

**KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES
CONFLICT OF INTEREST POLICY**

Effective April 15, 2021

INTRODUCTION

Adoption of Conflict of Interest Policy:

In accordance with Kentucky Revised Statutes (KRS) 61.645, the Board of Trustees (Board) of the Kentucky Retirement Systems is authorized to adopt procedures necessary to conduct the business of the retirement systems as needed.

Statement of Conflict of Interest Policy:

Pursuant to KRS 61.650, KRS 61.655, and other relevant state and federal law, the Trustees of the Board of the Kentucky Retirement Systems, employees of the Kentucky Retirement Systems, employees of the Kentucky Public Pensions Authority (KPPA) working on behalf of Kentucky Retirement Systems, or other fiduciaries shall discharge duties with respect to the retirement systems administered by the Kentucky Retirement Systems solely in the interest of the members and beneficiaries, and for the exclusive purpose of providing benefits to members and beneficiaries and paying reasonable expenses of administering the systems. Furthermore, no Kentucky Retirement Systems Trustee, employee of Kentucky Retirement Systems, or employee of KPPA working on behalf of Kentucky Retirement Systems shall have any interest, direct or indirect, in the gains or profits of any investment or any other legal, business, or financial transaction made by the Board. The law shall control if any inconsistency exists between the law and this policy.

Purpose:

The purpose of this Conflict of Interest Policy (“Policy”) is to: a) establish which individuals are subject to conflict of interest provisions of the Kentucky Retirement Systems’ statutes; and b) establish the specific standards of conduct with regard to conflict of interest.

PROCEDURES REGARDING CONFLICTS OF INTEREST POLICY

Section 1: Application of Policy

1. This Policy shall apply to all individuals who have a statutory, contractual, or working relationship with the Kentucky Retirement Systems.
2. Individuals affected by this Policy shall include, but are not limited to:
 - a. Employees of the Kentucky Retirement Systems;
 - b. Members of the Board of Trustees of the Kentucky Retirement Systems;
 - c. Independent contractors of the Kentucky Retirement Systems, if required by the Board;

- d. Vendors and service providers of Kentucky Retirement Systems with whom a contractual obligation to Kentucky Retirement Systems exists, if required by the Board;
- e. Employees of the KPPA providing services to Kentucky Retirement Systems;
- f. Independent contractors of the KPPA, if required by the Board; and
- g. Vendors and service providers of the KPPA with whom a contractual obligation to the KPPA exists, if required by the Board.

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, as defined in KRS Chapter 11A.010¹, may be directly or indirectly financially impacted, whether favorably or detrimentally, by a decision made or considered by Kentucky Retirement Systems or the KPPA on behalf of the Kentucky Retirement Systems in which the individual participates or would participate.
3. Individuals and their family members should not enter into any contract with Kentucky Retirement Systems, with the KPPA on behalf of the Kentucky Retirement Systems, or any organization doing business with Kentucky Retirement Systems, 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 family as defined in KRS 11A.010.
5. Individuals shall not conduct business or participate in decisions with a company or organization in which the individual or family member as defined in KRS 11A.010 is employed or is actively seeking employment.
6. Individuals shall 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 Kentucky Retirement Systems to further a professional or private interest.

¹ KRS 11A.010(4) defines "family" as "spouse and children, as well as a person who is related to a public servant as any of the following, whether by blood or adoption: parent, brother, sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister[.]"

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 Kentucky Retirement Systems. These individuals must not engage directly or indirectly in any financial or other transaction with a Kentucky Retirement Systems Trustee, employee of Kentucky Retirement Systems, or KPPA employee that would violate the standards of the Executive Branch Ethics provisions, as set forth in KRS Chapter 11A.

