

# **NORFOLK EMPLOYEES' RETIREMENT SYSTEM (NERS)**

## **BOARD OF TRUSTEES**

### **CODE OF ETHICS AND CONDUCT**

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# Code of Ethics and Conduct

## I. The NERS Ethics Policy Summary and Declaration of Policy

It is essential for the proper administration, effective operation, and fiduciarily prudent investment of the Norfolk Employees' Retirement System ("NERS" or "the System") that its Board of Trustees ("the Board" or "Trustee" or "Trustees"), employees, service providers, professional advisors and consultants be, and give every appearance of being, independent and impartial; that service to and on behalf of the System never be used for unfair advantage or for individual profit or benefit to the detriment of the System; and that there be unquestioned public confidence in the System's institutional integrity as a prudently-managed and fiduciarily-governed trust, operated for the sole and exclusive purpose of providing benefits to the System's members and beneficiaries.

It is also vital that persons of competence and integrity be encouraged to serve the System. Accordingly, the standards of conduct established under the System's Code of Ethics and Conduct should be interpreted and understood so as not to unreasonably frustrate or impede the recruitment and retention by the System of those persons best qualified to serve it and its members and beneficiaries. To that end, the System's professional advisors and consultants, its employees, and particularly the Trustees, who, with the exception of the City Manager, or designee, and the Director of Finance who serve as ex officio members, are essentially uncompensated volunteers, should not be denied the opportunity generally available to all other citizens to acquire and advance their private economic interests, except in circumstances in which a conflict of interest with the System would foreseeably result. All such conflicts are to be prospectively disclosed and acted upon as provided under Section XII "CURING CONFLICTS OF INTEREST".

- A "conflict of interest" exists whenever a Trustee, employee, service provider, professional advisor or consultant of the System is in a position in which he or she takes any action that is, may be, or reasonably appears to be influenced by considerations of personal gain or benefit rather than motivated by the interests of the System, its members and beneficiaries. The fundamental principle underlying these conflict of interest rules is that any Trustee or employee of the System, or any service provider, professional advisor or consultant to it, occupies a special position of fiduciary trust and confidence such that he or she must studiously and conscientiously avoid not only actual fiduciary breaches of trust against the System, but also any reasonable appearance of a conflict of interest.

The Ethics Policy establishes minimal requirements that are not to be considered all-inclusive. The following is a brief reminder of some important aspects of the NERS's Ethics Policy:

- Duties must be performed with fairness, propriety, and competence and must preserve the public's trust in the NERS.
- Trustees and employees must maintain the highest level of ethics as public servants and must follow the standards of conduct outlined in the Ethics Policy.
- A Trustee or employee may not use or attempt to use his or her position for the purpose of obtaining personal and/or financial benefit, favor, concession, gifts, or other advantage. An employee must avoid behaviors that have the perception of a conflict of interest.
- A Trustee or employee may not accept or solicit any gift, favor, or service that might reasonably tend to influence such person in the discharge of official duties or that he or she knows or should know is being offered with the intent to influence the trustee or employee's official conduct.
- A Trustee or employee may not intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised official powers or performed official duties in favor of another.
- A Trustee or employee may not accept employment in any business or professional activity that he or she might reasonably expect would require or induce the disclosure of confidential information acquired by reason of his or her official position.
- A Trustee or employee may not accept other employment or compensation that could reasonably be expected to impair his or her independence or judgment in the performance of official duties.
  - In addition, a Trustee or employee may not make personal investments that could reasonably be expected to create a substantial conflict between the trustee or employee's private interest and public interest.

The NERS expects Trustees and employees to avoid behaviors that have the perception of a conflict of interest with their work for the System and to use sound judgment in making ethical decisions. Trustees and employees should seek guidance from the NERS ethics advisor or management if you have any doubt on the right course of action to take. The Executive Director of the NERS ("Executive Director") and the Board's Legal Counsel are the System's ethics advisors and are available to assist Trustees, and employees in resolving ethical concerns.

