



Governance Policy Manual

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Policy I : Commission Roles and Responsibilities

(A) General. The South Carolina Retirement System Investment Commission (“RSIC”) was established by South Carolina law for the purpose of investing and managing all assets held in trust for the participants and beneficiaries of five separate defined benefit plans (collectively referred to as the “Retirement System” or “SCRS”):

- (1) South Carolina Retirement System
- (2) South Carolina Police Officers Retirement System
- (3) Retirement System for Judges and Solicitors of the State of South Carolina
- (4) Retirement System for Members of the General Assembly of the State of South Carolina
- (5) National Guard Retirement System

(B) Commission Membership

(1) **Composition.** The RSIC is under the management of a commission consisting of seven members (“Commission”):

- (a) One member appointed by the Governor of South Carolina
- (b) The State Treasurer, ex officio, or his appointee who shall serve for a term coterminous with the State Treasurer and may only be removed in accordance with S.C. Code Ann. [§9-16-315\(C\)](#).¹ ([§9-16-315\(B\)](#))
- (c) One member appointed by the Comptroller General of South Carolina
- (d) One member appointed by the Chairman of the South Carolina Senate Finance Committee
- (e) One member appointed by the Chairman of the Ways and Means Committee of the South Carolina House of Representatives
- (f) One member who is a retired member of the Retirement System (“Representative Member”). This member must be appointed by unanimous vote of the voting members of the Commission. ([§9-16-315\(A\)](#))
- (g) The Executive Director of South Carolina Public Employee Benefit Authority (“PEBA”), ex officio, who shall serve without voting privileges.

(2) **Appointment Qualifications**

- (a) A person may not be appointed to the Commission unless the person possesses at least one of the following qualifications:
 - (i) The Chartered Financial Analyst credential of the CFA Institute;
 - (ii) The Certified Financial Planner™ credential of the Certified Financial Planner Board of Standards;
 - (iii) At least twenty years professional actuarial experience, including at least ten as an Enrolled Actuary licensed by a Joint Board of the Department of Treasury and the Department of Labor, to perform a variety of actuarial tasks required by pension plans in the United States by the Employee Retirement Income Security Act of 1974;
 - (iv) At least twenty years professional teaching experience in economics or finance, ten of which must have occurred at a doctorate-granting university, master’s granting college or university, or a baccalaureate college as classified by the Carnegie Foundation;

¹ All references are to the Code of Laws of South Carolina, 1976, as amended, and will be referenced by Code Section number (§) hereafter.

- (v) An earned Ph.D. in economics or finance from a doctorate-granting institution as classified by the Carnegie Foundation; or
 - (vi) The Certified Internal Auditor credential of The Institute of Internal Auditors. ([§9-16-315\(E\)](#))
 - (b) Except for the State Treasurer, no person may be appointed or continue to serve on the Commission who is an elected or appointed officer or employee of the State or any of its political subdivisions, including school districts. ([§9-16-315\(F\)](#))
 - (c) The Commission shall select one of the voting members to serve as Chairman, another as Vice Chairman, and shall select those other officers it determines necessary, but the State Treasurer may not serve as Chairman. ([§9-16-315\(D\)](#)) For information regarding the election process, see the *Commission Operations Policy*.
 - (d) Notwithstanding Section 2(a) above, members appointed prior to and serving on the Commission as of June 30, 2012 shall continue to serve for the remainder of their current and any succeeding terms for which they are appointed. (Section 64(C) Act 278 of 2012)
- (3) **Term of Office.** Except for the State Treasurer serving ex officio or an appointee of the State Treasurer pursuant to [§9-16-315\(B\)](#) and the PEBA Executive Director serving ex officio, members shall serve for terms of five years and until their successors are appointed and qualify. Terms are deemed to expire after June 30th of the year in which the term is due to expire. Members are appointed for a term and may be removed before the term expires only by the Governor for reasons provided in [§1-3-240\(C\)](#). ([§9-16-315\(C\)](#))
- (4) **Commencement of Term of Office and Annual Filing Requirements.** After appointment, Commission members must qualify to assume office prior to entering upon official responsibilities related to the RSIC.
- (a) **Statement of Economic Interests**
 - (i) Commission members must file a Statement of Economic Interests with the State Ethics Commission prior to taking the oath of office or entering upon his official responsibilities. If the Commission member has no economic interests to disclose, he shall nevertheless file a statement of inactivity to that effect with the State Ethics Commission. ([§8-13-1110\(A\)](#)). The statement of economic interests filed must be on forms prescribed by the State Ethics Commission. ([§8-13-1120\(A\)](#))
 - (ii) No later than April fifteenth of each calendar year after assuming office, Commission members must file an updated statement of economic interests for the previous calendar year with the State Ethics Commission. The Commission member's statement must list any addition, deletion, or change in his economic status with respect to which information is required to be supplied under the Ethics Reform Act. ([§8-13-1140](#))
 - (b) **Oath of Office**
 - (i) Commission members are public officers of the State of South Carolina. ([§8-1-10](#))
 - (ii) Before assuming their duties for the RSIC, all Commission members must take and subscribe to the following oath of office:

“I do solemnly swear (or affirm) that I am duly qualified, according to the Constitution of this State, to exercise the duties of the office to which I have been elected, (or appointed), and that I will, to the best of my ability, discharge the duties thereof, and preserve, protect, and defend the Constitution of this State and the United States. So help me God.” ([S.C. Const. art. VI, § 5; §8-3-10](#))

(iii) A notarized, original oath of office executed by each Commission member must be filed with the Secretary of State of South Carolina.

- (5) **Removal from Office.** Commission members may only be removed from the Commission prior to the expiration of his or her term by the Governor for the following reasons:
- (a) Malfeasance
 - (b) Misfeasance
 - (c) Incompetency
 - (d) Absenteeism
 - (e) Conflicts of interest
 - (f) Misconduct
 - (g) Persistent neglect of duty in office
 - (h) Incapacity ([§1-3-240\(c\)](#))

(C) General Responsibilities and Duties

- (1) Oversee the management of the business and affairs of the RSIC in accordance with applicable laws.
- (2) Ensure legal and ethical integrity, adhere to fiduciary duties, and maintain accountability.
- (3) Support the Chief Investment Officer (“CIO”) and Chief Operating Officer (“COO”) and ensure the RSIC leadership has the moral and professional support needed to further RSIC’s goals.

(D) Investment Responsibilities

- (1) Exercise all powers and perform all duties prescribed by law with respect to the investment of public trust and retirement funds. This includes, but is not limited to:
 - (a) Exclusive authority, subject to South Carolina Code Ann. [§9-1-1310](#), to invest and manage the assets of the SCRS. ([§§9-16-20\(A\);§9-16-50\(A\)\(4\)](#))
 - (b) Duty to make a reasonable effort to verify facts relevant to the investment and management of assets of the SCRS. ([§9-16-50\(A\)\(3\)](#))
 - (c) Adopt a Statement of Investment Objectives and Policies for the Retirement System, which must include:
 - (i) Desired rate of return on assets overall
 - (ii) Desired rates of return and acceptable level of risk for each asset class
 - (iii) Asset allocation goals
 - (iv) Guidelines for delegation of authority
 - (v) Information on the types of reports to be used to evaluate investment performance ([§9-16-50\(B\)](#))
 - (d) Duty to review the Statement of Investment Objectives and Policies for the SCRS at least annually and change or reaffirm the statements.

- (e) Ensure that a sound investment philosophy and strategy exist to guide the management of the investment program and achieve RSIC investment objectives.

(E) Administrative Responsibilities

- (1) Approve and amend policies as necessary, including:
 - (a) Policies clearly defining the roles and responsibilities of the Commission and its officers, Commission committees, CIO, and COO.
 - (b) Policies for the establishment, maintenance, and efficient delivery of services, and any other policies the Commission deems appropriate for RSIC.
 - (c) Policies to ensure appropriate governance practices on the part of the RSIC, including provisions relating to standards of conduct.
 - (d) Policies to assist the Commission members in securing knowledge required to properly execute their duties as fiduciaries.
- (2) Select the CIO and COO after a carefully considered and executed search process.
- (3) Annually review the performance of the CIO and COO.

(F) Monitoring and Reporting Responsibilities

- (1) Regularly monitor the effectiveness and performance of the investment and management of the assets of the Retirement System, consistent with the investment and other policies of the Commission. This will include at a minimum:
 - (a) Total funded status of Retirement System
 - (b) Total fund performance relative to policy benchmark(s)
 - (c) Asset class and investment manager/fund performance
 - (d) Cost effectiveness of the investment program
- (2) Regularly monitor the effectiveness and efficiency of the administration of RSIC through a review of, at a minimum:
 - (a) Adoption and monitoring of the strategic plan.
 - (b) Approval and monitoring of the operating budget.
 - (c) Implementation of agency internal controls.
- (3) Ensure effective organizational planning, actively participate in the strategic planning process, and assist in monitoring achievement of RSIC's goals.
- (4) Ensure that appropriate monitoring and reporting practices are established and documented within the RSIC and made available to Commission members.
- (5) Annually review the performance of the Commission itself in order to engage in self-analysis and discussion for the purpose of improving its effectiveness as a fiduciary body. *See Executive Staff and Commission Evaluation Policy*
- (6) Receive reports from the Audit Committee regarding the results of audits of the RSIC, including the annual fiduciary audit engaged by the State Inspector General pursuant to [§9-16-380](#).

