

KENTUCKY RETIREMENT SYSTEMS
CONFLICT OF INTEREST AND CONFIDENTIALITY POLICY
[As Amended: September 14, 2017]

INTRODUCTION

Adoption of Conflict of Interest and Confidentiality Policy:

Pursuant to the provisions of KRS 61.645, the Board of Trustees ("Board") of the Kentucky Retirement Systems ("KRS") is permitted to adopt procedures necessary to conduct the business of the Retirement Systems as needed. The law shall control if any inconsistency exists between the law and this policy.

Statement of Conflict of Interest and Confidentiality Policy:

KRS recognizes the need to maintain the public's confidence and trust in the integrity of KRS and the Commonwealth of Kentucky. Individuals associated with KRS must not engage in activities that have the potential to become a conflict of interest with their association with KRS. Likewise, individuals associated with KRS must not release information about KRS or any of its members that would breach any duty to protect such information. KRS recognizes the need to establish procedures to prevent such conflicts or breaches.

Purpose:

The purpose of this Conflict of Interest and Confidentiality Policy ("Policy") is to: a) establish what individuals are subject to conflict of interest provisions of KRS; b) establish the specific standards of conduct with regard to conflict of interest; c) establish standards with regard to the confidentiality of information; and d) establish procedures for the obtaining of written conflict of interest statements and confidentiality agreements from certain individuals.

PROCEDURES REGARDING CONFLICTS OF INTEREST AND CONFIDENTIALITY

Section 1: Application of Policy

1. This Policy shall apply to all individuals who have a statutory, contractual or working relationship with KRS.
2. Individuals affected by this Policy shall include, but are not limited to:
 - a. Employees of KRS;
 - b. KRSTrustees;
 - c. Independent contractors of KRS; and
 - d. Vendors and service providers of KRS with whom a contractual obligation to KRS exists.

Section 2: Standards of Conduct Regarding Conflicts of Interest

1. Individuals have an obligation to diligently identify, disclose, avoid, and manage conflicts of interest or potential conflicts of interest.
2. Potential conflicts of interest exist when an individual or an individual's family may be directly or indirectly financially impacted, whether favorably or detrimentally, by a decision made or considered by KRS in which the individual participates or would participate.
3. Individuals and their family members should not enter into any contract with KRS or any agency doing business with KRS, for financial gain, apart from an employment contract, without full disclosure and satisfactory management of any potential conflict of interest in accordance with the Executive Branch Code of Ethics provisions, as set forth in KRS Chapter 11A.
4. Individuals should not be involved in the decision to hire or in the supervision of any member of their immediate family.
5. Individuals should not conduct business or participate in decisions with a company or agency in which the individual or family member is employed or is actively seeking employment.
6. Individuals should not accept gifts, loans, gratuities, discounts, favors, hospitality, services, or other compensation under circumstances from which it could reasonably be inferred that a major purpose of the donor is to influence the individual in the performance of their duties.
7. Individuals must avoid all conduct which in any way might lead the public to believe that the individual is using his or her position with KRS to further a professional or private interest.
8. Individuals not covered by the conflict of interest provisions under KRS Chapter 11A must not violate any conflict of interest statute or principle by the performance of their duties with KRS. These individuals must not engage directly or indirectly in any financial or other transaction with a Trustee or employee of KRS that would violate the standards of the Executive Branch Ethics provisions, as set forth in KRS Chapter 11A.

Section 3: Standards of Conduct Regarding Confidentiality

1. Individuals associated with KRS may be granted access to confidential information in the course of employment, as a KRS Trustee, or within a contractual relationship with KRS.
2. This information may include, but is not limited to, individual member information, including but not limited to, Social Security numbers, names, addresses, phone numbers, birth dates, beneficiaries, health insurance information, Personal Identification Numbers (PIN), as well as documents, records, programs, files, scientific or technical information, or other information made available to individuals for purposes of completing their obligations to KRS.

