

Monthly Status Report – Enterprise Compliance Activity

June 2024

**Presented to
Risk and Audit Committee
September 2024**

Purpose

Provide the Risk and Audit Committee with compliance monitoring and oversight analytics to aid in fulfilling their role in overseeing key compliance and ethics activities.

Executive Summary

This report provides activity regarding key risk indicators (KRI) specific to four components of the Enterprise Compliance, Risk, & Governance program for the month of June 2024. Those components are Form 700 filings, Personal Trading Monitoring, Ethics Helpline, and Mandatory Training completion rates.

- Of all the Board & Employee Form 700 statements, 86% were filed timely.
- Of all the Consultant Form 700 statements, 88% were filed timely.
- There were four Personal Trading violations for the month.
- There were eight Ethics Helpline complaints received in the month.
- Of the Mandatory Employee Trainings, 100% were completed in the month.

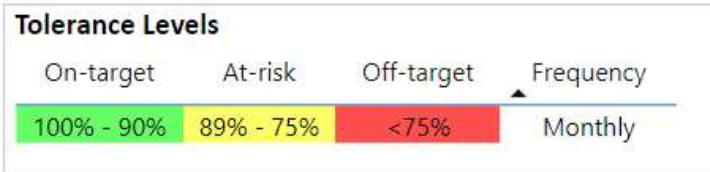
Additional details relating to these compliance activities can be found in pages 5 through 14.

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Form 700: Board & Employee and Consultant Statement Activity



| Month | Total | Submitted Timely | % Submitted Timely |
|--------|-------|------------------|--------------------|
| Jun-24 | 42 | 36 | 86% |
| May-24 | 33 | 28 | 85% |
| Apr-24 | 38 | 32 | 84% |
| Mar-24 | 445 | 440 | 99% |
| Feb-24 | 411 | 407 | 99% |
| Jan-24 | 184 | 181 | 98% |
| Dec-23 | 22 | 19 | 86% |
| Nov-23 | 18 | 14 | 78% |
| Oct-23 | 44 | 37 | 84% |
| Sep-23 | 32 | 27 | 84% |
| Aug-23 | 29 | 28 | 97% |
| Jul-23 | 31 | 28 | 90% |

| Month | Total | Submitted Timely | % Submitted Timely |
|--------|-------|------------------|--------------------|
| Jun-24 | 16 | 14 | 88% |
| May-24 | 38 | 37 | 97% |
| Apr-24 | 32 | 27 | 84% |
| Mar-24 | 132 | 127 | 96% |
| Feb-24 | 33 | 31 | 94% |
| Jan-24 | 27 | 27 | 100% |
| Dec-23 | 7 | 3 | 43% |
| Nov-23 | 6 | 6 | 100% |
| Oct-23 | 11 | 8 | 73% |
| Sep-23 | 8 | 6 | 75% |
| Aug-23 | 9 | 3 | 33% |
| Jul-23 | 20 | 14 | 70% |

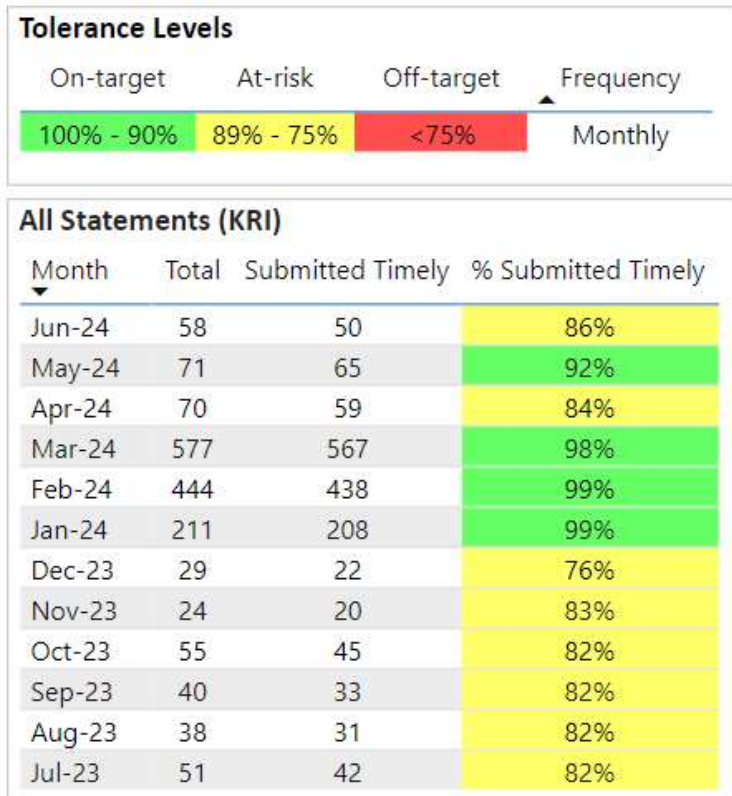
Observations:

- Of the Board & Employee statements due in June 2024, 86% (36 of 42) were submitted timely.
- Of the Consultant statements due in June 2024, 88% (14 of 16) were submitted timely.
- There were five overdue Board & Employee statements, and no overdue Consultant statements as of 06/30/2024.

Notes:

- Monthly statement activity includes all Form 700 statements submitted during the month and all overdue statements.
- See Appendix for related details and definitions.

Form 700: Combined Statement Activity



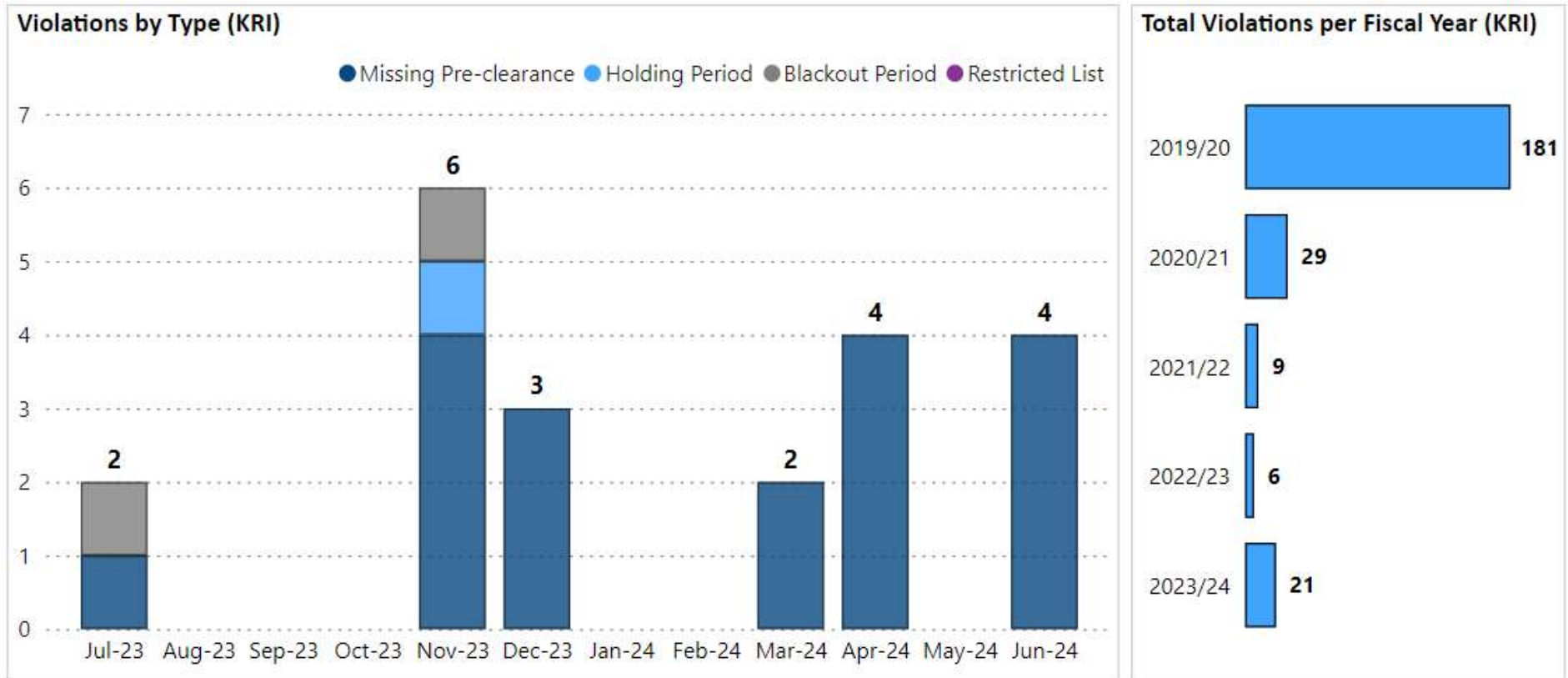
Observations:

