

MINUTES of SERS Board Meeting – Wednesday, September 29, 2021

CALLED TO ORDER: 9:07 a.m. by Chair David R. Fillman

MICROSOFT TEAMS MEETING/LIVESTREAM

ATTENDEES:

Members and Designees

David R. Fillman – Chairperson

Glenn E. Becker – Assistant Chairperson

John M. DiSanto

Dan B. Frankel

Stacy Garrity

Gregory K. Jordan

Paul Schemel

Mary A. Soderberg

Gregory C. Thall

Richard Vague

James Bloom – Designee for Secretary Richard Vague

Susan Boyle – Designee for Representative Paul Schemel

Christopher Craig – Designee for Treasurer Stacy Garrity

Lloyd Ebright – Designee for Treasurer Stacy Garrity

Charles Erdman – Designee for Senator John M. DiSanto

Alan Flannigan – Designee for Secretary Richard Vague

Matt Lindsay – Designee for Senator Vincent J. Hughes

Toni Marchowsky – Designee for Senator Vincent J. Hughes

Dan Ocko – Designee for Representative Dan B. Frankel

Jill Vecchio – Designee for Representative Paul Schemel

Executive Staff

N. Joseph Marcucci

Sara McSurdy

James Nolan

Terrill Sanchez

Consultants

Michele Chow-Tai, Fairview Capital

Michael Elio, StepStone Group, LP

Brent Mowery, Korn Ferry Hay Group

Britt Murdoch, Callan Associates Inc.

Bud Pellecchia, Callan Associates Inc.

JoAnn Price, Fairview Capital

Kwesi Quaye, Fairview Capital

Matthew Ritter, NEPC, LLC

Peter Ruchwa, Fairview Capital
Tom Shingler, Callan Associates Inc.
Cynthia Tseng, Fairview Capital

SERS Staff

Rose Agnew
Don Bell
Kelly Bernhard
Jo Ann Collins
Sal Darigo
Tom Derr
Randy Gilson
Christopher Houston
Meredith Jones
Dan Krautheim
Karen Lynn
Katie Mathews
Jeff McCormick
Catherine Nolan
Jon Ryan
Joseph Torta
Bill Truong
Mark Walter

MINUTES of the SERS Board Meeting

Wednesday, September 29, 2021

1. CALL TO ORDER

Chair Fillman called the meeting to order at 9:07 a.m.

2. WELCOME AND ROLL CALL

Executive Director Terri Sanchez conducted a roll call of board members and designees.

3. ADOPTION OF THE AGENDA

MOTION: 2021-48

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the board adopts the agenda for the September 29, 2021, board meeting.

4. APPROVAL OF CONSENT CALENDAR

A. Approving Board Meeting Minutes – July 28, 2021

B. Approving Statement of Changes in Fiduciary Net Position for the Periods Ending – May 31 and June 30, 2021

C. Approving Deferred Compensation Plan (DCP) Statement of Changes Report Ending – May 31 and June 30, 2021

D. Approving Defined Contribution Plan Statement of Changes Report Ending – May 31 and June 30, 2021

MOTION: 2021-49

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the board approves the Consent Calendar items, as listed, for the September 29, 2021, board meeting.

5. SPECIAL PRESENTATION

A. Board Education: ESG Education

Messrs. Tom Shingler, Bud Pellecchia and Britt Murdoch with Callan Associates, Inc. presented an education session on exploring and implementing Environmental, Social and Governance methods into SERS investment framework. Attendees will earn educational credits for this session.

B. Board Education -SERS' ESG, Emerging Manager, Diverse/Women-Owned Manager and Investing in PA Update

Ms. Meredith Jones, Mr. Bill Truong and CIO Jim Nolan presented an education session on SERS' actions with ESG, Emerging Manager, Diverse/Woman-Owned Manager and PA Investing.

C. Board Education - Private Equity: Non-Core Funds Update and Education

Representatives of Fairview Capital, Ms. JoAnn Price, Michele Chow-Tai, and Cynthia Tseng and Messrs. Peter Ruchwa and Kwesi Quaye, presented an education session on Keystone Legacy Funds. Attendees will earn educational credits for this session.

6. COMMITTEE REPORTS/ACTION ITEMS

A. Securities Litigation Committee

Committee Chair Thall presented a report of the Finance and Member Services Committee to the board.

B. Finance and Member and Participant Services Committee

Committee Chair Soderberg presented a report of the Finance and Member Services Committee to the board. The following actions were taken:

STRESS TESTING AND RISK ASSESSMENT REPORT

MOTION: 2021-50

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the board accepts the recommendation of the Finance and Member and Participant Services Committee to approve the 2021 Stress Testing and Risk Assessment Report prepared by SERS' actuary, Korn Ferry.

Glenn E. Becker		YES
John M. DiSanto	Designee Chuck Erdman	YES
David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

FISCAL YEAR 2022-2023 BUDGET

MOTION: 2021-51

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the board accepts the recommendation of the Finance and Member and Participant Services Committee to approve, for Fiscal Year 2022-2023, the following proposed budgets: (1) SERS Administrative Budget; (2) SERS Investment Budget; (3) State Employees' Defined Contribution Plan Budget; and (4) Commonwealth's State Employees Deferred Compensation Plan Budget, each substantially in the same form as presented in the Chief Financial Officer's September 28, 2021 Report, and each as amended and/or ultimately approved by the Office of the Budget.

Glenn E. Becker		YES
John M. DiSanto	Designee Chuck Erdman	YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

C. Investment Committee

Committee Chair Becker presented a report of the Investment Committee to the board. The following actions were taken:

BAAM KEYSTONE PORTFOLIO**MOTION: 2021-52**

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the board accepts the recommendation of the Investment Committee to authorize SERS staff to move the BAAM Keystone portfolio from the Private Credit asset class to the Opportunistic Fixed Income sub-asset class, in furtherance of the current rebalancing initiative.

Glenn E. Becker		YES
John M. DiSanto	Designee Chuck Erdman	YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

PRIVATE EQUITY & PRIVATE CREDIT CLEARLAKE CAPITAL PARTNERS VII, L.P.**MOTION: 2021-53**

By motion that was moved, seconded, and approved by board members, except for Treasurer Garrity and Representative Schemel who voted NO, it was

RESOLVED: That the board accepts the recommendation of the Investment Committee to commit up to \$100 million to Clearlake Capital Partners VII, L.P., plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as a follow-on investment within the Private Equity asset class, subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals, within 12 months.

Glenn E. Becker		YES
John M. DiSanto	Designee Chuck Erdman	YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		NO
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		NO
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

PRIVATE EQUITY & PRIVATE CREDIT CLEARLAKE CAPITAL PARTNERS III, L.P.**MOTION: 2021-54**

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the board accepts the recommendation of the Investment Committee to commit up to \$75 million to Clearlake Opportunities Partners III, L.P., plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as a follow-on

investment within the Private Credit asset class, subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals, within 12 months.

Glenn E. Becker		YES
John M. DiSanto	Designee Chuck Erdman	YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

PRIVATE CREDIT SIXTH STREET OPPORTUNITIES PARTNERS V, L.P.

MOTION: 2021-55

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the board accepts the recommendation of the Investment Committee to commit up to \$50 million to Sixth Street Opportunities Partners V, L.P., plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as a follow-on investment within the Private Credit asset class, subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals, within 12 months

Glenn E. Becker		YES
John M. DiSanto	Designee Chuck Erdman	YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

D. Board Governance and Personnel Committee

Committee Chair Fillman presented a report of the Board Governance and Personnel Committee to the board. The following actions were taken:

BOARD SELF-ASSESSMENT 6.3 AND 6.6

MOTION: 2021-56

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the board accepts the recommendation of the Board Governance and Personnel Committee that for procurements under the request for proposals (RFP) process of the Commonwealth Procurement Code, 62 Pa.C.S. Sections 101 *et seq.*, the State Employees' Retirement System issuing

office is directed to obtain approval from the Board Chairperson in the selection of voting members of the evaluation committees, provided that when the board has determined a need to procure independent outside counsel, the evaluation committees shall be comprised exclusively of board members.

Glenn E. Becker		YES
John M. DiSanto	Designee Chuck Erdman	YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

BOARD SELF-ASSESSMENT 6.4 AND 6.5

MOTION: 2021-57

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the board accepts the recommendation of the Board Governance and Personnel Committee to amend the Pennsylvania State Employees' Retirement System Committee Chair & Assistant Chair Position Description, as set forth in the attachment (ATTACHMENT A).

Glenn E. Becker		YES
John M. DiSanto	Designee Chuck Erdman	YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

FIDUCIARY REVIEW POLICY

MOTION: 2021-58

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the board accepts the recommendation of the Board Governance and Personnel Committee to amend the Fiduciary Review Policy, as set forth in the attachment (ATTACHMENT B).

Glenn E. Becker		YES
John M. DiSanto	Designee Chuck Erdman	YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES

Paul Schemel	YES
Mary A. Soderberg	YES
Gregory C. Thall	YES
Richard Vague Designee Alan Flannigan	YES

SERS BYLAWS AMENDMENT**MOTION: 2021-59**

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the board accepts the recommendation of the Board Governance and Personnel Committee to amend the Commonwealth of Pennsylvania State Employees' Retirement System Bylaws, as set forth in the attachment (ATTACHMENT C).

Glenn E. Becker	YES
John M. DiSanto Designee Chuck Erdman	YES
David R. Fillman	YES
Dan B. Frankel Designee Dan Ocko	YES
Stacy Garrity	YES
Vincent J. Hughes Designee Matt Lindsay	YES
Gregory K. Jordan	YES
Paul Schemel	YES
Mary A. Soderberg	YES
Gregory C. Thall	YES
Richard Vague Designee Alan Flannigan	YES

COMMITTEE CHARTERS AMENDMENT**MOTION: 2021-60**

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the board accepts the recommendations of the Audit, Risk and Compliance Committee, the Board Governance and Personnel Committee, the Finance and Member and Participant Services Committee, the Investment Committee, and the Securities Litigation Committee, to approve the amendments to their respective charters, as set forth in the attachments (ATTACHMENTS D, E, F, G and H).