3. These individuals have a duty to keep confidential the information to which they are granted access as a result of their association with KRS.
4. KRS and these individuals shall also recognize that confidential member information is protected under KRS 61.661.

Section 4: Written Statements of Conflict of Interest and Confidentiality

1. Conflict of Interest (KRS Trustees and Employees): On an annual basis, the Executive Director, Executive Director Office of Investments, Executive Director Office of Operations, Executive Director Office of Benefits, Executive Director Office of Legal Services, Executive Advisor, all employees of the Division of Investments and Investment Operations, General Counsel(s), all Division Directors, and all KRS Trustees shall file a written conflict of interest statement on the form(s) provided by KRS and approved by the Board of Trustees.
2. Conflict of Interest (Contractors; Vendors; Service Providers): All independent contractors, vendors and service providers of KRS shall file a written conflict of interest statement on the form(s) provided by KRS and approved by the Board of Trustees, which shall remain effective during the term of their relationship with KRS and thereafter.
3. Confidentiality Agreement (Contractors; Vendors; Service Providers): Upon proposal for contract that requires the exchange or disclosure of confidential KRS information, the contractor, vendor or service provider making the proposal shall file a written confidentiality agreement on a form provided by KRS and approved by the Board of Trustees. The confidentiality agreement may be amended to conform to specific needs of the proposed contract as well as the individual contractor, vendor or service provider.
4. Conflict of Interest and Confidentiality: Other individuals or entities covered by this Policy may also be requested to file a written conflict of interest or confidentiality statement as needed or requested by the Board.

Individuals or entities covered by this Policy who abstain from involvement in an official KRS decision because of personal or private interests must disclose that fact. KRS employees, contractors, vendors and service providers must disclose the conflict in writing to KRS' Executive Director or his or her designee. KRS Trustees who abstain from an official KRS decision because of personal or private interests shall disclose that fact in the minutes for the meeting where the recusal or abstention occurs.

Section 5: Violations of Conflict of Interest and Confidentiality Policy

1. Any person who suspects that an employee of KRS, a member of the Board of Trustees of KRS, or a contractor, vendor or service provider has violated the Kentucky Retirement Systems' Conflict of Interest and Confidentiality Policy, the Bylaws, or any Board policy, may file a complaint in writing with the Board.
2. The written complaint shall be in the form of a letter addressed to the Chair of the Board, or if the complaint is about the Chair of the Board, the complaint shall be addressed to the Vice Chair of the Board. A complaint may be filed anonymously. Employees of KRS filing a complaint may be protected by the Kentucky Whistleblower Statute, KRS 61.102.

3. A complaint shall include the name of the person or organization against whom the complaint is made and include a detailed description of the alleged violation including the time, date, and place, if known. The person should attach to the complaint all evidence in his or her possession regarding the alleged violation.
4. If the complaint is against an employee of KRS (other than the Executive Director, the Internal Auditor, or the Executive Director Office of Investments) the complaint shall be forwarded to the Executive Director (or delegate) for investigation, or in the discretion of the Executive Director (or delegate) may be referred to the Executive Branch Ethics Branch; if the alleged violation is found to be true by the Executive Director (or delegate), the employee shall be disciplined as procedures established by the Personnel Cabinet policies.
5. If the complaint is against a contractor, vendor or service provider of KRS, the complaint shall be forwarded to the Executive Director for investigation. If the alleged violation is found to be true, any action taken shall be consistent with the contract between KRS and the contractor, vendor or service provider.
6. If the complaint is against (i) a member of the Board of Trustees, (ii) the Executive Director, (iii) the Internal Auditor, or (iv) the Executive Director Office of Investments, the Chair shall, in consultation with the Board: (A) appoint an *ad hoc* special committee ("Special Committee") in accordance with the Bylaws of the Board, to investigate the complaint and report its conclusions and recommendations to the Board, or (B) if the complaint alleges a violation of the Executive Branch Code of Ethics (KRS Chapter 11A), refer the complaint to the Executive Branch Ethics Commission (KRS 11A.060), the Kentucky Attorney General or other appropriate entity.
7. Upon appointment of a Special Committee, the Chairman of the Board shall appoint a Chair of the Special Committee and designate other Board members (which shall be not less than three (3) nor more than seven (7) members, including the Chair of the Special Committee). The Chair of the Special Committee shall forward the complaint to the person against whom the complaint is made. The person may file a written response to the complaint, which should include all evidence in his or her possession regarding the alleged violation.
8. The Special Committee shall determine how the investigation of the complaint is to proceed; provided that the investigation and any information gathered in the course of investigation shall be conducted and maintained on a confidential basis. The Special Committee may assign staff to investigate the alleged violation or may engage a third party to investigate the alleged violation. Information shall be deemed confidential if it is not subject to public disclosure pursuant to the Kentucky Open Records Act, KRS 61.872 to 61.884, at the time of its disclosure or use.
9. If the result of the investigation indicates that the facts are not sufficient to constitute a violation of this (or other applicable) Policy, the Special Committee shall immediately terminate the investigation and report its determination and recommendations to the Board of Trustees. If the Board decides to take no action, the Special Committee shall prepare an explanation of the decision to take no action and shall maintain a copy of the complaint and the explanation in a confidential file. A copy of the explanation shall be sent to the person against whom the allegations were made and no further disclosure shall be made.