Trustees and employees must not accept any benefit during their association and employment with the NERS.

- A benefit is anything reasonably regarded as economic gain or economic advantage and includes benefits to any other person in whose welfare the beneficiary is interested, including but not limited to the person's immediate family (defined as their spouse and any other person who resides in the same household as the officer or employee and who is a dependent of the officer or employee).
  - In limited situations, non-cash items of promotional or commemorative value do not fall within the definition of a benefit (i.e., snacks or refreshments, lunch, greeting cards, plaques, certificates of achievement or recognition and trophies that are solely for presentation).
  - A Trustee or employee who receives any gift from a person or organization that has an interest, or that might in the future have an interest, in matters within the jurisdiction of the NERS must deliver that item to the NERS office where the Executive Director or their designee will determine the manner of disposition of all gifts.
  - A Trustee or employee who violates any provision of the NERS policies is subject to disciplinary action. A Trustee or employee who violates any applicable federal or Virginia law or rule may also be subject to civil or criminal penalties in addition to any employment-related sanction.
  - Trustees, employees, and others who work in a professional area where there is a code of ethics (for example, internal auditing, public accounting, consultants, or investment custodians) must also abide by the ethical conduct requirements of their respective professional fields. A Trustee, employee, or service provider must promptly report to the NERS any administrative or legal inquiry, complaint or other action concerning an alleged or actual breach of their professional standards of conduct or other matter that would reasonably call into question their ability to perform their duties to the NERS or the integrity and public trust of the NERS.
  - Employees are encouraged to use their immediate chain of command as a first effort in resolving any questions or concerns related to employee ethics, conflicts of interest or standards of conduct if it is appropriate under the circumstances. You may also seek the guidance of the Board's Legal Counsel with any ethics-related questions or concerns.
  - Trustees and employees should report any conduct or activity that they in good faith believe to be in violation of the Ethics Policy to the Executive Director and the

Board's Legal Counsel personally or anonymously. The NERS prohibits any action against a Trustee or employee for good faith reporting of an ethics violation.

## **II. PURPOSE**

The NERS is charged by the Norfolk City Code Chapter 37 and state law with the administration of pension assets held in trust for the members and beneficiaries of the NERS. Because the NERS is entrusted with the administration of assets of third parties (members and beneficiaries), the law imposes a fiduciary duty upon those persons in control of those assets to manage the assets for the exclusive benefit of the members and beneficiaries of the System.

The objective of this Policy is to ensure the integrity of all investment and administrative transactions and conformity with fiduciary, ethical, and legal standards by the Board, employees, service providers, and professional advisors or consultants of the System. This Policy outlines basic principles, guidelines, and standards of conduct expected of the persons governed by this Policy in the performance of their duties and activities, to prohibit conduct that is inconsistent with fulfilling one's fiduciary duty, and to instill and maintain a high level of confidence on the part of the public in the professionalism, integrity, and commitment to the public interest of those who serve. This Policy is further intended to establish procedures that will identify, reveal and manage conflicts of interest. Maintaining the public's trust requires more than adherence to minimal legal standards. Persons governed by this Policy will act with integrity, competence, dignity, and in an ethical manner when dealing with the public, current and future members, beneficiaries, employers, employees and each other.

### **Deterring, Detecting and Investigating Potential or Actual Fraud and Other Illegal Acts**

The potential for, or occurrence of, fraud and other illegal acts is a significant and sensitive management concern in any organization. This concern is heightened by the breadth and complexity of the responsibilities of the System, as well as the public expectation of honesty and integrity in government, and particularly regarding public trust funds.

This Policy is designed to minimize the impact of all potential or actual fraudulent or illegal acts at the NERS by deterring such activity or detecting it as early as possible; to alert the public that there is a mechanism by which such activities can be reported and investigated; and to ensure the fair, objective and thorough investigation and reporting of all such activities while safeguarding individual rights and maintaining confidentiality in accordance with applicable law. All documents related to an investigation are considered audit work papers and may be subject to additional protection from disclosure to third parties.

