FY2025–26 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 an industry standard compliance and risk management program.	
50% On-Target	1.1 Establish a centralized Governance Risk and Compliance Platform.	• Established a technology system as book of record to monitor individual compliance, identify trends, and address emerging risks.
	Initiative 2 Enable CalPERS to better assess risk within the program areas and provide aggregated reporting at the enterprise level.	
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 program area.	• Streamlined the Risk and Control Self-Assessment (RCSA) process, further refined risk and control measures and methodologies, and developed comprehensive educational materials and guidelines. • Developed a RCSA maintenance process to evaluate key triggering events, ensuring regular updates, reinforcing accountability with first line partners, and facilitating proactive risk management for regulatory and business changes.
65% On-Target	2.3 Establish a formal Regulatory Change Management Framework to support enterprise understanding of new and changing requirements.	• Enhanced Regulatory Change Management process with clearly defined roles and responsibilities, expanded ongoing monitoring to include legislative and regulatory resources, and developed plans to reinforce compliance and risk oversight. • Developed tools for centralized tracking, monitoring, and assessment of new and amended requirements.

* All four initiatives and their deliverables are multi-year.

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	Initiative 3 Enhance assurance, monitoring, and issues remediation capabilities to minimize compliance risks.	
75% On-Target	3.1 Enhance Monitoring of Conflicts of Interest.	• Developed additional Personal Trading metrics and reporting for first line management to leverage in their ongoing compliance oversight and risk management. • Identified first line policy owners to intake and manage escalated items as part of ECRG's continued surveillance efforts. • Continued to refine the third-party agreement conflict check pilot process by implementing supplementary analysis reviews to identify potential conflicts of interest. • Enhanced Form 700 disclosure quality by developing new data points to support continuous monitoring and issue management.
65% On Target	3.2 Support Risk Management initiatives across the enterprise in partnership with all first line of defense program areas.	• Partnered with Information Security Office and other stakeholders to maintain alignment with standards as it relates to fraud prevention across the enterprise. • Collaborated with the Financial Office to establish a framework for tracking, monitoring, and reporting incidents of loss or error involving CalPERS resources to ensure compliance with state requirements.

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50% On Target	3.3 Enhance processes for conducting assurance reviews and monitoring of risk within each program area.	• Continued to build our monitoring and oversight of investment office policy activity and governance. • Continued developing targeted program enhancements, including formalized standards, processes, tools, and templates; updated procedures and guidance; improved training and communication materials; and enhanced reporting processes and templates.
50% On-Target	3.4 Provide team members with education and tools to identify and disclose potential compliance issues.	• Developed and piloted an Issue Management Program designed to address compliance matters identified through risk management activities with appropriate first line management actions. • Established and enhanced a multi-channel communication strategy to raise awareness of compliance and risk fundamentals and accountability across the organization. • Established a centralized web-based compliance and risk resource center to provide key resources for all team members. • Developed draft recusal and mitigation governance tools and resources for the first line to utilize. • Established a consistent, effective enterprise-wide gift and entertainment attestation process.

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	Initiative 4 Educate and cultivate ethical and risk-intelligent practices amongst CalPERS team members.	
50% On-Target	4.1 Enhance compliance and risk training programs across the organization.	• Collaborated to expand compliance and risk training enterprise-wide for new team members. • Established multiple tactical, risk-based strategies to increase awareness of Personal Trading Regulations.
60% On-Target	4.2 Establish formal compliance and risk advisory teams aligned with program areas.	• ECRG team members actively engaged in day-to-day consultation and effective challenges with programs areas in relation to the risk and controls program implementation as well as providing advice and guidance regarding conflicts of interest rules. • Completed successful recruiting process and anticipate being fully staffed by the end of the fiscal year.
50% On-Target	4.3 Drive risk governance and policy practices to adhere to more formal process.	• Evaluated and developed a strategy for enhanced policy management and governance across the organization.

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