- There were 50 statements submitted timely in June 2024.
- There were three statements submitted late in June 2024.
- There were five overdue statements in June 2024.

Notes:

- This graphic combines all Board & Employee and Consultant statement activity.
- Monthly statement activity includes all Form 700 statements submitted during the month and all overdue statements.
- See Appendix for related details and definitions.

Personal Trade Monitoring: Violations



Observation:

- Three Covered Persons failed to pre-clear their transactions, resulting in four Missing Pre-clearance violations.

Notes:

- Multiple violations can be triggered by a single Covered Person at one time.
- See Appendix for related details.

Personal Trade Monitoring: Personal Trading Affirmations

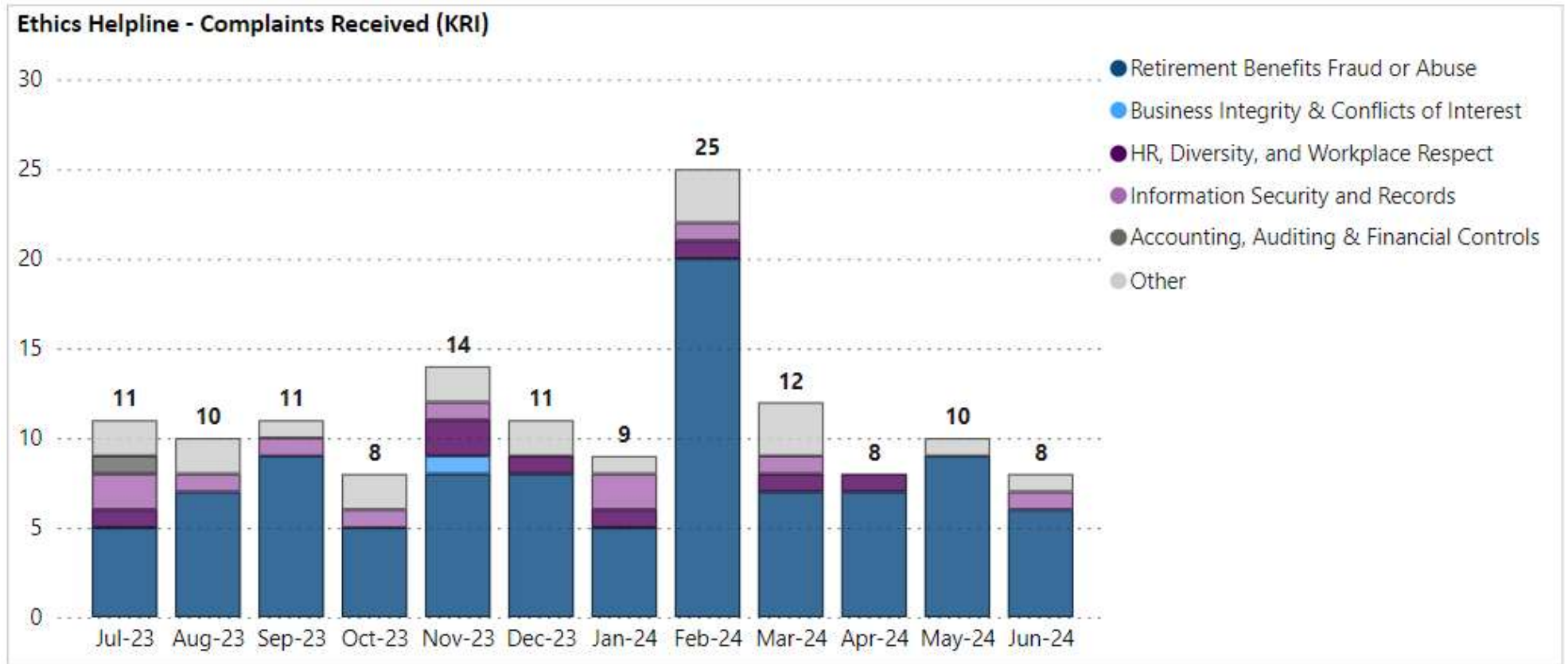
| Personal Trading Affirmation / Attestation Filing Report June 2024 | | | | |
|---|-----------|------------------|----------------|----------|
| Affirmation Type | Total Due | Submitted Timely | Submitted Late | Overdue |
| Initial Personal Trading Affirmations | 6 | 6 | - | - |
| Total | 6 | 6 | - | - |