This Policy relates to all potential or actual fraudulent and other illegal activities within the NERS involving:



- its Trustees and employees in the conduct of their voluntary services and employment responsibilities, which includes, but is not limited to theft, malfeasance, insider trading, abuse of power or authority, kickbacks and embezzlement; and
- the loss, misappropriation or theft of any assets belonging to the NERS or for which the NERS is responsible, including, but not limited to cash, checks, securities, intellectual property, property and equipment, information, and other data.

This Policy does not relate to such activities involving any individual, group, organization, government or other entity that is not a part of the NERS, unless such activity may have involved a Trustee or employee of the NERS in the conduct of his or her responsibilities, or unless such activity involved the loss, embezzlement, misappropriation or theft of any assets belonging to the NERS or for which the NERS is responsible.

Every effort will be made to maintain the anonymity and protect the rights of all individuals who may be directly connected with the reported fraud or illegal activity.

This Policy should not be perceived as a substitute for management's responsibility to be proactive to and to deter fraud or other illegal acts in the System's operation.

Many of the provisions described in this document are based upon legal and fiduciary precepts; however, this Policy does not outline the complete and exclusive legal and fiduciary responsibilities of the persons it governs. Persons governed by this Policy must abide by all applicable federal and state laws, contracts and policies of the NERS. In the case of any conflict between this Policy and state or federal law, the applicable state or federal law shall prevail.

If any person governed by this Policy has any questions about the requirements of this Policy, the person should contact the NERS Executive Director or the Board's Legal Counsel.

### III. RESPONSIBILITIES

It is understood, particularly in the instance of voluntary and uncompensated Trustees actuated by their commitment to public service, that it is not reasonable to demand so complete a disassociation from the private sector as to preclude each and every possibility of a conflict of interest arising. Accordingly, this Code of Ethics and Conduct considers the intention and motives as well as the extrinsic acts of those persons having a fiduciary relationship with the System. Although appearances and acts often outwardly manifest a person's intentions, motive becomes particularly relevant whenever the acts themselves are called into question as giving rise to even the appearance of a conflict of interest.

- **Board of Trustees:** The Board assigns responsibility to the Administration and Planning Committee to review this Policy as needed and oversee its implementation. The Board will receive the Administration and Planning Committee's recommendation regarding

modifications and make the final decision regarding all recommended changes to this Policy.

- **Executive Director:** The Executive Director shall implement and administer as necessary standard operating procedures to assist and monitor the System's compliance with this Policy.

#### IV. FIDUCIARY DUTIES

By virtue of the authority given to the Board per City Code Chapter 37 Sec. 37-96 for the oversight of the administration of benefits and the investment of assets, each Trustee shall adhere to the following:

- A. Trustee's loyalty must be solely to the members and beneficiaries of the System.
- B. All members and beneficiaries of the System are to be treated equally and fairly. A Trustee's duty is to the members and beneficiaries of the System as a group, and not to individuals or groups of individuals.
- C. Trustees shall discharge their duties solely in the interest of the members and beneficiaries for the exclusive purpose of providing benefits to the members and beneficiaries.
- D. Trustees shall discharge their 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 such matters would use in the conduct of an enterprise of a like character and with like aims.
- E. Trustees are responsible for preparing themselves for Board work, shall attend and actively participate in meetings of the Board, shall attend and actively participate in meetings of any committee(s) of which they are a member, and shall strive to maintain a continuing awareness of the actions and activities of the Board and its committees.
- F. Trustees are obligated to take advantage of educational opportunities, as appropriate.
- G. Trustees should monitor the general activities of the administration of the System.
- H. Trustees should act in a transparent manner in Board and Committee meetings and in other consultations and meetings when deliberations of official business of the System takes place.
- I. No Trustee or professional service provider shall knowingly or negligently participate in the breach of fiduciary duty by another fiduciary of the System, participate in concealing such breach, or knowingly or negligently permit such breach to occur. It is the responsibility of each Trustee to immediately disclose the discovery of a breach to the Executive Director or the Board's Legal Counsel. It is the responsibility of the Executive Director to disclose the

discovery to the Board Chair for appropriate action. If the breach involves the Executive Director, the breach shall be reported to the Board's Legal Counsel and the Board Chair.

