Appendix D
Investment Policy Statement
City and County of San Francisco

457(b) Deferred Compensation Plan

Investment Policy Statement

Effective February 12, 2020
PURPOSE OF THE INVESTMENT POLICY STATEMENT AND OBLIGATIONS OF PLAN FIDUCIARIES

The City and County of San Francisco (“City”) authorized the San Francisco Retirement Board (“Board”) to establish and administer a Deferred Compensation Plan (“Plan”) for the benefit of employees of the City and the Superior Court of California, County of San Francisco, excluding judges (collectively, “Employees”). The Board established the Plan in accordance with Section 457 of the Internal Revenue Code of 1986, as amended (the “Code”). The Board adopts this Investment Policy Statement (“Policy”) under the authority granted by the City.

This Policy defines the investment objectives of the Plan and establishes policies and procedures for meeting those objectives. The Policy is intended to provide guidelines for investing the Plan in a prudent manner that is consistent with the requirements of applicable laws, rules and regulations. This Policy is designed to incorporate sufficient flexibility, including to accommodate current and future anticipated economic and market conditions and changes in applicable accounting, statutory and regulatory requirements.

The Board may deviate from this Policy as it deems appropriate and in the best interests of the Plan and its participants and their beneficiaries (collectively “Participants” and individually a “Participant”). Any such deviation may be adopted by revising this Policy or in other written documentation.

Plan fiduciaries—including, as applicable, the Board, Plan staff, investment management providers, the Plan’s general investment consultant (“Investment Consultant”) and any specialty consultants or investment managers, and the Plan’s third party administrator (the “Third Party Administrator”)—are expected to discharge their fiduciary duties with respect to the Plan solely in the interest of, and for the exclusive purposes of providing benefits to, Participants and their beneficiaries, and defraying reasonable expenses of administering the Plan. Fiduciaries are also expected to discharge their fiduciary duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims. Moreover, fiduciaries are expected to offer diversified investment options within the Plan so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so. Fiduciaries must comply with applicable local, state and federal laws, rules and regulations regarding the administration and investment of the Plan’s assets and applicable provisions of this Policy. While the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) does not apply to the Plan, the Board may require that its service providers agree to perform their duties as though ERISA applies to the Plan.

The Board intends to review this Policy on a periodic basis and, if appropriate, revise it. The Board may revise this Policy without the consent of any other party.
No action by the Board, the Committee, the Plan, the Plan staff or authorized Plan designees in selecting Investment Options (as defined below), investing funds, or approving any such investment of funds, shall be considered to be either an endorsement or a guarantee of any investment; nor shall it be considered to attest to the financial soundness or the suitability of any Investment Option. The value of any Participant’s benefit shall be determined by the actual value of the investment options held in the Participant’s account at the time of benefit payment, unaffected by an independent or arbitrary standard of calculation with respect to an investment option.

None of the City, the Board, the Committee, the Plan, or the Plan staff shall be responsible for the investment in or performance of any Investment Option, or for the investment advice rendered to Participants by any investment adviser or have any duty to monitor the specific advice given by the investment adviser. Nor shall the City, the Board, the Committee, the Plan or the Plan staff be responsible for the investment in or performance of the Plan’s Default Investment Alternative (as defined below).

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PLAN INVESTMENT OBJECTIVES

The Plan’s objective is to provide Participants with a source of retirement income from their accumulated contributions and investment returns. The Board’s investment objective for the Plan, as detailed in this Policy, is to provide Participants with an array of appropriate investment options in the Plan (each an “Investment Option” or collectively the “Investment Options”). The assets of each Investment Option may be managed by one or more investment managers (an “Investment Manager”) and/or may be invested in one or more mutual funds, pooled investment funds or other similarly structured investment vehicles (a “Fund”).

The Board intends that the Plan will provide sufficient Investment Options to allow for a broad range of risk tolerances, so that Participants can achieve a portfolio with appropriate aggregate risk and return characteristics. Investment Options are expected to be valued on a daily basis and Participants are given the flexibility to alter the composition of the investments in their accounts and, as applicable, to change their investment allocations for future contributions.

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RESPONSIBILITIES OF PLAN PARTICIPANTS

Among other responsibilities, Participants are responsible for the following:

- Determining their risk tolerance and retirement income needs.
• Determining how much to contribute as a deferral of their pay, up to the limits established under federal law each year.

• Determining whether to contribute on a pre-tax or post-tax basis.