Observation:

- There were six Initial Personal Trading Affirmations due in June 2024; all affirmations were submitted timely.

Note: See Appendix for related definitions.

Ethics Helpline: Complaints Received



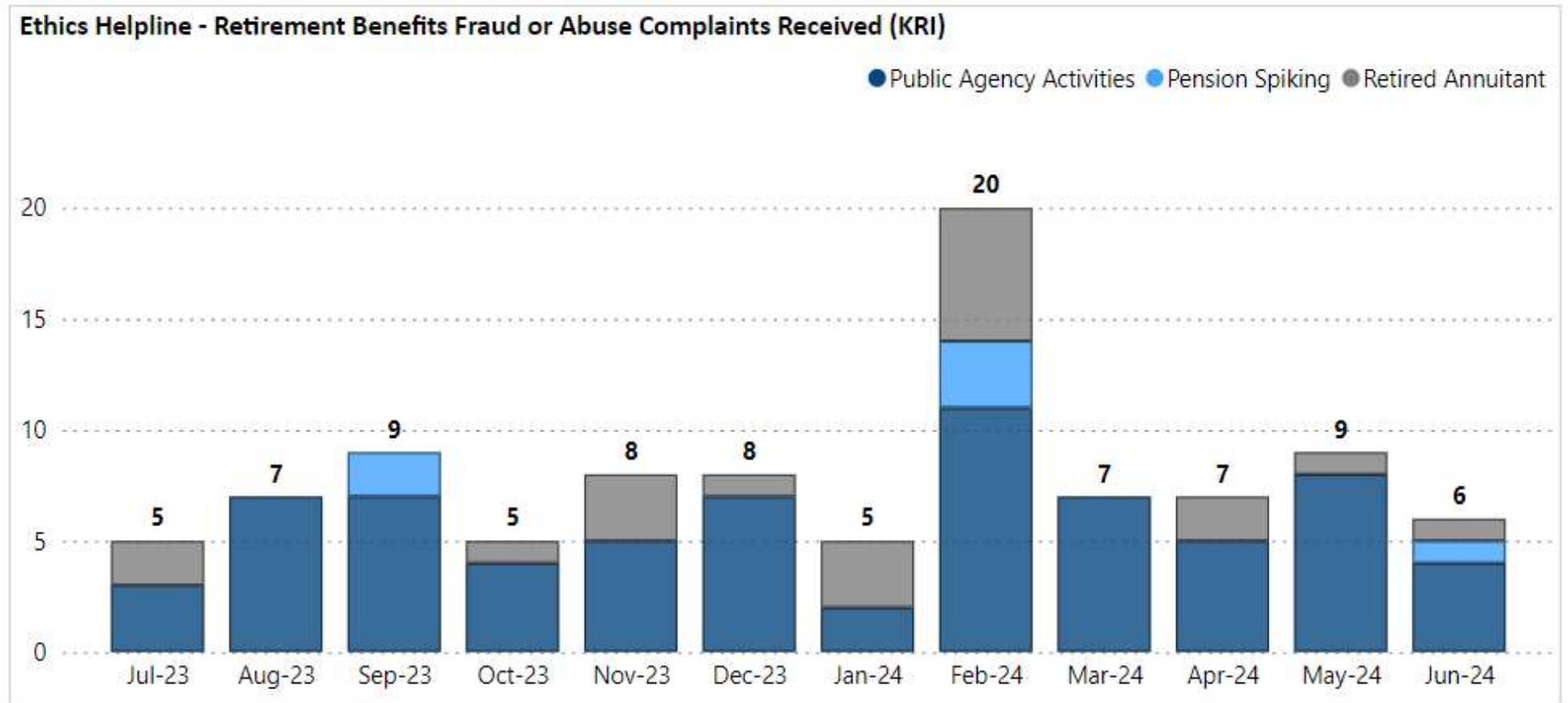
Observations:

- In June 2024, there were eight new complaints; 75% (6 of 8) fell under the Retirement Benefits Fraud or Abuse category.
- There were three non-ethics cases received in June 2024.

Notes:

- Tolerance levels are not applied to ethics helpline metrics.
- See Appendix for category descriptions.

Ethics Helpline: Retirement Benefits Fraud or Abuse (RBFA) 1-Year Trend

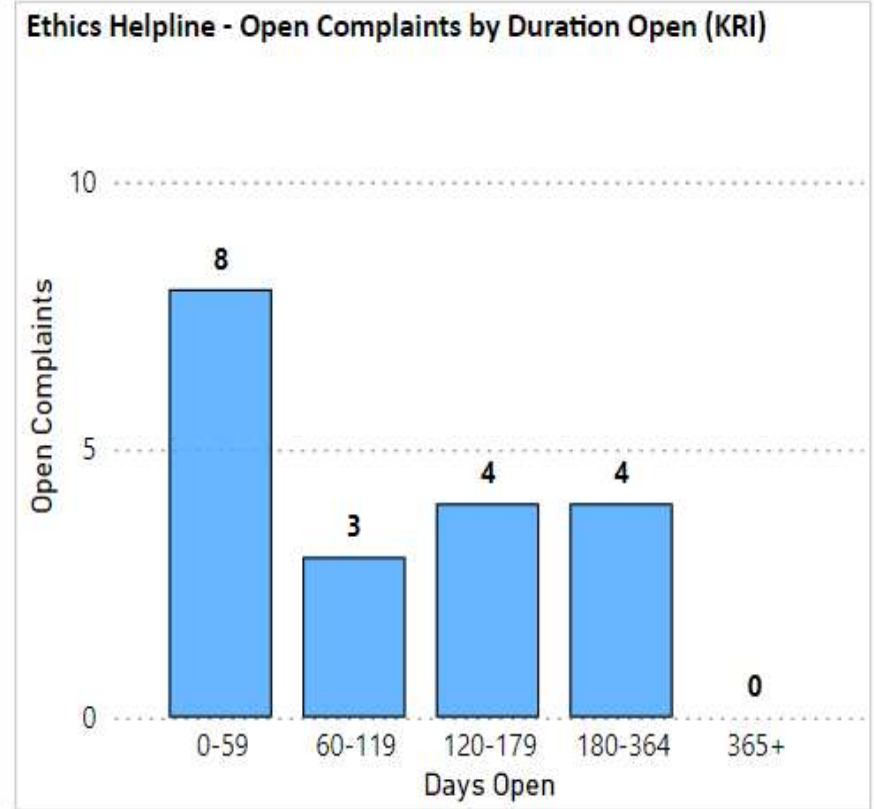
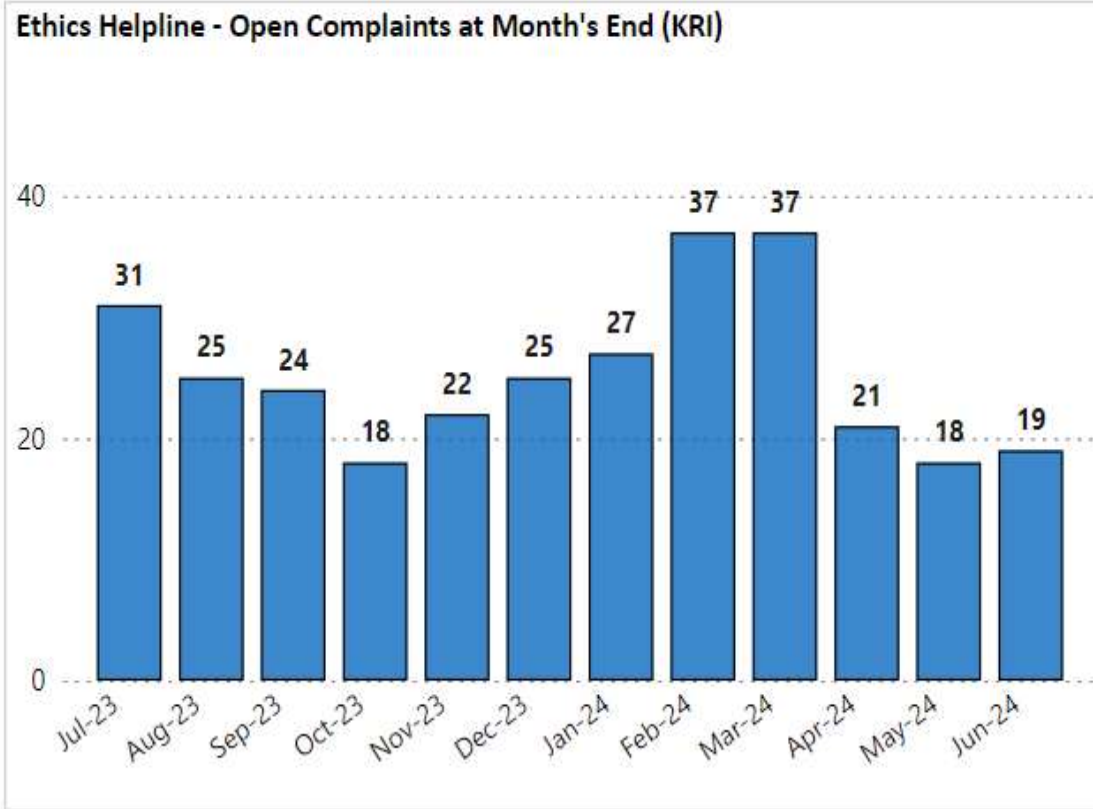


