

Charlotte Firefighters' Retirement

System Code

Code of Ethics and Business Conduct Adopted:

April 28, 2005

Introduction

Service to the participants of the Charlotte Firefighters' Retirement System (the "System") is the primary function of the Board of Trustees (the "Board") and employees of the System ("employees"). The Board and its employees are obligated to safeguard the assets of the System. The System was created by a special act ("Act") of the North Carolina General Assembly and is defined as Chapter 926 of the 1947 Session Laws, as amended (the "Act").

The purpose of this Code of Ethics and Business Conduct (the "Code") is to ensure the individual trustees and employees are independent and impartial as it relates to the administration of the System. The participants of the System and the general public must have full confidence in the System's fiduciaries to prudently manage the assets of the System with integrity for the sole and exclusive purpose of providing benefits.

Commented [SMD1]: Good language

No Code can replace the thoughtful behavior of an ethical Board or employee. However, such a Code can focus the trustees and employees on areas of ethical risk, provide guidance to help recognize and deal with ethical issues, provide mechanisms to report unethical conduct and help to foster a culture of honesty and accountability.

Trustees and employees are encouraged to seek advice whenever they have a question about whether a potential ethics violation exists or even the appearance of a violation. Trustees and employees not only have a responsibility to personally abide by this Code but also have the responsibility to monitor each other's actions.

Commented [SMD2]: Great language

Commented [SMD3]: Good – concept of co-fiduciary duty

Enforcement of the Standards in This Code

The Board will determine appropriate actions in the event of violations of this Code. Such actions will be reasonably designed to deter wrongdoing and to promote accountability for adherence to the Code.

Waivers of This Code

All ~~trustees~~ Trustees and employees are expected to follow the standards set forth in this ~~code~~ Code. Any waiver from any part of this ~~code~~ Code requires the approval of the Board and will be promptly included in the minutes of the board meeting. Any waiver must be accompanied by appropriate controls designed to protect the ~~system~~ System.

Commented [SMD4]: Good language

Annual Review

The Board will review and reassess the adequacy of the ~~codeCode~~ annually at its Annual Meeting in July and make any amendments to the ~~codeCode~~ that the Board deems appropriate. All ~~trusteesTrustees~~ and employees will be asked to complete a certification of their understanding of and commitment to adhere to the ~~codeCode~~ at the time of the Annual Meeting.

Commented [SMD5]: Yearly review by Board is a great policy– could make the review less frequent but, of course, keep annual filing.

Standards of Business Conduct

Conflicts of Interest

Participants expect ~~trusteesTrustees~~ and employees to act with integrity and objectivity in their service to the ~~systemSystem~~. Integrity stated simply is doing what is right in a fiduciary context. Objectivity requires ~~trusteesTrustees~~ and employees to be impartial and honest. A conflict of interest occurs when an individual's private interest interferes in any way - or even appears to interfere - with the interests of the ~~systemSystem~~ as a whole. Every trustee or employee of the ~~systemSystem~~ has ~~certain~~ a fiduciary ~~duty~~ responsibilities to avoid not only breaches of trust against the ~~systemSystem~~ but also any reasonable appearance of a conflict of interest.

Commented [SMD6]: I like this definition because of the specific emphasis on fiduciary context. Could further flesh that out and explain exclusive benefit rule & duty of loyalty, and duty of prudence but it seems sufficient.

Pursuant to the Act, no Trustee or employee of the System may become an independent contractor for work done by, or on behalf of, the System, or become directly or indirectly financially interested in, or receive profits from any purchase, contract, or association with the System. In addition:

- No trustee or employee may use their position to obtain financial gain or anything of substantial value for their private benefit or the private benefit of a close personal relationship. ~~TrusteesTrustees~~ are expected to excuse themselves from any discussion or vote where they are not able to exercise independent and impartial judgment due to a direct or indirect conflict of interest.
- The ~~systemSystem~~ will not engage any company to perform work or provide services to the ~~systemSystem~~ in which a trustee or employee of the ~~systemSystem~~ has more than a 5% ownership interest.
- ~~TrusteesTrustees~~ and employees of the ~~systemSystem~~ or any organization with which they are affiliated are prohibited from receiving improper personal benefits as a result of their position with the ~~systemSystem~~.
- ~~TrusteesTrustees~~ and employees of the ~~systemSystem~~ are not permitted to perform work for any person or organization that seeks to do business with the ~~systemSystem~~. ~~TrusteesTrustees~~ and employees of the ~~systemSystem~~ are not to take a position with another organization, including board positions that have regular business dealings with the ~~systemSystem~~.
- A trustee or employee or anyone with a close personal relationship to a

trustee or employee is prohibited from receiving a loan or other extension of credit or credit support (such as a guaranty) from the ~~system~~[System](#) or its investment managers or other service providers on terms not available to the general public.

Personal Gain

~~Trustees~~Trustees and employees are required ~~–committed~~ to manage the ~~system~~System for the benefit of the participants not for their personal enrichment. ~~Trustees~~Trustees and employees must owe a duty to the system to discharge their duties solely in the interest of the participants and beneficiaries. advance its legitimate interests when the opportunity to do so arises. Business courtesies are designed to build goodwill and sound working relationships among business partners, not to gain any special advantage in the relationship. Consequently, the highest ethical standards of loyalty, integrity and prudence are required of the ~~trustees~~Trustees and employees.