• Allocating contributions and accumulated assets in their accounts among the Investment Options offered by the Plan and/or through a Self-Directed Brokerage Option. Participants should allocate assets based on their own judgment and assessment of their risk tolerance and retirement income objectives, including, to the extent applicable, through their evaluation of information and guidance provided by an outside investment advisor retained by the Participant, if any.

• Determining when to make withdrawals and at what level, as required, permitted or limited by applicable law, rule or regulation.

RESPONSIBILITIES FOR ADMINISTRATION AND MANAGEMENT OF THE INVESTMENT OPTIONS

Retirement Board

The Board shall have the power to perform all the duties necessary to select and oversee, remove or replace the Investment Options.

Taking into consideration recommendations made by the Investment Consultant, Plan staff, and the Deferred Compensation Plan Committee (“Committee”), the Board's responsibilities as they relate to this Policy includes, but are not limited to, the responsibilities based on the Terms of Reference (as defined below) as follows:

• Approve any investment or other policies, including this Policy, pertaining to the Plan recommended by the Committee;

• Approve the provider structure for the Plan recommended by the Committee;

• Approve the appointment of vendors to provide investment, education, recordkeeping and other services to the Plan recommended by the Committee;

• Approve Plan investment features recommended by the Committee, including but not limited to the Investment Options, and which Investment Option is an appropriate DIA; and
• Oversee the execution of any other duties it assigns to the Committee and other activities of the Committee.

**Deferred Compensation Plan Committee**

The Committee is a committee of the Board. Taking into consideration recommendations made by the Investment Consultant, Plan staff and any Investment Managers or other service providers, the Committee’s responsibilities as they relate to this Policy are as described in the San Francisco Employees’ Retirement System Deferred Compensation Plan Committee Terms of Reference, adopted by the Board on July 8, 2003 and amended by the Board on January 9, 2007 and January 11, 2011, as amended (the “Terms of Reference”), and include the following:

• Recommend to the Board any investment or other policies, including this Policy, pertaining to the Plan that the Committee deems are necessary to ensure effective and prudent administration of the Plan;

• Recommend to the Board an appropriate provider structure for Plan and periodically review the structure to ensure continued appropriateness;

• Provide recommendations to the Board concerning the appointment of vendors providing investment, education, recordkeeping and other services for the Plan;

• Review periodically the investment features of the Plan, including but not limited to, the Investment Options and the DIA; and make recommendations to the Board as to the Plan’s investment features, as appropriate;

• Periodically review the performance of the vendors retained to provide investment, education, recordkeeping and other services in connection with the Plan;

• Perform any other duties that may be assigned to it by the Board; and

• Regularly report to the Board on its activities.

**Investment Consultant**

The Investment Consultant is responsible for:

• Conducting a regular review of this Policy and, in consultation with Plan staff, recommending revisions of this Policy to the Board through the Committee.

• Evaluating and making recommendations, in consultation with Plan staff, to the Board through the Committee on the prudence of the Investment Options, including recommending the selection of any new or replacement Investment Option, recommending the termination of an Investment Option and recommending the composition of the Investment Options, including the
selection, replacement and termination of any Investment Manager or Fund. The Investment Consultant is responsible for ensuring appropriate procedural prudence in its due diligence and evaluations in recommending selection and monitoring criteria for this Policy, including appropriate benchmarks and other fee and performance measures and ensuring, in implementing the selection and monitoring criteria and that the recommendations and evaluation and selection processes are thoroughly documented for the Plan.

- Monitoring the ongoing performance of the Investment Options, Investment Managers and Funds and providing quarterly performance measurement reports and a semi-annual in-person performance measurement report to the Committee and Board that evaluates investment results and organizational characteristics of the Investment Options, Investment Managers and Funds, identifying any Investment Managers or Funds that warrant placement on the Watch List (as defined below), and making recommendations for the selection, replacement or termination of any Investment Manager or Fund.

- Making recommendations to the Committee and the Board, in consultation with Plan staff, for changes in investment guidelines applicable to any specific Investment Manager or Fund.

- Reviewing and advising on the prudence of the Plan, the Investment Options, any Investment Manager or Fund, and, as requested by the Committee, any trustee that enters into a written trust or custody agreement for the Plan (the “Trustee”), and Participant fees and expenses.

- Reviewing, negotiating and making recommendations as to investment contract documentation relating to the Investment Options, and any amendments thereto, including with any Investment Manager or Fund.

