

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND**  
**POLICY AND PROCEDURE**

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**POLICY NUMBER:** PP-2020-07  
**SUBJECT:** ETHICS POLICY  
**EFFECTIVE DATE:** December 14, 2020  
**AMENDED:**

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**INDEX:**

SECTION A: INTRODUCTION  
SECTION B: DEFINITIONS  
SECTION C: POLICY  
SECTION D: CONFLICT OF INTEREST  
SECTION E: PROHIBITION ON GIFTS  
SECTION F: DISCLOSURE OF ECONOMIC INTERESTS  
SECTION G: SEXUAL HARASSMENT  
SECTION H: TRAINING  
SECTION I: ENFORCEMENT  
SECTION J: POLICY REVIEW

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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 the objective of acting solely in the interests of the Fund's Members and Beneficiaries when conducting Fund business, and to affirm its duties under 40 ILCS §5/22B *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:

- (a) **"Administrative Action"** means any decision on, or any proposal, consideration, enactment or making of any rule or any other official action or non-action involving the expenditure of Fund assets by the Board, the executive director, or by any Employee of the Fund, or any matter which is within the jurisdiction of the Board.
- (b) **"Board"** means the Board of Trustees of the Illinois Police Officers' Pension Investment Fund.
- (c) **"Board Member"** means each of the elected, appointed, and ex officio trustee members of the Board.
- (d) **"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.
- (e) **"Employee"** means an individual employed by the Fund, whether part-time or full-time, or by a contract of employment, but excludes Board Members and any third party vendor of the Fund.
- (f) **"Ethics Officer"** means the Executive Director of the Fund. In the event that the Executive Director is the subject of a complaint, a member of the Board shall be appointed to conduct an investigation. In the event of a conflict of interest, the Board shall refer the complaint to the appropriate law enforcement agency or other persons or entities qualified to conduct such investigations as determined by the Board.
- (g) **"Fund"** means the Illinois Police Officers' Pension Investment Fund.

- (h) **"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 Board Member or Employee of the Fund; provided, however, Gifts shall not be deemed to include reimbursement from the Fund of travel or educational expenses relating to Fund business.
- (i) **"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.
- (j) **"Party in interest"** means (1) any person that is a fiduciary, counsel or Employee of the Fund or a relative of such person; (2) any person that provides services to the Fund or a relative of such person; (3) an employer, any of whose employees are covered by the Fund; (4) an employee organization, any members of which are covered by the Fund; and (5) an Employee, officer or director of the Fund or of a person described under items (2), (3) or (4) above.
- (k) **"Prohibited source"** means any person or entity who:
- (1) is seeking official action (A) by the Fund, (B) by any Fund Member or (C) by an Employee;
  - (2) does business or seeks to do business (A) with the Fund or (ii) with a Board Member or Employee;
  - (3) has interests that may be substantially affected by the performance or non-performance of the official duties of the Board Member; or

- (4) is 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.

### **C. POLICY**

1. To the extent applicable, Trustees, employees, and external service providers are subject to the Illinois Pension Code. (40 ILCS 5/1 *et seq.*) Trustees and employees shall also comply with the Fund's Bylaws ("Bylaws") and Rules and Regulations ("Rules"), as adopted from time to time.

2. The Fund, by a majority vote, shall appoint an Ethics Officer for the Fund. The Ethics Officer shall be that person designated as Ethics Officer and in the absence of such designation, the Executive Director shall serve in that capacity.

3. Trustees and employees shall act with honor and integrity in administering the Fund.

4. Trustees and employees shall not knowingly make any false statement or falsify, or permit to be falsified, any record of the Fund.

5. Trustees and employees shall act in good faith and in the best interest of Members and Beneficiaries.

6. Trustees and employees shall act with prudence and reasonable care.

7. Trustees and employees shall act with skill, competence, and diligence.

8. Trustees shall deal fairly, objectively, and impartially with all Members and Beneficiaries. 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.

9. By virtue of their roles, Trustees and employees shall respect and protect privileged information.

10. Trustees and employees shall not engage in "Prohibited Transactions" as defined in the Illinois Pension Code.

11. 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 Fund's meeting of the facts underlying an actual conflict, a potential conflict, or the appearance of a conflict, the Fund 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.

