

Enterprise Compliance, Risk, & Governance Compliance Advisory Services Program Update

CalPERS Risk and Audit Committee

September 17, 2025

Strategic Priorities

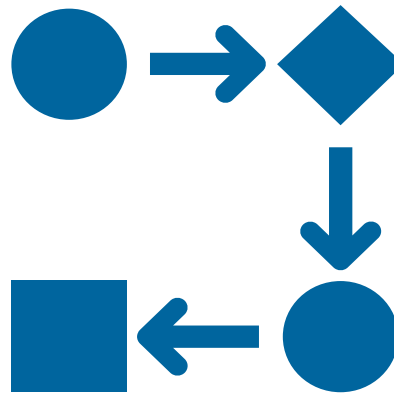
Mature an industry standard enterprise compliance and risk program utilizing integrated technology systems, people, and process capabilities to manage and mitigate compliance and ethics risks.

People



- Recruit and educate compliance team
- Deepen first/second line roles & responsibilities

Processes



- Enhance conflict of interest oversight
- Mature Risk Assessment Program
- Conduct Monitoring & Assurance Reviews

Technology

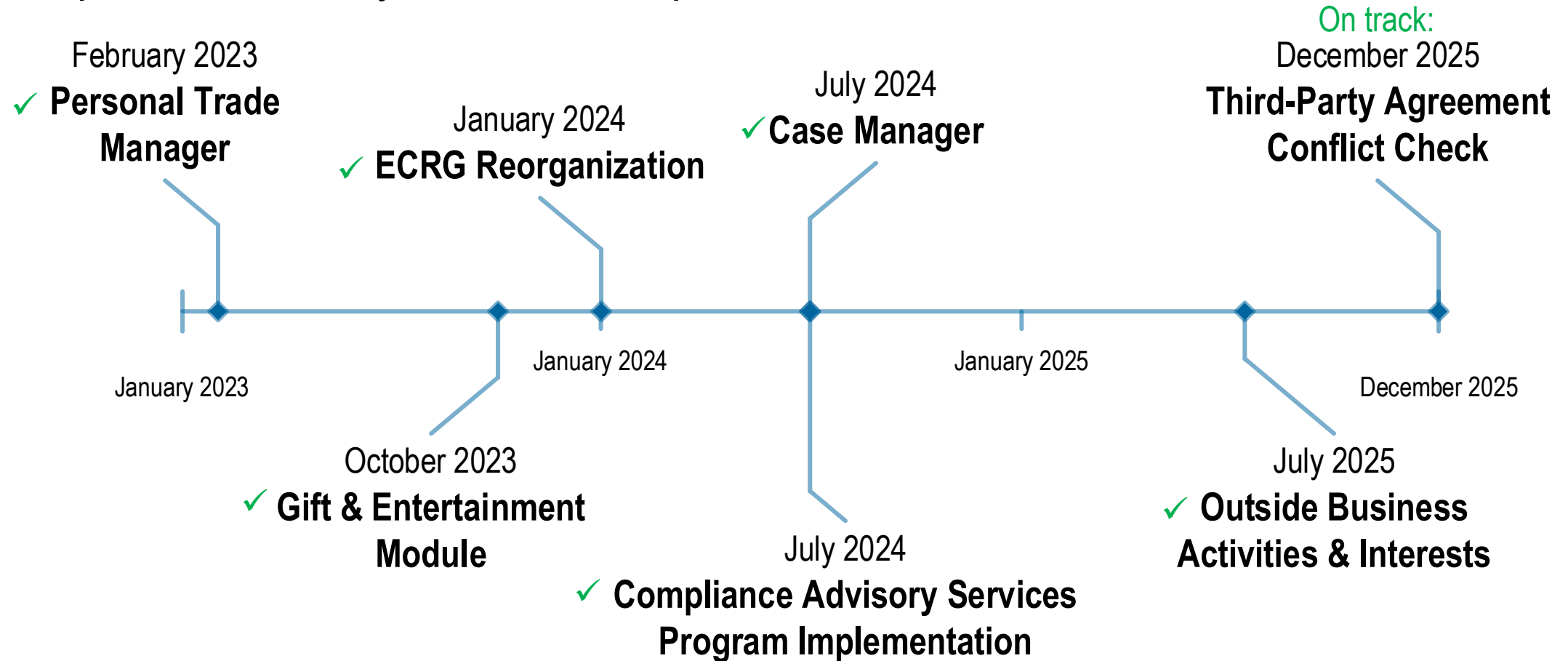


- Expand Technology Platform key to compliance and risk foundational structure

