

Executive Succession Planning Update

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Human Resources Division

September 2024 Board Recap

Succession planning identifies and develops key team members to ensure continuity in critical roles



01 Importance to Board Members

79% of corporate board members rated executive succession planning as an important talent issue



02 Enhances Investor Confidence

Non-financial decisions, like the presence of a succession plan, constitute ~35% of an investor's decision in firm value



03 Integrates HR Practices & Inclusivity

Process considers existing financial incentives, performance management, employee engagement, and inclusivity

Chief Executive Officer

- Chief Actuary
- Chief Diversity, Equity, and Inclusion Officer
- Chief Financial Officer
- Chief Health Director
- Chief Human Resources Officer
- Chief Information Officer
- Chief Operating Officer
- DEO, Communications & Stakeholder Relations
- DEO, Customer Services and Support
- General Counsel
- Chief Investment Officer
- Chief Operating Investment Officer

Scope Our Executive Team



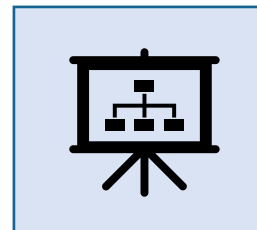
Foundation for Success

Leaders shape culture, and culture impacts financial performance



High-Impact Focus

Leadership impacts firm performance by 12% to 14%



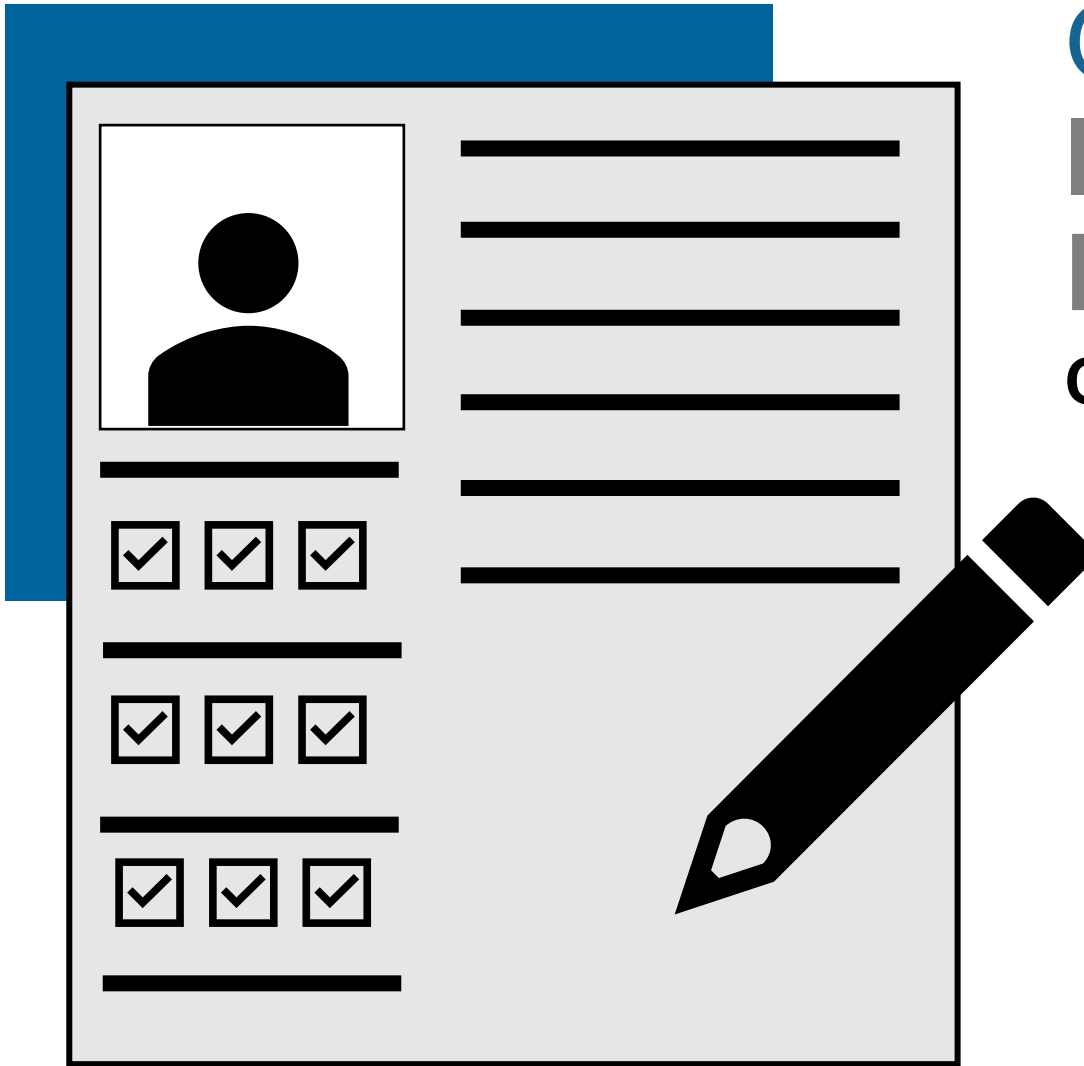
Future Vision

Succession Planning will expand to other areas within CalPERS

Our Environmental Scan Identifying Current and Future Needs

Consolidated Profile Information:

- ✓ Key Programs Within Position Oversight
- ✓ Essential Functions
- ✓ Anticipated Future Functions
- ✓ Critical CalPERS Leadership Competencies and Behaviors
- ✓ Employee Engagement Survey Results and Action Plans



Our Environmental Scan Incumbent Interviews

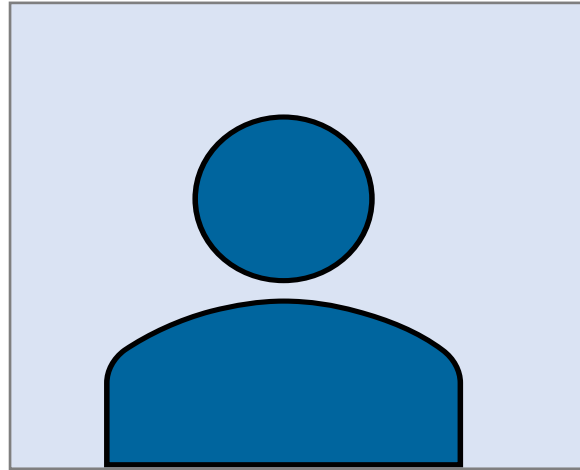
Identified:

- ✓ Critical Knowledge, Skills, Abilities, and Competencies
- ✓ Anticipated Changes in Responsibilities
- ✓ Training and Mentorship Opportunities



Interview information was combined with the data in the Consolidated Position Information documents to create comprehensive Position Profiles

