ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE

POLICY NUMBER: PP-2020-07

SUBJECT: ETHICS POLICY

EFFECTIVE DATE: December 14, 2020

AMENDED: October 13, 2023

AMENDED: July 31, 2026

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A. INTRODUCTION

The Board of Trustees of the Illinois Police Officers' Pension Investment Fund ("The Fund") hereby adopts this Ethics Policy ("Policy") in furtherance of promoting the highest ethical conduct when conducting Fund business, and to affirm its duties under the Illinois Pension Code, 40 ILCS 5/1-101, *et seq.*

B. DEFINITIONS

The definitions used in this Ethics Policy are limited to the Policy and shall not be binding on the Fund for any other purpose. Whenever used in this Policy, the following terms shall have the following meanings:

1. **"Board"** means the Board of Trustees of the Illinois Police Officers' Pension Investment Fund.
2. **"Compensation"** means money, thing of value or other pecuniary benefit received or to be received in return for, or as reimbursement for, services rendered or to be rendered.
3. **"Employee"** means an individual employed by the Fund, whether part-time or full-time, or by a contract of employment, but excludes Trustees and any third-party vendor of the Fund.
4. **"Ethics Officer"** means the Fund's Executive Director or other individual designated by the Board.
5. "**Fiduciary**," pursuant to the Illinois Pension Code, 40 ILCS 5/1-101.2, means a Person with respect to the Fund to the extent that the Person:

    (a) exercises any discretionary authority or discretionary control respecting management of the Fund, or exercises any authority or control respecting management or disposition of its assets;

    (b) renders investment advice or renders advice on the selection of fiduciaries for a fee or other Compensation, direct or indirect, with respect to any moneys or other property of the Fund, or has any authority or responsibility to do so; or

    (c) has any discretionary authority or discretionary responsibility in the administration of the Fund.
6. **"Fund"** means the Illinois Police Officers' Pension Investment Fund.
7. **"Gift"** means any gratuity, discount, entertainment, hospitality, loan, forbearance, or other

tangible or intangible item having monetary value including, but not limited to, cash, food and drink, and honoraria for speaking engagements related to or attributable to Fund employment or the official position of a Trustee or Employee.

8. **“Participating Police Pension Fund”** means a pension fund established pursuant to Article 3 of the Illinois Pension Code.
9. **"Person"** means any individual, entity, corporation, partnership, firm, association, union, trust, estate, as well as any parent or subsidiary of any of the foregoing, whether or not operated for profit.
10. **"Prohibited Source"** means any Person:
    a. seeking official action by (A) a Trustee or (B) an Employee, or by the Fund, Board, Trustee or another Employee directing that Employee;
    b. doing business or seeking to do business with (A) a Trustee or (B) an Employee, or with the Fund, Board, Trustee or another Employee directing that Employee;
    c. with interests that may be substantially affected by the performance or non-performance of the official duties of the Trustee or Employee; or
    d. registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, except that an entity not otherwise a Prohibited Source does not become a Prohibited Source merely because a registered lobbyist is one of its members or serves on its board of directors; or
    e. who is an agent of, a Spouse of, or an immediate family member who is living with a Prohibited Source.
11. "**Reasonable Suspicion**" means a belief, based upon specific and articulable facts, taken together with rational inferences from those facts, that would lead a reasonable person to believe that fraud has been, or will be, committed. A reasonable suspicion is more than a non-particularized suspicion. A mere inconsistency, standing alone, does not give rise to a reasonable suspicion.
12. **"Relative"** means an individual who is related to a Trustee or Employee, whether by blood or by adoption, as: husband, wife, parent, child, brother or sister, aunt or uncle, great aunt or great uncle, first cousin, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister, half-brother or half-sister,

and including the father, mother, grandfather, or grandmother of the Trustee's or Employee's Spouse and the Trustee's or Employee's fiancé or fiancée.

13. **"Spouse"** means a party to a lawful marriage, civil union, or domestic partnership.
14. **"Trustee"** means each of the elected, appointed, and ex officio trustee members of the Board.