## **V. CODE OF ETHICS AND CONDUCT**

Each Trustee shall subscribe and conform to the following Code of Ethics and Conduct:

- A. Trustees shall conduct themselves with integrity and act in a professional and ethical manner in their dealings with fellow Trustees, the Executive Director, Trustees serving of all Board Committees, consultants, advisors, the NERS employees and the public.
- B. Trustees shall maintain high ethical and moral character, both professionally and personally, such that their conduct shall not reflect negatively upon the Board or upon the NERS.
- C. Trustees shall act with competence and shall strive to maintain and improve their competence and that of their fellow Trustees.
- D. Trustees shall use proper care and exercise independent, professional and fiduciary judgment.
- E. Trustees shall treat closed meeting information as confidential.
- F. Trustees shall not give, disclose, or provide access to any confidential information owned, obtained, or developed by the System.
- G. Trustees must avoid any conflict of interest or appearance of conflict of interest with respect to their fiduciary responsibility. A conflict of interest is understood to be a situation where a relationship exists that could reasonably be expected to diminish independence of judgment in performance of official responsibilities as a Trustee. This includes, but is not limited to, the following:
  - 1. There must be no self-dealing or conduct of any private business or personal services between any Trustee and the System, except as procedurally controlled to assure openness, competitive opportunity and equal access to inside information.
  - 2. No Trustee shall receive any gain or profit from any funds or transaction of the System, except benefits from interest in investments common to all members, if entitled thereto.
  - 3. Trustees must not use their positions to obtain advantage for themselves, family members, or close associates, nor shall they demonstrate abuses of authority.
  - 4. A Trustee shall not vote or seek to affect the outcome of a vote on an issue about which they have an unavoidable conflict of interest.

- H. Trustees shall take affirmative steps to avoid breaches of duty (through negligence or intentional action or omission), make or cause to be made any prohibited ex parte communication about the System or Board matters and decisional process of any proceeding to any interested person outside the System or Board relevant to the merits of the proceeding.
- I. Trustees recognize that all System business transactions are to be based on integrity, competence, and financial merit and benefit to NERS members and beneficiaries, and not on personal relationships.
- J. Trustees shall disclose in writing any outside business or financial interest that could influence the impartial discharge of their official responsibilities and duties.

## **VI. STANDARDS OF CONDUCT**

- A. Confidential information shall be used solely in connection with any current and contemplated business relationships (including proceedings before the Board) of the System and under no circumstances revealed to third parties, except as may be required by any applicable laws or regulations or as authorized by the Board.
- B. Trustees shall refrain from engaging in conduct that would discredit, appear to discredit and/or compromise, or appear to compromise the integrity of the Board and/or the System.
- C. Trustees must avoid any conflict of interest with respect to their fiduciary responsibilities. This includes, but is not limited to the following:
  - 1. Trustees will not use their positions to obtain employment in the System for themselves, family members or close associates.
  - 2. Should a Trustee apply for and be offered a position of employment with the System or the City of Norfolk, the Board member must resign from the Board prior to commencing such employment (note: except City representatives).
  - 3. If the Board is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall disclose the nature of the conflict and abstain from the vote on said issue. Trustees may not participate in the discussion concerning the issue or discuss the issue with other members at any time and may not be present during any discussion of the issue that occurs during a duly closed session of the Board.
- D. The Board may give orders and directions to the Executive Director, an Outsourced Chief Investment Officer (OCIO), Investment Custodian, and Actuary, but not to other employees

of the System. The Board shall not instruct the Executive Director with respect to specific operational decisions or with respect to the day-to-day operation of the System.