Position Profile – Name of Position



Leadership Competencies



Business Acumen



Driving Results

Key Programs Within Position Oversight

Current Functions

- Overview
- Key Responsibilities
- Recommended Skills and Experiences

Future Functions

- Overview
- Key Responsibilities
- Recommended Skills and Experiences

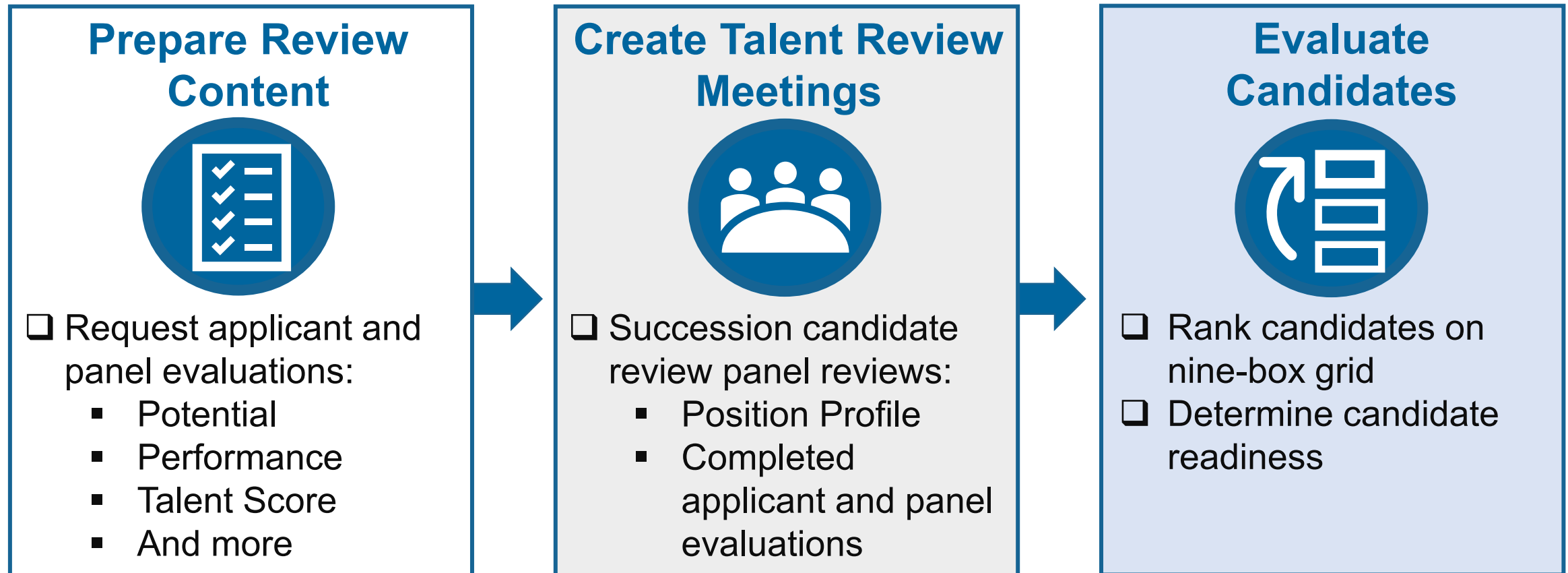
Leadership Competencies and Behaviors

Enterprise Performance Reporting

Employee Engagement Survey Results & Action Plans

Our Application Process

Integrating HR Technology





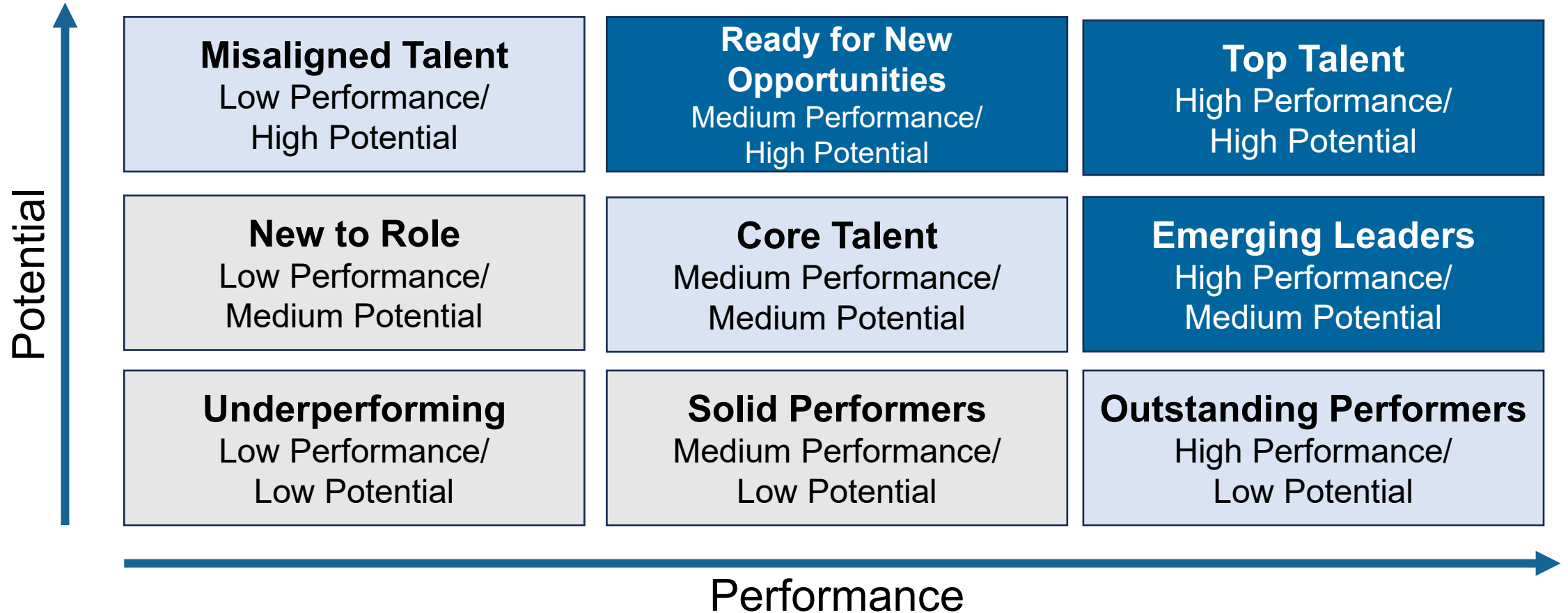
Our Application Process

Determining Eligibility

- Participation does not guarantee placement
- Application does not guarantee admittance
- Applicant must be a current full time CalPERS team member
- Applicants must be in good standing
- Applicants must submit a complete application

Our Application Process

Performance, Potential, and Talent Score



Our Application Process Performance

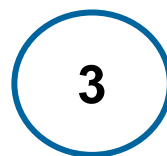
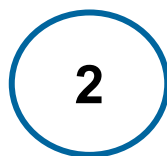
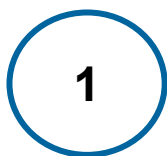
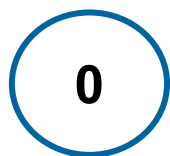
The following types of performance evaluations will be used:

- Employee Performance and Development (EPAD)
- Leadership Competency Assessment (LCA)
- Incentive Plan Leadership Competencies

Sample LCA Question and Format:

Collaboration	▼	Leading People	Driving Results
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Seeks out, respects, and values others' perspectives



4 - Exceeds Expectations for Behavior

Our Application Process Potential