Section 3: Written Statements of Conflict of Interest

1. Board Conflict of Interest Statement (Kentucky Retirement Systems Trustees, Kentucky Retirement Systems employees, and KPPA employees performing duties for Kentucky Retirement Systems):
 - a. No later than December 1st of each calendar year, a blank Conflict of Interest Statement form approved by the Board shall be provided by the Kentucky Retirement Systems Chief Executive Officer, or designee, to all of the following individuals:
 - i. Kentucky Retirement Systems Chief Executive Officer,
 - ii. Kentucky Retirement Systems General Counsel,
 - iii. The KPPA Executive Director,
 - iv. The KPPA Executive Director of the Office of Investments,
 - v. The KPPA Executive Director of the Office of Operations,
 - vi. The KPPA Executive Director of the Office of Benefits,
 - vii. The KPPA Executive Director of the Office of Legal Services,
 - viii. All employees of the KPPA Office of Investments, and
 - ix. All KPPA Division Directors.
 - b. A blank Conflict of Interest Statement form approved by the Board shall be provided to all Kentucky Retirement Systems Trustees along with the materials for the December regular meeting of the Board by the Kentucky Retirement Systems Chief Executive Officer, or designee.
 - c. Completed Conflict of Interest Statement forms must be completed and turned in, no later than December 31st of each calendar year, to the following designated individuals:
 - i. The Kentucky Retirement Systems Chief Executive Officer shall collect all completed forms from the Kentucky Retirement Systems Board,
 - ii. The KPPA Executive Director or designee shall collect all forms from the Kentucky Retirement Systems and KPPA staff and shall notify the Chair of the Board of Kentucky Retirement Systems if Kentucky Retirement Systems Chief Executive Officer or Kentucky Retirement Systems General Counsel fail to file a completed form. These forms shall be retained in the

personnel files for each employee maintain by the KPPA Office of Human Resources.

- d. If the Kentucky Retirement Systems Chief Executive Officer or Kentucky Retirement Systems General Counsel fails to file a completed Conflict of Interest Statement on the form approved by the Board on or prior to December 31st of a calendar year, the Chair of the Board shall be responsible for bringing this to the attention of the Board to decide the appropriate course of action for reprimanding the Chief Executive Officer or General Counsel.
- e. If any Kentucky Retirement Systems Trustee fails to file a completed Conflict of Interest Statement on the form approved by the Board on or prior to December 31st of a calendar year, the Kentucky Retirement Systems Chief Executive Officer is authorized to decline to pay any per diems and travel expenses due to the Trustee until the Trustee has filed a completed Conflict of Interest Statement on the form approved by the Board with Kentucky Retirement Systems Chief Executive Officer. The Trustee will forfeit all per diems and travel expense reimbursements due to the Trustee for the period during which the Trustee had failed to timely file a completed Conflict of Interest Statement.
- f. If the KPPA Executive Director fails to file a completed Conflict of Interest Statement on the form approved by the Board on or prior to December 31st of a calendar year, the matter shall be referred to the KPPA Board to decide the appropriate course of action for reprimanding the Executive Director.
- g. If any of the following KPPA employees fail to file a completed Conflict of Interest Statement on the form approved by the Board on or prior to December 31st of a calendar year, the supervisor of the employee shall file a written reprimand to be stored in the personnel file of the employee:
 - i. The KPPA Executive Director of the Office of Investments,
 - ii. The KPPA Executive Director of the Office of Operations,
 - iii. The KPPA Executive Director of the Office of Benefits,
 - iv. The KPPA Executive Director of the Office of Legal Services,
 - v. All employees of the KPPA Office of Investments, and
 - vi. All KPPA Division Directors.

2. Executive Branch Ethics Commission Statements of Financial Disclosure:

- a. As frequently as required by KRS 11A.050 and 9 KAR 1:010, all Kentucky Retirement Systems and KPPA "officers" as defined in KRS 11A.010(7), including, but not limited to, the following individuals, shall be required to file

completed Statements of Financial Disclosure with the Executive Branch Ethics Commission:

- i. Kentucky Retirement Systems Chief Executive Officer,
 - ii. Kentucky Retirement Systems General Counsel,
 - iii. All Kentucky Retirement Systems Trustees,
 - iv. The KPPA Executive Director,
 - v. The KPPA Executive Director of the Office of Investments,
 - vi. The KPPA Executive Director of the Office of Operations,
 - vii. The KPPA Executive Director of the Office of Benefits,
 - viii. The KPPA Executive Director of the Office of Legal Services, and
 - ix. All KPPA Division Directors.
- b. Questions regarding the Executive Branch Ethics Commission Statements of Financial Disclosure shall be directed to the KPPA Ethics Compliance Officer.
- c. Failure to file completed Statements of Financial Disclosure with the Executive Branch Ethics Commission may result in penalties under the Executive Branch Code of Ethics as determined by the Executive Branch Ethics Commission.
3. Board Conflict of Interest Statement (Others): The Board may request that other individuals, including, but not limited to, independent contractors of Kentucky Retirement Systems, vendors and service providers of Kentucky Retirement Systems with whom a contractual obligation to Kentucky Retirement Systems exists, independent contractors of KPPA providing services to Kentucky Retirement Systems, vendors and service providers of KPPA with whom a contractual obligation to KPPA exists (providing services or products to Kentucky Retirement Systems via KPPA), file a completed Conflict of Interest Statement on the form approved by the Board.