- E. Whenever the Board and the Executive Director are involved in the selection or employment of advisors, managers, consultants, contractors, or vendors, individual Board members shall not communicate with regard to that contract with any person who may be under consideration in such a selection or hiring process prior to the actual selection or hiring.
- F. No Trustee shall participate in the breach of this Code of Ethics and Conduct by another Trustee, participate in concealing such breach, or knowingly or negligently permit such breach to occur.
- G. In the event of a conflict between this Policy and a more restrictive ethics rule or policy that may be applicable to Trustees who are employees or officers of the System, the Trustee shall comply with the more restrictive policy.
- H. Information that might reflect favorably or adversely upon the present or future value of any investment or contemplated investment of the System shall not be used in any manner for the purpose of personal advantage or to provide advantage to others.

## **VII. PERSONAL INVESTMENTS**

- A. Trustees and employees of the System may buy, sell, or own a security or other investment held by the System, but shall not trade such for their own account or on behalf of others based upon information provided to the System but which is not otherwise readily known and available to the general public. Trustees and staff consciously acting upon such securities or investments, to avoid any appearance of a conflict of interest, shall disclose such activity by written notice to the Board. This rule shall not be construed to restrict Trustees and staff employees who may own such securities by happenstance because of positions taken by mutual funds or similar investments they may hold.
- B. Trustees and employees of the System shall not under any circumstances accept offers by reason of their position with the System to trade in any security or other investment on terms more favorable than those offered to the general investing public.
- C. No Trustee or employee of the System shall participate in a matter before the System that involves a business, contract, property, or other substantial investment directly or indirectly held by such person if it is reasonably foreseeable that System action on the matter would confer a benefit to such person by or through the business, contract, property, or investment. As a general rule, a Trustee or employee may not participate in a matter involving a business or other entity of which they own more than 3% of the total equity of the business or entity or in which they would stand to receive personal compensation, gains, or other value in excess

of \$5,000 per year. Questions as to whether a Trustee or employee may participate in a matter should be directed to the Executive Director or the Board's Legal Counsel.

- D. No Trustee or employee shall make any personal investment, engage in any transaction or professional activity, or incur any obligation of any nature that would create, or that such person should reasonably foresee would create, a substantial interest in a business, contract, property, or investment involving the System that would result in a significant or continuing conflict of interest with the System.
- E. No Trustee or employee shall use his or her position or employment with the System, or use the System's facilities, equipment or supplies, to obtain or attempt to obtain private gain or advantage to the detriment of the System.

#### **VIII. GIFTS, FEES AND EMOLUMENT**

- A. No Trustee, while acting in their capacity as a Trustee of the System, shall solicit or arrange a gift or favor for themselves or for any other person from any actual, prospective, or potential outside investment manager, vendor, or consultant of the System, from any investment fund in which the System is an investor, is considering becoming an investor, or may at some time consider becoming an investor, or from any affiliate of any such person or entity.
- B. No Trustee shall accept any unsolicited gift or favor from any actual, prospective, or potential outside investment manager, vendor, or consultant of the System, from any investment fund in which the System is an investor, is considering becoming an investor, or may at some time consider becoming an investor, or from any affiliate of any such person or entity unless it is a token, educational, promotional, or advertising item of nominal value (i.e., estimated market value of less than \$100), and does not compromise, or appear to compromise, the independence or impartial judgment of the Trustee. Any gift with a value of more than \$20 must be reported to the Executive Director or the Board's Legal Counsel.
- C. No Board member shall accept or receive any gift through an intermediary, if they know, or have reason to know, that the gift has originated from a source that would make the gift prohibited under this Code of Ethics and Conduct.
- D. No Trustee shall accept any complimentary work or analysis, or other "favor" offered or performed by a current, prospective, or potential contractor or vendor of the System that is intended to personally benefit the involved Trustee if such work, analysis, or other "favor" is offered to or performed for such Trustee because of their capacity as a Trustee.
- E. Solicitation or encouragement by a Trustee of entertainment, including but not limited to meals, refreshment, or entry fees from a prospective or potential contractor, or vendor of the System, is inappropriate. Habitual acceptance of such meals, refreshment, or entertainment

is strongly discouraged. However, occasional meals or refreshments with a current or prospective contractor or vendor of the System during normal business meetings and/or explorations prior to engagement (e.g., due diligence on site visits) are not considered inappropriate. Lunch provided during Board meetings to Trustees are not considered gifts.

