

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 ("AC&R") 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.

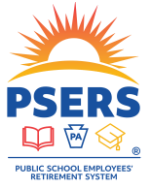
II. Scope

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 AC&R 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 AC&R 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 AC&R 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 AC&R 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 AC&R Committee's scope of responsibility.



Enterprise Risk Management Program Charter

5. At the direction of the AC&R 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

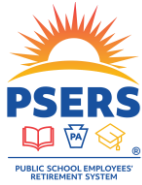
1. Assist the AC&R Committee in annually identifying anticipated risk policy priorities and help establish a calendar of anticipated policy decisions.
2. Assist the AC&R Committee in reviewing and recommending to the Board on all policies and any amendments governing risk.
3. Recommend vital signs and 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 AC&R 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 AC&R 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 AC&R Committee in establishing enterprise risk appetite and tolerances (excluding investment risk).

D. Oversee Board-approved direction

1. Support the AC&R Committee's oversight of PSERS performance and risk management activities, including but not limited to:
 - Coordinating, on the AC&R 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 AC&R 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 AC&R Committee's review of the effectiveness of the Agency's system for assessing, monitoring, and controlling significant risks or exposures.
 - Support the AC&R Committee's role in overseeing enterprise risk appetite and tolerances.



Enterprise Risk Management Program Charter

- Review emerging and significant risks specific to the area of responsibility of the committee, and report those risks to the AC&R Committee.
- Provide reports, as may be requested that are necessary and appropriate, to the AC&R Committee regarding the results of ERM assessments.
- The AC&R 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 AC&R 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.

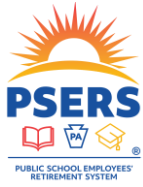
IV. Reporting to and Communication with the AC&R Committee and Others

The DGSI should ensure that the AC&R Committee receives sufficient and reliable information regarding the Enterprise Risk Management Program to enable the AC&R Committee to fulfill its compliance responsibilities set forth in its Charter. The DGSI shall notify the AC&R 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 DGSI shall promptly notify the AC&R Committee Chair and the Chief Counsel in writing if the DGSI has an actual or potential conflict of interest in carrying out the duties of the DGSI.

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

V. Frequency of Review / History

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



Enterprise Risk Management Program Charter

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.