Observation:

- The Public Agency Activities subcategory accounted for 67% (4 of 6) of the RBFA complaints received in June 2024.

Note: Tolerance levels are not applied to ethics helpline metrics.

Ethics Helpline: Open Complaints

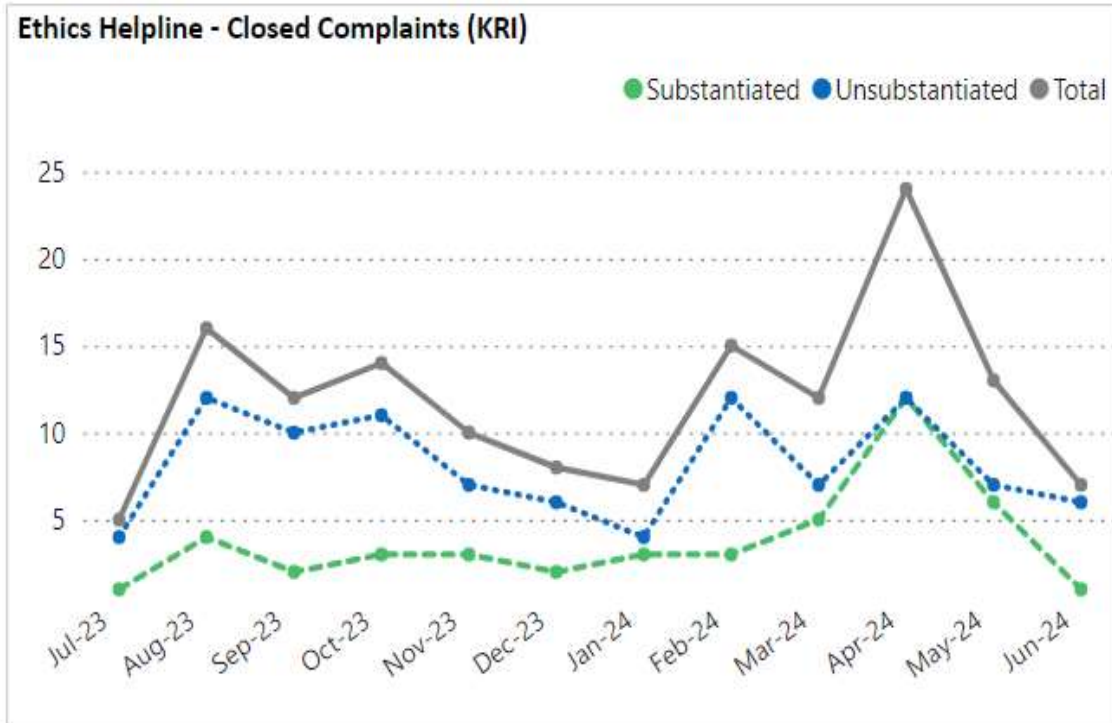


Observation:

- There were 19 open Ethics Helpline complaints as of 06/30/2024.

Note: Tolerance levels are not applied to ethics helpline metrics.

Ethics Helpline: Closed Complaints



| Month | Total Closed | Substantiated | % Unsubstantiated |
|--------|--------------|---------------|-------------------|
| Jun-24 | 7 | 1 | 86% |
| May-24 | 13 | 6 | 54% |
| Apr-24 | 24 | 12 | 50% |
| Mar-24 | 12 | 5 | 58% |
| Feb-24 | 15 | 3 | 80% |
| Jan-24 | 7 | 3 | 57% |
| Dec-23 | 8 | 2 | 75% |
| Nov-23 | 10 | 3 | 70% |
| Oct-23 | 14 | 3 | 79% |
| Sep-23 | 12 | 2 | 83% |
| Aug-23 | 16 | 4 | 75% |
| Jul-23 | 5 | 1 | 80% |

Observation:

- During the month of June 2024, 86% (6 of 7) of closed complaints were not substantiated.

Notes:

- Tolerance levels are not applied to ethics helpline metrics.
- “Not substantiated” includes complaints that were closed as unsubstantiated, inconclusive, or for insufficient information.
- See Appendix for complaint category definitions and case status definitions.

Ethics Helpline: Summary of Closed Substantiated Complaints

Closed Substantiated Complaints 06/01/2024 – 06/30/2024

| Case Number | Issue Type | Allegation | Action Taken |