Glenn E. Becker	YES
John M. DiSanto Designee Chuck Erdman	YES
David R. Fillman	YES
Dan B. Frankel Designee Dan Ocko	YES
Stacy Garrity	YES
Vincent J. Hughes Designee Matt Lindsay	YES
Gregory K. Jordan	YES
Paul Schemel	YES
Mary A. Soderberg	YES
Gregory C. Thall	YES
Richard Vague Designee Alan Flannigan	YES

D. Audit, Risk and Compliance Committee

Committee Chair Thall presented a report of the Audit, Risk and Compliance Committee to the board.

7. OLD BUSINESS - NONE**8. NEW BUSINESS****A. Recognition of Brent Mowery**

Chair Fillman read the board commendation for Mr. Brent Mowery who was retiring from Korn Ferry. He noted that Mr. Mowery was a consultant for the State Employees' Retirement System for over 20 years.

9. REPORT OF EXECUTIVE DIRECTOR**A. Executive Director Sanchez provided the following reports:**

(i) The following are the results of the notational ballots regarding the following accounts:

**Account of Carol L. Hollern
Docket No. 2018-19
Claim of Carol L. Hollern**

The State Employees' Retirement Board has DENIED Claimant's appeal requesting her retirement account be reinstated after being forfeited under the Public Employee Pension Forfeiture Act (Act 140).

**Account of Bernard W. Ryan (Deceased)
Docket No. 2021-01
Claim of Lisa L. Ryan**

The State Employees' Retirement Board has GRANTED, IN PART, the Motion of Lisa L. Ryan, deeming SERS' Answer untimely and SERS to be in default and deeming the relevant basic facts stated in claimant's appeal letter to be admitted. The board also DENIED relief for the alleged insufficient specificity of SERS' Answer, determining SERS' Answer to be sufficiently specific.

**Account of James Wolford
Docket No. 2013-20
Claim of James Wolford**

The State Employees' Retirement Board has GRANTED the State Employees' Retirement System's Motion to Dismiss Claimant's appeal related to his application for and receipt of a disability benefit, which had been discontinued. This appeal is Dismissed with Prejudice.

(ii) Executive Director Sanchez reported that SERS appeared before the House State Government Committee – Subcommittee on Pensions, Benefits & Risk Management - Informational Hearing on August 19, 2021. SERS was one of several entities asked to testify before and answer questions from the subcommittee regarding several key pension-related topics, including: governance, investments, manager fees and expenses, transparency, financial overview, and pension forfeiture. Also, on the SERS panel were Sara McSurdy, Chief Financial Officer; Jim Nolan, Chief Investment Officer; Joe Marcucci, Chief Counsel; Joe Torta, Deputy Executive Director, Office of Member and Participant Services; Chris Houston, Deputy Executive Director, Administration. It was a very productive discussion. In addition to providing our prepared remarks, members of the committee asked several questions that the SERS team answered in detail. We also provided additional follow-up information, in writing, to the committee. Board Member Soderberg asked that the materials provided to the Subcommittee be made available to the board.

Executive Director noted several legislative bills that SERS continues to track.

(iii) Executive Director Sanchez asked board members to review the dates for the 2022 meetings and contact the office with any conflicts. The dates should be finalized at the December, 2021 board meeting.

10. EXECUTIVE SESSION

- A. Pending Benefits and Administration Litigation Update
- B. Report on Referrals

At 12:15 p.m., the board recessed and entered executive session to receive legal advice on the above executive session agenda items. The public meeting resumed at 12:45 p.m.

11. BOARD COMMENTS/ANNOUNCEMENTS/DATES TO REMEMBER

The next regular meeting of the SERS board is scheduled for December 7-8, 2021.

12. MOTION TO ADJOURN

MOTION: 2021-61

By motion of Chair Fillman, the board unanimously agreed to adjourn the meeting at 12:46 p.m.

Respectfully submitted,



Terrill (Terri) J. Sanchez
Executive Director

PENNSYLVANIA STATE EMPLOYEES' RETIREMENT SYSTEM
COMMITTEE CHAIR & ASSISTANT CHAIR POSITION DESCRIPTION

The duties of the Committee Chair (and in the absence of the Committee Chair, the Committee Assistant Chair) include the following:

1. In consultation with the Executive Director and other committee members, schedule dates, times and location for meetings.
2. Organize and conduct meetings in accordance with the terms of reference and Bylaws.
3. The Chair shall appoint an Assistant Chair in consultation with and the approval of Committee members.
4. Annually, with input from the Executive Director and the committee executive liaison, establish a committee work plan to guide the development of agendas, factoring in SERS strategic plan priorities and goals, which are within the purview of the committee, with the work plans submitted to the Board for approval.
5. In consultation with the Executive Director, committee executive liaison, and other committee members, establish and confirm an agenda for each meeting.
6. In coordination with the Executive Director, seek to have the meeting agenda and relevant documents consistently circulated to the members of the committee at least 3-5 days in advance of the meeting.
7. Arrange for committee members to discuss meeting materials with SERS staff and have any questions addressed.
8. Share planned meeting agendas with the full Board at the Board meeting prior to the committee meeting.
9. Provide leadership and ensure that the committee performs its responsibilities described in the committee charter.
10. Ensure there is sufficient time during the meeting to fully discuss agenda items.
11. Ensure that discussion on agenda items is on topic, productive and professional.
12. In coordination with the Executive Director, oversee the taking of minutes that are complete, accurate, retained, reviewed and approved at the next meeting.
13. Keep the Board Chairperson and Board informed of committee actions and present recommendations to the Board.
14. Chair executive session meetings as required.



Policy Name: Fiduciary Review Policy
Policy Number: 2018 POL-BD-14
Effective Date: December 5, 2018
Reviewed Date: January 9, 2018, August 9, 2021
Applies To: SERS Board Members
Contact Person: Deputy Executive Director for Administration

Purpose

The members of the Board (the "Board") of the State Employees' Retirement System ("SERS") stand in a fiduciary relationship to the members of SERS and have legal duties imposed by statute and common law to ensure that the funds they oversee are invested with the same degree of care that persons of prudence, discretion and intelligence would use when investing their own money. Board governance, policies and practices are the structures and processes through which these duties are implemented. In order to minimize liability exposure and to promote success in achieving its goals, the Board has determined it should obtain regular, independent reviews of its fiduciary and governance practices.

Policy

Every 3-4 years, the Board shall select and contract with a qualified independent consultant ("Consultant") to conduct a review of the Board's performance of its duties, identify developing best practices and make recommendations to the Board for improving its governance, policies and procedures. The Board may delegate the process of researching and identifying Consultant candidates to the Board Governance and Personnel Committee, which committee shall make a recommendation to the Board regarding the selection of the Consultant. The Board shall exercise reasonable discretion in setting the scope of the Consultant's review and should include examination of identified risks or issues which have come to its attention.

The Consultant shall be selected through a competitive process aimed at identifying independent experts with knowledge of public pension fund practices and experience in conducting similar reviews at a reasonable cost. In particular, the Consultant should have the following qualifications, in addition to other qualifications which the Board may determine are needed for the particular review:

- The Consultant shall be independent both in fact and in appearance. The independence of the Consultant is paramount to ensure objectivity and unbiased recommendations.

- The Consultant shall be knowledgeable about the fiduciary duties and governance practices of public pension funds. The Consultant's review may include topics from the list attached hereto as Exhibit A.
- The Consultant shall have experience providing similar reviews to public pension funds of similar size to SERS.

Cooperation with Consultant.

Board members and appropriate SERS employees shall cooperate with the review and promptly provide all information required by the Consultant. An individual shall be identified by the Executive Director to serve as SERS' liaison with the Consultant.

Exhibit A

1. Frameworks

1.1. Legal and Regulatory Framework e.g.,

- 1.1.1. Governance structure (trustee board, sole fiduciary, other)
- 1.1.2. Funding policies and mechanisms
- 1.1.3. Fiduciary responsibilities and authorities
- 1.1.4. Oversight authorities
- 1.1.5. Statutory authority/limitations
- 1.1.6. Trustee qualifications and selection criteria
- 1.1.7. Investment limitations (prudent expert, prudent person, legal list)
- 1.1.8. Investment requirements for in-state managers, minority and women-owned programs, etc.
- 1.1.9. Resource authorities (budget, staffing and compensation)
- 1.1.10. Custodian and selection of custodial bank
- 1.1.11. Selection of external auditor
- 1.1.12. Selection of external actuary
- 1.1.13. Selection of outside counsel
- 1.1.14. Transparency requirements (freedom of information and open meetings laws, contracting, reporting)
- 1.1.15. Trustee indemnification
- 1.1.16. Plan participation requirements
- 1.1.17. Member eligibility and benefit calculation requirements

1.2. Governance Framework e.g.,

- 1.2.1. Powers reserved for the board/fiduciary
- 1.2.2. Direct reports to the board/sole fiduciary
- 1.2.3. Delegations to staff and third parties
- 1.2.4. Role of board officers
- 1.2.5. Board committee structure
- 1.2.6. Board and committee charters
- 1.2.7. Use of advisory boards
- 1.2.8. Board/fiduciary focus on strategy
- 1.2.9. Access to information and reporting to the board/fiduciary
- 1.2.10. Board/fiduciary performance
- 1.2.11. Board/fiduciary self-assessment

- 1.2.12. Board/fiduciary self-development
- 1.2.13. Trustee time commitments
- 1.2.14. Management of/response to litigation
- 1.2.15. Enterprise risk oversight
- 1.2.16. Independent reinsurance

