



Board Governance Committee

Agenda Item 7a

March 15, 2022

Item Name: 2021 Board Self-Evaluation – Board Member Onboarding

Program: Board Governance and Sustainability

Item Type: Information Item

Executive Summary

This purpose of this agenda item is to provide recommendations on improvements identified from the CalPERS 2021 Board Self-Evaluation to the CalPERS Board for their review and consideration:

- Board Governance Chair and Vice Chair to manage updating Board Member onboarding materials
- Review and revise CalPERS Board Education Policy
- Utilize Insight as the Board's sole platform for materials and onboarding
- Identify additional training opportunities for Board Members throughout the year
- Mentor/mentee partnership between existing and new Board Members
- Review information for further discussions on CEO succession planning and long-term talent strategy

Strategic Plan

This agenda item supports the 2017-2022 Strategic Plan goal "Fund Sustainability". The outcomes of the Board Workstream Evaluation and recommendations put forward should strengthen fund governance.

Background

The CalPERS Board Governance Policy requires that the Board assess its performance every two years. The most recent Board assessment was completed in March 2021 and was facilitated through the National Association of Corporate Directors (NACD). Board members completed a total of three surveys: Board Self-Evaluation, Board Attributes Evaluation, and Committee Evaluation with 100% completion amongst Board Members. The results were presented at the July 2021 CalPERS Board Offsite with three main opportunities for improvement identified:

1. Consider options for remuneration which Board Members consider to be equitable
2. Establish a board process for succession planning to identify internal and/or external CEO successors
3. Further development of Board Member onboarding program

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 and thereby improve performance. The Board Self-Assessment process provides the opportunity to identify areas for improvement to enhance the board's decision making and oversight.

One area for improvement identified from the CalPERS 2021 Board Self-Evaluation was Board Member onboarding and education. With several open Board seats currently and new Board Members joining, the urgency to update Board Member onboarding and education policies and materials has been highlighted. Narrowing the current focus to updating current policies and materials will help to facilitate a successful transition for new Board Members to the CalPERS Board.

Budget and Fiscal Impacts

The Board Services Unit budgeted approximately \$80,000 for the CalPERS 2021 Board Self-Assessment.

Benefits and Risks

The benefits of approving these recommendations is continued focus on process improvement and the opportunity to improve governance and performance.

The risk of not approving these recommendations is the lost opportunity to improve board processes and the function of the Board as a governing body, as well as the lack of knowledge and understanding on complex issues amongst new Board Members.

Attachments

Attachment 1 – 2021 Board Self-Evaluation – Board Member Onboarding PPT

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Interim Managing Investment Director

Matthew Jacobs
General Counsel

Marcie Frost
Chief Executive Officer