

POLICY NUMBER: 2.00.200**EFFECTIVE DATE:** 4/16/12**TITLE:** Board Education**SUPERSEDES:** 4/21/05**BOARD ADOPTION:** 4/16/12**APPROVED:** 

INTRODUCTION

The Washington State Investment Board (WSIB) firmly believes that each Board member has an obligation to be well informed in matters pertaining to pension and other trust fund investing and administration. In order to help all members of the Board fulfill this obligation according to their own individual needs and preferences, this policy and guideline for Board member education has been developed.

Each individual brings a unique set of skills and experience to his or her role as a member of the WSIB. Therefore, the determination as to what constitutes an appropriate course of study to enhance these skills is best left to the individual member. However, given the diverse and ever-changing aspects of pension fund investing, it is likely that most Board members will find worthwhile offerings in one or more of the training topics described in Appendix 1.

Board members are encouraged to participate in at least one WSIB-paid education event per year in addition to any direct manager/partner conferences. The event(s) should contain at least eight hours of educational content relevant to the investment and oversight of the WSIB. This expectation is satisfied by similar training events required by other entities to which one may belong; however, the WSIB will not reimburse for such training events not generally available to all members (e.g., college alumni-sponsored, union-sponsored).

Orientation Program

The Executive Director will design a formal orientation program for the benefit of new Board members. The aim of the orientation program will be to ensure that new Board members are in a position to contribute fully to Board and Committee deliberations and effectively carry out their fiduciary duties as soon as possible after joining the Board.

Mentoring

New Board members may wish to participate in a mentorship with a standing Board member. The Executive Director will discuss this with the new Board member during orientation. If desired, a standing Board member will be assigned to meet with the new member to discuss how they came to the WSIB, review packet materials prior to the new member's first Board and Committee meetings, introduce the new member at their first meeting, and contact the new member on a quarterly basis over a one-year period.

Continuing Education – In-house

At least once each year, the Executive Director will organize an educational seminar for the benefit of all Board members. The Executive Director will consult the Board each year to identify topics of interest. Educational seminars are considered official meetings for which eligible Board members will be compensated.

Continuing Education – Conferences

All Board members are encouraged to attend appropriate conferences in accordance with the provisions of the Board Travel Policy.

The Executive Director and Chief Investment Officer will regularly provide the Board with information on any conferences they believe may be beneficial for Board members.

Attendance by Board members at any conference shall require approval by the Board Chair in advance.

The Board shall establish a list of *recommended* conferences (see Appendix 2).

Reporting

On an annual basis, the Executive Director will submit a report to the Board on the educational activities of the Board. At a minimum, the report will summarize:

- a) Attendance by Board members at conferences during the year;
- b) Attendance at in-house educational sessions held during the year; and
- c) Other educational activities that took place during the year.

POLICY REVIEW

The Board shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.

Policy Adopted 7/14/92

Revised 2/19/98

Revised 1/21/99

Revised 10/21/99

Revised 8/1/03

Revised 2/19/04

Revised 4/21/05

Reviewed 7/20/06

Reviewed 4/16/09

Revised 4/19/12

Reviewed 4/16/15

Investment Training Topics

The following list of education topics is intended to provide guidance to Board members in focusing their education efforts. Board members are strongly encouraged to attend conferences and engage in other educational activities that will develop their knowledge across the various topics. The list is intended as a guideline only and is not exhaustive.

<p><i>GOVERNANCE AND FIDUCIARY DUTY</i></p> <ul style="list-style-type: none"> • Fiduciary duty • Roles of the sponsor, administrator, management, and service providers • Basics of trust law • Effective decision-making • Roberts Rules of Order • Corporate governance and proxy voting 	<p><i>INVESTMENT POLICY AND ASSET ALLOCATION</i></p> <ul style="list-style-type: none"> • Characteristics of traditional equity and fixed income investments • Characteristics of alternative investments • Risk and risk management • Diversification and asset allocation • Active versus passive management • Performance measurement • Due diligence • Execution costs and transitions • Derivatives
<p><i>ACTUARIAL POLICES AND FUNDING</i></p> <ul style="list-style-type: none"> • Role of the actuary • Actuarial process • Funding policy • Asset/liability management 	<p><i>REGULATORY AND LEGAL ISSUES</i></p> <ul style="list-style-type: none"> • Governing legislation • State ethics laws • State Open Meetings Act
<p><i>AUDIT</i></p> <ul style="list-style-type: none"> • The audit function • Enterprise risk management • Internal controls • Financial reporting 	