2. Strategies and Risks

2.1. Enterprise Strategies and Policies e.g.,

- 2.1.1. Setting asset allocation strategies
- 2.1.2. Setting investment return assumptions
- 2.1.3. Asset-liability matching process
- 2.1.4. Investment beliefs
- 2.1.5. Investment objectives and plans
- 2.1.6. Selection and use of benchmarks
- 2.1.7. Manager fee reporting policies and practices
- 2.1.8. Corporate governance and proxy voting
- 2.1.9. Ethics/conflicts of interest policies
- 2.1.10. Board/fiduciary/employee financial disclosure
- 2.1.11. Employee confidentiality policy
- 2.1.12. Benefit program strategy development
- 2.1.13. Health care provider strategy development
- 2.1.14. Staff organization structure
- 2.1.15. Organizational and resourcing strategies
- 2.1.16. Staff compensation policies
- 2.1.17. Procurement policies
- 2.1.18. Stakeholder relations and communications
- 2.1.19. Legislative positioning: reactive (awareness of and response to legislative proposals) and proactive (drafting and lobbying)

2.2. Enterprise Risks e.g.,

- 2.2.1. Risk appetite/tolerance
- 2.2.2. Return and risk objectives
- 2.2.3. Risk management policies and metrics (incl. investment guidelines and limits)
- 2.2.4. Enterprise risk management and reporting

3. Operations

3.1. Investment Operations e.g.,

- 3.1.1. Investment manager selection/due diligence/monitoring/termination
- 3.1.2. Use and governance of strategic partnerships
- 3.1.3. Roles and authorities of internal investment staff
- 3.1.4. Contracting process
- 3.1.5. Use of outside counsel
- 3.1.6. Internal investment management
- 3.1.7. Investment management reporting, risk, and support systems
- 3.1.8. Investment research
- 3.1.9. Investment cost management
- 3.1.10. Use of general investment consultant
- 3.1.11. Use of specialty consultants
- 3.1.12. Use of custodial services
- 3.1.13. Securities lending policies and practices
- 3.1.14. Foreign exchange practices
- 3.1.15. Use and monitoring of brokers
- 3.1.16. Transition management
- 3.1.17. Investment funding policies and practices

3.2. Pension and Insurance Operations e.g.,

- 3.2.1. Member contact center
 - 3.2.2. Member self-service opportunities
 - 3.2.3. New member enrollment
 - 3.2.4. Member data management and data security
 - 3.2.5. Member education and communication
 - 3.2.6. Member statements
 - 3.2.7. Dispute resolution
 - 3.2.8. Adjustments and exception handling
 - 3.2.9. Appeals handling
 - 3.2.10. Service credit handling
 - 3.2.11. Court settlement processing
 - 3.2.12. Regular payment processing
 - 3.2.13. Pension reporting
 - 3.2.14. Pension plan design and development
 - 3.2.15. Health care provider contracting
-

- 3.2.16. Third party provider compliance monitoring
- 3.2.17. Health care cost monitoring and cost controls
- 3.2.18. Employer contact center
- 3.2.19. Employer data management and security
- 3.2.20. Employer education and communication
- 3.2.21. Employer statements and reporting
- 3.2.22. Actuarial reporting practices and valuations

3.3. Administrative Operations e.g.,

- 3.3.1. Investment accounting, performance reporting and fund valuation
- 3.3.2. Financial accounting operations and reporting
- 3.3.3. Planning, budgeting and performance reporting
- 3.3.4. Recruitment, hiring and organizational development
- 3.3.5. Employee training and development
- 3.3.6. Succession planning
- 3.3.7. Human resources administration
- 3.3.8. Legal support
- 3.3.9. Information systems planning, governance and support
- 3.3.10. Facilities management and support
- 3.3.11. Procurement
- 3.3.12. Business resumption
- 3.3.13. Policies and procedures documentation and review
- 3.3.14. IT Security

4. Compliance and Controls

4.1. Compliance e.g.,

- 4.1.1. Internal audit effectiveness
 - 4.1.2. Ethics compliance
 - 4.1.3. Compliance with laws and regulations
 - 4.1.4. Policy compliance
 - 4.1.5. Compliance with delegations
 - 4.1.6. Board and/or committee operations compliance to charters and policies
 - 4.1.7. Contractual compliance
 - 4.1.8. Trust and custody compliance
 - 4.1.9. Compliance with compensation policies
 - 4.1.10. Compliance with open meeting laws
-

- 4.1.11. Disclosure and Pennsylvania Right-to-Know Law compliance
- 4.1.12. Compliance with federal statutes and regulations – e.g., OFAC (Office of Foreign Asset Control), NACHA (National Automated Clearing House Association)
- 4.1.13. Compliance with documentation management policies

4.2. Controls e.g.,

- 4.2.1. Externally-managed assets
- 4.2.2. Internally-managed portfolio
- 4.2.3. Cash transfers and funding
- 4.2.4. Cash equitization
- 4.2.5. Securities lending
- 4.2.6. Foreign exchange
- 4.2.7. Performance calculations
- 4.2.8. Investment management fee validation

Document Properties

- a. **Document Owner:** Office of Administration
- b. **Document Author:** Deputy Executive Director for Administration
- c. **Summary of Changes:**

Date	Version	Author	Summary
January 9, 2018	2018 POL- BD-14	SERS Legal Office	The process established by the Board to obtain regular, independent reviews of its fiduciary and governance practices, in order to minimize liability exposure and to promote success in achieving its goals.
August 9, 2021		Deputy Executive Director for Administration	Revised Exhibit A, 1.1.8, to remove the term “non-economic” in reference to describing SERS’ in-state managers, minority and women-owned programs, etc. Also revised the Contact Person, Document Owner, and Document Author.

**COMMONWEALTH OF PENNSYLVANIA
STATE EMPLOYEES' RETIREMENT SYSTEM
BYLAWS**

BYLAWS

TABLE OF CONTENTS

	PAGE
ARTICLE I – BOARD COMPOSITION AND POWERS	1
Section 1.1. Composition	1
Section 1.2. Powers	2
Section 1.3. Vacancies	2
Section 1.4. Ex officio Members’ and Legislative Members’ Designees	2
Section 1.5. Oath of Office	2
Section 1.6. Removal and Resignation from Office	2
Section 1.7. Compensation	3
Section 1.8. Attendance	3
ARTICLE II – MEETINGS OF BOARD AND COMMITTEES	3
Section 2.1. Place of Meetings	3
Section 2.2. Regular Meetings	3
Section 2.3. Special Meetings	4
Section 2.4. Emergency Meetings	4
Section 2.5. Notice of Meetings	4
Section 2.6. Quorum and Voting	4
Section 2.7. Open Meetings	4
Section 2.8. Executive Sessions	5
Section 2.9. Voting Conflicts	5
Section 2.10. Notational Voting	5
Section 2.11. Rules of Order; Construction	6
Section 2.12. Minutes of Meetings	6
ARTICLE III – COMMITTEES	6
Section 3.1. Board Committees	6
Section 3.2. Committee Membership	6
Section 3.3. Committee Member Terms	6
Section 3.4. Committee Chairs	7
Section 3.5. Committee Assistant Chairs	7
Section 3.6. Committee Officers	7
Section 3.7. Bylaws Apply to Committee Governance	7
ARTICLE IV – OFFICERS	8
Section 4.1. Officers and Terms	8
Section 4.2. Powers and Duties of the Chairperson	8
Section 4.3. Powers and Duties of the Assistant Chair	8

Section 4.4. Powers and Duties of the Secretary/Executive Director	8
ARTICLE V – AMENDMENTS	9
ARTICLE VI – INDEMNIFICATION	9

COMMONWEALTH OF PENNSYLVANIA
STATE EMPLOYEES' RETIREMENT SYSTEM
BYLAWS

ARTICLE I
BOARD COMPOSITION AND POWERS

Section 1.1. Composition. As provided in the State Employees' Retirement Code (71 Pa. C.S. §5101 *et seq.*) (the "Retirement Code"), the State Employees' Retirement Board (the "Board") shall consist of the following persons: two Senators, two members of the House of Representatives, five members appointed by the Governor, one of whom shall be an annuitant of the State Employees' Retirement System (the "System") or a participant in the State Employees' Defined Contribution Plan (the "Plan") who has terminated state service and is receiving or is eligible to receive distributions, subject to confirmation by the Senate, the Treasurer of the Commonwealth of Pennsylvania (the "Treasurer"), ex officio, and the Secretary of Banking and Securities, ex officio (hereafter, the Treasurer and the Secretary of Banking and Securities shall be collectively referred to as the "Ex officio Members"). At least five members of the Board (each a "Member") shall be active members of the System or active participants in the Plan and at least two Members shall have ten or more years of credited State service or shall have been active participants in the Plan for ten calendar years or have a combination of years of credited state service in the System and calendar years as active participants in the Plan equal to ten or more years. By written notice to the Board, the Ex officio Members and each Member who is a member of the General Assembly (each a "Legislative Member") may appoint one or more duly authorized designees who shall have authority to act in such Member's stead. In the event that a Member, who is designated as an active participant or as a participant in the Plan who is receiving or is eligible to receive distributions, receives a total distribution of his interest in the plan, that Member may continue to serve on the Board for the remainder of his term.

The two Members who are Senators shall be appointed by the President pro tempore of the Senate and shall consist of a majority and a minority member. The two Members who are members of the House of Representatives shall be appointed by the Speaker of the House of Representatives and shall consist of a majority and a minority member. The Legislative Members shall serve on the Board for the duration of their legislative terms and shall continue to serve until 30 days after the convening of the next regular session of the General Assembly after the expiration of their respective legislative terms or until a successor is appointed for the new term, whichever occurs first. Each Member appointed by the Governor shall serve for a term of four years or until such Member's successor is duly appointed and qualified, with the terms of those Members appointed by the Governor and serving on the date of adoption of these Bylaws to have the expiration dates in effect on such date.