- Providing assistance to Plan staff, the Committee, and the Board on other Plan investment issues and in reviewing and developing Participant communications.

- Assisting with periodic analysis and recommendations regarding the selection of the Third Party Administrator, the Trustee, any Investment Managers or Funds, including any Investment Managers or Funds of the TDFs and SVF (as such terms are defined below).

- Such other duties as are set out in the Investment Consultant’s investment advisory agreement.

**Plan Staff**

Plan staff, including the Deferred Compensation Manager, is responsible for:

- Assisting the Board and Committee with carrying out their responsibilities, including by communicating on a timely basis to the Board and Committee about information relevant to Plan oversight and administration.
• Seeking to ensure timely and effective implementation of Board and Committee decisions.

• Monitoring and overseeing the work and performance of the Investment Consultant, any Investment Managers or Funds, including any Investment Managers or Funds of the TDFs and SVF, the Third Party Administrator, the Trustee and any other consultants or service providers retained by or providing services to the Plan.

**Third Party Administrator**

A third party administrator will be responsible for working with Plan staff under the terms of the Plan document and a contract delineating its responsibilities and fee arrangements (the “Third Party Administrator”).

Generally the Third Party Administrator will:

• Provide individual record-keeping and accounting, enrollment, beneficiary designation and changes, disbursement of assets and other administrative functions, as specified in its agreement with the Plan.

• Provide services to Participants to ensure full access to the features of the Plan. This may include asset allocation tools for Participants that construct professionally managed, diversified portfolios.

• Provide education and outreach to Participants on investments, Plan benefits and features, preparing for retirement, and other matters identified by Plan staff, the Committee, and the Board.

• Perform such other duties as are set out in its contract.

**INVESTMENT OPTIONS OF THE PLAN**

The Plan intends to offer a range of Investment Options, including:

• Custom target date funds,

• A stable value fund, and

• Other Investment Options.

In addition, Participants may enroll in a Self-Directed Brokerage Option.
Investment Options

The Investment Options are the core investment options available to Participants. Each Investment Option under the Plan is titled “SFDCP,” and may have all or a portion of its assets managed by one or more Investment Managers and/or invested in one or more Funds.

Target Date Funds

The Plan offers custom target date funds (“TDFs”) as Investment Options. Target date funds are designed to change their asset allocations over time (generally shifting to become more conservative) to reflect the shortening time horizon in connection with a particular “target date.” The target date is based on the approximate date when a Participant expects to retire. Target date funds often refer to the strategy for changing the asset allocations over time as the fund’s “glide path.” Each TDF seeks to be diversified and may accomplish diversification through management by one or more Investment Managers or investment in one or more Funds. This may include investment in one or more Investment Options and/or use of Investment Managers and Funds independent of the Investment Options, in order to offer additional asset class exposure and diversification. Additional information about the TDFs may be found on Exhibit B of this Policy.

Stable Value Fund

The Plan offers a stable value fund (the “SVF”) as an Investment Option. The investment objective of a stable value fund is, under normal conditions, to preserve principal and provide an increment of returns over cash returns. The SVF is managed by an Investment Manager approved by the Board (the “SVF Manager”) with a principal preservation objective. The SVF is invested, among other investments, in benefit-responsive wrap agreements designed to provide for a credited interest rate based on the performance of the underlying fixed income portfolio. Credited interest income is announced regularly and under normal conditions should not be less than 0.0%.

The Board recognizes that several factors could adversely impact the principal preservation objective of the SVF, for example, impairments of the underlying wrapped securities, insolvency of or default by a benefit responsive wrap contract issuer or “employer-initiated” events. The SVF Manager has full discretion as a fiduciary over the SVF, is expected to provide full transparency to the Plan on all elements and components of the SVF investments, wrap coverage, and associated fees for management and wrap coverage, and assists the Plan with communicating and providing appropriate information to Participants regarding the SVF.

The SVF is intended to permit Participants to withdraw their contributions plus earnings at the declared crediting rate without losses, but the SVF returns are not guaranteed, and such returns are subject to risk of loss of principal and earnings. The SVF is managed according to guidelines negotiated with the SVF Manager,
recommended by the Committee and the Investment Consultant, and approved by the Board.