Today's Presentation

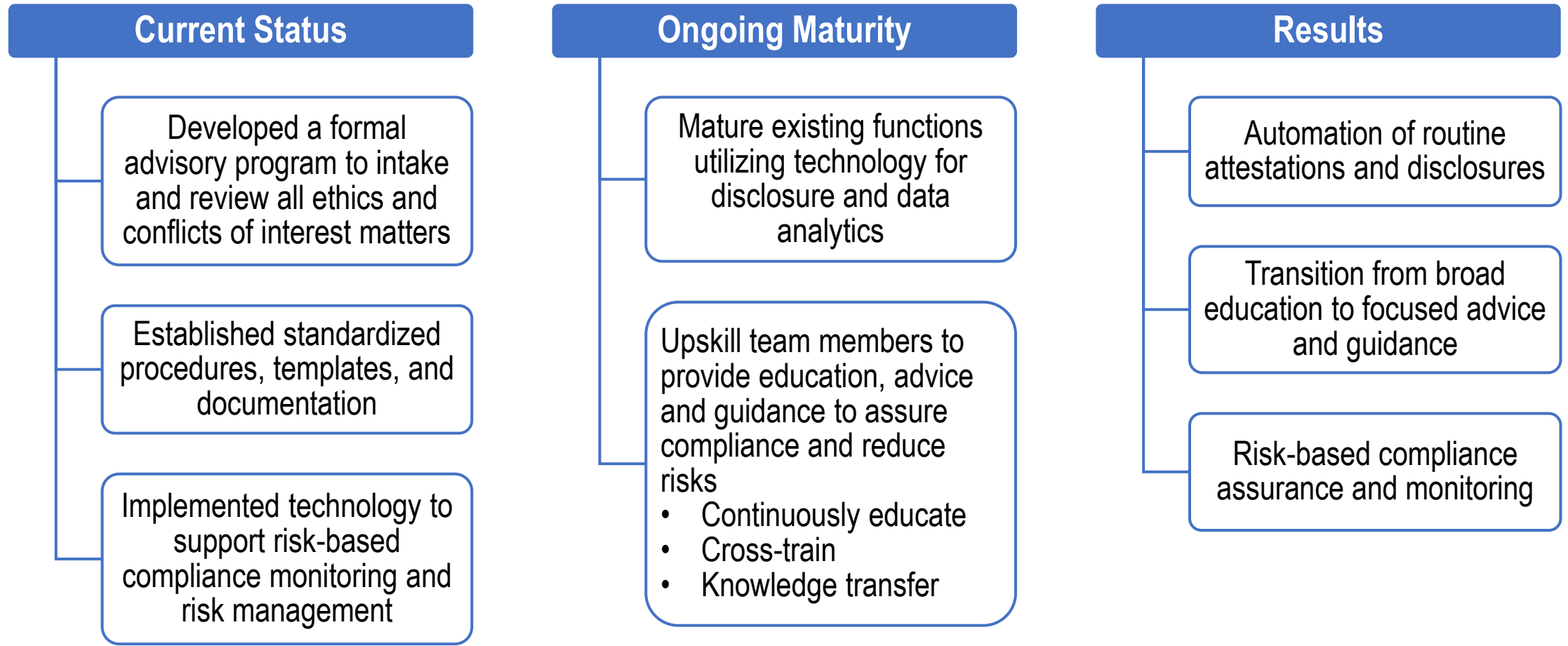
- Provide a status update, demonstrating how we've focused on our priorities - people, processes, and technology - to implement a program that meets CalPERS business needs
 - Compliance Advisory Services Program
 - Personal Trade Manager
 - Gift & Entertainment Module
 - Outside Business Activities & Interests
 - Form 700 Administration
 - Compliance Onboarding
 - Strategic & Operational Outcome Measures

Compliance Advisory Services - Implementation Timeline



*In 2022, initiated Form 700 Filer reconciliations and Team Leader conflict reviews

Program Goal: Provide relevant advice, guidance, education and oversight regarding CalPERS financial disclosure requirements, prohibitions and limitations.