Section 1.2. Powers. Except as otherwise provided by law and these Bylaws, all powers of the System shall be exercised by or under the authority of, and the business and affairs of the System shall be managed under the direction of, the Board.

Section 1.3. Vacancies. Each Member shall hold office until such Member's resignation, removal, death or, in the case of Members serving ex officio or as legislative appointees, ceasing to hold office. Any vacancy occurring during the term of an appointed Member shall be filled for the unexpired term by the appointment and confirmation of a successor in the same manner as the predecessor.

Section 1.4. Ex officio Members' and Legislative Members' Designees. The Ex officio Members and each Legislative Member may at any time and from time to time appoint one or more duly authorized designees (and if more than one, either in priority preference or as alternates) to act in his or her stead at any meeting of the Board or of any committee thereof or with respect to official business and activities of the Board conducted outside of meetings. Each appointment shall be made in writing signed by the appointing Member and filed with the Secretary. Designees of an Ex officio Member shall be an officer or employee of the Ex officio Member's agency. The appointment of a designee in the foregoing manner shall remain in full force and effect unless and until revoked in a writing signed by the Member by whom such designee was appointed and filed with the Secretary, or until the earlier removal or resignation of such designee from the office or employment that qualified that person for appointment, or until the Member who appointed such designee ceases to be a Member. Each designee shall have the same rights, duties and obligations as a Member, and shall be subject to the same standard of care as a Member, when acting in the stead of a Member. In these Bylaws, any committee charter, policy or procedure adopted by the Board, any reference to Board "members," "committee members," or "trustees," including the defined terms "Members" or "Committee Members" in these Bylaws, shall be deemed to refer to the authorized designees described in this section where the context permits such interpretation.

Section 1.5. Oath of Office. Each Member shall, before exercising any power or privilege of office as a Member, take and subscribe to the oath of office in the form prescribed by law. Such oath shall be certified to by the officer before whom it is taken and immediately filed in the office of the Secretary of the Commonwealth. Designees of the Ex officio Members or the Legislative Members shall take and subscribe to the same oath of office as Members do. No person shall be allowed to take the oath of office or enter or continue upon his or her duties as a Member or as a designee of the Ex officio Members or Legislative Members unless that person has filed a statement of financial interests for the preceding calendar year pursuant to the Public Official and Employee Ethics Act, 65 Pa. C.S. §§ 1101-1113 and, if applicable, pursuant to the Governor's Code of Conduct, promulgated by Executive Order 1980-18, as amended, in accordance with State Employees' Retirement System policies or other applicable law and has filed copies thereof (through the Chief Compliance Officer) with the Board.

Section 1.6. Removal and Resignation from Office. A Member shall be subject to removal from office only in accordance with the provisions of Article VI of the Constitution of

Pennsylvania or other applicable law. Any Member may resign at any time. Such resignation shall be in writing filed with the Secretary, but acceptance thereof by the Secretary or by any other party shall not be necessary to make it effective.

Section 1.7. Compensation. Members who are members of the System or participants in the Plan shall serve without compensation. Members who are not members of the System or participants in the Plan shall receive \$100 per day when attending meetings of the Board or committees established by the Board. All Members shall be reimbursed for any necessary expenses while attending to official business.

Section 1.8. Attendance. Each Member, or the Member's duly appointed designee, is expected to attend substantially all Board meetings and committee meetings for the committees to which such Member has been appointed. The Board may establish a process to grant excused absences for good cause. Non-committee Members are invited to participate in committee meetings as non-voting observers. Absences shall be noted in the minutes of the Board or committee meeting.

ARTICLE II MEETINGS OF THE BOARD AND COMMITTEES

Section 2.1. Place of Meetings. Meetings of the Board and any committee of the Board shall be held at the main office of the System, 30 North Third Street, Harrisburg, PA, unless another place within the Commonwealth of Pennsylvania is designated in the notice of the meeting. When determined necessary by the Chairperson in his/her sole discretion either to achieve a quorum or due to special circumstances, Members may participate in regular or special meetings of the Board by means of conference telephone or similar communications equipment, provided that during the conduct of such meeting all persons participating therein can hear each other and the meeting is conducted in accordance with the Pennsylvania Sunshine Act (65 Pa. C.S. §701 *et seq.*) (the "Sunshine Act"). Any Member may participate in a committee meeting by means of conference telephone or similar communications equipment, provided that during the conduct of such meeting all persons participating therein can hear each other and the meeting is conducted in accordance with the Sunshine Act. A roll call shall be taken for all votes during the attendance of any Members by telephone or teleconferencing. In the event there is a technical problem with the connection at any time during the meeting, or during a vote, the meeting will be temporarily held in abeyance until the connection has been restored or three unsuccessful attempts have been made to restore the connection. Participation in a meeting pursuant to this section shall constitute a presence in person at such meeting.

Section 2.2. Regular Meetings. The Board shall hold at least six regular meetings annually. The committees shall hold as many meetings as may be required in their respective committee charters. The Chairperson, after consulting with Members, shall establish the agenda for each regular meeting of the Board and shall give notice of the agenda to the Members prior to the meeting. The committee chair, after consulting with the Members of the committee, shall

establish the agenda for each regular meeting of the committee. The Board and each committee required to have regular meetings shall give public notice of its first regular meeting in each year as required by the Sunshine Act and other applicable law and, prior thereto or immediately thereafter, shall give public notice of other scheduled regular meetings for the year in compliance with the Sunshine Act and other applicable law.

Section 2.3. Special Meetings. Special meetings of the Board shall be held whenever called by the Chairperson or two-thirds of Members. Special meetings of committees shall be held whenever called by the committee chair or two-thirds of the committee members. Notice of a special meeting shall be given to the public as required by the Sunshine Act and other applicable law.

Section 2.4. Emergency Meetings. The Chairperson may call an emergency meeting of the Board for the purpose of dealing with a real or potential emergency involving a clear and present danger to life or property.

Section 2.5. Notice of Meetings.

(a) Regular Meetings. No notice shall be required to be given of any regular meeting held on the date specified in the public notice referred to in Section 2.2 and at the location established for holding the meeting. In the event any regular meeting is to be held on a date which has not been so advertised or at a different location, notice shall be given as required by the Sunshine Act or other applicable law.

(b) Special Meetings. Notice of special meetings shall be given as required by the Sunshine Act or other applicable law.

(c) Emergency Meetings. Advance public notice of an emergency meeting of the Board is not required; but, to the extent practicable, the Chairperson shall attempt to give actual advance notice of such meeting, especially to individuals or organizations with a direct and substantial interest in the official action scheduled for consideration.

Section 2.6. Quorum and Voting. A majority of the Members or Committee Members in office shall be necessary to constitute a quorum for the transaction of business at a Board or committee meeting, and the acts of a majority of the Members or Committee Members present and voting at a meeting at which a quorum is present (so long as such majority constitutes a majority of a quorum) shall be the acts of the Board or committee. If there is no quorum present at a duly convened meeting of the Board or committee, a majority of those present may adjourn the meeting from time to time.

Section 2.7. Open Meetings. Official actions and deliberations by a quorum of the Board or any committee shall take place at a meeting open to the public unless permitted otherwise by the Sunshine Act or other applicable law.

Section 2.8. Executive Sessions. The Board or any committee may hold an executive session for any one or more of the reasons enumerated in the Sunshine Act or as permitted by other applicable law, including, without limitation, the discussion of personnel matters, the purchase or lease of real property, pending or expected litigation, agency business which, if conducted in public, would violate a privilege or lead to the disclosure of information or confidentiality protected by law, or quasi-judicial deliberations. “Information or confidentiality protected by law” shall include, without limitation, any information submitted to the Board under the terms of an express confidentiality agreement with a business entity offering any security for sale to and purchase by the Board in a non-public offering; deliberations with respect to the purchase, holding or sale of, or the exercise of voting rights with respect to, the publicly traded securities of any business entity, which deliberations, if conducted in public, may or might have a material bearing on the market for such securities; and any other deliberations with respect to any proposed or actual investment of the Board which, if conducted in public, may or might so substantially affect the price or terms of any transaction concerning such investment, or the value thereof, as to adversely affect the System and its participants.

Section 2.9. Voting Conflicts. Any Member who by voting would be voting on a matter that would result in a conflict of interest shall abstain from voting on such matter, refrain from participating in any discussions concerning such matter, and, prior to the vote being taken on such matter, publicly announce and disclose the nature of his or her interest as a matter of public record. A conflict of interest does not arise in connection with an action which would have an insignificant economic effect on any interest of the Member or which affects the Member only as a member of the general public or of a not de minimus subclass of the general public, or as a member of the System, Plan, or Commonwealth Deferred Compensation Plan as a whole; provided, however, that no Member shall vote on any quasi-judicial matter to which such Member or a member of his or her immediate family is a party; and provided, further, that this Section 2.9 applies only to the possible use by a Member of his or her vote for private pecuniary benefit and does not in any way affect the Member’s other fiduciary responsibilities to the members of the System in connection with official actions in which the Member has no private interest.

Section 2.10. Notational Voting. Members may cast votes by notational voting by ballot whereby a vote is taken of members individually upon a recommended written motion, resolution, rule, proposal, regulation, report or order prepared by the staff of the System or an individual Member and circulated for approval to all Members. Absent unusual circumstances to be determined by the Chairperson, the Board will resort to notational voting only in quasi-judicial matters to promote timely decision-making after full deliberations have been completed in executive session, or in certain financial or investment transactions in which a resolution or other similar formal action of the Board is required to expedite or complete the appropriate documentation. In quasi-judicial matters, the Chairperson or the Secretary shall, at the first open meeting after the adoption of written opinions or orders by notational voting, announce the substance of matters so decided and cause the record of the votes cast by individual members on each such matter to be entered in the minutes of the meeting.

