FY2024-25 Enterprise Compliance, Risk & Governance Annual Plan Mid-Year Update

Objective: Assess CalPERS' compliance and risk management functions and prioritize initiatives that will modernize the systems, tools, and surveillance capabilities.

STATUS	INITIATIVES	Q2 UPDATES
	Initiative 1 Build out enterprise compliance and risk management technology and tools in support of a best-in-class compliance and risk management program (multi-year).	
65% On-Target	1.1 Establish a centralized governance risk and compliance platform (MyComplianceOffice).	• Continued a multi-year effort to implement a technology platform for conflict-of-interest management and monitoring, including gifts and entertainment, outside business activity, and third-party agreement conflict checks. • Designed and developed tools and processes for outside business activity and third-party agreement conflict checks to evaluate and mitigate potential compliance and ethics risks. The design and planned launch of these new modules is scheduled for January 2025.
	Initiative 2 Enable CalPERS to better assess risk within the program areas and provide aggregated reporting at the enterprise level (multi-year).	
50% On-Target	2.1 Develop a first-line Risk and Controls Self Assessment process in collaboration with the first line of defense within each division.	• Enhanced foundational Risk and Controls Self Assessment (RCSA) materials incorporating industry best practices and standards. • Continued multi-year RCSA process in partnership with the Information Technology Services Branch (ITSB) for core business functions and regulatory requirements, target completion late 2025.
	Initiative 3 Enhance assurance, monitoring, and issues remediation capabilities to minimize compliance risks (multi-year).	
75% On-Target	3.1 Enhance monitoring of conflicts of interest.	• Broadened the new hire onboarding conflict of interest guidance, identification, and mitigation to include all Form 700 filers.

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			• Standardized processes to provide education and advice for identifying conflicts of interest to team members and leaders, including requiring all team leaders to review their subordinate's Form 700 and identify potential conflicts of interest. • Strengthened forensic monitoring of CalPERS Covered Person's trading activity to monitor for compliance with securities and conflict of interest rules.
50%	On Target	3.2 Support risk management initiatives across the enterprise in partnership with all first-line units.	• Established risk assurance methodology, standards, processes, and templates. Partnered with Information Security Office (ISOF) to align risk assurance standards and risk acceptance oversight.
75%	On Target	3.3 Enhance processes for conducting assurance reviews and monitoring of risk within the first line.	• Developed an assurance and monitoring review program, including governance standards, procedures, and reporting. • Conducted monitoring and assurance reviews of requirements and controls within the Investment Office.
		Initiative 4 Educate and cultivate ethical and risk-intelligent practices amongst CalPERS team members (multi-year).	
75%	On-Target	4.1 Enhance compliance and risk training programs across the organization.	• Established a cross functional team to provide advice and guidance to reduce risks and enhance compliance to CalPERS rules, laws, and regulations. • Evaluated and updated all compliance and risk education materials and courses to ensure they are relevant and focused on the appropriate target audiences. • Developed and delivered enhanced compliance and risk training to newly appointed team leaders.

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			• Developed additional guidance related to accepting and reporting gifts offered at CalPERS sponsored events to provide clarity to team members.
50%	On-Target	4.2 Establish formal compliance and risk advisory teams aligned with program areas.	• Recruited and filled several open positions to strengthen the compliance and risk advisory teams. Utilized on-the-job training to develop the knowledge, skills, and abilities of existing team members to provide advice and guidance on the various compliance and risk program services.