancements.

The following were identified as priorities for enhancing effectiveness over the next two years:

- Leadership development and education
- Increase focus on strategy, short and long-term
- Executive management succession planning

The following were identified as opportunities for further governance enhancements:

- Adopt a CEO succession plan and talent oversight process that is continuous with regular updates
- Continuously review and clarify roles and responsibilities in light of shifting trends and environments
- Affirm quality communications across all levels of governance
- Provide staff with feedback on board materials to prioritize information for board level review
- Ensure that the agenda setting process continues to focus on key priorities to allocate more time for discussions
- Review the onboarding program to maintain sustainability and durability
- Assess skill sets and expertise for professional board development
- Identify opportunities for board leadership development
- Use available opportunities to evaluate progress and performance
- Oversee CalPERS diversity profile to ensure it remains a strategic priority

Budget and Fiscal Impacts

The Board Services Unit budgeted approximately \$85,000 for the CalPERS 2023 Board self-assessment.

Benefits and Risks

The benefits of conducting and reviewing the Board self-assessment is that this practice and recommendations provide a continued focus on process improvement, and the opportunity to improve governance enhancements.

The risk of not conducting and reviewing the Board self-assessment is the lost opportunity to improve board processes and the function of the Board as a governing body, as well as the potential lack of knowledge related to opportunities for enhancements to board governance.

Attachments

Attachment 1 – Board Self-Assessment – PPT

The Honorable Cari M. Dominguez
NACD Faculty Member
National Association of Corporate Directors

Travis Antoniono
Investment Director

Marcie Frost
Chief Executive Officer