Section 2.11. Rules of Order; Construction. Except to the extent otherwise provided by law or by these Bylaws, the rules of order for meetings of the Board and committees thereof shall follow as closely as practicable those prescribed for small assemblies or similar small bodies in the most recently published revision of Robert's Rules of Order. Such rules of order shall be construed to promote the orderly and efficient conduct of business and to avoid procedural complexity which may delay or hinder the taking of action required by law or advisable in the prudent exercise of the Board's fiduciary responsibility to members of the System.

Section 2.12. Minutes of Meetings. Written minutes shall be kept of each open meeting; and after approval by the Board or committee, such minutes shall be made available for public inspection and copying. The minutes shall be prepared as required by Section 6 of the Sunshine Act or other applicable law. Audio tape recordings of open Board meetings may be made solely for the purpose of facilitating the preparation of written minutes. Such tape recordings shall be retained until Board approval of the minutes to which they relate.

ARTICLE III COMMITTEES

Section 3.1. Board Committees. The Board may establish by resolution one or more standing or special committees, each to consist of two or more Members. In addition, the Chairperson may establish special advisory or review committees. Any committee, to the extent, but only to the extent, provided in an applicable resolution of the Board, committee charter or in these Bylaws, shall have and may exercise any of the powers and authority of the Board. The Board has established the following standing committees, which may be changed from time to time by Board resolution: Audit, Risk and Compliance Committee; Investment Committee; Board Governance and Personnel Committee; Finance and Member and Participant Services Committee; and Securities Litigation Committee (collectively, the "Standing Committees"). The Board shall delegate to the Standing Committees the authority to take such actions and perform such duties as expressly stated in the Standing Committees' committee charters; provided that no committee shall have the power to amend, modify or repeal a resolution of the Board or to amend these Bylaws or to take any action on matters committed by Board resolution or applicable law to the full Board under terms or provisions that make such action non-delegable.

Section 3.2. Committee Membership. Unless designated by resolution, the Members of any committee ("Committee Members") shall be appointed by the Chairperson, with the Board's advice. The Chairperson may appoint a Member to multiple committees. The Chairperson shall appoint each Member to a committee as the Chairperson may reasonably determine.

Section 3.3. Committee Member Terms. Except for the Treasurer of the Commonwealth of Pennsylvania and the Secretary of Banking and Securities, who are permanent Committee Members on the Investment Committee, commencing January 2022, and biennially thereafter, in January of every other year, the Chairperson shall appoint the Committee Members, who shall have terms through December 31st of the following year, with service at the

pleasure of the Chairperson. In the event of a vacancy on a committee, the Chairperson shall appoint a replacement Committee Member for the balance of the term of the vacating Committee Member. Except as to membership on the Audit, Risk and Compliance Committee, there shall be no limitation on the number of full terms for which a Committee Member may be reappointed. No Member shall serve on the Audit, Risk and Compliance Committee for more than two consecutive full terms, except that a Committee Member may be reappointed to the Audit, Risk and Compliance Committee by the Chairperson following a one-year absence from the committee. Notwithstanding the foregoing, each Committee Member shall serve until his or her successor is duly appointed or until his or her earlier death, resignation or removal, it being understood that termination of membership on the Board shall constitute a resignation from the committee.

Section 3.4. Committee Chairs. For elections after January 1, 2022, biennially, Committee Members shall elect a chair of the committee ("Committee Chair") at such time as the first committee meeting of the year or at such time as the Committee Chair position becomes vacant. The Chairperson may not serve as a Committee Chair, except that the Chairperson may serve as the Committee Chair for the Board Governance and Personnel Committee. The Committee Chair shall take office effective as of the day of his or her election and shall serve as Committee Chair through December 31st of the following year or until the Committee Chair's successor is duly elected or such officer's earlier death, resignation or removal. If the Committee Chair does not complete his or her term, then the Committee Members shall elect an interim Committee Chair at the Committee meeting following the Committee Chair's departure from the Committee. The interim Committee Chair shall serve until the new Committee Chair takes office according to the procedures outlined above. The Committee Chair shall preside at all meetings of the committee. The Committee Chair shall have such other powers and perform such other duties as may be delegated by the Board and as described in the Committee Chair Position Description. No Committee Chair shall serve for more than three consecutive terms.

Section 3.5. Committee Assistant Chairs. For appointments after January 1, 2022, biennially, the Committee Chair shall appoint a committee assistant chair with the advice and consent of the Committee ("Committee Assistant Chair"). The Committee Assistant Chair shall preside at all meetings of the committee in the absence of the Committee Chair. The Committee Assistant Chair shall have such other powers and perform such other duties as may be delegated by the Committee Chair and as described in the Committee Assistant Chair Position Description. The Committee Assistant Chair shall serve through December 31st of the following year or until the Assistant Chair's successor is duly appointed or such officer's earlier death, resignation or removal, with service at the pleasure of the Committee Chair. No Assistant Chair shall serve for more than three consecutive terms.

Section 3.6. Committee Officers. Except as otherwise provided in these Bylaws or by Board resolution, Committee Members may, in their discretion, elect such other officer(s) for the committee as they shall determine from time to time.

Section 3.7. Bylaws Apply to Committee Governance. The term "Board," when used in any provision of these Bylaws relating to the organization or procedures of, or the manner of taking action by, the Board, shall be construed to include and refer to any committee of the Board. Any provision of these Bylaws relating or referring to action to be taken by the Board or the procedure required therefor shall be satisfied by the taking of corresponding action by a committee of the Board to the extent authority to take the action has been delegated to such committee pursuant a resolution of the Board, committee charter or these Bylaws.

ARTICLE IV OFFICERS

Section 4.1. Officers and Terms. The System shall have a Chairperson, Assistant Chair, and a Secretary. The Secretary also shall serve as Executive Director. The Chairperson shall be designated by the Governor from among the Members. The Assistant Chair shall be appointed by the Chairperson after consulting with the Board. The Secretary shall be appointed by the Board. The Board may appoint one or more other officers or assistant officers having such powers and duties as may be assigned to such officers by the Board. Each officer other than the Chairperson and the Assistant Chair shall serve at the pleasure of the Board, until such officer's earlier death, resignation or removal.

Section 4.2. Powers and Duties of the Chairperson. The Chairperson shall preside at all meetings of Board. In the absence of the Chairperson at a duly convened meeting of the Board, or the inability of the Chairperson to participate in a meeting telephonically, the Assistant Chair shall preside at such meeting of the Board. The Chairperson shall have such other powers and perform such other duties as may be assigned to such officer by the Board or as described in the Chairperson Position Description.

Section 4.3. Powers and Duties of the Assistant Chair. The Assistant Chair shall preside at all meetings of the Board in the absence of the Chairperson, as described in Section 4.2. The Assistant Chair shall have such other powers and perform such other duties as may be delegated by the Chairperson or as described in the Assistant Chair Position Description. The Assistant Chair shall serve a nominal two-year term, with service at the pleasure of the Chairperson, or until such officer's earlier death, resignation or removal.

Section 4.4. Powers and Duties of the Secretary/Executive Director. The Executive Director in his or her capacity as Secretary, shall have the powers and duties set out in Section 5902(a.1) of the Retirement Code and such other powers and duties as have been or are assigned to the Secretary and the Executive Director by the Board and generally shall have the usual duties of an executive officer with general supervision over and direction of the affairs of the System. The Executive Director/Secretary shall serve as the primary point of contact between the Board and the System. Except as otherwise established by Board approved policy, the Executive Director/Secretary shall be responsible for providing and/or delivering all information, reports, documents and communications from the System, other than from the Chief Counsel or

the Chief Compliance Officer, but including from the Investment Office, to the Board. Notwithstanding the foregoing, the Executive Director/Secretary may delegate such responsibilities to System staff, agents and independent contractors as the Executive Director/Secretary may reasonably determine, provided that the Executive Director/Secretary shall remain responsible for overseeing such reporting to the Board.

ARTICLE V AMENDMENTS

The Board (but not a committee thereof) shall have the power to modify, amend and repeal these Bylaws or any committee charter by a two thirds (2/3) vote of the Members present and voting at any open meeting at which a quorum is present after 15 days advance written notice to all Members. Such notice shall set forth the proposed modifications or amendments or specify the provisions proposed to be repealed. The text of each modification, amendment or repeal of the Bylaws or committee charter shall be attached to the Bylaws or committee charter (as appropriate) with a notation of the date of such modification, amendment or repeal. At any time and from time to time, the Chairperson may direct the Executive Director/Secretary to certify and publish a restatement of these Bylaws or any committee charter, as amended as of the date of such certification.

ARTICLE VI INDEMNIFICATION

The System shall, to the extent required by applicable law or policy adopted by the Board, indemnify each Member against any and all liabilities and advance any and all reasonable expenses (including attorneys' fees) as incurred by such person, arising out of or in connection with any proceeding to which such person is a party because such person is or was a Member.



PENNSYLVANIA STATE EMPLOYEES' RETIREMENT BOARD

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

I. PURPOSE.

The Audit, Risk and Compliance Committee's purpose is to assist the Pennsylvania State Employees' Retirement Board (the "Board") in fulfilling its oversight responsibilities in the areas of internal controls, risk assessment, audit, and compliance of the State Employees' Retirement System, the State Employees' Defined Contribution Plan, and the Commonwealth's IRC §457 Deferred Compensation Plan (collectively "SERS").

II. AUTHORITY.

The Board hereby delegates all necessary power and authority to the Audit, Risk and Compliance Committee (the "Committee") to perform the duties and responsibilities described in this Charter and as may otherwise be delegated by the Board from time to time. Except as expressly granted herein, nothing in this Charter shall be construed as giving the Committee the authority to take any action on behalf of the Board without first obtaining the approval of the Board.