**Default Investment Alternative**

Participants who do not select one or more Investment Options in which to invest their contributions and assets will have their contributions and assets invested in (i.e., defaulted into) the default investment alternative (the “DIA”). The TDFs serve as the Plan’s DIA. A Participant will be defaulted into a particular TDF based on the Participant’s age.

**Self-Directed Brokerage Option**

The Plan’s Self-Directed Brokerage Option (“SDBO”) offers Participants access to:

- Mutual funds that are registered under the Investment Company Act of 1940, and
- U.S. publicly-offered securities that:
  1. are exchange-traded funds ("ETFs"), real estate funds that qualify as REITs for U.S. federal tax purposes, equity securities or bonds,
  2. in each case, at the time of purchase, are liquid, widely held and freely transferable securities, and
  3. are purchased only on U.S. exchanges

Generally, the SDBO is intended to provide additional investment options for Participants who wish to select their own investment options beyond the Investment Options. Holdings in the SDBO are solely and fully the responsibility of the Participant, or, if applicable, the Participant’s authorized agent, including an outside investment advisor retained by the Participant. The Board, Committee, Plan staff, Third Party Administrator, Investment Managers and any consultants or other service providers retained by the Plan are not responsible for reviewing, selecting or monitoring any investments, fees, expenses, revenue sharing or any other aspect of a Participant’s account held under the SDBO.

Participants may maintain no more than 50% of his or her total account balance in the SDBO. A Participant cannot transfer additional assets to the SDBO if the SDBO balance is 50% or greater of his or her total account balance, or if a proposed transaction will result in a balance of 50% or greater in the SDBO. The Third Party Administrator is responsible for monitoring these limits.

The investment selection process in Section 6 of this Policy does not apply to the SDBO.
SELECTION OF INVESTMENT OPTIONS, INVESTMENT MANAGERS AND FUNDS

General Principles for Investment Options

Taking into consideration recommendations of the Investment Consultant, Plan staff, and the Committee, based on the general principles below, the Board will seek to establish and construct the Investment Options with the objective that:

- Each is diversified within itself and may be comprised of one or more Investment Managers and/or one or more Funds.
- Each has materially different risk, return and/or style characteristics.
- When considered together, the Investment Options permit a Participant to manage risk through diversification.
- When considered together, the Investment Options enable the Participant, by choosing among the Investment Options, to construct a portfolio with appropriate aggregate risk and return characteristics.
- The line-up of Investment Options may include the use of professionally-managed portfolios such as the custom TDFs. Asset allocation tools or other professionally managed investment programs may also be made available through the Third Party Administrator or otherwise.
- Investment Options may include socially responsible investment (“SRI”) options, which aim to invest in companies which meet certain ethical and moral standards. A SRI option may be offered to supplement the other Investment Options as an alternative for Participants who wish to engage in socially responsible investing.

Selection Criteria for Investment Managers and Funds

The criteria for selecting Investment Managers or Funds for the Investment Options including the TDFs and SVF may include but are not limited to one or more of the following:

- Whether the Investment Manager or the investment manager of the Fund is experienced in managing money in the asset class/product category specified by the Plan, open to new investment, and willing and able to accept defined contribution plan assets from the Plan.
• Whether the Plan’s investment with the Investment Manager or in the Fund would exceed 20% of the Investment Manager’s client assets under management or the Fund’s total assets, including all share classes or tiers (or other such similar divisions) of the Fund.

• Whether the strategy of the Investment Manager or the Fund has been in operation for a period of five years prior to selection.

• Whether the Investment Manager or the Fund has displayed a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients.

• Whether the Investment Manager or the Fund has demonstrated adherence to the investment style sought by the Plan and adherence to the Investment Manager’s or the Fund’s stated investment discipline, recognizing that the effectiveness of investment styles can be cyclical.

• Whether the Investment Manager or the Fund has a historical track record of performance net of fees that is competitive relative to appropriate market indices and other investment managers or funds in its respective peer group. An Investment Manager’s or Fund’s performance may be evaluated in the context of the investment style of investment managers or funds within its peer group, its role in the menu of Investment Options, and the capital markets.

• Whether the Investment Manager’s or Fund’s fees are competitive with industry standards for the product category, taking into account the Investment Manager’s or the Fund’s performance track record and skill. The Plan acknowledges that a Participant’s investment returns are generally net of management fees and other fund expenses and that keeping such fees and expenses low can result in additional investment return to Participants. However, a higher-than-average fee shall not preclude the consideration of any Investment Manager or Fund, and such an Investment Manager or Fund may still be suitable based on skill and performance track record. Funds with sales loads and other commissions will generally not be selected. An Investment Manager or Fund must fully disclose to Plan staff and the Investment Consultant all fees, commissions and charges before the Investment Manager or Fund is recommended to be selected as an Investment Option.