Organization Name	Event Name	Location	Description	Recommended To
Callan Associates Callan College www.callan.com/education	Fiduciary College - Introduction to Investments April 19-20 or 26-27 Jul 19-20 Oct 18-19	Atlanta, GA San Francisco, CA Chicago, IL	This session familiarizes fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices. It lasts one-and-a-half days and is designed for individuals who have less than two years of experience with asset-management oversight and/or support responsibilities. Participants will gain a fundamental understanding of the basic types of institutional funds, including their purpose within the structure of investment programs.	New trustees in 1st term
Council of Institutional Investors www.cii.org	2016 Spring Meeting March 21-23 2016 Fall Meeting September 28-29	Washington DC Chicago, IL	The Council of Institutional Investors (CII) is a nonprofit, nonpartisan association of corporate, public and union employee benefit funds and endowments with a focused policy mission: to be the leading voice for effective corporate governance practices for U.S. companies and strong shareowner rights and protections. CII is a diverse community of professionals who come together to learn, share perspectives and advocate. CII educates members about best corporate governance practices and provides opportunities for members to interact with peers, policymakers and investment executives.	All trustees
International Centre for Pension Management	Board Effectiveness Program	Toronto, Ontario CANADA April 4-8	The Board Effectiveness Program for Pension and Other Long-horizon Investment Institutions (BEP) is offered in partnership with Rotman's International Centre for Pension Management (ICPM), and focuses on board performance support for pension and other long-horizon investment institutions. This learning program communicates the critical role these pivotal societal financial giants hold in providing economic security for their beneficiaries. The program is designed to develop the Board's ability and capacity to navigate the growing complexities of the sector and improve business processes while continuing to build equity.	New trustees in 1st term
Kohlberg Kravis Roberts & Co. www.kkr.com	Americas Investors' Meeting June 27-29	Rancho Palos Verdes, CA	Market presentations by KKR executives and opportunity to meet informally with KKR executives, various management teams in the portfolio, and other KKR fund investors.	All trustees

Organization Name	Event Name	Location	Description	Recommended To
KPMG Institutes http://www.kpmg-institutes.com	Annual Audit Committee Issues Conference February 1-2	San Francisco, CA	This day and a half conference brings together audit committee members and board directors—along with governance professionals, business leaders, and other luminaries—for a candid dialogue on the challenges and priorities shaping audit committee and board agendas in the year ahead. Through a combination of peer exchanges, panel discussions, breakouts, and featured speakers—including political gurus Mary Matalin and James Carville, and Eurasia Group’s Ian Bremmer—we’ll explore a host of timely issues, from investor activism and cyber security, to developments in emerging markets and key regulatory trends.	Audit Committee Chair
National Conference on Public Employees Retirement System (NCPERS) www.ncpers.org	Trustee Educational Seminar May 14-15	San Diego, CA	The Trustee Educational Seminar (TEDS) is a pre-conference program held in conjunction with the Annual Conference and Exhibition. TEDS is intended for new and novice trustees who are seeking a better understanding of their role and responsibilities as trustee of their pension fund. It also serves as a refresher for experienced trustees interested in staying up-to-date. This two-day program provides an introduction to fiduciary responsibilities, creating a solid foundation of knowledge for those who have limited experience in pension plan trusteeship. Program content is designed to address the critical elements of trust fund management including, important topics such as investing, legal requirements and trustee ethics. TEDS attendees earn 8 hours of continuing education credits.	All trustees
National Conference on Public Employees Retirement System (NCPERS) www.ncpers.org	Annual Conference May 15-19	San Diego, CA	More than 1,000 trustees, administrators, state and local officials, investment, financial and union officers, pension staff and regulators attend the NCPERS Annual Conference and Exhibition each year. Attendees benefit from the comprehensive educational programming, dynamic speakers, and networking opportunities with money managers, investment service providers and public fund colleagues from across the nation.	All trustees
National Council on Teacher Retirement www.nctr.org	Annual Convention October 8-12	Providence, RI	Program not yet available.	All trustees

Organization Name	Event Name	Location	Description	Recommended To
Pacific Pension Institute www.pacificpension.org	Winter Roundtable Feb 24-26	Los Angeles, CA	Winter Roundtable - Interest Rate Normalization: A Global Primer As the United States looks to wind down its bond-buying program in 2016, the European Union, Japan and others appear poised to continue the unorthodox monetary policy. What are their endgame strategies? What will be the impact in 2016 of these programs? How will institutional investors manage risk in this low interest rate environment? Additionally, while fiscal and monetary policies in developed countries pose one risk, lower growth and financial market volatility in large emerging markets, particularly China, pose another. What does this new normal of slower growth mean for long-term investors? How should investors manage volatility? Is there a concern that the United States will slip into a prolonged, zero-interest rate environment as Japan did in the 1990s and 2000s? Overall, what should be on investors' minds in 2016?	Chair or Vice Chair
	Summer Roundtable Jul 27-29	Cambridge, MA	Summer Roundtable - Preparing for Tail Risk Events A recent survey indicated that two-thirds of institutional investors see tail risk as a common concern, but only 27% have a hedging strategy in place, and only 36% are confident that they have the appropriate tools to navigate tail risk events. One takeaway from 2008 was that outlier events can cause major market disruptions, and with the rise of global interconnectedness, future shocks may be felt further. Investors today must take into account a range of potential tail risks, including oil price shocks, geopolitical tensions, new asset bubbles, sluggish growth in emerging markets, instability in the eurozone, and the risk of sovereign default. How are institutional investors handling this? What are the implications of U.S. elections on the long-term investment environment and the global economy?	
Russell Investment Group www.russell.com	Institutional Summit May 14-17	Scottsdale, AZ	Program not yet available.	All trustees
Texas Pacific Group www.texaspacificgroup.com	Annual Meeting Oct 17-19	Scottsdale, AZ	General discussion sessions with TPG executives and other investors.	Private Markets Committee members

Attendance by Board members at any education session requires advance approval of the Board Chair.

10/28/2015