- F. No cash, cash equivalents, or securities of any value may ever be accepted.
- G. Any gift, the receipt of which is prohibited by this Code of Ethics and Conduct, shall be returned to its source immediately and reported to the Board at the next Board meeting.

## **IX. SPONSORED TRAVEL**

- A. Trustees and the Executive Director acting in their capacities as such, may accept sponsored travel to give a speech, participate in a panel or seminar, or provide a similar service at a professional or educational conference, convention, or seminar when their participation is requested due to their experience, expertise, or opinions related to the performance of their duties for the System provided that:
  - 1. The source of the funds for the travel is not a person or entity that is in a business relationship with the System, has ever been in a business relationship with the System, and/or potentially may enter into a business relationship with the System at any time in the near or distant future;
  - 2. The speech, seminar, or other forum for which the sponsored travel has been offered will not be publicized, promoted, or represented in any way as being sponsored by a person or entity that is in a business relationship with the System, has ever been in a business relationship with the System, and/or potentially may enter into a business relationship with the System at any time in the near or distant future;
  - 3. The sponsored travel is specifically approved as herein provided; and
  - 4. The Board maintains a public record of all such sponsored travel, as set forth herein.

For the purposes of this Policy:

- a. "Sponsored travel" shall mean payment of travel and related expenses by a source other than the System or the person(s) traveling on behalf of the System.
- b. "Source of funds" shall be the person or entity directly providing the reimbursement to the System and not others who may pay dues or otherwise provide funding to that person or entity.

- B. Employees of the System will assist Trustees with all arrangements for travel that is approved by the Board.

**X. ALL SYSTEM-RELATED TRAVEL**

- A. All System-related travel must be approved in advance by Board vote as recorded in the meeting minutes or by the Board Chair in writing when there is no Board meeting scheduled before the travel needs be approved. Such approval by the Board Chair shall be reported to the Board at its next meeting and recorded in the meeting minutes. Proposed System-related travel arrangement information shall be brought to the attention of the Board by the Trustee or employee who is requesting the travel approval, including an estimate of travel costs to be incurred, an estimate of any complimentary amenities to be received, if any, and other specific information regarding the basis and relevancy of the requested travel being provided to the Board for its approval.
- B. No spouse, family member, or other invitee of a Trustee traveling on behalf of the System may accompany the Trustee unless the spouse, family member, invitee, or the Trustee pays for all additional or incremental costs and expenses associated with such attendance.

**XI. OTHER OR ANY SUCCESSOR ACTIVITIES AND INTERESTS**

- A. Trustees and employees shall not represent any person in any action or proceeding before or involving the interests of the System except as a duly authorized representative or agent of the System.
- B. Trustees and employees should not participate in a matter or activity where such participation could reasonably permit an inference that a person, group, or organization may be in a position to unduly influence the System, its Board, or its employees.
- C. Trustees and staff employees shall not borrow from investment managers, outside service providers, professional advisors or consultants, banks or other financial institutions with which the System has a business relationship, except and unless such entities are normally engaged in such lending in the usual course of their business, and then only on terms offered to the general public under similar circumstances.
- D. The System shall not enter into any contract with any entity employing or represented by a person who has been an employee or Trustee of the System within the preceding twelve (12) month period.
- E. Trustees or employees traveling on business of the System to consult with present or prospective advisors, service providers, vendors, consultants, or other persons connected with the System shall first advise, and later submit within thirty (30) days a report concerning such contact(s), to the Board through the Executive Director of the System.