• In the case of a Fund, whether the Fund or particular class or tier thereof, is available on the Third Party Administrator’s platform.

• Whether the Investment Manager or Fund has provided to Plan staff and the Investment Consultant detailed information on the history of the Investment Manager or Fund, its investment philosophy and approach, its investment team, fee information, and other relevant information.
While the above criteria establish guidelines for the Investment Manager and Fund selection process, each Investment Manager and Fund is unique and should be analyzed on an individual basis, taking into account any unique circumstances affecting the selection process.

**MONITORING OF INVESTMENT OPTIONS, INVESTMENT MANAGERS AND FUNDS**

**General Monitoring of Investment Options, Investment Managers and Funds**

The Investment Consultant shall monitor the performance of each Investment Option, Investment Manager and Fund. If an Investment Option, Investment Manager or Fund fails to perform at the expected investment return levels over a specified time interval or has exhibited significant qualitative factor changes, the Investment Consultant shall report such deviations and/or changes to the Board, Committee and Plan staff, and make recommendations for next steps. Except as otherwise provided in this Policy, if the Investment Consultant or Plan staff recommend that an Investment Option, Investment Manager or Fund should be replaced or eliminated, and the Board concurs, the Investment Consultant and Plan staff will begin the process of terminating the Investment Option, Investment Manager or Fund, and the process of recommending and reviewing a replacement, if any.

**Performance Benchmarks of Investment Options**

The performance benchmarks and other characteristics of the Investment Options available to Participants (other than the SDBO) are outlined in Exhibit A of this Policy.

**Watch List for Investment Managers and Funds**

An Investment Manager or Fund may be subject to additional monitoring (the “Watch List”) if it meets certain of the criteria set forth on Exhibit C of this Policy (the “Watch List Policy”). The Plan’s Watch List Policy includes both qualitative (e.g., personnel/organization changes, style drift concerns, etc.) and quantitative criteria (e.g., performance relative to benchmark and relevant peer group). An Investment Manager’s or Fund’s failure to remedy the concerns leading to its placement on the Watch List within a reasonable time may be grounds for termination. However, nothing in this Policy precludes the Board from retaining an Investment Manager, or continuing the investment in a Fund, on the Watch List if it deems doing so appropriate and in the best interests of the Plan and Participants.
REMOVAL OR REPLACEMENT OF INVESTMENT OPTIONS, INVESTMENT MANAGERS AND FUNDS

The Board may remove or replace an Investment Option, Investment Manager or Fund at any time for any reason, but does not generally expect to be reactive to short-term investment developments. The Board recognizes that the accumulation of wealth for eventual retirement benefit payout is long-term in nature and the investment competence, particularly as measured by performance, of an Investment Manager or of the investment manager of a Fund should be measured over a complete market cycle (generally a three to five year period). Nevertheless, the Board may act on interim qualitative judgments.

The Board may replace an Investment Option, Investment Manager or Fund following the selection process and criteria outlined in Section 6 of this Policy.

The Board may remove or replace an Investment Option, Investment Manager or Fund using one of the following approaches:

- Remove and transfer (map) assets to a different existing Investment Option, Investment Manager or Fund, including the DIA;
- Remove and transfer (map) assets to a new replacement Investment Option, Investment Manager or Fund; or
- Phase out the Investment Option, Investment Manager or Fund over a specified time period.

When an Investment Option is eliminated, Participants will have an opportunity to transfer their assets invested in that Investment Option to another available Investment Option. The Plan will seek to provide advance written notice to affected Participants, when reasonably feasible, of the planned removal or replacement and mapping action (if any) and the opportunity for transfer to another Investment Option. If a Participant does not select the option to transfer to an existing Investment Option when the Investment Option is removed, all assets in that Investment Option will be mapped and transferred to a replacement Investment Option, if applicable, or to the DIA, or another existing Investment Option until the Participant elects to redirect the assets.

If Plan staff, in consultation with the Investment Consultant, determine that immediate action to remove or replace an Investment Option, Investment Manager or Fund is necessary to protect the best interests of Participants, Plan staff is authorized to take such action, but shall
promptly arrange a meeting of the Committee to explain the circumstances and actions, and seek a recommendation that the Board ratify Plan staff’s actions or take other action.

