



PLACEMENT AGENT FEES, GIFTS AND CAMPAIGN CONTRIBUTIONS POLICY

Background and Purpose

- 1) External investment managers, in both public and private markets, from time to time may use Placement Agents to help them raise capital. This Policy requires disclosure of payments made to Placement Agents in connection with SFERS' investments in or through External Managers. The Policy also requires the disclosure of gifts and campaign contributions to members of the Retirement Board and the employees or consultants of SFERS.

Policy Objectives

- 2) The purpose of this Policy is to help ensure that SFERS' investment decisions are made solely on the merits of the investment opportunity and in a manner consistent with the fiduciary duties of the SFERS Retirement Board (the "Board"). This Policy is intended to comply with applicable state and federal laws regulating placement agents.

Definitions

- 3) The terms "External Manager", "Placement Agent", "Investment Fund", and "Investment Vehicle" shall have the meanings defined by Government Code Section 7513.8.

Roles and Responsibilities

- 4) The Board is responsible for the following:
 - a) The Board shall, at a publicly noticed meeting, review the requested information set forth in paragraph 5(g) and all violations reported by SFERS Investment Staff ("Staff").
 - b) The Board shall consider, upon recommendation by Staff, at a public noticed meeting, whether there is good cause to reduce any prohibition, as set forth in paragraph 5(f), imposed on an External Manager or Placement Agent.
- 5) Staff is responsible for each of the following:
 - a) Providing External Managers with a copy of this Policy and the Policy disclosure form.
 - b) Documenting that Staff received all of the required information under the Guidelines section of this Policy from the External Manager prior to submitting an investment for approval by the Chief Investment Officer ("CIO").
 - c) Maintaining records of all information disclosed to SFERS in accordance with this Policy.

- d) Informing the Board at a meeting where an investment decision with an External Manager will be considered of the name of any Placement Agent used by the External Manager in connection with the proposed investment, and any campaign contributions or gifts reported by each Placement Agent.
- e) Providing the Board with notice of any violation of this Policy at the next scheduled Board meeting after Staff has learned of the violation.
- f) Prohibiting any External Manager or Placement Agent from soliciting new investments from SFERS for five years after they have committed a violation of this Policy, unless the Board, by majority vote at a noticed public meeting, reduces this prohibition upon a showing of good cause.
- g) Providing promptly to the Board, upon request, the names and amount of compensation agreed to be provided to all Placement Agents by an External Manager as reported in the Placement Agent disclosure forms.

Guidelines

- 6) This Policy applies to all agreements with External Managers that are entered into after the date this Policy is adopted, and all amendments or extensions to agreements entered into after the date this Policy is adopted.
- 7) Each External Manager is responsible for providing a statement that it will comply with this Policy.
- 8) Each External Manager shall provide to Staff all of the required information that follows generally within 45 days of the time investment discussions are initiated, but in any event, prior to the time Staff submits the proposed investment for approval by the CIO.
- 9) Each External Manager shall provide to Staff a written representation that the External Manager has not used a Placement Agent in connection with the SFERS investment and that a Placement Agent will not receive compensation from the External Manager if SFERS makes the investment; or

If the External Manager has used a Placement Agent, or if a Placement Agent will receive compensation from the External Manager if SFERS makes the investment, the External Manager will disclose the following:

- a) The name of the Placement Agent and the relationship between the External Manager and the Placement Agent.
- b) A resume for each officer, partner, or principal of the Placement Agent detailing the person's education, professional designations, regulatory licenses and investment and work experience.

- c) A description of any and all compensation of any kind provided or agreed to be provided to the Placement Agent, including its nature, timing and value.
 - d) A description of the services to be performed by the Placement Agent and a statement as to whether the Placement Agent is utilized by the External Manager with all prospective clients or only with a subset of the External Manager's prospective clients.
 - e) A representation that the fee is the sole obligation of the External Manager and not of SFERS, the Investment Vehicle, the Investment Fund, or any of the investors in the Investment Vehicle or the Investment Fund.
 - f) A statement whether the Placement Agent, or any of its affiliates, are registered with the Securities and Exchange Commission, the Financial Industry Regulatory Association, or any similar regulatory agent in a country other than the United States, and the details of that registration, or if the Placement Agent is not registered with any regulatory agency, an explanation as to why no registration is required.
 - g) A statement whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any state or national government.
 - h) The names of any current, or in the prior 24-month period any former, Board members, employees, or consultants of SFERS who suggested retention of the Placement Agent.
 - i) The names of current, or in the prior 24-month period any former, Board members, employees or consultants of SFERS that are either employed or receiving compensation of any kind provided, or agreed to be provided, directly or indirectly from the Placement Agent.
- 10) External Managers will provide an update of any changes to any of the information provided pursuant paragraph 9 above within 14 calendar days of the date that the External Manager knew of the change in information.
- 11) External Managers will represent and warrant the accuracy of the information described in Paragraph 9.
- 12) External Managers will cause its engaged Placement Agent to disclose, prior to acting as a Placement Agent in connection with any SFERS' investments in or through External Managers:
- a) All campaign contributions made by the Placement Agent to any SFERS Board Member during the prior 24-month period. Additionally, any subsequent campaign contribution made by the Placement Agent to any SFERS Board Member during the time the Placement Agent is receiving compensation in connection with a SFERS investment shall also be disclosed.
 - b) All gifts, as defined in Government Code Section 82028, given by the Placement Agent to any SFERS Board Member during the prior 24-month period. Additionally, any subsequent gift

made by the Placement Agent to any SFERS Board Member, employee or consultant during the time the Placement Agent is receiving compensation in connection with a SFERS investment shall also be disclosed.

Conflict

- 13) In the event of conflict or inconsistency among this Policy, local, state or federal law, the more restrictive provision shall apply.

Policy Review

- 14) The Retirement Board will review this policy at least every five years to ensure that it remains relevant and appropriate.

Policy History

- 15) This Policy was adopted by the SFERS Retirement Board on June 8, 2010 and amended on February 13, 2013 and August 14, 2024.