



**Police & Firemen's Retirement System of New Jersey
Environmental, Social, & Governance (ESG) Policy**

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Chapter I: Introduction

A. Purpose

The purpose of the policy is to provide clear instruction as to how ESG concerns will be incorporated into the Police and Firemen's Retirement System of New Jersey's investment program. This policy will lay out the relevant parties and their responsibilities as they pertain to the ESG Policy.

This Policy has been drafted by PFRSNJ Staff and reviewed and approved by the Investment Committee and approved by a majority of the Board. Material deviation from this document is not permitted without explicit written permission, in advance, from the Board.

B. Investment Objectives

To identify and retain best in class professionals and firms to assist in managing the Plan's assets while on a best efforts basis seeking to incorporate ESG views in the decision making process.

Chapter II: Governance and Responsibilities

A. Board of Trustees

The Board of Trustees will review any suggested changes to ESG Policy from the Investment Committee for potential approval. The Board will review any updates provided by the Investment Committee regarding the implementation of this policy.

B. Investment Committee

The Investment Committee will monitor the implementation of this policy at a minimum annually. The Investment Committee will update the Board on an as needed basis regarding the ESG Policy's implementation. The Investment Committee will review any suggested changes to the ESG Policy by the Chief ESG Officer and potentially make recommendations for changes to the Board.

C. Chief ESG Officer

It is the responsibility of the Chief ESG Officer to maintain the ESG policy. The Chief ESG Officer will recommend any changes to this policy to the Investment Committee. It is the responsibility of the ESG officer to ensure the ESG Program is executed. The ESG Officer shall annually update the Investment Committee on the ESG Implementation.

Chapter III: The Program

The Chief ESG Officer shall annually update the Board regarding the Plan's compliance with this policy.

A. Environmental

The Chief ESG Officer will include ESG related questions in all public RFQs for public market investment advisors so that ESG concerns may be included in the decision making process.

B. Social

17:4A-3.12 Board commitment to investments in minority- and women-owned businesses (MWBE) entities

The Board understands and acknowledges that in pursuing its investment goals there are benefits to working with MWBEs. The Board shall consider MWBEs in determining how to invest its funds, taking into consideration its fiduciary obligation and any other factors important to the Board. This commitment shall be consistent with the legislative mandate at N.J.S.A. 52:18A-89.15, which shall be analogously applied to the Board of Trustees for the PFRS, and is subject to and consistent with the Board's fiduciary duties and the standard for prudent investment, and attempt to use, to the greatest extent feasible, qualified minority- and women-owned financial institutions to provide brokerage and investment management services.

The Chief ESG Officer will ensure during public RFQs for public market investment advisors that a screen is run to identify MWBE managing relevant investment strategies. The Chief ESG Officer will ensure the identified MWBE are informed of the RFQ and invited to bid. This screening requirement only applies to investment universes that are screenable for MWBE via investment database(s) that PFRSNJ subscribes.

The Chief ESG Officer shall inform the investment managers retained by PFRSNJ that are advising on public market mandates that PFRSNJ suggests that at least 5% of trades be directed through MWBE brokers with best execution still desired. Annually, the Chief ESG Officer will review the MWBE broker utilization for strategies retained by PFRSNJ and update the Investment Committee.

C. Governance

The Police and Firemen's Retirement system believes good governance is important to the long-term success of an organization. To that end, PFRSNJ believes proxy voting provides the owners of public securities a path to voice their opinions. PFRSNJ's Proxy Voting Policy outlines PFRSNJ's engagement on proxy voting.