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EXCESSIVE TRADING POLICY

The Board recognizes that excessive trading imposes costs on all Participants that are not in the interests of the Plan. The Plan’s Third Party Administrator will enforce trading restrictions on Participants under the Third Party Administrator’s excessive trading policy and, where applicable, the excessive trading policies of an Investment Manager or Fund. The Third Party Administrator will report to the Plan on its Excessive Trading Policies and procedures and the Plan will take reasonable steps to make those policies available to Participants, for example, by posting them on the Plan’s website.
## EXHIBIT A
**PERFORMANCE EXPECTATIONS AND BENCHMARKS**

<table>
<thead>
<tr>
<th>INVESTMENT OPTION</th>
<th>PERFORMANCE EXPECTATION VERSUS MARKET INDICES</th>
<th>PERFORMANCE EXPECTATION VERSUS UNIVERSE OF PEERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SFDCP Stable Value Fund</strong></td>
<td>Total annualized return exceeds the 3-Year Constant Maturity Treasury Index.</td>
<td>N/A</td>
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<tr>
<td>Underlying separate account comprised of investment contracts issued by financial institutions and other eligible stable value investments</td>
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<tr>
<td><strong>SFDCP Bond Index Fund</strong></td>
<td>Total annualized return equals the Bloomberg Barclays Aggregate Index (gross of fee) Volatility should match the Bloomberg Barclays Aggregate Index</td>
<td>N/A</td>
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<tr>
<td>Investments intended to track the Bloomberg Barclays Aggregate Bond Index by using a stratified sampling method rather than full replication.</td>
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<tr>
<td><strong>SFDCP Core Bond Fund</strong></td>
<td>Total annualized return exceeds the Bloomberg Barclays Aggregate Bond Index. Volatility similar to Bloomberg Barclays Aggregate Bond Index.</td>
<td>Total annualized return which ranks above the 50th percentile in a universe of other bond funds over multiple time periods.</td>
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<tr>
<td>Investments will consist primarily of fixed income securities, including corporate bonds and U.S. government debt and mortgage-backed.</td>
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<tr>
<td><strong>SFDCP Target Date Funds (including SFDCP Retirement Fund) (“TDFs”)</strong></td>
<td>Each TDF will be measured against a primary benchmark that reflects the specific allocations of the underlying funds as weights for indices for those funds.</td>
<td>N/A</td>
</tr>
<tr>
<td>Investments are based on a custom “glide path” (comprising a range of asset allocation mixes) that is developed based on factors specific to the Plan, including Participants’ ages, normal retirement ages, other pension income, and other factors. See Exhibit B for further detail on the structure of the TDFs.</td>
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<tr>
<td>INVESTMENT OPTION</td>
<td>PERFORMANCE EXPECTATION VERSUS MARKET INDICES</td>
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<td>SFDCP Large Cap Equity S&amp;P 500 Index Fund</td>
<td>Investments will consist primarily of the 500 stocks that comprise the S&amp;P 500 Index.</td>
<td>N/A</td>
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<td></td>
<td>Total annualized return equals the S&amp;P 500 Index (gross of fees).</td>
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<td></td>
<td>Volatility should match the S&amp;P 500 Index.</td>
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<tr>
<td>SFDCP Large Cap Social Equity Fund</td>
<td>Investments will be primarily in a portfolio of large cap company stocks screened for certain social and environmental criteria.</td>
<td>N/A</td>
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<td></td>
<td>Total annualized return equals the FTSE 4Good US Select Index (gross of fees).</td>
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<td></td>
<td>Volatility should match the FTSE 4Good US Select Index.</td>
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</table>
**EXHIBIT A (CONT’D)**

