



CODE OF FIDUCIARY CONDUCT, ETHICS AND GOVERNANCE

Background and Purpose

- 1) The success and effectiveness of the Retirement Board ("Board") of the San Francisco City and County Employees' Retirement System ("SFERS") require that all Board members ("Trustees") act with the utmost professionalism, honor, and integrity and consistent with each of their fiduciary responsibilities under Article XVI, Section 17 of the California Constitution. To confirm its commitment to such standards the Board has established this Code of Fiduciary Conduct, Ethics and Governance ("Code of Fiduciary Conduct").
- 2) Nothing in this Code of Fiduciary Conduct shall supersede a board member's duty to comply with all applicable federal, state, and local laws.
- 3) Trustees are expected to seek advice or clarification regarding this Code of Fiduciary Conduct from the Board's Counsel, as necessary.

General Standards of Conduct

- 4) Trustees shall:
 - a) Act ethically and with decorum, courtesy, integrity, and professionalism in all aspects of their duties and in any interaction with fellow board members, staff, vendors, and stakeholders of the System. Disagreements should be directed at the issue in question and not at the individual who raises an opposing point of view.
 - b) Refrain from any behavior or activity that may reflect negatively on the Board or the System.
 - c) Comply with all policies, terms of reference, resolutions, and rules of the Board; and with applicable policies of the City.
 - d) Make a good faith effort to attend, in their entirety, all meetings of the Board and committees on which they serve; and to be sufficiently prepared for all such meetings.
 - e) Provide sufficient advance notice to the Executive Director and Board Secretary if they are unable to attend a Board or committee meeting.
 - f) Be active, engaged, constructive, and fully attentive in all meetings of the Board and of committees on which they serve.

- g) Refrain from using electronic devices during a Board or committee meeting in a manner that may disrupt the meeting.
- h) Build and maintain the knowledge necessary to fulfill their fiduciary responsibilities in accordance with the Board Education and Travel Policy.
- i) Carry out their fiduciary duties as set forth in the California Constitution and other applicable laws, which include, among other mandates, that Trustees discharge their duties with respect to SFERS: (1) "solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system." and (2) "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims." The Board's "duty to its participants and their beneficiaries shall take precedence over any other duty." [See Cal. Const., art. XVI, sec. 17, subdivs. (b) and (c).]
- j) Deal with SFERS administrative and investment matters solely through the Executive Director or his or her designee, and any dictation, suggestion, exercise of undue influence (including without limitation any attempt to influence staff or consultant recommendations) or interference with administrative or investment matters shall constitute official misconduct and/or a violation of this Code; provided, however, that nothing herein contained shall restrict the Board's powers of hearing and inquiry provided in the City Charter. [See City Charter Sec. 4.104.]
- k) Abide by provisions of the California Government Code, City Charter and other applicable laws that prohibit Board members from being financially interested, directly or indirectly and as defined by law, in contracts made by the Board and in other Board decision-making.
- l) Recognize that the Board's role is to focus on administering the constitutional and statutory provisions governing SFERS, as established through the political and collective bargaining processes; and refrain from advocating legislative changes during meetings of the Board or its committees, unless such changes are cost-neutral, or intended to facilitate more effective administration of SFERS.
- m) Abide by provisions of the San Francisco Sunshine Ordinance (Administrative Code, Chapter 67), and the Ralph M. Brown Act (Cal. Gov. Code sections 54950, et seq), including limitations on permitted disclosures regarding confidential and/or privileged matters to which Trustees are privy only as members of the Board.
- n) Commit to engaging in no contact with prospective bidders to provide SFERS services during an RFP process in which such bidder is engaged.

- o) Abide by, and be respectful of, all decisions of the Board.
- p) Promote or support the necessary degree of cohesion among board members, staff, and vendors for the benefit of the System and its beneficiaries.
- q) Work to ensure Board and committee meetings are productive and efficient.

Compliance, Reporting, and Sanctions

Compliance with Conduct Standards

- 5) Any board member who believes the conduct of a fellow board member falls short of the above standards is encouraged to discuss the matter with the Board member in question or ask the President or Vice President to address or discuss the matter with the Board member in question. Alternatively, if the matter relates to the conduct of the President or Vice-President, the Board member may ask the Governance Committee to address the matter. Before raising such matters publicly through the Governance Committee, a Board member who questions the conduct of a fellow Board member is encouraged to consult with the Board's Counsel and Executive Director who may address the circumstance through additional training if warranted.
- 6) If unable to resolve the matter, the President or Vice President may direct the issue to the Governance Committee. The Governance Committee shall attempt to resolve the matter, failing which it may bring findings or recommendations to the Board for its consideration.
- 7) If the Board determines that the conduct of a Board member falls short of the above standards, the Board may take any action it deems appropriate, including but not limited to:

Admonition

- a) Admonition consists of a warning or reprimand and is generally considered the lightest form of punishment. It may be directed at an individual Board member or to all members of the Board.

Sanction

- b) Sanctions are penalties for actions that violate the Code of Conduct, but which are not considered serious enough to warrant censure. Sanctions may include but are not limited to:
 - i) Removal of a Board member from the position of President, Vice President, or committee chair, or from any committee.
 - ii) Prohibiting a Board member from serving as President, Vice President, committee chair, or a member of any committee for a specified period of time.
 - iii) Limiting a Board member's travel privileges.
 - iv) Requiring additional training on the topic that resulted in the imposition of the sanction.

Censure

- c) Censure is a formal statement of the Board officially reprimanding a Board member. It is a punitive action reserved for serious offenses.
 - d) The Board may communicate a statement of censure to any party and by any means it deems appropriate.
- 8) If the Board determines that the issue at hand does not in fact relate to the conduct of an individual Board member, but rather to the Board generally, it may address the issue by any appropriate means (e.g. a new policy or additional education).
- 9) Prior to taking any of the above actions, the Governance Committee and the Board will provide the Board member in question an opportunity at a committee or Board meeting to respond to the allegation.

Compliance with Legal Standards

- 10) Board members shall comply with applicable federal, state, and local laws.
- 11) Any board member who believes the conduct of a fellow board member falls short of compliance with the law shall report suspected violations of the law to the Executive Director, the Board President, or the Board's Counsel in a timely manner.

Review

- 12) The Board will review this policy at least once every five years.

History

- 13) The Board adopted this policy on June 10, 2003. The Board amended this policy on June 9, 2009; May 14, 2014, December 13, 2017 and May 18, 2023.