



INVESTMENT COMMITTEE TERMS OF REFERENCE

Composition

- 1) The Investment Committee will be comprised of all members of the Retirement Board.
- 2) The Executive Director may designate a staff member to provide administrative support to the Investment Committee.

Operational Rules

- 3) The Investment Committee will adhere to the following operational rules:
 - a) The presence of a majority of the Investment Committee members shall constitute a quorum;
 - b) All actions of the Investment Committee shall be by a vote of the majority of the members present at a meeting of the Committee, provided a quorum is present;
 - c) All actions of the Investment Committee shall be approved by the Retirement Board to be effective, unless otherwise provided herein;
 - d) The Investment Committee shall meet quarterly, or as deemed necessary by the Investment Committee or Chair of the Investment Committee; and
 - e) The Investment Committee shall periodically review its terms of reference and advise the Governance Committee with respect to modifications, as appropriate.
- 4) The Investment Committee shall establish other operational rules, procedures, calendars, and agendas for the Committee, as necessary, provided they are consistent with the City Charter, Ordinances, and the policies of the Board.

Duties and Responsibilities

- 5) The Investment Committee was established for the following reasons:
 - a) To provide a forum for board members, as a group, to gain further education, information, and knowledge concerning the investment program;

- b) To provide an opportunity for staff and advisors to review the Investment Policy Statement and Asset Class Guidelines;
 - c) To provide an opportunity for staff and advisors to review new strategies with the Investment Committee prior to presenting them to the Board for approval. For purposes of this Terms of Reference, strategies are defined as types/classifications of investments or asset classes rather than individual funds; and
 - d) To provide staff and the members of the Board an opportunity to discuss, debate, and refine the investment beliefs that form the basis of the SFERS investment program, including, among others, discussion of environmental, social and governance (ESG) factors that may under appropriate circumstances contribute to the Board's investment policies or strategies.
- 6) In establishing the Investment Committee, it is the general expectation of the Board that prior to the Board approving significant investment policies or strategies, the policies and strategies will first be presented to the Investment Committee for the purposes of education, review, and/or debate. Upon completion of such education, review, or debate, the Investment Committee may make recommendations to the Board as appropriate. The Board shall not however be precluded from adopting an investment policy, strategy, or other decision in the absence of a recommendation from the Investment Committee, if the Board determines that such adoption is prudent under the circumstances.
- 7) In connection with its responsibilities with respect to ESG, the Investment Committee will also (i) formulate and recommend to the Board, investment and organizational values and policies required to integrate ESG issues into SFERS' overall investment process; (ii) regularly review and conform SFERS' ESG-related policies to industry best practices; (iii) monitor compliance with ESG-related policies and address any alleged violations; (iv) report regularly to the Board on its activities; and (v) at the request of the Board, undertake such other ESG-related initiatives as may be necessary.
- 8) In order to enable the Investment Committee to focus on matters of investment education, policy, strategy, and beliefs, the Investment Committee will generally not play a role in the selection and oversight of investment managers and general partners.

Review

- 9) These terms of reference will be reviewed by the Board at least every five years.

History

- 10) These terms of reference were adopted by the Board on January 9, 2007. Amended January 11, 2011; May 13, 2015; December 13, 2017; and May 18, 2023.