12. An employee shall inform the Fund and the Executive Director in writing and then recuse herself/himself from any role in, or consideration of, a matter whenever any matter comes before the employee 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 Fund's meeting disclosing the facts underlying an actual conflict, a potential conflict, or the appearance of a conflict, the Fund determines that no conflict or potential conflict exists.

13. No person, including a Trustee or an employee, or entity shall retain any person or entity 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**

14. 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 in a procurement or contracting decision or action. 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 Fund, in writing, all actual conflicts, potential conflicts, or the appearance of a conflict of interest. The Executive Director and/or Trustees must disclose in writing all actual conflicts, potential conflicts, or the appearance of a conflict of interest to the Fund, as a whole.

15. Except as provided herein, and subject to applicable State laws, a Trustee or employee shall not accept either directly or indirectly any item of value from:

a. a person required to be registered under the Illinois Lobbyist Registration Act (“Lobbyist”);

b. any person or entity which is doing business with the Fund or which has an interest that is substantially affected by Fund business (hereinafter a “Prohibited Source”);

c. any person or entity which is “seeking to do business” with the Fund within the next twelve (12) months, e.g., the person or entity takes an action to obtain Fund business when, if such action were successful, it would result in the person or entity doing business with the Fund within the next twelve (12) months and the contract or business sought has not been awarded to any person or entity, or the person or entity has an interest that may be substantially affected by Fund business (hereinafter “ Prohibited Source”); and

d. a Lobbyist, Prohibited Source’s, or Prospective Prohibited Source’s spouse, or immediate family member residing with such Lobbyist or Prohibited Source;

e. individuals described in (a) to (d) are collectively referred to as Prohibited Sources. Such Prohibited Sources include, but are not limited to, attorneys, investment managers, consultants, professional service providers, brokers, or vendors.

#### **E. PROHIBITION ON GIFTS**

16. Notwithstanding any other provision of this Policy, a Trustee or an employee, the definition of which shall include the Trustee’s or employee’s spouse and any immediate family member residing with such Trustee or employee, shall not accept food and/or refreshments of any value or any Gift from any Prohibited Source after a Request for Proposal (“RFP”) or Request for Information (“RFI”) has been approved relating to the Prohibited Source’s business interest with the Fund or when the Trustee or employee knows such RFP or RFI will be the subject of Board action.

17. A Fund Trustee or employee, the definition of which shall include the Trustee’s or the employee’s spouse and any immediate family member residing with such Trustee or employee, may not accept any “Gift” from a Prohibited Source.

This restriction 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 officer, member, or employee pays the market value.
- c. Educational materials and missions.
- d. Travel expenses for a meeting to discuss Fund business.
- e. 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.
- 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, meaning, those people related to the individual as father, mother, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, and including the father, mother, grandfather or grandmother of the individual’s spouse and the individual’s fiancé or fiancée.
- 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.
- i. Intra-governmental and inter-governmental gifts. For the purpose of this Act, “intra-governmental gift” means any gift given to a member, officer, or employee of the Fund from another member, officer, or employee of the Fund; and “inter-governmental gift” means any gift given to a member, officer, or employee of the Fund, by a member, officer, or employee of another state agency, of a federal agency, or of any governmental entity.

18. The limitations on the receipt of items of value, food and/or refreshments, or Gifts as set forth in the Policy shall not apply to items of value, food and/or refreshments, or Gifts received by a Trustee or employee as a result of familial, personal, outside business, or social relationship existing independent of the Fund’s affairs that a Trustee or employee may have with

a Prohibited Source, unless the Trustee or employee has reason to believe that, under the circumstances, the item of value, food and/or refreshments, or Gift was provided or enhanced because of the Trustee's or employee's position and not because of the personal, business, or social relationship existing independent of the Fund's affairs. In determining whether the item of value, food and/or refreshments, or Gift was provided because of the Trustee's or employee's position and not because of the personal, business, or social relationship existing independent of the Fund's affairs, the Trustee or employee shall consider the circumstances under which the item of value, food and/or refreshments, or Gift was offered, such as:

a. the history of the relationship with the individual giving the item of value, food and/or refreshments, or Gift, including any previous similar exchange between the individual and the Trustee or employee;

b. whether, to the knowledge of the Trustee or employee, the individual providing the item of value, food and/or refreshments, or Gift personally paid for it or sought a tax deduction or business reimbursement;

c. whether, to the knowledge of the Trustee or employee, the individual providing the item of value, food and/or refreshments, or Gift provided the same or similar items of value, food and/or refreshments, or Gifts to other Trustees or employees.