|-------------|------------|---|-------------------|
| 2024-1599 | Other | The reporting party alleges they have been without benefits since retirement. | Closed 06/07/2024 |

Training Compliance: Employee Mandatory Training

| Employee Mandatory Training (KRI) | | | |
|-----------------------------------|-----------|------------|-----------|
| On-target | At-risk | Off-target | Frequency |
| 100% - 97% | 96% - 90% | <90% | Monthly |

| Month | # of Courses Assigned | # of Courses Completed | % Completed |
|--------|-----------------------|------------------------|-------------|
| Jun-24 | 190 | 190 | 100% |
| May-24 | 195 | 194 | 99% |
| Apr-24 | 230 | 230 | 100% |
| Mar-24 | 582 | 574 | 99% |
| Feb-24 | 259 | 259 | 100% |
| Jan-24 | 199 | 199 | 100% |
| Dec-23 | 200 | 200 | 100% |
| Nov-23 | 297 | 297 | 100% |
| Oct-23 | 106 | 106 | 100% |
| Sep-23 | 286 | 283 | 99% |
| Aug-23 | 759 | 732 | 97% |
| Jul-23 | 400 | 395 | 99% |



Observation:

- Employees completed 100% (190 of 190) of assigned mandatory training courses due in June 2024.

Notes:

- Mandatory training is due within 14 days of a new employee's start date.
- Annual enterprise-wide mandatory training is reported separately.
- Completion rates are calculated based on all active team members required to take each mandatory training. Team members on an official leave of absence and retired team members who have separated are not included in the calculation.

