

POLICY NUMBER: 1.00.110**EFFECTIVE DATE:** 6/15/23**TITLE:** Board Charter**SUPERSEDES:** 11/19/20**BOARD ADOPTION:** 6/15/23**REVIEWED:**

INTRODUCTION

The Board is responsible for overseeing the management of the business and affairs of the Washington State Investment Board (WSIB) in accordance with applicable laws.

The Board shall exercise all of the powers and perform all duties prescribed by law with respect to the investment of public trust and retirement funds (RCW 43.33A.010).

The Board may delegate any of its powers and duties to its Chief Executive Officer (CEO) as deemed necessary for efficient administration and when consistent with the purposes of RCW 43.33A.030 and 43.33A.035.

The Board has established charters describing which duties the Board shall retain and which duties it shall delegate to Board Committees, Board Officers, the CEO, and the Internal Auditor.

DUTIES AND RESPONSIBILITIES**Governance Policy**

The Board shall establish and maintain charters describing the roles of:

1. The Board
2. The Chair
3. The Vice Chair
4. Committees of the Board
5. The Internal Auditor
6. The CEO
7. Key advisors

The Board shall establish governance-related policies designed to guide the conduct of its own affairs.

Investment Policy and Strategy

The Board is responsible for establishing the investment philosophy and policies for each fund that the WSIB manages and for periodically reviewing, confirming, or amending said philosophies and policies. These include, without limitation, asset allocation, proxy voting, and portfolio rebalancing, as applicable to the funds managed by the WSIB.

Risk Management

The Board is responsible for oversight of risk management and shall:

1. Ensure that an effective process of enterprise risk management, risk governance, and appropriate risk culture is in place.
2. Be apprised of the most significant risks and response to these risks.
3. Communicate the amount and type of risk that the organization is willing to accept in pursuit of strategic objectives, as defined in the risk appetite statements.

Proxy Voting Process

The Board shall ensure that the organization has a comprehensive policy and framework for an effective proxy voting system. The Board shall:

1. Review the Global Proxy Voting Policy 2.05.200 every three (3) years and the associated Proxy Voting Guidelines on an annual basis.
2. Review staff and consultant's annual proxy voting report summarizing the WSIB's exercise of proxy voting rights.

Financial and Accounting Policy

The Board shall ensure that appropriate accounting policies and internal controls are in place to safeguard the assets of the WSIB.

The Board shall ensure that internal and external audits are conducted to assess that:

1. The WSIB's assets are safeguarded and controlled.
2. The WSIB's transactions are in accordance with applicable laws and the policies of the Board.
3. The WSIB's financial, human, and physical resources are managed economically and efficiently and that the WSIB's operations are carried out effectively.

Operations

The Board shall approve the basic organizational structure of the WSIB. The Board shall approve the general processes to be used to establish the strategic and/or business plans and operational budgets of the WSIB.

Based on the recommendations of the CEO, the Board shall approve:

1. Business and/or strategic plans.
2. The WSIB's operating budget.

Human Resources and Compensation Policy

The Board shall approve a broad human resource policy and a compensation policy for the WSIB, addressing:

1. General principles that will guide the management of the WSIB's human resources.
2. The compensation philosophy and guidelines of the WSIB, including compensation goals and objectives, relevant comparison groups and target compensation levels.

Key Appointments

The Board shall:

1. Establish any committees that it considers necessary.
2. Appoint and, when deemed necessary, remove Committee members.
3. Select, appoint, and, when necessary, replace the CEO, and delegate to that individual the responsibility and authority for the management of the business and affairs of the WSIB.
4. Review and take action on nominations by the Administrative Committee for the non-voting positions on the Board.
5. Appoint named service providers as specified in the Service Provider Policy.

Stakeholder Communications

The Board shall approve a communications policy designed to help ensure effective communications with constituents of the WSIB. The Board shall establish a primary spokesperson(s) for the WSIB.

The Board shall approve an annual report on the operations of the WSIB.

Advice and Counsel

The Board and individual members shall be available to provide advice and counsel to the CEO.

Reporting and Monitoring

The Board shall ensure that the necessary reporting and monitoring practices are established to provide the Board with the information it requires to effectively oversee the operations of the WSIB and meet all requirements in law.

The Board shall, among other things:

1. Monitor the application of the WSIB's ethics policies.
2. Monitor to ensure compliance with the investment policies, standards, and procedures established by the Board.
3. Evaluate the performance of the CEO.
4. Review the investment performance of the WSIB.
5. Approve the investment policies of the Board.
6. Approve and review on a regular basis all other policies of the Board, including those pertaining to governance, compensation, finance and accounting, organizational planning, and corporate communications.
7. Review the performance of the Board on an annual basis.
8. Ensure that monitoring mechanisms are in place to make certain that the WSIB operates within applicable laws and regulations.

POLICY REVIEW

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

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