Insights gained will guide the creation of individualized training plans for selected candidates



Position-Specific Assessment

Series of statements inspired by Position Profiles



Self & Panel Assessments

Statements will be rated on a three-point scale



Weighted Scoring

Final score will be a weighted average

Our Application Process

Strategic Alignment

Current State



Financial Incentives

Incentive Plan Individual Goals



Strategic Planning

Contributions to Enterprise Performing Reporting



Employee Engagement

Survey Results and Action Plans

Future State



Continuous Growth

Previous Succession Candidate Training Plans

Our Application Process

Talent Profiles

Completed talent profiles contain:



Career Statement

Goals & aspirations



Honors & Awards

Recognition for achievements



Professional Memberships

External affiliations



Education

Academic qualifications



Languages

Multilingual capabilities



Work History

Past roles & responsibilities



Certifications

Specialty qualifications



Skills

Relevant technical skills



Special Projects

Notable assignments



Our Application Process Demographic Survey

Categories:



Race & Ethnicity



Disability Status



Age



Veteran Status



Sexuality



Gender

! Demographic Survey is optional, confidential, and completely anonymous. It is separate from the Talent Score. Results will be viewed in aggregate only.

Our Application Process

Prepared Review Contents

Panel Evaluations

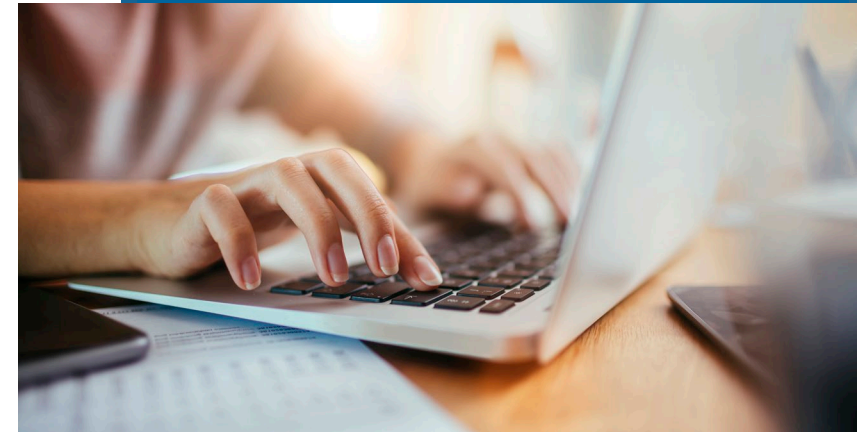
- ✓ Performance Evaluation
- Potential Assessment
- Talent Score

