Agenda #4

Enterprise Risk Management (ERM) Framework

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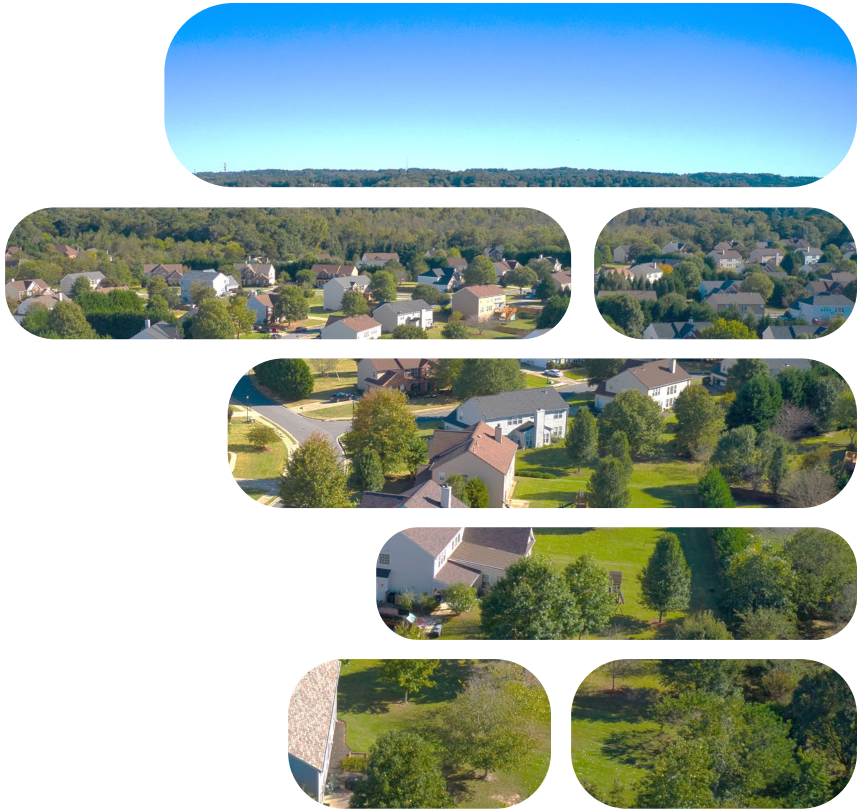
Agenda

- Introduction
- Approach
- Roles & Responsibilities
- Timeline



Introduction

A structured approach to identifying, assessing, managing, & monitoring risks.

CalHFA's Enterprise Risk Framework provides:

- Structured Reporting & Analysis of Risks
- Enhanced Decision-Making
- Alignment of Risk Management with Strategic Planning
- Enhanced Risk Governance and Culture

Our Approach

Guided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management Framework principles.

CalHFA's ERM framework optimizes risk management processes across five interconnected components:

1. Governance & Culture
2. Strategy & Objective Setting
3. Performance (Risk Assessment)
4. Review & Revision
5. Information, Communication & Reporting

Roles & Responsibilities

Ensuring proper oversight and guidance of the ERM framework and program.

Collaboration across all levels:

- Improves communication channels
- Enhances the strategic and business planning process
- Ensures regular review and revision of control functions
- Ensures that risk management and assessments remain dynamic and relevant
- Fosters a healthy risk culture

Roles & Responsibilities

MEMBERS	ROLE	RESPONSIBILITIES
Audit & Risk Management Committee	Governance	• Oversight & Advisory
Cabinet	Governance	• Oversight • Review • Strategy Implementation
Enterprise Risk Management & Special Initiatives	Control & Assurance Function	• Framework • Risk Management & Compliance
Business Area Subject Matter Experts	Risk Owners	• Identification, Assessment, & Mitigation of Risks • Reporting Structure

Timeline

JANUARY	JUNE	AUGUST	NOVEMBER	JANUARY 2026
Review & Revision: ERM Framework Approach Research and Development	**Governance & Culture:** Development and Deployment	**Performance (Risk Assessment):** Development and Deployment	**Information, Communication & Reporting:** • Audit & Risk Management Committee Meeting • State Leadership Accountability Act (SLAA) Report	**Strategy & Objective Setting:** Strategic Planning FY2026 - 2029