(G) Responsibilities of Individual Commission Members

- (1) Be informed about RSIC's mission and policies.
- (2) Attend Commission meetings, or if unable to attend, notify the CIO, COO, and/or the Chairman as soon as possible to ensure that a quorum will be present.
- (3) Review agenda and supporting materials prior to Commission and Committee meetings.
- (4) Serve on Commission Committees and offer to take on special assignments.
- (5) Keep up to date on developments in the pension and public fund area.

- (6) Comply with ethics, fiduciary standards, conflict of interest, disclosure, and confidentiality laws and policies.
- (7) Counsel and work with the CIO and COO as appropriate.
- (8) Assist the Commission in carrying out its fiduciary responsibilities. ([§9-16-40](#))
- (9) At all times meet high ethical standards to avoid even the appearance of impropriety.

(H) Standards for Discharge of Commission Duties

- (1) As fiduciaries, each Commission member shall discharge his duties with respect to the Retirement System:
 - (a) Solely in the interest of the Retirement System and its participants and beneficiaries;
 - (b) For the exclusive purpose of providing benefits to participants and beneficiaries and paying reasonable expenses of administering the Retirement System;
 - (c) With the care, skill, and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose;
 - (d) Impartially, taking into account any differing interest of participants and beneficiaries;
 - (e) Incurring only costs that are appropriate and reasonable; and
 - (f) In accordance with a good faith interpretation of the Code of Laws of South Carolina, 1976, as amended. ([§9-16-40](#))

(I) Standards of Conduct for Commission Members; Conflicts of Interest

- (1) Except as may be provided by laws relating to the Retirement System, no Commission member shall:
 - (a) Have any direct interest in the gains or profits of any investment made by the RSIC.
 - (b) Directly or indirectly, for himself or as an agent in any manner use the funds of the RSIC except to make such current and necessary payments as are authorized by the South Carolina Budget and Control Board or Commission.
 - (c) Become an endorser or surety or in any manner an obligor for monies loaned or borrowed from the RSIC. ([§9-1-1340](#))
- (2) It is unlawful for a Commission member to use any information concerning RSIC activities to obtain any economic interest for himself, a member of his immediate family, an individual with whom he is associated, or a business in which he is associated. ([§9-16-350\(A\)](#))
- (3) Commission members are prohibited from:
 - (a) Taking any action to purchase or acquire services or property for the RSIC or Retirement System where the Commission member or any employee of the Commission member or RSIC, their family, or their business associates have a financial interest in the services or property.
 - (b) Taking any action to invest Retirement System funds in any share, or other security if the Commission member or any employee of the Commission member or RSIC, their family, or their business associates have an interest in, are underwriters of, or receive any fees from the investment.
 - (c) Having any interest in the profits or receive any benefit from a contract entered into by the RSIC.

- (d) Using their positions to secure, solicit, or accept things of value, including gifts, travel, meals and lodging, and consulting fees for payment for outside employment, from parties doing or seeking to do business with or who are interested in matters before the Commission member or RSIC.
 - (e) Representing, while serving as a Commission member and for one year after leaving membership on the Commission, any person, in any fashion, before any public agency, with respect to any matters in which the Commission member personally participated while serving as a Commission member.
 - (f) Taking any official action on matters that will result in a benefit to themselves, their family members, or their business associates.
 - (g) Disclosing or using confidential information acquired in their official capacity as a Commission member, without proper authorization, during or after their term of service.
 - (h) Using assets of the Retirement System for their own interests.
 - (i) Acting on behalf of a party whose interests are adverse to Retirement System, the RSIC, or the Commission, even if the Commission member receives no personal gain.
 - (j) Having any direct or indirect interest in the gains or profits of any Retirement System investment other than the indirect interest of a passive investor holding less than five percent of the outstanding equity in a publicly-traded security.
 - (k) Making investments through or purchases from, or otherwise doing any business with a former fiduciary member or employee or with a business that is owned or controlled by a former fiduciary member or employee, for a period of three years after the fiduciary member or employee leaves the fiduciary. ([§9-16-360](#))
- (4) Commission members shall comply with all applicable provisions of the Ethics Reform Act, codified at [§§8-13-100 et seq.](#), in addition to Title 9, Chapter 16 of the Code of Laws of South Carolina, 1976, as amended, Commission policies, and other applicable laws, including those relating to campaign contributions.
- (5) In accordance with [§8-13-700\(B\)](#), no Commission member may make, participate in making, or in any way attempt to use his membership to influence a Commission decision in which he, a family member, an individual with whom he is associated, or a business with which he is associated has an economic interest. A Commission member who, in the discharge of his official responsibilities, is required to take action or make a decision which affects an economic interest of himself, a family member, an individual with whom he is associated, or a business with which he is associated shall:
- (a) Prepare a written statement describing the matter requiring action or decisions and the nature of his potential conflict of interest with respect to the action or decision;
 - (b) Furnish a copy of the statement to the Commission Chairman, who shall cause the statement to be printed in the minutes and require that the member be excused from any votes, deliberations, and other actions on the matter on which the potential conflict of interest exists and shall cause the disqualification and the reasons for it to be noted in the minutes. ([§8-13-700\(B\)](#))
- (6) In the event that a Commission member believes that a business or other relationship or connection may create a conflict of interest pursuant to State law or may create the appearance of a conflict or impropriety, he may abstain from deliberations about and voting related to the relationship.

- (7) In the event of abstention due to a relationship that is not governed by the above referenced State law, the Commission member should disclose that he is abstaining from related discussions and voting and the nature of the relationship which he feels may create the appearance of impropriety. This abstention and nature of the relationship must be included in the meeting minutes.
- (8) If the Commission member or a member of his immediate family holds an economic interest in a blind trust, he is not considered to have violated [§9-16-350\(A\)](#) (Section I(2) above) even if the acquisition of the economic interest by the blind trust would otherwise violate [§9-16-350\(A\)](#), if the existence of the blind trust and the manner of its control is disclosed to the State Ethics Commission and the Commission. ([§9-16-350\(B\)](#))

(J) Breach of Duty

- (1) A Commission member who breaches a duty imposed by Title 9, Chapter 16 of the Code of Laws of South Carolina, 1976, as amended, is personally liable to the Retirement System for any losses resulting from the breach and any profits resulting from the breach or made by the Commission member through the use of assets of the Retirement System by the Commission member. The Commission member is subject to other equitable remedies, including but not limited to removal. ([§9-16-70\(A\)](#))
- (2) An agreement that purports to limit the liability of a Commission member for a breach of duty imposed by Title 9, Chapter 16 of the Code of Laws of South Carolina, 1976, as amended, is void. ([§9-16-70\(B\)](#))
- (3) The Retirement System may insure a Commission member against liability or losses occurring because of a breach of duty under Title 9, Chapter 16 of the Code of Laws of South Carolina, 1976, as amended. ([§9-16-70\(C\)](#))
- (4) A Commission member may insure against personal liability or losses occurring because of a breach of duty under Title 9, Chapter 16 of the Code of Laws of South Carolina, 1976, as amended, if the insurance is purchased or provided by the individual Commission member who obtains the insurance pursuant to Title 9, Chapter 16. A Commission member who obtains such insurance must disclose all terms, conditions, and other information relating to the insurance policy to the Retirement System and RSIC. ([§9-16-70\(D\)](#))

(K) Defense and Indemnification of Commission Members

- (1) The State of South Carolina shall defend Commission members against a claim or suit that arises of or by virtue of their performance of official duties on behalf of the RSIC and must indemnify these members for a loss or judgment incurred by them as a result of the claim or suit, without regard to whether the claim or suit is brought against them in their individual or official capacities, or both. ([§9-16-370](#))
- (2) The commitment of the State of South Carolina to defend and indemnify extends to Commission members after they have left their membership on the Commission, if the claim or suit arises out of or by virtue of their performance of official duties on behalf of RSIC. ([§9-16-370](#))

(L) Delegation of Functions by the Commission

- (1) The Commission may delegate functions that a prudent person acting in a like capacity and familiar with those matters could properly delegate under the circumstances but final authority to invest cannot be delegated. ([§9-16-30\(A\)](#))

- (2) The Commission must exercise reasonable care, skill, and caution in:
 - (a) Selecting an agent
 - (b) Establishing the scope and terms of the delegation, consistent with the purposes of the retirement program
 - (c) Periodically reviewing the agent's performance and compliance with the terms of the delegation. ([§9-16-30\(B\)](#))
- (3) A Commission member who complies with the above two subsections is not liable to the Retirement System or to its participants or beneficiaries for the decisions or actions of the agent to whom the function was delegated. ([§9-16-30\(D\)](#))
- (4) The Commission may delegate any of its functions to the CIO and COO as it deems appropriate for efficient administration and when such delegation is consistent with South Carolina law. ([§9-16-30\(A\)](#))

(M) Compensation of Commission Members

- (1) Effective beginning July 1, 2012, each Commission member, not including the Executive Director of the South Carolina Public Employee Benefit Authority, must receive an annual salary of twenty thousand dollars plus mileage and subsistence as provided by law for members of state boards, committees, and commissions paid as provided pursuant to §9-16-315(H)(1).
- (2) Notwithstanding any other provision of law, membership on the Commission does not make a member eligible to participate in a retirement system administered pursuant to Title 9 of the Code of Laws of South Carolina, 1976, as amended, and does not make a member eligible to participate in the employee insurance program administered pursuant to Article 5, Chapter 11, Title 1.
- (3) Compensation paid on account of the Commission member's service on the Commission is not considered earnable compensation for purposes of any retirement system administered pursuant to Title 9 of the Code of Laws of South Carolina, 1976, as amended.