Personal Trade Manager

Key Outcomes:

- Increased assurance
- Enhanced detection of improper trading, supporting effective, timely intervention
- Enhanced ability to identify indirect conflicts of interest
- Improved efficiency from automation

February 2023 – September 2024

- Implemented new technology vendor
- Automated data feed to reduce manual Covered Person entries
- Enhanced investment trade data files to increase data integrity
- Implemented corporate tree (hierarchy) search functions and rules to improve compliance and restricted list monitoring
- Increased number of designated brokerage accounts to reduce manual account management and ensure real time monitoring
- Developed additional metrics and rulesets to enhance oversight of Covered Person activity in the markets
- Monitored over 3,000 trades amongst ~1,200 accounts in FY 2024-25

Gift & Entertainment Module

Key Outcomes:

- Improved employee understanding of gift rules, promoting increased compliance
- Stronger transparency and accountability
- Clear documentation of gifts received and resolution of potential conflicts of interest

October 2023 – June 2025

- Implemented a monthly gift disclosure and attestation technology platform for ~700 CalPERS team leaders
- Provided advice and guidance regarding gift acceptance and disclosure rules for CalPERS team members
- Since launch, the module has increased awareness of CalPERS gift disclosure rules and state gift laws more broadly
- Developed metrics to increase transparency and support effective compliance monitoring; during FY 2024-25,
 - 90% of monthly attestations were completed timely

Outside Business Activities & Interests

Key Outcomes:

- Improved identification of potential conflicts of interest
- Provides CalPERS leadership with information necessary to manage potential conflict of interest risks
- Increased employee awareness of process and conflict rulesets

July 2024 – Current

- Developed a process to evaluate team member outside activities and business interests
- Framework and analysis supports compliance with CalPERS and CA conflict of interest rulesets
- Developed tools and resources to standardize compliance review process
- Provide advice, guidance, and informational resources to team members and their team leaders
- Soft-launched in January 2025 and formally launched July 2025

Form 700 Administration

Key Outcomes:

- Improved filer awareness of the rules, supporting informed decision-making
- Increased disclosure accuracy and reduced need for amendments
- Improved compliance across all FPPC required components

June 2022 – June 2025

- Established Form 700 onboarding sessions to support Filers with complying with FPPC disclosure requirements
- Administered annual Team Leader Reviews by providing managers with their direct reports' Form 700 disclosures to assess financial interests and identify potential conflict risks
 - Since 2022, over 3,000 Form 700 reviews completed
- Conducted Enhanced Reviews, with ECRG reviewing Form 700 filings for completeness and reconciling with prior year filings to increase disclosure accuracy
 - Since 2021, the process has resulted in ~70% decrease in Form 700 amendment requests from initial year's review
- Implemented escalation and follow-up processes to resolve outstanding Filings and AG Ethics training requirements for team members and consultants, supporting timely completion metrics

Compliance Onboarding

Key Outcomes:

- Improves knowledge of rules, leading to better decisions
- Identifies potential conflicts of interest before they cause problems
- Establishes connection and trust between ECRG and team members from the start

July 2021 – Current

- Built compliance rules and requirements onboarding program for all new Covered Persons and Senior Leader candidates, including Board members
 - Includes refreshing current team members when they change positions (e.g., promotion, transfer)
- Tailor financial disclosure, conflict-of-interest, and compliance advice and guidance to the position/duties and individual's financial interests
- Provide team member financial disclosures and ECRG recommendations to management for their review and disposition
- Conducted ~400 onboarding sessions since July 2021, in which ~250 also had pre-hire compliance discussions

ECRG Strategic Measure

Key Outcome:

- 95% positive response rate to the Compliance and Risk Annual Survey (on-target)

July 2024 – June 2025

- The Compliance and Risk Annual Survey results reflected ECRG's efforts to promote compliance awareness through our comprehensive communication and training plan
- Major efforts contributing to enterprise-wide awareness of CalPERS' compliance program include providing enhanced guidance, tools and education regarding personal trading, gifts, travel, and outside business activity requirements
- Additionally, ECRG presents program overview at New Employee Orientation and CalPERS Management Practices trainings

ECRG Operational Outcome Measures

Key Outcomes:

- 99.75% of Form 700s submitted timely (on-target)
- 99.81% of annual Mandatory Trainings completed (on-target)
- Five-year trend of Personal Trading violations continue at less than 50% of Board Established Baseline

July 2024 – June 2025

- ECRG continues to enhance the tools and processes for identifying and receiving Form 700 statements timely
- ECRG partners with HR to distribute the annual Mandatory Training memo, as well as provides training reports to Senior Leaders and Division Training Coordinators, which ensures training compliance remains on-target
- Personal Trading Regulations onboarding is conducted for all new Covered Persons, along with bi-monthly Covered Persons trainings, detailing the rules and requirements of the Personal Trading Regulations