III. COMPOSITION.

The Committee shall consist of three (3) to five (5) current members of the Board, who may be the designees of Board members (the "Committee Members"), as provided in the Board's Bylaws (the "Bylaws").

The terms of appointment for Committee Members shall be as provided for in the Bylaws.

IV. MEETINGS.

Committee meetings shall be conducted in accordance with the Bylaws, except as otherwise provided in this Charter. The Committee shall meet at least four (4) times every year. The Committee Chair, after consulting with the Committee Members, shall fix the dates and times of the committee meetings and shall request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

The Committee may invite the Executive Director, Internal Audit Director, SERS Chief Counsel's Office (the "CCO"), Chief Financial Officer, Chief Investment Officer, Chief Compliance Officer, other members of SERS management, external auditors, internal auditors, consultants, and others to attend meetings and provide pertinent information, as it deems necessary or desirable.

V. RESPONSIBILITIES.**A. Internal Controls.**

1. The Committee shall provide for and oversee the periodic assessment of internal controls by internal and external auditors.
2. The Committee shall review auditor recommendations for improving internal controls and recommend changes to the Board.
3. The Committee shall review the effectiveness of SERS' corporate governance process.
4. Except as provided under subparagraph a., SERS shall conduct an internal control audit at least every five (5) years.
 - a. If an annual independent audit prepared under section C. identifies a material weakness or significant deficiency or an internal control audit identifies a material weakness or significant deficiency, an additional internal control audit of SERS shall be conducted for the year subsequent to the report or audit in which the weakness or deficiency was identified.

B. Risk Assessment.

1. The Committee shall review SERS' annual internal audit plan and comprehensive risk assessment and recommend any changes to the Internal Audit Director and the Board.
2. The Committee shall review SERS' enterprise risk framework and management process and recommend any changes to the Board.
3. The Committee shall review the effectiveness of SERS' processes for risk management, including risk identification, assessment, mitigation and aggregate reporting and recommend any changes to the Board.
4. The Committee shall oversee the steps SERS management has taken to monitor and control such risks, including risks associated with information technology systems.

C. Audit Process and Procedures.

1. The Committee shall oversee all internal and external audits, as well as any investigations or audits conducted on SERS operations.
 2. The Committee shall oversee the annual audit of SERS by an independent certified public accountant. The audit shall include the Board's accrual and expenditure of directed commissions. The Board may use the same independent auditor for all SERS external audits. The Committee shall, with participation from the Internal Audit Director, recommend the selection and retention of the independent auditor. The Committee shall review the annual audit and present the
-

annual audit to the Board along with its recommendations for Board consideration in accepting the report of the independent auditor.

3. The Committee shall meet at least annually with the Internal Audit Director to review internal audit plans, including the scope and objectives of audits and the allocation of internal audit resources.
4. The Committee shall review audit findings and recommendations. The Committee shall recommend to the Board any required actions for the implementation of such auditor recommendations.
5. The Committee shall review the effectiveness of internal audits every two (2) years and make recommendations to the Board for improving the effectiveness of such audits.

D. Compliance.

1. The Committee shall oversee SERS' system for monitoring compliance with applicable laws, policies, procedures, codes, and other legal requirements.
 2. The Committee shall oversee SERS' compliance with applicable whistleblower laws.
 3. The Committee shall oversee SERS' investigations of and responses to instances of non-compliance.
 4. The Committee shall review information and reports from the Executive Director and the CCO regarding compliance matters. The Committee shall recommend any proposed responses and/or actions that are to be taken to the Board.
 5. The Committee shall review any recommendations made by external service providers regarding SERS' compliance processes and make any recommendations for changes to the Board.
 6. The Committee shall oversee investment program compliance audits.
 7. The Committee shall collaborate with SERS staff and the CCO to oversee Board member compliance with applicable law, the Board Bylaws, ethics code provisions, and policies and procedures applicable to Board members.
 8. The Committee shall review the SERS compliance program and risks with the Chief Compliance Officer, including the program's design, implementation and effectiveness.
 9. The Committee shall oversee the Chief Compliance Officer's coordination with the SERS Manager of the Board Member Education Program of Board member education pursuant to the Board Education Policy.
-

10. The Committee shall oversee the Chief Compliance Officer's logging and reporting of Board member referrals and communications of potential investment or service provider opportunities.

E. Other Responsibilities.

1. The Committee shall meet with the independent auditor at least annually to review the audited financial statements, associated management letter, and all other independent communications of the annual audit. The Committee shall also be provided an opportunity to discuss any significant issues that may have surfaced during the course of the independent audit.
2. The Committee shall review policies and procedures related to internal controls, risk assessment, audit processes and procedures and compliance. The Committee shall recommend any changes to such policies and procedures to the Board.
3. The Committee shall, with input from the Executive Director, collaborate with SERS management to evaluate the Internal Audit Director, and the Committee shall report such evaluation to the Board.
4. The Committee shall have input into the candidate search process and selection of the Chief Compliance Officer. In addition, the Committee shall, with input from the Executive Director, collaborate with SERS management to evaluate the Chief Compliance Officer, and the Committee shall report such evaluation to the Board.
5. The Committee shall perform such other activities related to the Committee's functions and duties as are reasonably appropriate or are requested by the Board from time to time.

VI. REPORTING.

- A. Following a Committee meeting, the Committee Chair shall provide a written report to the Board at the next regularly scheduled Board meeting to update the Board as to its activities, findings, recommendations, and any other relevant issues. Committee meeting minutes shall be distributed to the Board.
- B. The Committee Chair shall share the agenda for an upcoming Committee meeting with the entire Board as soon as practicable.

VII. SELF-EVALUATION.

- A. The Committee shall collaborate with the Internal Audit Director and CCO to review this Committee Charter and the policies and procedures described in this Charter or otherwise overseen by the Committee on a biennial basis. The Committee shall recommend any changes to the Board.
 - B. The Committee and each Committee Member shall comply with the Board's self-assessment policies and processes and shall participate in any independent fiduciary reviews.
-

VIII. MISCELLANEOUS.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bylaws.



PENNSYLVANIA STATE EMPLOYEES' RETIREMENT BOARD

BOARD GOVERNANCE AND PERSONNEL COMMITTEE CHARTER

I. PURPOSE.

The Board Governance and Personnel Committee's purpose is to assist the Pennsylvania State Employees' Retirement Board (the "Board"), which conducts business as the State Employees' Retirement System, the State Employees' Defined Contribution Plan, and as trustee of the Commonwealth's IRC §457 Deferred Compensation Plan (collectively "SERS"), in fulfilling its oversight responsibilities in the areas of Board governance, Board member training and evaluation, stakeholder communications, SERS strategic planning, and oversight of select personnel.

II. AUTHORITY.

The Board hereby delegates all necessary power and authority to the Board Governance and Personnel Committee (the "Committee") for the Committee to perform the duties and responsibilities described in this Charter and as may otherwise be delegated by the Board from time to time. Except as expressly granted herein, nothing in this Charter shall be construed as giving the Committee the authority to take any action on behalf of the Board or Board Chairperson without first obtaining the approval of the Board.

III. COMPOSITION.

The Committee shall consist of three (3) to five (5) current members of the Board, who may be the designees of Board members ("Committee Members"), as provided in the Bylaws.

The terms of appointment for Committee Members shall be as provided for in the Bylaws.

IV. MEETINGS.

Committee meetings shall be conducted in accordance with the Bylaws, except as otherwise provided in this Charter. The Committee shall meet at least two (2) times every year. The Committee Chair, after consulting with the Committee Members, shall fix the dates and times of the committee meetings and shall request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

The Committee may invite the Executive Director, Deputy Executive Director for Administration, Human Resources Director, other members of SERS management, the SERS Chief Counsel's Office ("CCO"), and others to attend meetings and provide pertinent information, as it deems necessary or desirable.

V. RESPONSIBILITIES.

A. Board Governance.

1. The Committee shall collaborate with the other Board committees, Executive Director and CCO to review the Bylaws and committee charters on a biennial basis. The review shall include the delegation of Board authority to each committee. The Committee shall recommend any changes to the Bylaws or committee charters to the Board.
2. The Committee shall collaborate with SERS Executive Director and CCO to oversee the review of Board governance policies and procedures on a biennial basis. The Committee shall recommend any changes to the Board.

B. Board Member Training & Evaluation.

1. The Committee shall collaborate with SERS staff and CCO to develop Board self-assessment policies and procedures.
2. The Committee shall oversee Board self-assessment, review Board effectiveness, evaluate Board member skill sets and competencies and recommend Board member development and training.
3. The Committee shall collaborate with SERS staff to develop a Board skills matrix to identify current and needed skill sets. The Committee may recommend the approval of the matrix to the Board. Following approval, the Committee may share the matrix with appointing authorities to encourage the appointment of Board members with needed skill sets.
4. The Committee shall collaborate with SERS staff and CCO to ensure that Board members are familiar with the SERS Governance Policy Manual.

C. Stakeholder Communications.

1. The Committee shall collaborate with SERS staff to develop and recommend the Board's communications plan. The communications plan shall facilitate effective communication between and among various stakeholder groups, which may include the trustees, agency staff, SERS members, retirees, legislators, employers, consultants, and other external parties.
2. The Committee shall monitor and update the stakeholder communications plan on a biennial basis.

D. SERS Strategic Planning.

1. The Committee shall oversee SERS' strategic planning process, which is to ensure that strategic investment, operations and business planning
-

occurs in a rigorous, systematic and coordinated manner across the agency.