**PERFORMANCE EXPECTATIONS AND BENCHMARKS**

<table>
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<tbody>
<tr>
<td><strong>SFDCP Large Cap Value Equity Fund</strong></td>
<td>Total annualized return exceeds the Russell 1000 Value Index.</td>
<td>Total annualized return which ranks above the 50th percentile in a universe of other large-cap value funds.</td>
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<tr>
<td>Investments will be in undervalued</td>
<td>Volatility should be similar to the Russell 1000 Value Index.</td>
<td>over multiple time periods.</td>
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<td>stocks of primarily large cap</td>
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<td>companies, characterized by above-</td>
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<td>average income yields and below-</td>
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<td>average price/earnings ratios</td>
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<td>relative to the large cap stock</td>
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<td>market, with some exposure to mid</td>
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<td>cap companies.</td>
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<tr>
<td><strong>SFDCP Large Cap Growth Equity Fund</strong></td>
<td>Total annualized return exceeds the Russell 1000 Growth Index.</td>
<td>Total annualized return which ranks above the 50th percentile in a universe of other large-cap growth funds.</td>
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<tr>
<td>Investments will be primarily in</td>
<td>Volatility should be similar to the Russell 1000 Growth Index.</td>
<td>over multiple time periods.</td>
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<td>stocks of large cap companies, which</td>
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<td>have experienced above-average and</td>
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<td>consistent long-term earnings growth</td>
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<td>and exhibit favorable prospects for</td>
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<td>future growth, with some exposure to</td>
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<td>mid cap companies.</td>
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<td>This option is composed of a 50/50</td>
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<td>blend of two different large cap</td>
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<td>growth funds. The Third Party</td>
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<td>Administrator is responsible for</td>
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<td>maintaining the equal weighting of</td>
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<td>the two underlying funds.</td>
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<tr>
<td><strong>SFDCP International Equity Index Fund</strong></td>
<td>- Total annualized return equals the MSCI EAFE Index (gross of fees)</td>
<td>- N/A</td>
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<tr>
<td></td>
<td>- Volatility should match the MSCI EAFE Index</td>
<td></td>
</tr>
<tr>
<td><strong>SFDCP International Equity Fund</strong></td>
<td>- Total annualized return exceeds the MSCI All Country World Ex. US Index.</td>
<td>- Total annualized return which ranks above the 50th percentile in a universe of other international funds over multiple time periods.</td>
</tr>
<tr>
<td></td>
<td>- Volatility should be similar to the MSCI All Country World Ex. US Index.</td>
<td></td>
</tr>
<tr>
<td><strong>SFDCP Active Equity Fund</strong></td>
<td>- Total annualized return exceeds the Russell 2000 Index.</td>
<td>- Total annualized return which ranks above the 50th percentile in a universe of other small cap core funds over multiple time periods.</td>
</tr>
<tr>
<td></td>
<td>- Volatility should be similar to the Russell 2000 Index.</td>
<td></td>
</tr>
</tbody>
</table>

**SFDCP International Equity Index Fund**

Investments will replicate the MSCI EAFE Index.

**SFDCP International Equity Fund**

Invests primarily in equities of non-U.S. companies and cash equivalents determined by the manager.

This option is composed of a 50/50 blend of two different international equity funds. The Third Party Administrator is responsible for maintaining the equal weighting of the two underlying funds.

**SFDCP Active Equity Fund**

Normally investing at least 80% of assets in low-priced stocks (priced at or below $35 per share or with an earnings yield at or above the median for the Russell 2000 Index), which are typically small to mid-sized companies, domestic and foreign issuers, and either "growth" or "value" stocks. Earnings yield represents a stock's earnings per share for the most recent 12-months divided by current price per share.
## EXHIBIT A (CONT’D)
### PERFORMANCE EXPECTATIONS AND BENCHMARKS

<table>
<thead>
<tr>
<th>INVESTMENT OPTION</th>
<th>PERFORMANCE EXPECTATION VERSUS MARKET INDICES</th>
<th>PERFORMANCE EXPECTATION VERSUS UNIVERSE OF PEERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SFDCP Small-Mid Cap Equity Index Fund</strong></td>
<td>Total annualized return equals the Dow Jones U.S. Completion Total Stock Market Index (gross of fees)</td>
<td>N/A</td>
</tr>
<tr>
<td>Investments seek to replicate the Dow Jones U.S. Completion Total Stock Market Index. This Index is a sub-index of the Dow Jones U.S. Total Stock Market Index that excludes the S&amp;P 500 Index securities.</td>
<td>Volatility should match the Dow Jones U.S. Completion Total Stock Market Index</td>
<td></td>
</tr>
<tr>
<td><strong>SFDCP Small-Mid Cap Equity Fund</strong></td>
<td>Total annualized return exceeds the Russell 2500 Index. Volatility should be similar to the Russell 2500 Index.</td>
<td>Total annualized return which ranks above the 50th percentile in a universe of other funds with similar funds of size and style over multiple time periods.</td>
</tr>
<tr>
<td>Invests primarily in securities of small to mid-sized companies (generally those with a market capitalization of $20 billion and below). This option is composed of a 50/50 blend an Active Small-Mid Cap Value manager and an Active Small-Mid Cap Growth manager. The Third Party Administrator is responsible for maintaining the equal weighting of the two underlying funds.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SFDCP Real Estate Fund</strong></td>
<td>Total annualized return exceeds the MSCI US REIT Index. Volatility should be similar to the MSCI US REIT Index.</td>
<td>Total annualized return which ranks above the 50th percentile in a universe of other funds with similar funds of size and style over multiple time periods.</td>
</tr>
<tr>
<td>Invests primarily in real estate investment trusts (&quot;REITs&quot;) and other real estate oriented stocks in order to provide exposure to the real estate asset class.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
EXHIBIT B
SFDCP CUSTOM TARGET DATE FUND