19. A Fund Trustee or employee shall neither solicit nor accept anything of value, including, but not limited to, a Gift, favor, or promise of future employment, based upon any mutual understanding, either explicit or implicit, that the votes, official actions, decisions or judgments of any Trustee or employee, concerning the business of the Fund would be influenced thereby.

20. If an investment manager, broker, or vendor is on the Fund's written "watch" list, and notwithstanding any other provision of this Policy or State law, a Trustee or employee shall not accept any food and/or refreshments, Gift, or entertainment from that investment manager, broker, or vendor. The Executive Director shall issue any such watch list and provide Trustees, employees, investment managers, brokers, and vendors with a copy of the list.

21. 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.

#### **F. DISCLOSURE OF ECONOMIC INTERESTS**

22. All Fund Trustees and employees who are required to file a statement of economic interest, pursuant to the Illinois Governmental Ethics Act, shall timely file such statement.

#### **G. SEXUAL HARASSMENT**

23. The Fund is committed to creating and maintaining a work environment that is free of all forms of sexual harassment and retaliation. The Fund will take preventive and corrective action to address any behavior that violates this policy or the rights it is designed to protect.

24. "Sexual Harassment" means any unwelcome sexual advances or requests for sexual favors or any conduct of a sexual nature when: (i) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (ii) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or (iii) such conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment. For the purposes of this definition, the phrase "working environment" is not limited to a physical location an employee is assigned to perform his or her duties and does not require an employment relationship.

25. An aggrieved party may report a complaint internally with the Fund's Ethics Officer. If the aggrieved party feels a conflict exists, they may address their complaint with the Fund's Chairperson. An aggrieved party is not limited to internal procedures; the Illinois Department of Human Rights has established a "Sexual Harassment Helpline" to assist callers in finding necessary resources, including counseling services, and to assist in the filing of sexual harassment complaints with the IDHR or other applicable agencies, the Helpline can be reached at: 1-877-236-7703. The Illinois Secretary of State Inspector General has jurisdiction over complaints made against lobbyists, however nothing shall prohibit an aggrieved party from reporting through other venue.

26. Should the Fund hire a Lobbyist, that Lobbyist shall abide by all requirements found in the Lobbyist Registration Act, including, but not limited to, completing anti-sexual harassment training provided by the Secretary of State within 30 days of registration.

27. Persons reporting alleged violations, assisting victims, or assisting with an investigation of sexual harassment shall be free from retaliation and reprisal. Whistleblower protections under the State Officials and Employee Ethics Act, the Whistleblower Act and the Illinois Human Rights Act shall be applicable, in addition to penalties provided for in the enforcement of this policy.

28. Violations of this sexual harassment policy are subject to the penalties provided for in the enforcement section of this policy, in addition to other remedies allowed by law.

## **H. TRAINING**

29. Board members and employees 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 Fund's Ethics officer shall be responsible for annual certification of these requirements in accordance with 40 ILCS 5/1-113.18.

30. Within 30 days of adoption of this policy, or initial employment, and annually thereafter, all Board members and employees shall complete anti-sexual harassment and discrimination training. The Fund's Ethics officer shall establish and assign training in accordance with 430 ILCS 5-10.5 and certify compliance.

## **I. ENFORCEMENT**

31. Any Fund 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 Fund 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 for breach of fiduciary duty;
- iv. Any additional 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.

32. 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.

33. 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.

## **J. POLICY REVIEW**

34. The Policy is subject to change in the exercise of the Board's judgement.

35. 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

36. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.

37. This policy was adopted by the Board on December 14, 2020.