Self Evaluations

- Potential Assessment
- Talent Profile (optional)
- Demographic Survey (optional)

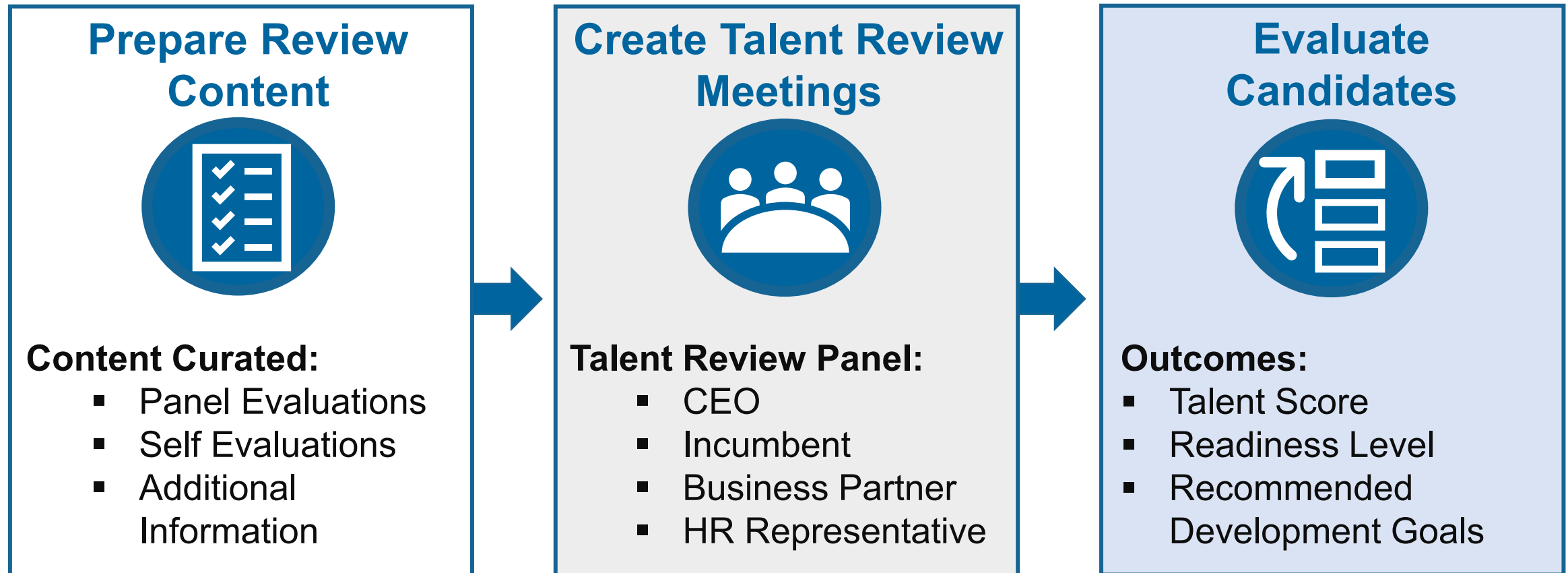
Additional Information

- ✓ Position Profiles
- ✓ Business Plan Initiatives
- ✓ Key Performance Indicators
- ✓ Business Continuity Processes Supported
- ✓ Employee Engagement Survey Results
- ✓ Employee Engagement Action Plans
- ✓ Incentive Plan Individual Goals



Talent Review Meetings

Selecting Succession Program Candidates



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