C. CODE OF CONDUCT

1. To the extent applicable, Trustees, Employees, and external service providers are subject to and shall comply with the Illinois Pension Code, (40 ILCS 5/1 et seq.) Trustees and Employees shall also comply with the Fund's Bylaws, Administrative Rules, and Policies, as adopted from time to time.
2. Trustees and Employees shall act in good faith and with honor and integrity in the performance of their Fund duties.
3. Trustees and Employees shall not knowingly make any false statement or falsify, or permit to be falsified, any record of the Fund. Any Reasonable Suspicion by a Trustee or Employee of a false statement or falsified record being submitted or permitted shall be immediately referred to the Ethics Officer and the Board.
4. Trustees and Fiduciary Employees shall at all times in the performance of their Fund duties owe a fiduciary duty to the Fund and the participants and beneficiaries of the Participating Police Pension Funds as set forth in Section 1-109 of the Illinois Pension Code.
5. Trustees and Fiduciary Employees shall act prudently and as fiduciaries and take all reasonable steps to ensure that all Participating Policy Pension Funds are treated equitably and that the financial condition of one Participating Police Pension Fund will have no effect on the financial condition of any other Participating Police Pension Fund.
6. Trustees and Fiduciary Employees shall not engage in prohibited transactions as set forth in Section 1-110 of the Illinois Pension Code.
7. No Trustee or Employee or the Spouse of such Trustee or Employee shall knowingly have any direct interest in the income, gains, or profits of any investment made on behalf of the Fund. No Trustee or Employee or the Spouse of such Trustee or Employee shall become an endorser or surety, or in any manner an obligor for money loaned or borrowed from the Fund. An annuity otherwise provided in accordance with the Illinois Pension Code or any

income, gains, or profits related to any non-controlling interest in any public securities, mutual fund, or other passive investment is not considered monetary gain on investments.

8. No Trustee may be employed by the Fund during their service as a Trustee or for a period of twelve months after they cease to be a Trustee, except as provided in Section 1-109.5 of the Illinois Pension Code.
9. By virtue of their roles, Trustees and Employees shall respect and protect privileged information. No current or former Trustee or Employee shall use or disclose, other than in the performance of his or her Fund related duties and responsibilities, or as may be required by law, confidential information gained in the course of or by reason of their position or employment.
10. No Person, including a Trustee or an Employee, shall retain any Person to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of the Fund for compensation, contingent in whole or in part upon the decision or procurement.

D. CONFLICT OF INTEREST

1. A conflict of interest is a tension between one's private interests and one's public and/or fiduciary duties or the appearance of such tension. There are many nuances when determining whether a conflict of interest exists; however, the core of a conflict of interest is whether the situation could reasonably result in impaired judgment or involve the potential for personal gain.
2. Trustees shall recuse themselves whenever a matter comes before the Fund as to which an actual conflict, a potential conflict, or the appearance of a conflict of interest may exist, unless, after full disclosure at a Board meeting of the facts underlying an actual conflict, a potential conflict, or the appearance of a conflict, the Board determines no conflict, potential conflict, or the appearance of a conflict exists. A Trustee shall not vote on matters as to which a conflict or potential conflict of interest exists.
3. All Employees and vendors must disclose in writing all actual conflicts, potential conflicts, or the appearance of a conflict of interest to the Executive Director, who shall disclose to the Board, in writing, all actual conflicts, potential conflicts, or the appearance of a conflict of interest. Employees and vendors shall recuse themselves unless, after full disclosure at

a Board meeting disclosing the facts underlying an actual conflict, a potential conflict, or the appearance of a conflict, the Board determines that no conflict or potential conflict exists.

E. PROHIBITION ON GIFTS

1. Notwithstanding any other provision of this Policy, no Trustee or Employee, and no Spouse or immediate family member residing with such Trustee or Employee (collectively, "Recipient"), shall intentionally solicit or accept any Gift from any Prohibited Source or which is otherwise prohibited by law or the Fund's Bylaws, Administrative Rules, or Policies. No Prohibited Source shall intentionally offer or make a Gift that violates this Policy.
2. The prohibition on Gifts from a Prohibited Source in Section E.1 shall not apply to the following:
   a. Opportunities, benefits, and services that are available on the same conditions as for the general public.
   b. Anything for which the Recipient pays the market value.
   c. Educational materials.
   d. Food or refreshments not exceeding $75 per person in value on a single calendar day; provided that the food or refreshments are (i) consumed on the premises from which they were purchased or prepared or (ii) catered. For the purposes of this Section, "catered" means food or refreshments that are purchased ready to eat and not delivered by any means.
   e. Food, refreshments, lodging, transportation, and other benefits resulting from outside business or employment activities (or outside activities that are not connected to the official duties of a Trustee or Employee), if the benefits have not been offered or enhanced because of the official position or employment of the Trustee or Employee, and are customarily provided to others in similar circumstances.
   f. Any item or items from any one prohibited source during any calendar year having a cumulative total value of less than $100.
   g. A Gift from a Relative.