## **XII. CURING CONFLICTS OF INTEREST**

Trustees, employees of the System, outside service providers, professional advisors or consultants to the System shall disclose to the Board any substantial direct or indirect ownership or beneficial interest that such person or his or her relative or co-venturer may have in any service provider, professional advisor, or consultant to the System, or may have in any issuer of securities or other investment interest held by the System.

In no event, however, shall a Trustee vote on any question in which he or she is so interested (whether directly or indirectly) as to significantly impair the independent and impartial exercise of that Trustee's judgment.

Trustees should make reasonable efforts to avoid conflicts of interest and appearances of conflicts of interest. If a conflict cannot be avoided, a Trustee should attempt to remove the conflict. If a conflict cannot be removed, or if the conflict is removed but the Trustee's continued participation in the matter would create an unreasonable appearance of a conflict of interest, a Trustee with a conflict of interest shall comply with the following procedure:

### **A. Standard Procedure**

1. Disclose the conflict of interest to the Executive Director.
2. If the source of the Trustee's conflict is to be discussed at a meeting, disclose the conflict at an open meeting and recuse himself or herself from discussing or voting on the matter.
3. Refrain from discussing the matter with any other Trustee or employee of the System at any time outside of a meeting.
4. Trustees may ask the Executive Director or the Board's Legal Counsel for guidance on these matters.

## **XIII. ADDITIONAL DISCLOSURES AND REPORTING**

- A. The NERS Trustees. Every Trustee shall file a current "Annual Financial Disclosure/Conflict of Interest Affidavit" included in Appendix B of the Board of Trustees Governance Manual with the Executive Director in July of each year.
- B. Service Providers. Service Providers, including the Outsourced Chief Investment Officer (OCIO), Investment Custodians, and Vendors shall file a current "Standard of Conduct Questionnaire for Service Providers" included in Appendix A of the Board of Trustees Governance Manual with the Executive Director in July of each year. Current service providers

will annually disclose whether a Board Trustee has been hired by their firm within the preceding 12-month period.

#### **XIV. ETHICS TRAINING**

- A. A person newly elected or appointed to the Board must complete an ethics training program that meets the ethics training requirements for other public retirement system trustees and that includes training on this Policy, which shall be administered by the Executive Director or the Board's Legal Counsel. The new Trustee is urged to attend orientation with the Executive Director before sitting at the first Board as a voting member. The orientation will be arranged to meet the schedule of the Trustee and may take place over more than one day.
- B. Every three (3) years, staff shall make available to the Board training that addresses the provisions of this Code of Ethics. The Executive Director will provide ethics training as requested by members of the Board.

Trustees shall acknowledge that they have read, understand, and will comply with this Policy on the form set forth in the Annual Ethics Policy Acknowledgement Statement, Attachment A and submitting the completed form to the Executive Director in July of each year.

#### **XV. ETHICS ADVISORY OPINIONS**

The Board recognizes that, at times, ethical issues might fall into a "gray" area where the acceptable ethical conduct is not obvious. In such circumstances, Trustees are to seek advice from the Executive Director and the Board's Legal Counsel or any fiduciary counsel and, based on this advice, use their best judgment to uphold the highest ethical standards of behavior.

In its sole discretion, the Board may from time to time seek advisory opinions from the Board's Legal Counsel, or outside fiduciary counsel as necessary, to aid in its application of the Code of Ethics and Conduct to particular factual situations presenting a potential ethical issue. Such counsel's opinion shall be advisory only, but any Trustee or employee of the System acting in reliance thereon shall be deemed to be acting in good faith compliance with the Code of Ethics and Conduct.

Advisory opinions sought by the Board pursuant to this provision, together with the Board's initial request and documentation setting forth the factual circumstances giving rise to the request for advisory opinion, shall not be public information unless or until so determined by a court of competent jurisdiction.

Counsel rendering an advisory opinion hereunder and so acting at the direction of the Board shall not owe an express or implied ethical duty of loyalty or confidentiality to a Trustee, employee of the System, or any other party affected by such advisory opinion, nor does the consideration or issuance of such advisory opinion establish an attorney-client relationship between counsel and

any person other than the System its full Board of Trustees, and its employees with regards to the subject matter of the Board's request for an advisory opinion.