2. The Committee will be responsible for:
 - a. Providing SERS staff with input on the proposed strategic plan, including goals and strategic initiatives;
 - b. Approving strategic plan recommendations for presentation to the Board, along with any related budget and other approvals needed to support the plan;
 - c. Monitoring implementation of the strategic plan on an ongoing basis; and
 - d. Reporting to the Board regarding progress toward goals and recommended changes.
3. The Committee shall collaborate with SERS staff to review SERS' organizational structure and develop organizational performance metrics.

E. Oversight of Personnel.

1. The Committee shall collaborate with SERS staff and CCO to review the performance review processes for the Executive Director and the Chief Investment Officer and any compensation policies for investment professionals and attorneys on a biennial basis. The Committee shall recommend any changes to such processes and policies to the Board.
 2. The Committee shall collaborate with SERS staff to oversee leadership succession planning and organizational development.
 3. The Committee shall collaborate with SERS staff to oversee periodic compensation studies and recommend staff compensation as a result of such studies.
 4. The Committee shall collaborate with SERS staff to oversee executive searches for the Executive Director.
 5. The Committee shall develop quantitative performance goals for the Executive Director to be incorporated in the Executive Director's performance expectations.
 6. The Committee shall obtain input from the Board and oversee the annual evaluation process of the Executive Director. The results of the annual evaluation are to be presented to the Executive Director by the Board Chairperson.
 7. The Committee may recommend discipline or the termination of the Executive Director to the Board, if appropriate.
-

F. Other Responsibilities.

1. The Committee shall collaborate with SERS staff to oversee compliance with diversity policies.
2. The Committee shall perform such other activities related to the Committee's functions and duties as are reasonably appropriate or are requested by the Board from time to time.

VI. REPORTING.

- A. Following a Committee meeting, the Committee Chair shall provide a written report to the Board at the next regularly scheduled Board meeting to update the Board as to its activities, findings and recommendations and any other relevant issues. Committee meeting minutes shall be distributed to the Board.
- B. The Committee Chair shall share the agenda for an upcoming Committee meeting with the entire Board as soon as practicable.

VII. SELF-ASSESSMENT.

- A. The Committee shall collaborate with SERS staff and CCO to review this Committee Charter and the policies and procedures described in this Charter or otherwise overseen by the Committee on a biennial basis. The Committee shall recommend any changes thereto to the Board.
- B. The Committee and each Committee Member shall comply with the Board's self-assessment policies and processes and shall participate in any independent fiduciary reviews.

VIII. MISCELLANEOUS.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bylaws.



PENNSYLVANIA STATE EMPLOYEES' RETIREMENT BOARD

FINANCE AND MEMBER AND PARTICIPANT SERVICES COMMITTEE CHARTER

I. PURPOSE.

The Finance and Member and Participant Services Committee's purpose is to assist the Pennsylvania State Employees' Retirement Board (the "Board") in fulfilling its oversight responsibilities in the areas of budgeting and procurement, accounting, financial reporting, and member and participant services for the State Employees' Retirement System, the State Employees' Defined Contribution Plan (the "401(a) Plan"), and the Commonwealth's IRC §457 Deferred Compensation Plan (the "457 Plan") (collectively, "SERS"). The Board accomplishes these tasks through the shared administrative staff of the State Employees' Retirement System, which it also utilizes to administer and operate the 457 Plan and 401(a) Plan, and for which it charges those plans appropriate cost sharing expenses.

II. AUTHORITY.

The Board hereby delegates all necessary power and authority for the Board Finance and Member and Participant Services Committee (the "Committee") to perform the duties and responsibilities described in this Charter and as may otherwise be delegated by the Board from time to time. Except as expressly granted herein, nothing in this Charter shall be construed as giving the Committee the authority to take any action on behalf of the Board or Board Chairperson without first obtaining the approval of the Board.

III. COMPOSITION.

The Committee shall consist of three (3) to five (5) current members of the Board, who may be the designees of Board members ("Committee Members"), as provided in the Bylaws.

The terms of appointment for Committee Members shall be as provided for in the Bylaws.

IV. MEETINGS.

Committee meetings shall be conducted in accordance with the Bylaws, except as otherwise provided in this Charter. The Committee shall meet at least two (2) times every year. The Committee Chair, after consulting with the Committee Members, shall fix the dates and times of the Committee meetings and shall request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

The Committee may invite the Chief Financial Officer, Deputy Executive Director for Member and Participant Services, Deputy Executive Director for Administration, other members of SERS management, members of the SERS Chief Counsel's Office

("CCO"), and others to attend meetings and provide pertinent information, as it deems necessary or desirable.

V. RESPONSIBILITIES.

A. Budgeting and Procurement.

1. The Committee shall oversee procurement policies and processes and recommend any changes to the Board.
2. The Committee shall oversee the SERS budgeting process, including sources of funding if applicable, and recommend the approval of any budgets that require Board approval.
3. The Committee shall oversee the overall financial operations and cost effectiveness of SERS.

B. Accounting and Financial Reporting.

1. The Committee shall keep abreast of relevant accounting pronouncements and their impact on SERS.
2. The Committee shall oversee SERS' financial reporting practices and recommend any changes to the Board (provided that the Audit, Risk and Compliance Committee shall oversee audits of financial reports).

C. Actuarial Services.

1. The Committee shall recommend the selection and retention of the Actuary.
2. The Committee shall review any draft actuarial policies and recommend such policies to the Board as necessary.
3. The Committee shall review actuarial assumptions and valuations as necessary and recommend any changes proposed by SERS' actuary to the Board.
4. The Committee shall review the results of the annual actuarial report, annual stress testing and risk report, actuarial experience study, and/or asset liability study prepared by SERS' consultants, and provide recommendations to the Board and the Investment Committee, as applicable.

D. Member and Participant Services.

1. The Committee shall oversee, review, discuss, and make recommendations to the Board for its approval of policies, actions, and other matters related to SERS' administration of the rights, duties, and benefits of SERS members and participants and the duties of Commonwealth employers under the State Employees' Retirement Code; and shall review, discuss, and make recommendations to the Board on customer service issues relating to SERS' members and
-

participants and Commonwealth employers, including, but not limited to, the dissemination of information to same.

2. The Committee shall oversee information technology plans and budgets that directly impact member and participant services functions and operations.
3. The Committee shall oversee any significant issues in member and participant services operations that impact the cost effectiveness of SERS as necessary.
4. The Committee shall oversee the implementation of, or change in, any administrative fees (excl. investment management fees) that are charged to participants in the 401(a) Plan and 457 Plan. The Committee will review fees periodically to ensure they remain reasonable over time or otherwise comply with any fee policy that the Board may adopt. The Committee shall make recommendations to the Board, as needed.
5. The Committee shall:
 - a. Oversee the research and due diligence performed by SERS staff to identify and evaluate qualified third party administrators for the 401(a) Plan and 457 Plan; and report any findings and recommendations to the Board.
 - b. Review any recommendations from SERS staff regarding the engagement or termination of third party administrators and update the Board.
 - c. Make recommendations to the Board on customer service matters relating to the administration of the 401(a) Plan and the 457 Plan, including the application of information technology.
6. The Committee shall oversee the plan and trust for both the 401(a) Plan and 457 Plan and make recommendations to the Board for any amendments thereto.

E. Other Responsibilities.

1. The Committee shall monitor member participation in the 401(a) Plan and 457 Plan and advise SERS staff of communications to plan participants as necessary.
2. The Committee shall perform such other activities related to the Committee's functions and duties as are reasonably appropriate or are requested by the Board from time to time.

VI. REPORTING.

- A. Following a Committee meeting, the Committee Chair shall provide a written report to the Board at the next regularly scheduled Board meeting to update
-

the Board as to its activities, findings, recommendations, and any other relevant issues. Committee minutes shall be distributed to the Board.

- B. The Committee Chair shall share the agenda for an upcoming Committee meeting with the entire Board as soon as practicable.

VII. SELF-EVALUATION.

- A. The Committee shall collaborate with SERS staff and CCO to review the Committee Charter and the policies and procedures described herein or otherwise overseen by the Committee on a biennial basis. The Committee shall recommend any changes thereto to the Board.
- B. The Committee and each Committee Member shall comply with the Board's self-assessment policies and processes and shall participate in any independent fiduciary reviews.

VIII. MISCELLANEOUS.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bylaws.



PENNSYLVANIA STATE EMPLOYEES' RETIREMENT BOARD

INVESTMENT COMMITTEE CHARTER

I. PURPOSE

The Investment Committee's purpose is to assist the Pennsylvania State Employees' Retirement Board (the "Board"), which conducts business in part as the State Employees' Retirement System (the "SERS"), in fulfilling its responsibilities in the oversight of investment-related matters for SERS' Defined Benefit Plan. The Board also conducts business in part as the State Employees' Defined Contribution Plan (the "401(a) Plan"), and as trustee of the Commonwealth's IRC §457 Deferred Compensation Plan (the "457 Plan") (collectively the Defined Benefit Plan, 401(a) Plan and 457 Plan are referred to as the "Plans"). The Board administers and operates the Plans through the shared administrative staff of SERS and for which it charges the Plans appropriate cost sharing expenses.

II. AUTHORITY

The Board hereby delegates all necessary power and authority to the Investment Committee (the "Committee") to perform the duties and responsibilities described in this Charter and as may otherwise be delegated by the Board from time to time. Except as expressly granted herein, nothing in this Charter shall be construed as giving the Committee the authority to take any action on behalf of the Board or Board Chairperson without first obtaining the approval of the Board. The Committee may form subcommittees to assist the Committee and may delegate to such subcommittees such power and authority as the Committee deems appropriate to perform the duties and responsibilities described in a Board approved subcommittee charter; provided, however, that the Committee shall not delegate to a subcommittee any power or authority required to be exercised by the Committee or the Board as a whole.

III. COMPOSITION

The Committee shall consist of the Treasurer of the Commonwealth of Pennsylvania, the Secretary of Banking and Securities, and no less than five (5) other current members of the Board, who may be the designees of Board members (the "Committee Members") as provided in the Board's Bylaws (the "Bylaws").