(N) Gender References, Policy Review and History

- (1) Any gender-specific language in this policy shall include the other gender.
- (2) The Commission will review this policy at least every three years to ensure that it remains relevant and appropriate, or when there has been an amendment to applicable law relevant to any section of this policy, or a Commission approved change in the responsibilities, duties, or operations of the Commission or its Committees generally, or as otherwise deemed appropriate by the Commission.
- (3) No provision of this policy shall apply to the extent that it is in conflict with any provision of the Code of Laws of South Carolina, 1976, as amended. In the event of such conflict, the applicable Code provision shall apply in all respects.
- (4) This policy was adopted on August 20, 2009.
- (5) This policy was amended on November 8, 2012.
- (6) This policy was last amended on February 28, 2013.

Policy II: Chairman and Vice Chairman Roles and Responsibilities

(A) **General Roles.** The Chairman and Vice Chairman of the Commission are the leadership for the Commission and are accountable for all responsibilities listed within the *Commission Roles and Responsibilities Policy* in addition to those included in this policy.

(B) Chairman Responsibilities

(1) General Duties

- (a) Ensure that the Commission discharges its duties and responsibilities in accordance with all applicable laws and governance policies.
- (b) Preside at meetings of the Commission, ensuring that such meetings are conducted in an efficient manner and in accordance with the South Carolina Freedom of Information Act and Commission policies.
- (c) Provide leadership to the Commission in terms of collegiality and ethical conduct.
- (d) Encourage debate and develop consensus of the Commission.
- (e) Serve as a liaison between the Commission and the Chief Investment Officer (“CIO”) and the Chief Operating Officer (“COO”).
- (f) Serve as RSIC spokesperson when the Commission deems it would be inappropriate for the CIO or COO to serve in such capacity.

(2) Administrative and Investment Duties

- (a) Ensure coordination of meetings, agendas, schedules, presentations, and meeting materials in consultation with the CIO and COO.
- (b) Subject to ratification by the Commission, in consultation with the Vice Chairman, CIO, and COO and taking into consideration requests to serve on a committee, select Commission members to serve as members and chairmen of each standing and ad hoc committee, and to change the makeup of a standing or ad hoc committee if appropriate.
- (c) Oversee the annual CIO and COO evaluations.
- (d) Inform the Commission of pertinent information regarding RSIC administration and staff.
- (e) Develop and maintain communications and relationships with other state agencies, public retirement systems, and organizations involved with or having an impact on public retirement issues that may affect the Retirement System.
- (f) Coordinate the Commission evaluation process in accordance with Commission policy.
- (g) Carry out other functions as determined by the Commission.

(C) Vice Chairman Responsibilities

- (1) Assume the duties and responsibilities of the Chairman when the Chairman is absent, or when designated to do so by the Chairman.
- (2) Temporarily act for the Chairman in the event of death, resignation, removal from office, incapacity, or inability of the Chairman to discharge his duties.
- (3) Assume the duties of any committee chairman who is absent or unable to perform the duties of the committee chairman.
- (4) Carry out other functions as determined by the Commission.

(D) Chairman or Vice Chairman Vacancy

- (1) In the event of the Chairman's death, permanent inability to discharge the duties of Commission membership or office, resignation from Commission membership or office, or removal from Commission membership, the Commission shall elect from among its members a successor Chairman to serve the unexpired portion of the former Chairman's term.
- (2) In the event of the Vice Chairman's death, permanent inability to discharge the duties of Commission membership or office, or resignation from Commission membership or office, or removal from Commission membership, the Commission shall, as soon thereafter as practicable, elect from among its members a successor Vice Chairman to serve for the unexpired portion of the former Vice Chairman's term.
- (3) For election information, refer to the *Commission Operations Policy*.

(E) Gender References, Policy Review and History

- (1) Any gender-specific language in this policy shall include the other gender.
- (2) The Commission will review this policy at least every three years to ensure that it remains relevant and appropriate, or when there has been an amendment to applicable law relevant to any section of this policy, or a Commission approved change in the responsibilities, duties, or operations of the Commission or its Committees generally, or as otherwise deemed appropriate by the Commission.
- (3) No provision of this policy shall apply to the extent that it is in conflict with any provision of the Code of Laws of South Carolina, 1976, as amended. In the event of such conflict, the applicable Code provision shall apply in all respects.
- (4) This policy was adopted on August 20, 2009.
- (5) This policy was amended on May 23, 2013.

Policy III : Chief Investment Officer and Chief Operating Officer Roles and Responsibilities

(A) Chief Investment Officer Role

- (1) Serves as chief investment officer, reporting directly to the Commission, with functions and duties provided by or consistent with [Title 9, Chapter 16 of the Code of Laws of South Carolina](#), 1976, as amended, and as appropriately delegated by the Commission.
- (2) The Chief Investment Officer (“CIO”) is an at-will employee, selected by the Commission, who is a fiduciary pursuant to State law, and must discharge his duties consistent with fiduciary standards at all times. ([§ 9-16-315\(G\)](#), [9-16-10\(4\)](#), [9-16-40](#))
- (3) Supports the Commission at all times in discharging its duties.

(B) CIO Responsibilities: General

- (1) Assist the Chief Operating Officer (“COO”) when the COO represents the RSIC before the South Carolina General Assembly and/or any of its committees or subcommittees and any State agencies related to investment matters.
- (2) Monitor and evaluate the activities and performance of staff designated as investment staff on RSIC’s most current organizational chart.
- (3) Excluding staff reporting to the COO or directly to the Commission, annually, as part of the budget request proposal, present a plan to the Commission to recruit, hire, and retain personnel necessary to effectively manage the RSIC’s investment related functions.
- (4) Excluding staff reporting to the COO or directly to the Commission, annually present a summary of FTEs, if any are included in the approved final budget, and the estimated salary range for each position, to the Commission.
- (5) Monitor and evaluate the activities and performance of external service providers engaged by RSIC or the Commission for investment functions, including contracts, mandates, and performance expectations and results. *See Service Provider Selection Policy*
- (6) Annually recommend appropriate risk parameters and performance targets to the Commission.

(C) CIO Responsibilities: Investment Policy

- (1) Develop and recommend to the Commission, Committees, and Staff, sound principles, policies, and guidelines for the investment and management of the Retirement System’s assets and the Commission’s underlying strategic allocations to be used to achieve RSIC objectives.
- (2) Advise the Commission on investment matters and make recommendations for Commission action.
- (3) Coordinate and/or conduct all necessary initial and ongoing due diligence relating to the engagement of investment managers, consultants, and providers of investment services involving the RSIC.
- (4) Review the performance of the investments and execute the Commission’s portfolio rebalancing policy.
- (5) Review all investment policies of the Commission and recommend appropriate policies and/or procedures to ensure efficient investment operations of the RSIC.

- (6) Develop a proposed annual investment plan (“AIP”) and submit the proposed AIP to the Commission no later than April first of each year. ([§9-16-320\(A\)](#)). In developing the AIP, the CIO shall diversify the investments of the Retirement System (unless the Commission reasonably determines that, because of special circumstances, it is clearly not prudent to do so) and make a reasonable effort to verify the facts relevant to the investment of the assets of the Retirement System. ([§9-16-330\(C\)](#)) The AIP must be consistent with the Commission’s statement of general investment objectives and with that statement of actuarial assumptions developed by the Retirement System’s actuary and approved by the South Carolina Budget and Control Board ([§9-16-330\(A\)](#)), and must include, but is not limited to, the following components:
- (a) General operational and investment policies;
 - (b) Investment objectives and performance standards;
 - (c) Investment strategies, which may include indexed or enhanced indexed strategies as the preferred or exclusive strategies for equity investing, and an explanation of the reasons for the selection of each strategy;
 - (d) Industry sector, market sector, issuer, and other allocations of assets that provide diversification in accordance with prudent investment standards, including desired rates of return and acceptable levels of risks for each asset class;
 - (e) Policies and procedures providing flexibility in responding to market contingencies;
 - (f) Procedures and policies for selecting, monitoring, compensating, and terminating investment consultants, equity investment managers, and other necessary professional service providers; and
 - (g) Methods for managing the costs of the investment activities. ([§9-16-330\(B\)](#))

(D) Chief Operating Officer Role

- (1) Serves as the agency head of the RSIC, reporting directly to the Commission, with functions and duties as assigned by the Commission.
- (2) The COO is a fiduciary who must discharge duties consistent with fiduciary standards at all times.
- (3) The COO is an at-will employee, selected by the Commission to oversee the reporting, legal, and the administrative operations of the RSIC.
- (4) Supports the Commission at all times in discharging its duties.