#### A. Events That May Merit Legal Consultation

The following checklist sets forth common events that might merit consultation with the Executive Director, the Board's Legal Counsel or outside fiduciary counsel:

- Change in employment of yourself or spouse.
- Change in your marital status.
- Children become employed by someone doing business or likely to do business with the NERS.
- Being asked to serve in another governmental office, including service on the Board of Trustees for the Virginia Retirement System ("VRS") and/or becoming a participating member of the "VRS".
- Being contacted about litigation involving the NERS.
- Information about an alleged violation of law or ethics.
- Request from third parties for favors, accommodations, or disclosure of information.
- A benefit or gift from a vendor, potential vendor, or member of the System.
- An invitation to speak on behalf of the NERS at a conference, meeting, or seminar.
- Someone offers to pay or waive your expenses in connection with a retirement-related conference or meeting.

### **XVI. ENFORCEMENT**

#### A. Complaints

Upon the sworn complaint of any Trustee, employee of the System, professional service provider, or member of the System (the "complainant") delivered to the Board or the Retirement Office, the Board shall consider possible violations by the person or persons named in the complaint as soon as reasonably practical.

## B. Frivolous Complaints

1. The signature of a person on a complaint constitutes a certificate by said person that they have read the complaint, have made reasonable inquiry concerning the truthfulness of the facts stated in the complaint, that it is their belief, formed after reasonable inquiry, that the facts contained in the complaint are true, and that the complaint is not groundless and brought in bad faith or groundless and brought for the purpose of harassment.
2. The Board may, on its own initiative, or upon the request of the person against whom the complaint was filed, determine whether a complaint filed was a frivolous complaint.
3. The Board's decision is final, and no further action will be taken regarding the complaint.

## C. Sanctions for Violation

1. A Trustee, employee of the System, outside service provider, professional advisor, or consultant who is found by the Board of Trustees in its sole discretion to have violated this Code may be subject to official reprimand by a majority vote of the Board.
2. In the event the Board determines a violation of the Code of Ethics and Conduct to be so egregious, apparent, or shocking to ordinary sensibilities as to constitute malfeasance, misfeasance inefficiency, neglect of duty, incapacity or unfitness to perform his or her fiduciary duties and responsibilities in the exclusive interest of the System, its members and beneficiaries, and if the offending person is:
  - i. **A Trustee:** the Board may petition the City Council for removal of such offending Trustee; unless the Trustees is an ex officio member; or if
  - ii. **An employee of the City:** the Board Chair shall notify the City Manager who may take appropriate action, in their sole discretion; or if
  - iii. **An outside service provider, professional advisor, or consultant retained by the System:** the Board in its sole discretion may terminate and/or remove such person at will.
3. Sanctions for violation of this Code of Ethics and Conduct by or at the initiative of the Board shall not exhaust, diminish, or otherwise frustrate such other relief or remedies in law or equity as may otherwise exist against such persons; nor shall the System, its Trustees, employees of the System, outside service provider,

professional advisor, or consultant be held liable individually or collectively for enforcing this Code of Ethics and Conduct on behalf of the System, its members and beneficiaries unless, upon final adjudication of a court of competent jurisdiction, such enforcement should be found to be arbitrary, capricious, or effected in bad faith.

4. Nothing in this Policy shall excuse any Trustee from any other restrictions concerning conflicts of interest and fiduciary duties.

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**ATTACHMENT A - Annual Ethics Policy Acknowledgement Statement**

**Norfolk Employees' Retirement System (NERS)**

**Annual Ethics Policy Acknowledgement Statement**

Reporting Period: July 1, \_\_\_\_\_ through June 30, \_\_\_\_\_

In compliance with Board Approved Policy: Code of Ethics and Conduct, I declare I have read, understand, and will comply with the provisions of the Code of Ethics and Conduct.

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**Signature of Board Member**

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**Date**

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**Printed Name**