Appendix - Additional Information

- Form 700 Statement Definitions
- Personal Trading Violation Type Definitions
- Ethics Helpline Complaint Category Definitions
- Ethics Helpline Case Status Definitions

Form 700 Statement Definitions

Statement Type

Annual: Form 700 statement that is due on April 1st (or the following Monday if April 1st falls on a weekend).

Assuming Office: Form 700 statement that is due within 30 days of assuming office.

Leaving Office: Form 700 statement that is due within 30 days of leaving office.

Amendment: An amended Form 700 statement that is due within 30 days of the amendment request date.

Statement Status

Submitted Timely: Form 700 statements submitted within the due date.

Submitted Late: Form 700 statements submitted after the due date.

Overdue: Unsubmitted Form 700 statements after the due date has passed.

Referred to FPPC: Unsubmitted Form 700 referred to the Fair Political Practices Commission (FPPC) for enforcement.

Note: See Pages 5 & 6 for details.

Personal Trading Violation Type Definitions

Blackout Period: Covered Persons are prohibited from buying, selling or transferring Covered Securities during the Blackout Period, which is the three (3) day period of time that commences one market day before and ends one market day after a transaction in Covered Securities by CalPERS.

Holding Period: The 30-calendar-day period between the acquisition and sale, and the 30-calendar-day period between sale and re-acquisition, of a Covered Security.

Missing Pre-Clearance: Covered Persons are required to obtain pre-clearance approval before the purchase, sale or transfer of Covered Securities is executed in a Covered Account, unless the transaction is exempt from the requirement of pre-clearance.

Restricted List: A Restricted List means the list of Covered Securities that identifies companies that CalPERS Employees and/or Board Members have information that may be material non-public.

Note: See Page 7 for details.

Ethics Helpline Complaint Category Definitions

All Ethics Helpline complaints now fall under one of the following six issue types. These categories were developed with CalPERS’ priorities in mind and to bring our reporting processes in line with established industry standards.

| Complaint Categories | Examples of Violations |
|--|--|
| Accounting, Auditing & Financial Controls | Accounting & Auditing Matters; Compliance with Laws & Regulations; Document Creation & Retention; Fraud (Non-retirement benefits related); Override of Internal Controls; Securities Valuation; Tax Issues |
| Business Integrity & Conflicts of Interest | Contract Compliance; Foreign Corrupt Practices Act & Improper Payments; Improper Giving & Receiving of Gifts; Insider Trading; Outside Employment & Compensation; Relationships with Clients, Suppliers & Vendors |
| Human Resources, Diversity & Workplace Respect | Discrimination or Harassment; EEOC or ADA Matters; Human Resources (HR); Retaliation; Safety, Health & Environment; Sexual Harassment; Workplace Violence |
| Information Security & Records | Badging & Access Control; Computer, Email & Internet Use; Data Privacy; Disclosure of Confidential Information; Health Insurance Portability & Accountability Act (HIPAA) Violations; Identity Theft |
| Retirement Benefits Fraud or Abuse | <ul style="list-style-type: none"> Retired Annuitants - Involves retired CalPERS members who work for a CalPERS covered agency post retirement. Pension Spiking - Involves situations where a CalPERS covered employer inflates the compensation of an employee in the years immediately preceding retirement for the purpose of increasing their monthly retirement allowance. Public Agency Activities - Refers to a CalPERS public agency’s failure to bring a qualified employee into CalPERS membership or any other allegations that do not fit either of the other subtypes. |
| Other | Reporting parties can select this issue type if they feel the ethical violation they are reporting doesn’t fall under one of the other five categories. |

Note: See Pages 9, 10, & 13 for details.

Ethics Helpline Case Status Definitions

| Case Status | Definition |
|--------------------------|---|
| Substantiated | The investigation establishes that it is more likely than not that the alleged conduct occurred. |
| Unsubstantiated | The investigation establishes that it is more likely than not that the alleged conduct did not occur. |
| Inconclusive | The investigation fails to establish one way or another whether the alleged conduct occurred. |
| Insufficient Information | Information submitted was not sufficient to initiate investigation. |

Note: See Page 12 & 13 for details.