10. If the results of the investigation indicate that there is cause to believe that a violation of this (or other applicable) Policy has occurred, the Special Committee shall report its determination to the Board for its consideration at the next regular or special Board meeting. The Board discussion of the allegations and the report of the Special Committee, including any proposed disciplinary action, shall be conducted in closed session pursuant to KRS 61.810(f). The decision regarding disciplinary action shall be made in open session as required by KRS 61.815(l)(c).
11. If the Executive Director, the Internal Auditor, or the Executive Director Office of Investments is found to have violated this (or other applicable) Policy, the Board may impose one of the following disciplinary actions:
 - a. Verbal Reprimand;
 - b. Written reprimand, which will be added to the minutes and placed in the personnel file of the Executive Director, Internal Auditor, or Executive Director Office of Investments;
 - c. Suspension without pay for a period of time; or
 - d. Termination of employment.

The determination that the Executive Director, the Internal Auditor, or the Executive Director Office of Investments violated this (or other applicable) Policy shall require a vote of two-thirds (2/3) of the total membership of the Board. The Executive Director, the Internal Auditor and the Executive Director Office of Investments shall not have the right to appeal to the Kentucky Personnel Board.

12. If a member of the Board of Trustees is found to have violated this (or other applicable) Policy, the Board may impose any or all of the following disciplinary actions:
 - a. Remove the member of the Board from any or all committees of the Board to which the member is assigned;
 - b. Verbal public reprimand; and/or
 - c. Written public reprimand.

The determination that a member of the Board violated this (or other applicable) Policy shall require a vote of two-thirds (2/3) of the total membership of the Board. If there are not sufficient members of the Board present at a meeting, the Chair may pass the matter to the next regular or special meeting of the Board.

13. If KRS becomes aware of violations of its Conflict of Interest and Confidentiality Policy, no provision of this (or other applicable) Policy shall be interpreted to limit KRS' remedies provided pursuant to the terms of an applicable contract, and by State or Federal Law.

ETHICS AND CONFIDENTIALITY

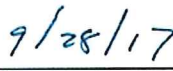
Individuals as set forth above shall conform to the Executive Branch Code of Ethics with regard to conflicts of interests as set forth in KRS Chapter 11A. Individuals as set forth above shall conform to the confidentiality requirements of KRS 61.661.

CERTIFICATION


We, the Chair of the Board of Trustees and the Executive Director, do each hereby certify that this Kentucky Retirement Systems' Conflict of Interest and Confidentiality Policy was amended and made effective by the Board of Trustees on the 14th day of September, 2017.



John R. Farris
Chair, Board of Trustees



Date



David L. Eager,
Interi



Date