(E) COO Responsibilities: General

- (1) At the Commission’s direction, represent the RSIC before the South Carolina General Assembly and/or any of its committees or sub-committees and any State agencies with assistance from the CIO for investment-related matters as necessary or appropriate.
- (2) Monitor and evaluate the activities and performance of staff other than staff designated as investment staff or internal audit on RSIC’s most current organizational chart.
- (3) Monitor and evaluate the activities and performance of external service providers engaged by RSIC for non-investment functions, including contracts, mandates, and performance expectations.

- (4) Review personnel, internal operating, and other administrative policies of the Commission and RSIC and recommend appropriate policies and/or procedures to ensure efficient administrative operations.
- (5) Excluding staff reporting to the CIO or directly to the Commission, annually, as part of the budget request proposal, present a plan to the Commission to recruit, hire, and retain personnel necessary to effectively manage the RSIC's administrative functions.
- (6) Excluding staff reporting to the CIO or directly to the Commission, annually present a summary of FTEs, if any are included in the approved final budget, and the estimated salary range for each position to the Commission.
- (7) Inform the Commission of pertinent information regarding RSIC administration and Staff and other matters he/she deems appropriate.
- (8) Serve as the spokesperson for the RSIC, unless the Commission determines that in certain situations it would be inappropriate; in such cases, the Commission Chairman or his/her designee will serve as the spokesperson. See also *Communications Policy*

(F) COO Responsibilities: Governance, Commission Operations, and Reporting

- (1) Prepare and present to the Commission for approval, or amendment as necessary, governance policies or other policies describing roles and responsibilities of the Commission and its Committees.
- (2) Advise the Commission on administrative matters and make recommendations for Commission action.
- (3) Coordinate all reporting requirements for RSIC and to other stakeholders.
- (4) Coordinate enterprise risk management activity in accordance with standards of prudence.
- (5) Monitor and direct counsel with respect to legal actions involving RSIC, keeping the Commission apprised of such actions, and when necessary, obtaining Commission approval before undertaking such actions.

(G) CIO and COO Joint Responsibilities

(1) General

- (a) Provide executive leadership in setting and achieving Commission goals, mission, and objectives and in setting and achieving strategic direction, goals, and objectives.
- (b) Manage the RSIC in accordance with the guidelines established by the Commission and in compliance with state and federal laws and solicit advice and counsel from the Commission as necessary.
- (c) Develop and maintain communications and relationships with other state agencies, public retirement systems, and organizations involved with or having an impact on public retirement issues that may affect the Retirement System.
- (d) In close coordination with each other, the CIO and COO along with the Chairman will serve as spokespeople for the RSIC in accordance with the Commission's *Communications Policy*.
- (e) Ensure that the Commission is provided with relevant, appropriate, and timely information to enable it to properly carry out its investment, management, monitoring, and oversight responsibilities.

- (f) Manage personnel under his or her direction based on the organizational chart, including recruiting, hiring, terminating, and retaining staff necessary to effectively and prudently manage the RSIC.

(2) Monitoring and Reporting

- (a) Monitor that the RSIC operates within applicable laws, rules, regulations, and policies at all times.
- (b) Develop, implement, and review the effectiveness of the enterprise risk management framework and risk assessment reports prepared under that framework.
- (c) Monitor proposed changes in state and federal laws and, in consultation with legal counsel and/or Staff, analyze and evaluate proposed legislation affecting the RSIC or Retirement System's investments; when appropriate, develop and recommend to the Commission an official position for RSIC, consistent with RSIC's role and strategic direction.
- (d) Report to the Commission recommendations for approval of named vendors in accordance with the Commission's *Service Provider Selection Policy*.
- (e) Execution of a management representation letter from RSIC to the South Carolina Public Employee Benefit Authority ("PEBA") to be used in conjunction with the preparation of the annual financial statements and the annual external audit thereof. Appropriate representations should be made regarding the investment portfolio functions of the RSIC.
- (f) Execution of any management representation letters or audit engagement letters for engagements concerning the RSIC conducted by the State Auditor's Office.
- (g) Coordinate implementation and compliance of audit findings and recommendations at the direction of the Audit Committee.

(3) Administrative Policies and Operations

- (a) Manage the day-to-day operations of the Commission, delegating to Staff as appropriate, provided that such delegation is consistent with the policies approved by the Commission. The CIO will oversee investment related staff and functions, not to include audit and compliance staff and the COO will oversee staff other than investment related staff other than audit and compliance staff. The CIO and the COO have authority to make necessary operational expenditures, consistent with operating budgets, policies, and internal controls.
- (b) Monitor and plan for retention, development, and training of personnel necessary to effectively manage the RSIC.
- (c) Develop and recommend to the Commission appropriate strategic direction, strategic plans, operating budget, internal controls, and risk parameters.

(H) Delegation to the CIO and/or COO

- (1) The Commission may delegate, or revoke the delegation of, any of its functions to the CIO and/or COO as it deems necessary and appropriate for efficient administration, and when such delegation is consistent with South Carolina law.
- (2) In performing a delegated function, the CIO and COO owe a duty to the Retirement System and to its participants and beneficiaries to comply with the terms of the delegation and to comply with applicable law. ([§9-16-40](#))

- (3) Pursuant to a delegation of authority by the Commission, the CIO and the COO shall discharge duties with respect to the Retirement System:
- (a) Solely in the interest of the Retirement System, participants, and beneficiaries;
 - (b) For the exclusive purpose of providing benefits to participants and beneficiaries and paying reasonable expenses of administering the Retirement System;
 - (c) With the care, skill, and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of a like character and purpose;
 - (d) Impartially, taking into account differing interests of participants and beneficiaries;
 - (e) Incurring only costs that are appropriate and reasonable; and
 - (f) In accordance with a good faith interpretation of [Title 9, Chapter 16 of the Code of Laws of South Carolina](#), 1976, as amended. ([§9-16-40](#))

(I) Selection and Emergency Succession

- (1) According to South Carolina law, the Commission employs a chief investment officer to assist the Commission in its investment function. The Commission also has explicit statutory authority to employ other professional, administrative, and clerical personnel it determines necessary. ([§9-16-315\(G\)](#))
- (2) **CIO.** In the event of a sudden loss of services of the CIO, the Commission will appoint a senior member of the RSIC's investment staff to serve as the Acting CIO, responsible for carrying out the CIO's duties until such time as the Commission selects a new CIO and that person assumes the position on a full-time basis.
- (3) **COO.** In the event of a sudden loss of services of the COO, the Commission will appoint a senior member of the RSIC's administrative staff to serve as the Acting COO, responsible for carrying out the COO's duties until such time as the Commission selects a new COO and that person assumes the position on a full-time basis.

(J) Defense and Indemnification

- (1) The state of South Carolina shall defend the CIO and COO, as management employees of the RSIC, against a claim or suit that arises out of or by virtue of performance of official duties, unless he or she was acting in bad faith, and must indemnify the CIO and/or the COO for a loss or judgment incurred by him or her as a result of such claim or suit, without regard to whether the claim or suit is brought against him or her in his individual or official capacities, or both. ([§9-16-370](#)).
- (2) The commitment of the state of South Carolina to defend and indemnify extends to the CIO and COO of the RSIC after he or she has left employment with the RSIC, if the claim or suit arises out of or by virtue of his or her performance of official duties on behalf of the RSIC. ([§9-16-370](#))

(K) Gender References, Policy Review and History

- (1) Any gender-specific language in this policy shall include the other gender.
- (2) The Commission will review this policy at least every three years to ensure that it remains relevant and appropriate, or when there has been an amendment to applicable law relevant to any section of this policy, or a Commission approved change in the responsibilities, duties, or operations of the Commission or its Committees generally, or as otherwise deemed appropriate by the Commission.

- (3) No provision of this policy shall apply to the extent that it is in conflict with any provision of the Code of Laws of South Carolina, 1976, as amended. In the event of such conflict, the applicable Code provision shall apply in all respects.
- (4) This policy was adopted on August 20, 2009.
- (5) This policy was amended on September 17, 2011.
- (6) This policy was last amended on February 28, 2013.

Policy IV : Commission Operations

(A) General Operations

- (1) The Commission will take the following under consideration for approval:
 - (a) The basic organizational structure of the RSIC.
 - (b) The Commission will approve the general processes to be used to establish the strategic and/or business plans, and operational budgets of the RSIC.
 - (c) Based on the recommendations from of the Chief Investment Officer (“CIO”) and Chief Operating Officer (“COO”) for:, the Commission will approve:
 - (i) Business and strategic plans
 - (ii) Annual operating budget request
- (2) The Commission will ensure that an effective process of enterprise risk management is in place.
- (3) After review of the recommendations by the CIO and COO, the Commission will discuss the recommendations and approve an Operating Budget for the RSIC.

(B) Officer Elections Process

(1) Chairman; Vice Chairman

- (a) The Officers of the Commission shall be a Chairman and a Vice Chairman, each of whom shall serve a two-year term ending June 30 of even numbered years. The Vice-Chairman shall act as Chairman during the Chairman’s temporary absence or other inability to serve. In the event of the Chairman’s permanent absence, the Vice Chairman will serve for the remainder of the Chairman’s term.
- (b) Nominations.** The Chairman shall accept all nominations from voting members for the election of the successor Vice-Chairman.
- (c) The Commission shall select a successor Vice Chairman in the event of removal, resignation, or other reason for which the Vice Chairman is unable to complete his or her term. The elected successor will serve the remaining portion of the previous Vice Chairman’s term in accordance with section (a) above.
- (d) The State Treasurer may not serve as Chairman or Vice Chairman of the Commission.
- (e) The Chairman and Vice Chairman will serve until his or her successor is duly elected or until he or she resigns, is unable to serve, or is removed from office, whichever comes first.
- (f) The Commission may select other officers it determines necessary.

