

PSERS Investment Committee Charter

Article II Section 7

I. Purpose and Authority

The primary purpose of the Investment Committee (“Committee”) is to assist the Board in fulfilling its fiduciary oversight responsibilities with respect to investments, including the asset allocation, investment consultants, investment managers, types of allowable investments, investment policies, and overall fund risk and return profile.

The Board hereby delegates all necessary power and authority to the Committee for the Committee to perform the duties and responsibilities described in this Charter. 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.

II. Composition

The Committee shall consist of all current members of the Board.

The Committee shall elect its Chair and Vice-Chair as provided for in the Bylaws.

The Chief Investment Officer (CIO) will be the primary staff liaison with the Committee.

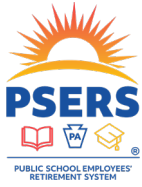
III. Meetings

Committee meetings shall be conducted in accordance with the Bylaws and established rules of order. The Committee shall meet at least six (6) times every year. The Committee Chair, in consultation with the Committee Members, shall set the dates and times of the committee meetings and request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

IV. Responsibilities

A. *Conduct activities on behalf of the Board*

1. Conduct the search (using any of the methods of source selection defined in the Procurement Code) for the Board general investment consultant (“GIC”), with the assistance of staff, and make recommendations to the Board. The Committee should ensure the search is conducted for the GIC contract at least every five (5) years unless the Board directs otherwise.
2. As needed, make recommendations to the Board regarding selection and hiring of additional external Board independent investment consultants and advisors.
3. Evaluate the performance of third-party investment consultants annually.
4. At least annually, meet with each investment consultant, without staff present, to ensure there has been no undue influence on their activities or reporting to the Committee or the Board.



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B. Recommend direction and policy to the full Board

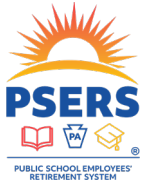
1. Annually identify anticipated investment policy priorities and establish a calendar of anticipated policy decisions and discuss with the Board.
2. Annually review and recommend updates to the investment policy statement, as appropriate.
3. No less than every five years review and recommend the strategic asset allocation and targeted rate of return.
4. Recommend proxy voting policies and, as needed, policy revisions to the Board annually.
5. Recommend securities litigation policies and, as needed, policy revisions to the Board.
6. Develop and recommend the PSERS beliefs and approach for Environmental, Social, and Governance (ESG) investing.
7. Review and make recommendations to the Board on delegations to the Executive Director or Chief Investment Officer no less than every three years.
8. Recommend vital signs and metrics for investments and related investment activities and identify tolerances for acceptable vs unacceptable variability in performance.

C. Recommend approval of key decisions

1. Review and recommend total fund and asset class policy benchmarks.
2. Oversee searches for investment managers and general partners and make recommendations to the Board.
3. Receive, review and make recommendations to the Board regarding investment proposals presented as required by the Board's standard specifications.
4. Recommend approval of the initiation or settlement of investment-related litigation.

D. Oversee Board-approved direction

1. Oversee the implementation of the Board's mission statement in its relation to the investments of the Fund in accordance with the prudent investor standard set forth in 24 Pa. C.S. §8521(a).
2. Review, oversee and provide direction, as needed, pertaining to the following—
 - a. Investment objectives and guidelines.
 - b. Investment performance of the Fund, investment strategies, and investment managers.
 - c. Plan investment strategy, asset class implementation and investment initiatives.
 - d. Investment risk and compliance with investment policies.



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- e. Fund liquidity management and maintenance.
- f. Cost effectiveness of the investment program.
- g. Investment due diligence and monitoring standards and processes.
- h. Investment office human resource and technology needs.
- i. Proxy voting policies and significant corporate governance issues.
- j. Implementation of and updates to the securities litigation policy.

E. Obtain independent verification

1. Periodically obtain independent verification of investment performance, cost effectiveness, and manager and consultant representations to the Board.

V. Reporting to the Board

The Committee Chair, with the support of staff, is responsible for reporting on the Committee's activities and recommendations to the Board. Subsequent to each Committee meeting, the Chair should provide:

- Minutes summarizing the Committee's deliberations;
- Documentation in support of any recommendations to the Board; and
- The proposed agenda for the next Committee meeting.

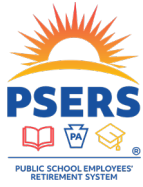
The Chair should seek to ensure the Board receives sufficient and reliable information to facilitate Board decision-making and oversight.

VI. Self-Evaluation

The Committee shall conduct a self-evaluation of the Committee's performance and continuing education needs as part of the Board's self-evaluation process.

VII. Frequency of Review / History

The Committee shall collaborate with PSERS staff, including the Office of Chief Counsel to review this Committee Charter at least every three years. The Committee shall recommend any changes to the Board, as appropriate.



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Document Properties

Document Owner: PSERS Board

Document Author: PSERS Board – Investment Committee

Summary of Changes:

Date	Version	Author	Summary
March 15, 2022	1.0	Funston Advisory Services and Investment Committee	
June 17, 2022	2.0	Investment Committee	<ul style="list-style-type: none"> Removed redundant language regarding Committee composition. Clarified language regarding procurement of consultants. Removed language already provided in the Investment Policy Statement. Expanded vital signs for oversight.
October 21, 2022	3.0	Investment Committee and Governance and Administration Committee	<ul style="list-style-type: none"> Edited language re Meetings to reflect adherence to bylaws and established rules of order. Removed language relating to positions on legislation. Added language to recommend vital signs.