h. Anything provided by an individual on the basis of a personal friendship unless the member, officer, or employee has reason to believe that, under the circumstances, the Gift was provided because of the official position or employment of the member, officer, or employee and not because of the personal friendship. In determining whether a Gift is provided on the basis of personal friendship, the Recipient shall consider the circumstances under which the Gift was offered, such as: (i) the history of the relationship between the individual giving the Gift and the Recipient, including any previous exchange of Gifts between those individuals; (ii) whether to the actual knowledge of the Recipient the individual who gave the Gift personally paid for the Gift or sought a tax deduction or business reimbursement for the Gift; and (iii) whether to the actual knowledge of the Recipient the individual who gave the Gift also at the same time gave the same or similar gifts to other Recipients.

i. Intra-governmental and inter-governmental gifts. For the purpose of this Act, "intra-governmental gift" means any Gift given to a Trustee or Employee from another Trustee or Employee; and "inter-governmental gift" means any gift given to a Trustee or Employee by a member, officer, or employee of another state agency, of a federal agency, or of any governmental entity.

j. Bequests, inheritances, and other transfers at death.

3. A Trustee or Employee does not violate this policy if the Trustee or Employee promptly takes reasonable action to return the prohibited Gift to its source or gives the Gift or an amount equal to its value to an appropriate charity that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as now or hereafter amended, renumbered, or succeeded. Such Trustee or Employee shall provide proof of such return or donation to the Board.

F. DISCLOSURE OF ECONOMIC INTERESTS

1. All Trustees and Employees who are required to file a statement of economic interest, pursuant to the Illinois Governmental Ethics Act, 5 ILCS 420/4A-102, shall timely file such statement.

G. TRAINING

1. Trustees and Employees shall develop and maintain their skills and competence through continuing education, participation in staff and Trustee training, and participation in professional associations in order to familiarize themselves with duties and obligations and to keep abreast of developments.
2. Trustees shall be required to complete at least 8 hours of ethics training per year, which shall include training on ethics, fiduciary duty, investment issues and any other curriculum that the investment board establishes as being important for its administration. The Ethics Officer shall be responsible for annual certification of these requirements in accordance with 40 ILCS 5/1-113.18.

H. ENFORCEMENT

1. Any Person who believes that there has been a violation of this Ethics Policy should submit to the Ethics Officer a written complaint detailing the violation, who will timely investigate the complaint and submit a report to the Board. If the Ethics Officer is the subject of a complaint or if a conflict exists, then the Person may submit a written complaint to any Trustee or the Fund's legal counsel, in which case the Board will designate another Employee, Trustee, legal counsel, or other qualified Person to conduct a timely investigation and submit a report to the Board.
2. Any Trustee or Employee found to have violated any of the provisions of this Policy or to have furnished false or misleading information to the Fund regarding compliance with this Policy shall be subject to the following sanctions:
    a. any Employee found in material violation of any of the provisions of this Policy shall be subject to employment sanctions, up to and including discharge, in accordance with the Fund's Employee Handbook.
    b. any Trustee found to be in material violation of any of the provisions of this Policy shall be subject to the following sanctions, as determined to be appropriate by the Fund:
        i. Public censure;
        ii. Requested resignation;
        iii. Litigation by the Fund seeking to remove the Trustee; and/or

iv. Any applicable appropriate sanctions in accordance with the applicable provisions of the Illinois Pension Code or other State law, including, if applicable, referral to the relevant State's Attorney's Office with proper jurisdiction over the matter, or to the Illinois Attorney General's office for investigation.

2. All Fund contracts with investment managers/consultants and professional service vendors shall include a provision requiring compliance with this Policy. The contract with any investment manager/consultant or professional service vendor who violates a material provision of this Policy shall be voidable by the Fund.
3. Nothing in this Policy shall preclude the Fund from bringing a lawsuit for an accounting for any pecuniary benefit received by any person in violation of this Policy or of law, or to recover damages for violation of this Policy or of law.

I. POLICY REVIEW

1. The Policy is subject to change in the exercise of the Board's judgement.
2. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.
3. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.
4. This policy was adopted by the Board on December 14, 2020.
5. This policy was reviewed and approved by the Board of Trustees on October 13, 2023.
6. This policy was reviewed and amended by the Board of Trustees on July 31, 2026.