

Enterprise Risk Management FY 2026-27 Work Plan Progress Report

The Enterprise Risk Management (ERM) program provides a structured approach to identifying, assessing, and managing risks that could impact CalSTRS' ability to achieve its strategic objectives. By fostering a risk-aware culture and integrating risk considerations into decision-making, the ERM program strengthens organizational resilience and supports long-term sustainability. This progress report outlines our current responsibilities and the status of key initiatives designed to mature the program and proactively manage enterprise risk.

As of November 2026, we have completed one major initiative and are on track to finish the remaining two by the end of the fiscal year.

Current Responsibilities

Our core responsibilities ensure compliance, foster risk awareness and support strategic decision-making throughout the year. The table below outlines our progress.

Core Responsibility	Description	Progress
Compliance and Reporting	Draft and submit the semi-annual State Leadership and Accountability Act (SLAA) report and six-month updates to meet state requirements.	In June 2026, we submitted the six-month SLAA implementation plan update to the Department of Finance. We are currently implementing a process to extract the required SLAA information from our new risk management software system, which will streamline completion of the annual report and ensure compliance with new reporting requirements.
Risk Awareness and Training	Develop and deliver annual risk and compliance training for all CalSTRS staff.	Development of the annual training began in October 2026 and is on target to be delivered to all CalSTRS staff in March 2027.
Risk Identification and Monitoring	Identify and report on emerging and existential risks to inform leadership decisions.	Risk identification is performed continuously, with results reported in the CEO Report to the board, the Enterprise Risk Report to the ARM Committee and the Executive Risk & Compliance Committee. New risks are entered into the system for ongoing monitoring.

Governance and Engagement	Lead monthly Risk Champion Network meetings to promote collaboration. Facilitate quarterly Executive Risk and Compliance Committee meetings to reinforce accountability.	Four Risk Champion Network meetings have been held this fiscal year, with eight more planned. Two Executive Risk and Compliance Committee meetings have been held, with two more scheduled for the remainder of the fiscal year.
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Initiatives Progress

The following summary provides the current status of each key initiative and the progress made to date:

Key Initiative	Strategic Impact	Target Completion	Status	Progress
Transition risk identification, assessment and reporting into Riskconnect software	Improve efficiency and data integrity through automation	Q1	Complete	Risk identification, assessment and reporting are now fully operational within the new risk management software system.
Explore innovative approaches for presenting risk information to the Board	Improve clarity, engagement, and strategic decision-making	Q2	On track	The Enterprise Risk Report will be presented to the ARM Committee in November 2026, with ongoing work to refine reporting for the full board.
Update ERM Framework and charters	Align governance with modernized processes and reporting enabled by Riskconnect software	Q4	On track	Updates to the ERM framework and charter are being developed and are on target to be provided to the ARM Committee in May 2027.

We are pleased to report that our Riskconnect implementation has been completed and the software is being actively used by our ERM team. This software supports our enterprise risk maturity and our commitment to supporting a risk aware culture. We will continue to identify reporting and risk education as part of our assurance responsibilities. Our work remains aligned

with the **COSO ERM – Integrating Strategy and Performance**¹ framework, ensuring best practices and continuous improvement.

Through these initiatives, the ERM program will continue to evolve to meet dynamic risk landscapes, enabling CalSTRS to anticipate, adapt and respond effectively. These efforts support long-term sustainability and organizational resilience.

¹ The Committee of Sponsoring Organization’s Enterprise Risk Management – Integrating Strategy and Performance framework is a widely adopted framework that provides a structured way for organizations to manage risks, integrate with strategy, improve performance, assist with the identification, assessment and response to risks to achieve strategic goals and business objectives. <https://www.coso.org/erm-framework>