(2) Retiree Representative Member

- (a) The voting members of the Commission will appoint the Retiree Representative Member by unanimous vote. ([§9-16-315\(A\)\(6\)](#))
- (b) The Retiree Representative Member will serve for a term of five years and until a successor is appointed and qualified. The Retiree Representative Member’s term will be deemed to expire after June 30th of the year in which the term expires. ([§9-16-315\(C\)](#))
- (c) By law, the Retiree Representative Member must be a retired member of the Retirement System and possess the qualifications required by [§9-16-315](#). For qualifications, see *Commission Roles and Responsibilities Policy*.
- (d) **Nominations.** During the year in which the incumbent Retiree Representative Member’s term expires or in the event of a vacancy for any reason:

- (i) Commission members and associations that represent stakeholders may present nominations for Retiree Representative Member;
 - (ii) The Commission will provide notice of the pending vacancy of the Retiree Representative Member at least one meetings prior to the expiration of the term in its regularly scheduled meeting agenda. If a Retiree Representative Member does not complete his or her term for any reason, the Commission will ensure the vacancy is announced at least one meeting prior to appointing a new Retiree Representative Member;
 - (iii) If nominations are received which meet the statutory requirements, nominees may be invited to meet with the Commission; and
 - (iv) The voting Commission members will endeavor to conclude the nomination process and appoint a Retiree Representative Member prior to June 30 of the year in which the incumbent's term is to expire. In the event of a vacancy for some other reason, the voting Commission members will endeavor to conclude the nomination process and appoint a Retiree Representative Member as soon as practicable.
- (e) The Retiree Representative Member will serve until (i) his or her successor is duly elected and qualified or (ii) he or she resigns, is removed from office, or is otherwise unable to complete his or her term, whichever comes first.

(C) Special Elections and Removal of a Commission Officer

- (1) If appropriate, the Commission may commence a special election to fill any vacancies of officers or the Retiree Representative Member occurring outside the scope of other policies.
- (2) In the event a Commission member finds removal of a Commission Officer, including but not limited to, Chairman, Vice Chairman, or a Committee Chair, from his office is appropriate, he must communicate reasons supporting removal from office to the Commission.
- (3) After receiving information regarding the potential removal of a Commission Officer, the voting Commission members will vote on whether removal from office is appropriate.
- (4) In compliance with law, only the Governor may remove a Commission member from the Commission and only for reasons stated in S.C. Code Ann. [§1-3-240\(C\)](#). *See Commission Roles and Responsibilities Policy*

(D) Education

(1) Overview and Continuing Education

- (a) In order to help fulfill their fiduciary duties, Commissioners should continually develop and maintain their knowledge of pension investment and administration matters by attending educational presentations and events, and may perform due diligence regarding issues such as investment manager selection and custodial bank selection.
- (b) Commissioners should report all continuing education related to the Commission to the Chairman or COO.
- (c) Commissioners are encouraged to participate in at least 16 hours of continuing education annually, including in-house seminars, pertinent national conferences, select investment and pension plan administration courses, and continuing educational courses offered through local colleges and universities.

(2) Commissioner Orientation

- (a) New Commissioners must attend an investment and administration orientation provided by RSIC management and staff within sixty days of becoming a Commissioner.
- (b) The orientation will include, but is not limited to:
 - (i) CIO and COO briefing on the history and background of RSIC and instructions regarding accessing the RSIC's secure website;
 - (ii) A briefing by the Commission Chairman on current issues before the Commission and backgrounds of other Commissioners;
 - (iii) Introduction to staff members;
 - (iv) A tour of RSIC's offices;
 - (v) A briefing by RSIC legal counsel on Commissioner fiduciary duty, conflicts of interest guidelines, state ethics, and other pertinent laws affecting RSIC; and
 - (vi) Distribution and review of copies of the RSIC policies, including governance policies, the Annual Investment Plan, Personnel Handbook, a copy of the CFA Institute's Code of Conduct for Members of a Pension Scheme Governing Body, and any other relevant information deemed appropriate by the Chairman, CIO, or COO.
- (c) New Commissioners are encouraged to attend at least one conference or seminar relating to pension fund investments within his or her first year as a Commissioner.

(E) Travel

- (1) Commissioners must exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business and spending personal funds.
- (2) All Commissioners' travel must comply with RSIC's *Travel Policy* and the *Comptroller General's Policy on Reimbursement for Travel and Subsistence Expenses*.
- (3) Travel must pertain to RSIC business and enhance the knowledge and capabilities of the Commissioner relevant to his or her duties relating to the RSIC.
- (4) Commissioners may provide copies of conference material to the COO which may be distributed to other Commissioners and/or RSIC staff.

(F) Meeting Policies

- (1) Regular meetings will be held at least once during each fiscal quarter and at other times as set by the Commission or Chairman or requested by the Budget and Control Board. ([§9-16-320\(B\)](#))
- (2) The annual schedule may be modified by the Commission as necessary, and timely notice of such changes must be provided as appropriate in accordance with the South Carolina Freedom of Information Act ("FOIA").
- (3) The Chairman or a majority of the Commission may call a special meeting or cancel regular meetings, so long as notice is provided as appropriate in accordance with the FOIA.
- (4) In providing timely notice of a meeting to the public, the Commission will post notice within a reasonable time not less than 24 hours prior to the meeting on the RSIC's website and at RSIC's office. ([§30-4-80](#))
- (5) As defined by South Carolina law, a "meeting" for purposes of the FOIA means the convening of a quorum of the constituent membership of a public body, whether

corporal or by means of electronic equipment, to discuss or act upon a matter over which the public body has supervision, control, jurisdiction or advisory power. (§30-4-20(d)). Every meeting of all the Commission shall be open to the public unless closed pursuant to S.C. Code Ann. §30-4-70.

- (6) Conference telephones or similar equipment may be used whenever the Commission meets, including executive session meetings as authorized by law. Commissioners may use conference telephones or similar communications equipment by means of which all members and other persons duly participating in the meeting can hear each other. Participation in a meeting pursuant to this policy will constitute presence for purposes of convening a quorum of the Commission. In the event of a telephone conference call, members of the public will be permitted to observe.(§30-4-20(d))
- (7) No chance meeting, social meeting, or electronic communication may be used in circumvention of the spirit of FOIA requirements related to matters of the Commission. (§30-4-70)

(G) Rules of Order

(1) General

- (a) The Commission and its Committees will follow as closely as practicable the rules of order prescribed for small assemblies or similar small bodies in the most recently published revision of Robert's Rules of Order in conducting its meetings, to the extent not suspended or modified by the Commission's policies or agreed upon practices.
- (b) The Chairman will be counted to establish quorum at meetings.
- (c) Such rules of order will 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 Commission's fiduciary responsibilities.

(2) Order of Business-Meeting Agenda Format

- (a) The order of business is the established sequence in which business will be taken up at a Commission meeting.
- (b) The order of business will be at the discretion of the Chairman in consultation with the Commission, but will normally be as follows:
 - (i) Call to Order
 - (ii) Approval of Meeting Agenda
 - (iii) Approval of previous Commission meeting minutes
 - (iv) Reports from Officers and/or Committees
 - (v) Investment Items
 - (vi) Administrative Items
 - (vii) Other Business
 - (viii) Adjournment
- (c) The Commission may rearrange the normal Order of Business outlined above by majority vote of the voting members of the Commission; however, no item which binds the Commission to action may be added to the agenda which has been posted pursuant to FOIA.

(3) Agenda Items and Procedure

- (a) Draft proposed meeting agendas will be set by the Chairman, in consultation with Staff and Commissioners.

- (b) Once set as described above, the draft proposed agenda will be distributed to the Commissioners.
- (c) Motions which change or affect how a Main Motion is addressed by the Commission (“Subsidiary Motions”) may be made as information is presented and discussions ensue and are not required to be submitted in writing in the same manner as Main Motions.
- (d) In accordance with state law, the Commission will not address business that has not been included in the meeting notice that binds the Commission of expenditure of funds except as provided by law.

