

Enterprise Risk Management Program Charter

I. Purpose and Authority

The purpose of PSERS' Enterprise Risk Management ("ERM") Program is to provide the agency with a means of considering risks in a logical, standardized, and meaningful manner. By aligning the Board's strategic priorities and initiatives with well-considered risk measures and metrics, the ERM Program is designed to increase the likelihood of the organization achieving its mission.

The ERM Program, led by PSERS' Director of Governance and Strategic Initiatives ("DGSI"), functions under the governance policies established by the PSER Board ("Board"). The DGSI and PSERS Executive Director shall abide by all aspects of the governance policies as they relate to the ERM Program. The Audit, Compliance, and Risk ("ACR") Committee shall recommend approval of the ERM Charter and all future amendments to the Board. The ERM Charter shall be reviewed at least every two years and updated as necessary.

The PSERS Executive Director hereby delegates all necessary power and authority to the DGSI for the DGSI to perform the duties and responsibilities described in this Charter. Nothing in this Charter shall be construed as giving the DGSI the authority to take any action on behalf of the Board without first obtaining approval of the Board.

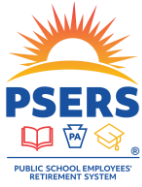
II. Scope

Led by the DGSI, the ERM Program shall encompass all business units of PSERS, as well as those reporting directly to the Board, such as the Office of Chief Counsel and Internal Audit Office. The DGSI shall also provide consultative services to the ACR Committee and the full Board.

III. Responsibilities

A. *Support the Audit, Compliance & Risk Committee's responsibility to conduct activities on behalf of the Board*

1. Assist the ACR Committee in conducting the search (using any of the methods of source selection defined in the Procurement Code) for independent risk management professionals.
2. Support the ACR Committee in identifying the need for independent advisors and/or investigators for special situations.
3. At least annually, the DGSI shall meet individually with the ACR Committee, without other staff present, to ensure there has been no undue influence on their activities or reporting to the Committee or the Board.
4. As appropriate and as requested, assist in or support investigations into any matters within the ACR Committee's scope of responsibility.



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5. At the direction of the ACR Committee, implement PSERS' comprehensive ERM program, which includes policies, procedures, measures and competencies for identifying, assessing and managing enterprise risk and compliance risk, respectively.

B. Recommend direction and policy to the full Board

1. Assist the ACR Committee in annually identifying anticipated risk policy priorities and help establish a calendar of anticipated policy decisions.
2. Assist the ACR Committee in reviewing and recommending to the Board on all policies and any amendments governing risk.
3. Recommend vital signs and metrics for the Enterprise Risk Management program and identify tolerances for acceptable vs. unacceptable variability in performance.

C. Recommend approval of key decisions

1. Support the ACR Committee in establishing the Enterprise Risk Management (ERM) Charter.
2. Provide supporting information on the staffing complement for the Enterprise Risk Management program to the ACR Committee.
3. Recommend engagement of and budget for external consultants and advisors, as appropriate, to ensure adequate resources for the Enterprise Risk Management program.
4. Support the ACR Committee in establishing enterprise risk appetite and tolerances (excluding investment risk).

D. Oversee Board-approved direction

1. Support the ACR Committee's oversight of PSERS performance and risk management activities, including but not limited to:
 - Coordinating, on the ACR Committee's behalf, implementation of the Enterprise Risk Management Program, including policies and procedures in operating the agency in a rapidly changing environment.
 - Coordinating the review and approval of the ERM Charter.
 - Meet with the ACR Committee to review and approve performance and risk management plans annually and provide input on whether the Performance and Risk Management function has adequate resources to meet its responsibilities.
 - Support the ACR Committee's review of the effectiveness of the Agency's system for assessing, monitoring, and controlling significant risks or exposures.
 - Support the ACR Committee's role in overseeing enterprise risk appetite and tolerances.



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- Review emerging and significant risks specific to the area of responsibility of the committee, and report those risks to the ACR Committee.
- Provide reports, as may be requested that are necessary and appropriate, to the ACR Committee regarding the results of ERM assessments.
- The ACR Committee may make recommendations to the Executive Director, Director of Governance and Strategic Initiatives and Chief Compliance Officer regarding the results of reviews and assessments of the risk management function.

E. Support the ACR Committee's ability to obtain independent verification.

1. As requested, assist with appropriate independent verification of the performance and exception reports issued by management.
2. In carrying out its duties and responsibilities, the Committee shall also have the authority to meet with and seek any information it requires from staff or external parties.

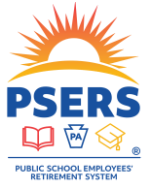
IV. Reporting to and Communication with the ACR Committee and Others

The DGSII should ensure that the ACR Committee receives sufficient and reliable information regarding the Enterprise Risk Management Program to enable the ACR Committee to fulfill its compliance responsibilities set forth in its Charter. The DGSII shall notify the ACR Committee if any of the responsibilities set forth in this Charter cannot be met by the Enterprise Risk Management Program and the specific constraints relating thereto. In addition, the DGSII shall promptly notify the ACR Committee Chair and the Chief Counsel in writing if the DGSII has an actual or potential conflict of interest in carrying out the duties of the DGSII.

The DGSII shall have free and unrestricted access to the ACR Committee Chair, the Board Chair, the Executive Director, and the Chief Counsel. In addition, the ACR Committee Chair, the Board Chair, and Board members and their designees shall have free, unrestricted, and unfettered access to the DGSII.

V. Frequency of Review / History

The DGSII shall collaborate with the ACR Committee and other PSERS staff to review this charter at least every three years. The ACR Committee shall recommend any changes to the Board, as appropriate.



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Document Properties

Document Owner: Audit, Compliance, and Risk Committee

Document Author: Audit, Compliance and Risk Committee

Summary of Changes:

Date	Version	Author	Summary
January 17, 2024	1.0	Eric Decker	Initial version created.