



UNDUE INFLUENCE POLICY

Background and Purpose

- (1) The Undue Influence Policy is intended to establish guidelines to prevent undue influence or the appearance of such influence.

Definitions

- (2) **Undue Influence**: Any attempt by a Board member, executive, or third party, to exert influence such that it deprives a SFERS employee subject to this policy of their independent judgment, including limiting their ability to make an objective decision or recommendation or acting as a fiduciary.

Examples, include without limitation:

Promising endorsement of staff recommendation on one proposed investment decision, in exchange for staff endorsement of a different investment decision.

Directing staff to use SFERS resources to evaluate investment opportunities, beyond SFERS' normal process, without pre-approval of the Executive Director and/or Board.

Using position as a SFERS Board member to obtain special access to, or influence on, SFERS vendors, without Board or Chief Executive officer pre-approval.

- (3) **Retaliation**: When an employee suffers an adverse action, such as demotion or discipline, because the employee exercised a legal right.

Example, includes without limitation:

Transferring an employee to a less desirable position, disciplining the employee for insubordination, or suspending the employee for complaining about harassment.

Roles and Responsibilities

- (4) This policy applies to all SFERS Board members, Executive Staff, and Investment Office Senior Management Executive Staff includes:

- Executive Director
- Chief Investment Officer (CIO)
- Chief Operating Officer
- Deputy Executive Directors
- Directors
- Actuarial Services Coordinator

Investment Office Senior Management includes:

- Managing Directors
- Directors
- Senior Portfolio Managers

Guidelines

(5) To avoid even the appearance of undue influence, Board members will refrain from communications with staff, outside a Board or committee meeting, wherein the Board member advocates for, or directs staff to perform a specified action, decision or course of conduct, with respect to any existing or prospective investment transaction or existing or prospective contract.

SFERS staff who reasonably suspect or directly experience undue influence should report it to the SFERS Executive Director, the San Francisco City Human Resources Director and/or the San Francisco City Attorneys' Office through the Deputy City Attorney assigned to SFERS. SFERS, the Department of Human Resources or the City Attorneys' Office, as appropriate, will immediately investigate any allegations of undue influence and take corrective action in all situations where such allegations are substantiated.

SFERS condemns retaliation in all forms, and will take corrective action against any individual determined to have engaged in retaliation against staff who report suspicions about undue influence. Concerns about retaliation can be reported to the SFERS Executive Director, the San Francisco City Human Resources Director and/or the San Francisco City Attorneys' Office through the Deputy City Attorney assigned to SFERS for separate investigation.

Review

(6) This policy shall be reviewed by the Board at least every five years.

History

(6) This policy was adopted by the Board on July 10, 2019 and amended November 8, 2023.