(H) Meeting Minutes

- (1) Minutes of Commission meetings will be taken in accordance with state law and such records are open to public inspection.
 - (a) The COO will cause the minutes of all Commission meetings to be prepared, recording therein the time and place of each meeting, the names of the members present, and a summary of the actions of the Commission including: abstentions from voting and the reason for the abstention, the affirmative and dissenting votes, except where the action is unanimous, and when requested, a Commissioner’s dissent or approval with reasons.
 - (b) The COO will cause the minutes to be presented for approval at the next regular Commission meeting.
- (2) Meetings during executive session are not subject to the above requirements. ([§9-16-320\(D\)](#))
- (3) Commission minutes will focus on describing any actions that occurred, and will provide sufficient detail to evidence the Commission’s due diligence in the matter.
- (4) The minutes of a meeting during which an executive session is held will reflect the topic of the discussion at the executive session.
- (5) If the Commission votes during executive session, RSIC will publish actions in a subsequent meeting when appropriate or otherwise make such information available to the public as applicable.
- (6) The minutes as approved by the Commission, will be preserved as a part of the official public record of the Commission, and will be kept open to public inspection in accordance with law.
- (7) A record of the Commission or its fiduciary agents that discloses deliberations about, or a tentative or final decision on, investments or other financial matters is exempt from the disclosure requirements of Chapter 4 of Title 30, the Freedom of Information Act, to the extent and so long as its disclosure would jeopardize the ability to implement an investment decision or program or to achieve investment objectives. ([§9-16-80\(B\)](#))

(I) Executive Session

- (1) The Commission may conduct business in executive session, which will be closed to the public, under the following conditions:
 - (a) The executive session is held during a regular or special meeting of the Commission;
 - (b) The Commission announces to the public present at the meeting the topic of the discussion;

- (c) The executive session is held for the purpose of considering any matter enumerated in S.C. Code of Law Ann. [§§9-16-80\(A\)](#), [9-16-320\(C\)](#), [30-4-70](#), or in accordance with any applicable law, including but not limited to:
 - (i) Meetings of the Commission, or by its fiduciary agents, to deliberate about, or make tentative or final decisions on, investments or other financial matters if the disclosure of such deliberations or decisions would jeopardize the ability to implement a decision or to achieve investment objectives.
 - (ii) Discussion of employment, appointment, compensation, promotion, demotion, discipline, or release of an employee, or a person regulated by a public body or the appointment of a person to a public body.
 - (iii) The receipt of legal advice where the legal advice relates to a pending, threatened, or potential claim or other matters covered by the attorney-client privilege, settlement of legal claims, or the position of the public agency in other adversary situations involving the assertion against the agency of a claim.
- (2) When executive session has commenced, only the following persons may be present:
 - (a) Members of the Commission;
 - (b) Staff members of the RSIC requested by the Commission, who may provide information or advice relating to the purpose(s) for which the body has convened in executive session; and
 - (c) Others requested and approved by a majority of the voting members of the Commission, for the purposes of providing information or advice relating to the matter(s) for which the body has convened in executive session.
- (3) Notwithstanding section I(2) above, the Commission must unanimously approve the attendance of any person other than RSIC legal counsel during an executive session or portion of an executive session relating to items described in I(1)(c)(iii) above.
- (4) Fiduciaries and employees of fiduciaries are prohibited from, during or after their term of service, disclosing or using confidential information acquired in their official capacity as fiduciary or employee of the fiduciary, without proper authorization. [§9-16-360\(7\)](#)

(J) Quorum

- (1) A quorum of at least four voting members must be present for the Commission to convene a meeting or to conduct business.
- (2) The act of the majority of voting members present and voting at a meeting at which a quorum is present will constitute official action of the Commission.
- (3) Any member of the Commission who would be required to vote on a matter that would result in a conflict of interest must abstain from voting, refrain from participating in any discussions pertaining to the matter, and prior to the vote being taken, explain the conflict and disclose the nature of his or her interest for Commission records. The COO shall cause this information to be placed into the meeting minutes. For more information on standards of conduct for Commissioners, see *Commission Roles and Responsibilities Policy*.

(K) Gender References, Policy Review & History

- (1) Any gender-specific language in this policy shall include the other gender.
- (2) The Commission will review this policy at least every three years to ensure that it remains relevant and appropriate, or when there is an amendment to applicable law

relevant to any section of this policy, or when there is a Commission approved change in the responsibilities, duties, or operations of the Commission or its Committees generally.

- (3) No provision of this policy shall apply to the extent that it is in conflict with any provision of the Code of Laws of South Carolina, 1976, as amended. In the event of such conflict, the applicable Code provision shall apply in all respects.
- (4) This policy was adopted on November 19, 2009.
- (5) This policy was amended on November 17, 2011.
- (6) This policy was amended on November 8, 2012.
- (7) This policy was last amended on February 28, 2013.

Policy V : Executive Staff and Commission Evaluations

(A) Executive Staff Evaluation

- (1) For purposes of this policy, “Executive Staff” includes the Chief Investment Officer (“CIO”) and the Chief Operating Officer (“COO”) of the RSIC.
- (2) The Commission is responsible for setting the evaluation criteria in advance of the performance period and evaluating the Executive Staff’s performance.
- (3) Evaluation criteria include, but are not limited to:
 - (a) Achievement of appropriate performance targets for the RSIC;
 - (b) Implementation of the Strategic Plan and other business initiatives;
 - (c) Implementation of Commission policies and associated reporting to the Commission;
 - (d) Leadership, management, and related qualities and skills;
 - (e) Compliance with other criteria set by the Commission.
- (4) The Commission will strive to ensure that each evaluation’s criteria are objective in nature, measurable to the extent feasible, and pertain only to outcomes over which the Executive Staff has a reasonable degree of control.
- (5) Pursuant to the RSIC’s Compensation Policy, the CIO’s compensation will be partially determined by the Commission’s evaluation of his performance during the Performance Period. *See Compensation Policy.*
- (6) **Executive Staff Evaluation Process and Timeline**
 - (a) Annually, during the last quarter of the calendar year, Executive Staff will distribute a self-evaluation packet to the Commission members. The self-evaluation is designed to assist the Commission members in the evaluation process. It should describe the extent to which the Executive Staff believes his or her evaluation criteria was met during the evaluation period, supported by relevant data.
 - (b) The self-evaluation packet will include:
 - (i) A report including the Executive Staff’s self-evaluation of his or her performance based on the individual’s criteria and goals established by the Commission members for the evaluation year;
 - (ii) The Executive Staff’s proposed evaluation criteria and goals for the upcoming year;
 - (iii) A summary of the RSIC’s Strategic Plan most recently adopted by the Commission, including the goals for which he or she has been responsible for completing;
 - (iv) Evaluation forms for the Commission members;
 - (v) Any supporting or additional documentation or information the Executive Staff wishes to include.
 - (c) The documents provided by the Executive Staff and the Commission members’ evaluation forms will be treated as working papers and internal draft documents, as they are preliminary and will be used to compile the final evaluation summary. The Commission members’ completed evaluation forms will be returned to the Chairman or his designee within two weeks of receipt.
 - (d) The Commission members may meet as necessary to review the performance of the Executive Staff, and have the option to meet without the Executive Staff present.

- (e) The Chairman or his designee will summarize the completed evaluation forms and provide copies to the Commission members and individually, to the appropriate Executive Staff. The completed evaluation forms summary should include specific guidance for the individual concerning improvement opportunities.
- (f) The Commission members will meet with the Executive Staff during or prior to the first regularly scheduled Commission meeting of each year to individually discuss and establish:
 - (i) The evaluation summary, including the self evaluation, and the extent to which the set criteria and goals were met for the year;
 - (ii) The proposed evaluation criteria and goals for the following year's evaluation.
- (g) After the discussion, the Chairman must sign and retain a finalized evaluation summary in the individual's personnel file.
- (h) The Commission members' discussions regarding the Executive Staff's performance may be held in executive session in accordance with state law.

(B) Commission Evaluation

- (1) The purpose of the evaluation is to provide the Commission members with a framework for evaluating the performance of the Commission and for identifying any concerns or suggestions the Commission members may have.
- (2) The Commission is responsible for completing a self evaluation at least once annually.
- (3) The Chairman will initiate the evaluation process.
- (4) The Commission may retain a third party to provide support to the evaluation process.
- (5) **Commission Evaluation Process and Timeline**
 - (a) Annually, during the second calendar quarter of the evaluation year, the Chairman or his designee will distribute a copy of the Commission Evaluation Discussion Guide ("CEDG") to each Commission member.
 - (b) The Commission may review the CEDG and make modifications, as appropriate, at any time. Any changes to the CEDG should be made before Commission members receive the evaluations for a fiscal year. To ensure efficiency in the evaluation process, changes to the CEDG that are submitted after the Chairman has distributed the CEDG to the Commission will not be effective until the next year's evaluation.
 - (c) Commission members will complete the CEDG within two weeks and return them to the Chairman or his designated third party.
 - (d) The Chairman or his designated third party will prepare and present a draft summary report of the completed CEDG forms by the close of the second calendar quarter of the evaluation year.
 - (e) The Chairman will present the draft summary report of the evaluations to the Commission members and facilitate a discussion of the results.
 - (f) The Commission's discussions regarding the evaluation summary may be held in executive session to the extent permitted by state law.
 - (g) The Chairman will compile conclusions and recommendations based on the draft evaluation summary report and the Commission's discussion.
 - (h) The Chairman will provide a summary of conclusions and recommendations, which will be recorded in the minutes of the next regular Commission meeting.

(C) Gender References, Policy Review and History

- (1) Any gender-specific language in this policy shall include the other gender.
- (2) The Commission will review this policy at least every three years to ensure that it remains relevant and appropriate, or when there has been an amendment to applicable law relevant to any section of this policy, or a Commission approved change in the responsibilities, duties, or operations of the Commission or its Committees generally, or as otherwise deemed appropriate by the Commission.
- (3) No provision of this policy shall apply to the extent that it is in conflict with any provision of the Code of Laws of South Carolina, 1976, as amended. In the event of such conflict, the applicable Code provision shall apply in all respects.
- (4) This policy was adopted on March 18, 2010.
- (5) This policy was amended on February 28, 2013.