The terms of appointment for Committee Members shall be as provided for in the Bylaws.

IV. MEETINGS

Committee meetings shall be conducted in accordance with the Bylaws, except as otherwise provided in this Charter. The Committee shall meet at least four (4) times every calendar year. The Committee Chair (after consulting with the Committee Members) shall fix the dates and times of the Committee meetings and shall request

that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

The Committee may invite SERS' employees, investment consultants, and others to attend meetings and provide pertinent information, as it deems necessary or desirable.

V. RESPONSIBILITIES

A. Investment Policies and Controls

1. The Committee shall review the Plans' Investment Policy Statements and make recommendations to the Board on an annual basis.
2. The Committee shall review the Defined Benefit Plan's policy target asset allocation on an annual basis. The Committee shall recommend any changes to the Board.
3. The Committee shall oversee, review, evaluate, and report to the Board on investment performance, strategies, costs, and risks of the Plans and recommend any changes to the Board based on recommendations from the Investment Office (IO) and investment consultant.
4. The Committee shall oversee investment menu design and investment options of the Defined Contribution Plan and Deferred Compensation Plan. The Committee shall recommend any changes to the Board.
5. The Chief Compliance Officer shall monitor SERS staff's compliance with the Plans' Investment Policy Statements and make recommendations to the Committee to improve compliance.
6. The Committee shall monitor investment policies and controls and report any findings and recommendations to the Board.

B. Investment Manager Selection and Oversight

1. The Committee shall review recommendations from the CIO and/or the IO regarding the hiring or firing of investment managers for the Plans and make recommendations to the Board for approval, except as otherwise delegated to the Committee and the CIO.
 2. The Committee shall oversee the research and due diligence performed by the IO and investment consultant to identify and evaluate qualified investment managers for the Plans and report any findings and recommendations to the Board, except as otherwise delegated to the Committee and the CIO.
 3. The Committee shall oversee the implementation of the investment manager selection process performed by the IO to identify and evaluate qualified investment managers and opportunities for the Plans and recommend any changes to the Board on at least a biennial basis.
-

4. The Committee shall monitor the implementation of the investment manager monitoring process performed by the IO for the Plans, upon selection of an investment manager by the Board.

C. Investment Consultant Oversight

1. The Committee shall oversee the research and due diligence performed by the IO to identify and evaluate qualified investment consultants for the Plans and make recommendations to the Board.
2. The Committee shall review any recommendations from the CIO and/or the IO regarding the hiring or firing of investment consultants for the Plans and make recommendations to the Board.

D. Corporate Governance

1. The Committee shall oversee the corporate governance program.
2. The Committee shall monitor the implementation of SERS' Proxy Voting Policy and review the IO's recommendations for changes thereto and recommend changes to the Board on at least an annual basis.
3. The Committee may review specific proxy voting concerns and make recommendations to the Board regarding how such proxies may be voted.
4. The Committee shall oversee corporate governance developments that may affect the value of SERS' investments and report any findings and recommendations to the Board.
5. The Committee shall collaborate with the IO and the Chief Counsel's Office to recommend to the Board participation by SERS in any shareholder rights initiatives.

E. Other Responsibilities

1. The Committee shall oversee the cost effectiveness of the Plans' investment programs.
 2. The Committee shall have input into the candidate search process and selection of the CIO.
 3. The Committee, along with the Executive Director, shall develop quantitative performance goals to be incorporated in the CIO's performance expectations, and perform an annual evaluation of the CIO in correspondence with such performance expectations.
 4. The Committee shall seek input from the Board and collaborate with the Executive Director in the annual evaluation of the CIO.
 5. The Committee Chair, along with the Executive Director, shall deliver the Committee's annual evaluation to the CIO. The Committee may
-

recommend discipline or the termination of the CIO to the Board and Executive Director, if appropriate.

6. The Committee shall oversee the Department of Treasury's recommendation of the selection of SERS' custodial bank.
7. The Committee shall collaborate with the IO to establish and maintain a function to evaluate and manage financial risks associated with SERS' assets and liabilities.
8. The Committee shall perform such other activities related to the Committee's functions and duties as are reasonably appropriate or requested by the Board from time to time.

VI. REPORTING

- A. Following a Committee meeting, the Committee Chair shall provide a written report to the Board at the next regularly scheduled Board meeting to update the Board as to its activities, findings, recommendations, and any other relevant issues. Committee meeting minutes shall be distributed to the Board.
- B. If a Committee meeting has been scheduled, the Committee Chair shall share the agenda for the upcoming Committee meeting with the entire Board as soon as practicable.

VII. SELF-EVALUATION

- A. The Committee shall collaborate with the IO and the Chief Counsel's Office to review this Committee Charter and the policies and procedures described herein (or otherwise overseen by the Committee) on a biennial basis. The Committee shall recommend any changes thereto to the Board.
- B. The Committee and each Committee Member shall comply with the Board's self-assessment policies and processes, and shall participate in any independent fiduciary reviews.

VIII. MISCELLANEOUS

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bylaws.



PENNSYLVANIA STATE EMPLOYEES' RETIREMENT BOARD

SECURITIES LITIGATION COMMITTEE CHARTER

I. PURPOSE.

The Securities Litigation Committee's (the "SLC") purpose is to assist the Pennsylvania State Employees' Retirement Board (the "Board"), which conducts business as the State Employees' Retirement System, and acts as trustee of the State Employees' Defined Contribution Plan, and as trustee of the Commonwealth's IRC §457 Deferred Compensation Plan (collectively, "SERS"), in fulfilling its oversight responsibilities in the area of securities litigation, including but not limited to class actions involving securities fraud, antitrust, appraisal, and/or common law-based causes of action. This Charter is supplemental to the authority previously granted by the Board to the SLC in Resolution 2019-73 adopting the Third Amended Securities Litigation Policy (the "SLP"), and/or in any preceding or subsequent amending Board resolutions (collectively, the "Board Resolutions"), and does not in any way amend those Board Resolutions or the SLP duly adopted by the Board. In case of a conflict between this Charter, on the one hand, and any Board Resolutions or the SLP, on the other hand, the duly adopted Board Resolutions or the SLP shall control.

II. AUTHORITY.

The Board has delegated all necessary power and authority to the SLC to perform the duties and responsibilities described in this Charter, as well as in the Board Resolutions and the SLP, and as may otherwise be delegated by the Board from time to time. Except as expressly granted in Board Resolutions, the SLP, and herein, nothing in this Charter shall be construed as giving the SLC the authority to take any action on behalf of the Board or Board Chairperson without first obtaining the approval of the Board.

III. COMPOSITION.

The SLC shall consist of three (3) to five (5) current members of the Board, who may be the designees of Board members as provided in the Bylaws (the "SLC Members").

The terms of appointment for SLC Members shall be as provided for in the Bylaws.

IV. MEETINGS.

The SLC shall meet upon request of the SLC Chair or a majority of the SLC Members. The SLC may invite members of SERS management, the SERS Chief Counsel's Office (the "CCO"), and other SERS staff to attend meetings and provide pertinent information as it deems necessary or desirable. The SLC Chair shall request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

V. RESPONSIBILITIES.

- A. The CCO shall keep the SLC informed concerning SERS' securities litigation activity.
- B. The SLC shall determine whether SERS should: (i) seek lead or co-lead plaintiff status in a class action securities litigation or take any other active role, including but not limited to, serving as a class representative, (ii) initiate or join an "opt out" securities litigation, or object to any portion of a proposed settlement of a class action securities litigation as a putative/passive member of the class of claimant investors, (iii) initiate an independent, or join a group that has an established, opt-in securities litigation filed outside of the United States/Canada, and/or (iv) collaborate with Pennsylvania Public School Employees' Retirement System, other Commonwealth entities, and/or non-Commonwealth entities regarding securities litigation matters.
- C. The SLC shall have the Board's authority to: (a) select outside legal counsel in accordance with procedures established by the CCO, and (b) approve the amount of compensation to be paid to outside legal counsel (subject to court approval, where applicable).
- D. For securities litigation matters in which SERS has taken an active role, the SLC shall approve the amount and terms of any settlement of securities litigation claims (subject to any necessary approval of the Office of Attorney General, and to court approval).
- E. In making the decisions described in this Charter, the SLC shall comply with the SLP (and other applicable policies and procedures) and fully consider any evaluations provided by the CCO and other claim evaluators, including but not limited to evaluations by firms in the securities litigation pool and/or consultants retained by the Board. The CCO may coordinate with and seek input from the SERS Investment Office in performing securities litigation evaluations for the SLC's consideration and/or assisting selected outside securities litigation counsel in an active case.
- F. The SLC shall collaborate with the CCO to review the SLP and related policies, resolutions, and procedures on a biennial basis. The SLC shall recommend any changes to such policies and procedures to the Board.
- G. The SLC shall perform such other activities related to the SLC's functions and duties as requested by the Board from time to time.

VI. REPORTING.

- A. Following a Committee meeting, the SLC Chair shall provide a written report to the Board at the next regularly scheduled Board meeting to update the Board as to its activities, findings, recommendations, and any other relevant issues. Following review and approval by the SLC, SLC meeting minutes shall be distributed to the Board.
-

- B. If a SLC meeting has been scheduled, the SLC Chair shall share the agenda for the upcoming Committee meeting with the entire Board as soon as practicable.

VII. SELF-EVALUATION.

- A. The SLC shall collaborate with the CCO to review this SLC Charter and the policies and procedures described in this Charter or otherwise overseen by the SLC on a biennial basis. The SLC shall recommend any changes thereto to the Board.
- B. The SLC and each SLC Member shall comply with the Board's self-assessment policies and processes and participate in any independent fiduciary reviews.

VIII. MISCELLANEOUS.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bylaws.
