













FY 2020–21 ENTERPRISE RISK MANAGEMENT DASHBOARD

RISK CATEGORY / RISK STATEMENT		16/17	17/18	18/19	19/20	20/21	RISK ↑/↓	Comments
High Impact High Probability	 <p>CLIMATE CHANGE CFO, CIO Finance & Administration Committee, Investment Committee</p> <p>Failure to meet investment returns, employer's inability to pay required contributions, and disruption to CalPERS' operations.</p>							Climate change has been identified as a separate risk to elevate CalPERS' focus on impact to both our investment portfolio and employer's ability to pay required pension contribution. In addition, there may be negative consequences to CalPERS operations that are not yet well understood.
	 <p>PENSION FUNDING CFO, Chief Actuary, CIO Finance & Administration Committee, Investment Committee</p> <p>Failure to meet pension benefit obligations.</p>						↑	Increase in impact and probability risk score due to financial stress on employers and investment performance below discount rate. Risk level is slightly elevated from prior year.
	 <p>INFORMATION SECURITY General Counsel, GCO, LEGO Finance & Administration Committee</p> <p>Failure to protect and secure information assets.</p>						↓	Risk level decreased in impact and probability from prior year due to the implementation of increased security measures and controls; risk profile aligned to National Institute of Standards and Technology Cybersecurity Framework.
	 <p>GOVERNANCE & CONTROL ENVIRONMENT CCO, CFO Risk & Audit Committee</p> <p>Lack of a strong internal control environment, which includes documentation and testing, could result in increased non-compliance and litigation risk, operational risks due to inefficiency and improper activity, loss of authority or reputation, and/or incurred penalties.</p>						↑	Increase in impact and probability due to the need to strengthen some controls.
	 <p>LONG-TERM CARE CHD Pension & Health Benefits, Finance & Administration Committee, Investment Committee</p> <p>Inability to fund future obligations of the long-term care program in a manner that is affordable to policy holders.</p>							Long-term care has been identified as a separate risk due to the pivotal nature of the program and pending decision that will be required.
High Impact Low Probability	 <p>STAKEHOLDER CONFIDENCE DEO, CSR Finance & Administration Committee</p> <p>Inability to maintain stakeholder confidence in CalPERS as a trusted fiduciary.</p>						↓	Risk level remains consistent with prior year, however improved stakeholder survey results indicate slight decrease.
	 <p>HEALTH CARE ADMINISTRATION CHD, HPBB Pension & Health Benefits Committee</p> <p>Inability to offer high-quality, accessible, affordable, and sustainable health care at a competitive price.</p>						↓	Decrease in impact and probability from the prior year; risk profile aligned to updated strategic goal of high-quality affordable health care approved by Board in July 2020.



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High Impact Low Probability	 <p>TALENT MANAGEMENT DEO, OPT <i>Performance, Compensation, & Talent Management Committee</i></p> <p>Inability to recruit and retain a diverse and qualified workforce compromises the ability to meet business objectives.</p>						↑	Decrease in impact and increase in probability risk scores; Risk remains the same from prior year; COVID 19 risk driver was added to the profile.
	 <p>BENEFIT ADMINISTRATION DEO, CSS <i>Pension & Health Benefits Committee</i></p> <p>CalPERS members, retirees, and beneficiaries may not receive timely and/or accurate benefits.</p>						↑	Increase in impact risk score due to a period of elevated wait times for members affecting timely benefit administration.
	 <p>BUSINESS CONTINUITY DEO, OPT <i>Finance & Administration Committee</i></p> <p>Inability to recover timely and resume business functions following a business interruption event.</p>						↓	Overall business continuity risk has been reduced due to the completion of business continuity plans for each program area. As depicted on the Heat Map there was a slight increase in probability with significant reduction to impact and velocity.