- ~~Trustees~~Trustees and employees are prohibited from taking for themselves personally, or for another organization with which they are affiliated, opportunities that are discovered as a result of their position, with the ~~system~~System.
- Moreover, ~~trustees~~Trustees and employees must not use ~~system~~System property, information or position for personal gain.
- No trustee or employee should ever give or accept a business courtesy that might be intended to influence, or appear to influence, a business decision. Gifts and other common business courtesies of nominal value ~~that which~~ do not influence ~~–or~~ give the appearance of influence are acceptable. Likewise, ~~–~~ meals ~~–may~~ be accepted provided they are reasonable and customary and are not lavish and not for the ~~sole~~ purpose of gaining exclusive access to a trustee or employee to influence a decision.
- ~~Trustees~~Trustees and employees are prohibited from directly or indirectly promising, offering or making payment of money or anything of value to anyone with the intent to induce favorable business treatment or to improperly affect business or government decisions.

Commented [SMD7]: For discussion

Confidentiality

The ~~trustees~~Trustees and employees use confidential, proprietary and personally identifiable information ("~~S~~sensitive ~~I~~information") in the course of administering the ~~system~~System. ~~Trustees~~Trustees and employees demonstrate our respect to the participants by protecting the ~~S~~sensitive ~~I~~information entrusted to them.

- ~~Trustees~~Trustees and employees must comply with laws protecting ~~S~~sensitive ~~I~~information from unlawful disclosure. Failure to comply can cause irreparable damage to the ~~system~~System resulting in legal penalties, adverse regulatory actions and restrictions.
- ~~Trustees~~Trustees and employees should maintain the confidentiality of information- given to them except when disclosure is authorized or legally mandated.
- ~~Trustees~~Trustees and employees must use ~~S~~sensitive ~~I~~information solely to advance the purposes of the ~~system~~System and not disclose ~~S~~sensitive

Information to others (including participants of the board) who do not have a business need to know the information.

- Trustees and employees are charged with protecting the intellectual property of the system and honoring those of third parties. Violation of other's intellectual

property rights may subject both the individual and the ~~system~~System to substantial liability.

Fair Dealing

~~Trustees~~Trustees and employees must protect the participants by complying with all provisions of the Act ~~and by exercising the qualities of justice, courage and compassion.~~

- No trustee or employee should take ~~unfair~~ advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.
- ~~Trustees~~Trustees and employees must disclose all material facts they possess related to a board decision.
- The ~~system~~System will not tolerate discrimination or harassment against its participants, employees or ~~trustees~~Trustees. Differences respected by the ~~system~~System include race, gender, religion, color, national origin, age, disability, sexual orientation, veteran status and marital status.

Use of ~~System~~System Property and Equipment

The property and equipment of the ~~system~~System is acquired to advance its objectives of providing benefits for the participants. Therefore, the ~~trustees~~Trustees and employees are accountable to the participants for the efficient and effective use of that property and equipment.

- ~~Trustees~~Trustees and employees may only use ~~system~~System property and equipment for legitimate business purposes to advance the interests of the ~~system~~System and its participants.
- ~~Trustees~~Trustees and employees are expected to protect the property and equipment of the ~~system~~System and ensure their proper use.

Compliance with Laws, Rules and Regulations

The Board recognizes that the law establishes the minimum requirement, and that ethical behavior incorporates both the letter and the spirit of the law. Maintaining the trust of the participants requires ethical behavior of the ~~trustees~~Trustees and employees.

- ~~Trustees~~Trustees and employees are expected to promote compliance with all applicable laws, rules and regulations.
- ~~Trustees~~Trustees and employees should not trade any security or other investment for their own account or on behalf of others with knowledge that the ~~system~~System is actively trading those securities or

investments until two business days after the systemSystem's activity is complete.

Nothing in this CodeCode of Ethics and Business Conduct should be construed to interfere with or supersede any other codeCode or policy to which an individual may be subject.

Commented [SMD8]: Add new standard format section with dates of adoption and revision.

Summary of Changes

Conflict of Interest section, Personal Gain section, and technical formatting.

Adopted April 28, 2005

CHARLOTTE FIREFIGHTERS' RETIREMENT

SYSTEMSYSTEM CHARLOTTE, NORTH CAROLINA

CERTIFICATION OF RECEIPT AND UNDERSTANDING

I certify that I have received, read and understood the Charlotte Firefighters' Retirement ~~System~~System ~~Code~~Code of Ethics and Business Conduct. I agree to adhere to the ~~Code~~Code of Ethics, its standards and policies and all other provision contained in this document.

I also certify that I have no financial or business interest, nor am I engaged in any activities, that could result in noncompliance with this document. I do not have any ~~fnancia~~financial interests nor have I participated in any such activities during the past year; to the best of my ~~knnowledge~~knowledge, the same is true for all individuals with whom I have a close personal relationship.

I will also place the Secretary of the Board of ~~Trustees~~Trustees on notice by writing of any situations, which hereafter may arise, where there could be reasonable doubt as to whether I will remain in compliance with the provisions of this document.

Trustee/Employee Signature

Date

Printed Name

Secretary of the Board of ~~Trustees~~Trustees

Date