Participants may elect to invest contributions or account assets in the SFDCP Custom Target Date Fund ("TDFs"). In addition, the Plan may map Participant contribution or assets to the TDFs as the Plan’s default investment alternative ("DIA").

Asset Allocation

The TDF portfolios will be based on custom “glide paths” (comprising a range of asset allocation mixes for each of the TDFs based on age, and an option for Participants in retirement) that is developed by a specialty consultant (the “Glide Path Manager”) based on factors specific to the Plan, including Participants' ages and expected retirement dates, other pension income, and other factors. The asset allocation of the TDFs (other than the SFDCP Retirement Fund) is expected to change over time, with an increasing allocation to capital preservation assets and following the custom glide path.

Fund Selection within TDFs

The asset allocation of the TDFs will generally be implemented through the use of Investment Options, but may use other investment portfolios outside of the Investment Options (typically other Investment Managers and/or Funds) that provide exposures in the TDFs approved by the Board. Selection of outside Investment Managers and Funds for the TDFs will follow the same policies and procedures outlined in Section 6 of this Policy and are subject to the Watch List Policy outlined in Exhibit C of this Policy.

Monitoring of the TDFs

The Board will review the performance of the TDFs on a periodic basis and consider changes in asset class exposures in the custom glide paths, as recommended by the Glide Path Manager, periodically or as deemed necessary.
EXHIBIT C
WATCH LIST POLICY

The purpose of this Watch List Policy is to establish general guidelines for monitoring Investment Managers and Funds, to identify issues of concern, and to provide a systematic and consistent process for the Investment Consultant and Plan Staff to use when making recommendations to the Committee and Board concerning the evaluation and retention of the Investment Managers and Funds of the Investment Options. The Investment Consultant shall be responsible for monitoring Investment Managers and Funds with respect to the Watch List Policy criteria.

Watch List Criteria

An Investment Manager or a Fund may be placed on the Watch List if it is determined by Plan staff and the Investment Consultant to have met any one or more of the following criteria:

**Quantitative Factors:**

Recent Performance:

a) Under-performs the style specific index and is below the 75th percentile in peer group ranking for the trailing 12 months for the last two calendar years.

Market Cycle Performance:

a) The three-year total annualized return under-performs the style specific index over that time period.

b) The three-year total annualized return ranks below the 50th percentile of the peer group average over that time period.

**Qualitative Factors**

a) There is a disruption or a change in the ownership of an Investment Manager or the investment manager of a Fund of an Investment Option.

b) There is a change in key personnel for an Investment Manager or the investment manager of a Fund of an Investment Option.

c) There is a change in investment philosophy, process, or style of an Investment Manager or a Fund.

d) There is a violation of Securities and Exchange Commission rules or regulations or other legal or regulatory issues involving an Investment Manager or a Fund.

e) There are changes, especially relative to its peers, in an Investment Manager’s or Fund’s fee structure.
f) Other qualitative issues are believed may have a material impact on the future performance of an Investment Manager or a Fund (e.g., a significant change in the level of assets, systems or operational changes, or other factors).

**Watch List Procedures**

An Investment Manager or a Fund may be removed from the Watch List when the Investment Manager or Fund no longer falls within any of the criteria listed above.

An Investment Manager’s or Fund’s failure to remedy unsatisfactory performance or concerns leading to its placement on the Watch List within a reasonable time may be grounds for termination/removal.

While this Watch List Policy establishes guidelines for monitoring, experience has shown that each situation is unique, and should be analyzed on an individual basis, taking into account the specific facts and circumstances.