Policy VI : Committees

(A) Purpose. Due to the volume of business and the need to discuss many items in considerable detail, the South Carolina Retirement System Investment Commission (“Commission”) may establish committees which meet periodically to review matters related to their specific charter before the matters are presented to the Commission.

(B) Appointments to Committees

- (1) Subject to ratification by the Commission, in accordance with the *Commission Operations and Chairman and Vice Chairman Roles and Responsibilities Policies*, the Commission Chairman will appoint Commission members to serve as members of each standing committee and ad hoc committee, and when appropriate, change the makeup of a standing committee or ad hoc committee.
- (2) In appointing Commission members to serve on committees, the Chairman of the Commission will attempt to balance the following considerations:
 - (a) The need to maintain an appropriate level of continuity in committee membership;
 - (b) The need to rotate the composition of committees to provide diverse experience to Commission members; and
 - (c) The need to ensure that committee appointments reflect the Commission member’s interests and particular areas of expertise, as appropriate.

(C) Composition

- (1) Pursuant to sections (D) and (E) below, committees will be comprised of either (a) two Commission members, or (b) three Commission members.
- (2) Upon approval of the committee members, the committee Chairman may appoint other persons from time to time to serve as non-voting members of the committee on an ad hoc basis, including RSIC staff, consultants to the Commission and/or subject matter experts.
- (3) Committee members other than Commission members appointed pursuant to Section (C)(2) above will not have voting rights. Notwithstanding the provisions of S.C. Code Ann. [§9-16-315\(A\)\(7\)](#) which provides that the Executive Director of PEBA shall serve without voting privileges with respect to the Commission, he or she shall have voting privileges while serving on a standing committee or ad hoc committee.

(D) Standing Committees

- (1) The Audit Committee and Compensation Committee are standing committees of the Commission.
- (2) Each standing committee will consist of three members of the Commission.
- (3) The members of each standing committee will be determined pursuant to Sections (B) and the committee Chairman will be selected by vote of the committee.
- (4) The Executive Director of the Public Employee Benefit Authority, serving as a Commission member ex officio, will be a member of the Commission’s Audit Committee.

(E) Ad hoc Committees

- (1) The Commission may establish ad hoc committees as it deems appropriate to address specific matters or issues that do not already fall within the scope of a standing committee.
- (2) Each ad hoc committee will consist of two or three members of the Commission.
- (3) An ad hoc committee consisting of two Commission members will have its chairman selected by Commission vote.
- (4) An ad hoc committee consisting of three Commission members will elect its chairman.
- (5) Ad hoc committees will be disbanded after they have satisfied their mandate.

(F) Meeting Policies

- (1) Committees must give written public notice of their regular meetings at the beginning of each calendar year. The notice must include the dates, times, and places of the meetings. ([§30-4-80\(a\)](#))
- (2) The annual meeting schedule may be modified by the committees as necessary, and timely notice of such changes must be provided in accordance with the South Carolina Freedom of Information Act ("FOIA"). ([§30-4-80\(a\)](#))
- (3) The committee Chairman may call a special meeting or cancel regular meetings, so long as notice is provided in accordance with the FOIA.
- (4) The committee will post notice of a regular or special meeting to the public on the Commission's website and at the appropriate office and will notify persons, organizations, and others who have requested notification of the times dates, and agendas of all public meetings, within a reasonable time, not less than 24 hours prior to the meeting. ([§30-4-80](#))
- (5) As soon as practical after a committee meeting date has been set, notices will be sent to all commissioners.
- (6) Every meeting of a committee will be open to the public unless closed pursuant to S.C. Code Ann. [§30-4-70](#).
- (7) Minutes of committee meetings will be taken in accordance with law and such records are open to public inspection.
 - (a) The committee Chairman will cause the minutes of all public committee meetings to be prepared in accordance with the FOIA.
 - (b) The committee Chairman will cause the minutes to be presented for approval at the next regular committee meeting or as soon thereafter as is practicable. See *also Commission Operations Policy*.
 - (c) When an ad hoc committee has been disbanded, the committee Chairman will be responsible for approving the final meeting minutes of the ad hoc committee.
 - (d) When a majority of the composition of a standing committee changes, the former Chairman of the committee will be responsible for approving the minutes of any committee meeting not approved as of the date of the change in composition of the committee.
 - (e) Upon approval, minutes will become public documents and the Chief Operating Officer ("COO") will cause the minutes to be posted on the RSIC website.
- (8) In addition to posting the minutes to the RSIC website, the COO must cause a listing of each standing committee and ad hoc committee, including membership, charter, and all committee minutes to be posted on the RSIC website and regularly updated.

(G) Committee Charters

- (1) Each committee must have a charter or guidelines that provide a description of the committee's purpose and duties, and for ad hoc committees, a provision for dissolving the committee once it has served its purpose or completed its duties.
- (2) The committee Chairman or designee will cause a charter or guidelines for each committee to be prepared in a timely manner. Charters or guidelines for each standing committee must be approved by the Commission. Ad hoc committees will adopt a charter or guidelines based upon and consistent with the specific purpose for which the Commission established the ad hoc committee.

(H) Committee Chairman Selection. Committees will elect committee chairs consistent with sections (D) and (E) of this policy.

(I) Committee Chairman Absence and Replacement. In the event a vacancy occurs with regard to the position of committee Chairman, the Commission Chairman may select a replacement chairman for the committee or he may select an interim committee Chairman to serve pending the selection of a replacement pursuant to Section H above.

(J) Additional Meeting Guidelines

- (1) Any Commission member may attend, as an observer, any meeting of any such committee of which he or she is not a member (a "non-member Commissioner"), but the non-member Commissioner will not have voting rights and may not participate in discussions unless asked and if such participation would not create a quorum of the Commission.
- (2) In the event the members of a committee and/or non-member Commissioners participate in a fact finding or due diligence meeting for a prospective or existing investment, the Commission members will refrain from meeting, discussing, or conducting any business of the Commission during that time. Meetings and discussions with a quorum of the Commission or a quorum of a committee of the Commission present require compliance with FOIA.
- (3) The Chief Investment Officer ("CIO") and COO will ensure that Commission committees receive adequate support from the RSIC staff in a prompt and complete manner.
- (4) If personal attendance is impractical, participation in committee meetings via teleconferencing is permitted. Committee members and staff assigned to the committee may use conference telephones or similar communication equipment by means of which all committee members and other persons duly participating in the meeting can hear each other.
- (5) No chance meeting, social meeting, or electronic communication may be used in circumvention of the spirit of FOIA requirements related to the conduct of meetings. (§30-4-70(c))

(K) Committee Chairman Responsibilities. Each committee Chairman will perform the following duties regarding their assigned committee.

- (1) Ensure that the committee discharges its duties and responsibilities set forth in its charter, Commission policies, and in accordance with law;
- (2) Provide timely notice of meetings to committee members and others in accordance with FOIA;

- (3) Coordinate committee meetings, agendas, schedules, and presentations;
- (4) Preside at committee meetings, ensuring that such meetings are conducted in an efficient manner and in accordance with open meeting laws, committee charter, Commission policy, and agreed upon rules of order;
- (5) Serve as the liaison among committee members, the Commission, CIO, and COO when appropriate;
- (6) Limit meeting discussion to those issues that are within the committee's responsibility;
- (7) Report to the Commission on the action and activities of the committee and present committee recommendations to the Commission; and
- (8) Carry out other actions as determined by the Commission.

(L) Limitations on Authority

- (1) No committee will have any power or authority, nor will the Commission delegate to it power or authority, as to any of the following:
 - (a) The adoption, amendment, or repeal of Commission policies;
 - (b) The amendment of a standing committee charter that has been approved by the Commission;
 - (c) The amendment or repeal of any Commission resolution.
- (2) All actions taken by committees must be approved by the Commission at a Commission meeting unless the committee's charter, as approved by the Commission, provides that the committee may take action on specified matters without Commission approval or the Commission has delegated specific authority in accordance with applicable law.

(M) Gender References, Policy Review and History

- (1) Any gender-specific language in this policy shall include the other gender.
- (2) The Commission will review this policy at least every three years to ensure that it remains relevant and appropriate, or when there has been an amendment to applicable law relevant to any section of this policy, or a Commission approved change in the responsibilities, duties, or operations of the Commission or its committees generally, or as otherwise deemed appropriate by the Commission.
- (3) No provision of this policy shall apply to the extent that it is in conflict with any provision of the Code of Laws of South Carolina, 1976, as amended. In the event of such conflict, the applicable Code provision shall apply in all respects.
- (4) This policy was adopted on May 21, 2010.
- (5) This policy was amended on September 15, 2011.
- (6) This policy was amended on February 28, 2013.
- (7) This policy was last amended on May 23, 2013.

Policy VII : Communications

(A) Communication Among Commission Members

- (1) The Commission will carry out its activities in the spirit of open governance and in accordance with law and its fiduciary responsibility.
- (2) The Commission may conduct certain business in executive session in accordance with state law. *See Commission Operations Policy*
- (3) Commission members will communicate in an open, straightforward, timely and constructive manner during meetings of the Commission and its committees.

(B) Commission Member Communication with Retirement System

- (1) Commission members will be aware of the responsibility to communicate accurate and timely information to the Public Employee Benefit Authority (“PEBA”), the Budget and Control Board, and South Carolina Retirement Systems’ participants and beneficiaries.
- (2) Commission members will mitigate this risk by refraining from providing specific advice, counsel, or education with respect to the rights or benefits a participant or beneficiary may be entitled to under [Title 9 of the Code of Laws of South Carolina](#), 1976, as amended.
- (3) In the event a System participant or beneficiary requests that a Commission member provide advice with respect to System policy or benefits, the Commission member should refer the System participant or beneficiary to the Chief Operating Officer (“COO”) or his designee or have the COO or his designee contact the participant or beneficiary.

(C) Commission Member Communication with the Management

- (1) Commission members should direct questions regarding any aspect of the South Carolina Retirement System Investment Commission (“RSIC”) operations to the Chief Investment Officer (“CIO”), COO, or the appropriate designated staff member.
- (2) Requests for information that require significant expenditure of RSIC staff time or use of external resources should be:
 - (a) Directed to the CIO or COO;
 - (b) Consistent with the role of the Commission (*See Commission Roles and Responsibilities Policy*); and
 - (c) Formally requested and approved at a Commission or committee meeting.
- (3) Individual Commission members will share information pertinent to the RSIC with the CIO and/or COO in a timely manner. The CIO and COO will similarly share information with the Commission pertinent to the Commission in a timely manner.
- (4) The CIO and COO will ensure that information that has been requested by the Commission or a Commission member is made available to the Commission members as appropriate, and in a timely and complete manner.

(D) Commission Member Communication with External Parties

- (1) The CIO, COO, the Chairman or their designee will serve as the spokesperson for the RSIC. The Commission may designate a member of the Commission to serve as the spokesperson on a specified issue.
- (2) The following guidelines will apply with respect to the spokesperson:

- (a) If time permits, and to the extent permitted by state law, the spokesperson will address sensitive, high profile issues with as many members of the Commission as possible, prior to engaging in external communications. At a minimum, the Chairman, Vice Chairman, CIO, and COO will be contacted.
- (b) To the extent feasible, in situations where the Commission's position concerning an issue has not been established, the Commission or an appropriate committee will meet to discuss the issue prior to the spokesperson's engaging in external communications.
- (3) When asked to be interviewed or otherwise approached by the media for substantive information concerning the affairs of the RSIC, Commission members should generally refer the matter to the CIO or COO, or other Commission designated spokesperson, and will in no event make commitments on behalf of the RSIC or the Commission.
- (4) In their external communications, Commission members will:
 - (a) Speak on behalf of the Commission only when explicitly authorized to do so by the Commission;
 - (b) Indicate if they are speaking in a capacity other than that of a member of the Commission;
 - (c) Respectfully indicate when they are representing a personal position, opinion, or analysis, whether the same or different from a Commission-approved position, and clearly indicate that their position, opinion, or analysis does not represent the position of the Commission or is in opposition to the position of the Commission; and
 - (d) Report to the COO and the other Commissioners the time, date, and content of the communication.
- (5) Communications by Committee members, when acting in their capacity as Commission members, should be consistent with their delegated authority and their fiduciary duty to the System and its participants and beneficiaries.
- (6) Written press releases concerning the business of the RSIC will be the responsibility of the COO in consultation with the CIO and Chairman, and will clearly and accurately reflect the positions or decisions of the Commission and be consistent with applicable law.
- (7) The COO must submit to the Chairman and Vice Chairman for approval all press releases. Upon approval and release, the COO must send the press releases to the Commission members.
- (8) To ensure the accuracy of materials prepared by Commission members for publication or general distribution, which are related to the affairs of the RSIC, Commission members agree to provide such material to the CIO and COO, or their designee, as appropriate, for review prior to distribution or publication.

(E) Gender References, Policy Review and History

- (1) Any gender-specific language in this policy shall include the other gender.
- (2) The Commission will review this policy at least every three years to ensure that it remains relevant and appropriate, or when there has been an amendment to applicable law relevant to any section of this policy, or a Commission approved change in the responsibilities, duties, or operations of the Commission or its Committees generally, or as otherwise deemed appropriate by the Commission.

- (3) No provision of this policy shall apply to the extent that it is in conflict with any provision of the Code of Laws of South Carolina, 1976, as amended. In the event of such conflict, the applicable Code provision will apply in all respects.
- (4) The policy was adopted on May 21, 2010.
- (5) This policy was amended on February 28, 2013.

Policy VIII : Service Provider Selection Policy

(A) General Guidelines

- (1) All service providers are subject to a level of due diligence that reflects a degree of rigor that is commensurate with the importance and materiality of that particular service.
- (2) All monitoring or reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established within other policies of the RSIC, such requirements will prevail.
- (3) During the search process for a service provider, specific and detailed selection criteria will be established in investment and/or other policies of the Commission or at the time a search process is initiated.
- (4) Contracts for and payment to service providers must be processed according to state laws, including applicable provisions of the South Carolina Consolidated Procurement Code ("Procurement Code") and any policies and procedures established by the State Comptroller General's Office, State Treasurer's Office, and/or the South Carolina Budget and Control Board.
- (5) Contracts pertaining to day-to-day operations, including but not limited to personal services contracts, interagency agreements, investment analysis tools, and maintenance agreements, will be in accordance with applicable provisions of the Procurement Code, consistent with state practices, and executed by the Chief Operating Officer ("COO") or his designee.
- (6) For purposes of this policy, "service provider" does not include associate legal counsel, which may be retained upon approval by and in accordance with the procedures required by the South Carolina Attorney General.

(B) Service Providers

- (1) **Named Service Providers.** The Commission, in consultation with the Chief Investment Officer ("CIO") and/or COO, as appropriate, will approve the appointment of Named Service Providers, which may include:
 - (a) Investment Managers/Advisers;
 - (b) Investment Consultants/Advisers, including general pension consultants, asset-specific consultants, and other consultants engaged as necessary to assist the RSIC staff in managing RSIC assets and overseeing external managers and/or advisers;
 - (c) Consultants retained for searches and recruiting efforts for the CIO and/or COO positions;
 - (d) Financial and/or Actuarial Auditors for services in addition to those rendered by the State Auditor's Office and the South Carolina Retirement Systems, upon approval by the State Auditor's Office;
 - (e) Other Service Providers, as may be deemed appropriate by the Commission.
- (2) **Other Service Providers.** Unless the Commission determines otherwise, the COO, in consultation with the CIO as appropriate, will be responsible for appointing and terminating service providers other than Named Service Providers ("Other Service Providers") and for informing the Commission of such appointments when they are material or significant. Other Service Providers may include, but are not limited to:
 - (a) Investment Analysis Tools;
 - (b) Operational Service Providers;

- (c) Technical Support Assistance;
- (d) Other service providers as appropriate.

(3) Selecting Service Providers

- (a) The Commission and CIO and/or COO, or his designee, will consider as broad a universe of qualified service providers as is practical and reasonable given the budgetary, staffing, time, and other relevant factors in accordance with applicable provisions of the Procurement Code when selecting service providers.
- (b) The Commission and CIO and/or COO will exercise discretion regarding the need for legal review in selecting, retaining, and terminating service providers; provided, however, that any resulting contract must comply with all applicable law.
- (c) The Commission and CIO and/or COO will coordinate search and due diligence activities, in conjunction with the RSIC staff, consultants, and other external experts, as appropriate.

(C) Monitoring and Reporting

- (1) All service providers will be subject to regular and appropriate performance monitoring and periodic reviews by RSIC staff throughout the term of their contracts. Review criteria may include, but is not limited to:
 - (a) Performance;
 - (b) RSIC staff satisfaction;
 - (c) Competitiveness of fees and/or costs;
 - (d) Quality of reporting; and
 - (e) Compliance with contract terms.
- (2) The CIO or Investment Consultant, as appropriate, will report to the Commission on monitoring efforts involving Named Service Providers relating to investments, identifying any material issues or actions taken.
- (3) The COO will report to the Commission on monitoring efforts involving Named Service Providers relating to non-investment matters, identifying any material issues or actions taken.
- (4) The CIO or COO as applicable will report a Named Service Provider's failure to comply with its contractual terms to the Commission in a timely manner.

(D) Miscellaneous

- (1) During Procurement Code regulated processes or as otherwise directed in other search processes, potential service providers should only contact the designated RFP coordinator with respect to the procurement.
- (2) Commission members will refer proposals or other communications regarding potential or existing service providers directly to the CIO or COO, as applicable, or if appropriate, designated staff member.

(E) Gender References, Policy Review and History

- (1) Any gender-specific language in this policy shall include the other gender.
- (2) The Commission will review this policy at least every three years to ensure that it remains relevant and appropriate, or when there has been an amendment to applicable law relevant to any section of this policy, or a Commission approved change in the

responsibilities, duties, or operations of the Commission or its Committees generally, or as otherwise deemed appropriate by the Commission.

- (3) No provision of this policy shall apply to the extent that it is in conflict with any provision of the Code of Laws of South Carolina, 1976, as amended. In the event of such conflict, the applicable Code provision shall apply in all respects.
- (4) This policy was adopted on July 15, 2010.
- (5) This policy was amended on February 28, 2013.