Section 4: Violations of Conflict of Interest Policy

1. Any person who suspects that a Kentucky Retirement Systems employee, a Kentucky Retirement Systems Trustee, a KPPA employee, or a Kentucky Retirement Systems or KPPA contractor, vendor, or service provider has violated this Policy, the Board's Bylaws, or any Board policy, may file a complaint in writing at the offices of the KPPA.
2. The written complaint shall be in the form of a letter addressed to the Chair of the Kentucky Retirement Systems Board, or if the complaint is about the Chair of Board, the complaint shall be addressed to the Vice Chair of the Board. A complaint may be filed anonymously. Employees of Kentucky Retirement Systems or KPPA filing a complaint may be protected by the Kentucky Whistleblower Statute, Kentucky Revised Statutes 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 complainant 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 the KPPA (other than the KPPA Executive Director), the complaint shall be forwarded to the Kentucky Retirement Systems Chief Executive Officer (or delegate) and the KPPA Executive Director (or delegate) for investigation, or in the discretion of the Chief Executive Officer (or delegate) and the KPPA Executive Director (or delegate) may be referred to the Executive Branch Ethics Commission. If the alleged violation is found to be true by the Kentucky Retirement Systems Chief Executive Officer (or delegate) and the KPPA Executive Director (or delegate), the employee shall be disciplined in accordance with procedures established by the Personnel Cabinet.
5. If the complaint is against a contractor, vendor, or service provider of Kentucky Retirement Systems or of the KPPA, the complaint shall be forwarded to the Kentucky Retirement Systems Chief Executive Officer for investigation. If the alleged violation is found to be true, any action taken shall be consistent with the contract between Kentucky Retirement Systems and the contractor, vendor, or service provider, or between the KPPA and the contractor, vendor, or service provider.
6. If the complaint is against the KPPA Executive Director, the complaint shall be referred to the KPPA Board to decide the appropriate course of action.
7. If the complaint is against (i) a Kentucky Retirement Systems Trustee, (ii) the Kentucky Retirement Systems Chief Executive Officer, or (iii) the Kentucky Retirement Systems General Counsel, the Chair or, if the complaint is against the Chair, the Vice Chair shall, in consultation with the Trustees not implicated in the complaint:
 - a. Appoint an *ad hoc* special committee (“Special Committee”) in accordance with the Board Bylaws, to investigate the complaint and report its conclusions and recommendations to the rest of the Board, or
 - b. If the complaint alleges a violation of the Executive Branch Code of Ethics (Kentucky Revised Statutes Chapter 11A), refer the complaint to the Executive Branch Ethics Commission (KRS 11A.060), the Kentucky Attorney General or other appropriate entity.
8. Upon appointment of a Special Committee in accordance with number seven (7) above, the Chair of the Board shall appoint a Chair of the Special Committee and designate other Kentucky Retirement Systems Trustees (which shall be not less than three (3) nor more than four (4) Trustees, including the Chair of the Special Committee).
 - a. 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.

- b. 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.
- c. The Special Committee may request the KPPA Executive Director assign staff of the KPPA to investigate the alleged violation or may engage a third party to investigate the alleged violation.
- d. Information obtained during the investigation shall be deemed confidential if it is not subject to public disclosure pursuant to the Kentucky Open Records Act, Kentucky Revised Statutes 61.872 to 61.884, at the time of its disclosure or use.
- e. If the result of the investigation indicates that the facts are not sufficient to constitute a violation of this (or other applicable) Policy or Bylaws, the Special Committee shall immediately terminate the investigation and report its determination and recommendations to the Board. If the Board decides to take no action, the Special Committee shall prepare an explanation of the decisions 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.
- f. 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.
 - i. The Board's 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).
 - ii. The Board's decision regarding disciplinary action shall be made in open session as required by KRS 61.815(1)(c).
 - 1. The Board's determination that disciplinary action imposed on the Chief Executive Officer or General Counsel for violation of this (or any applicable) Policy shall require a vote of two-thirds (2/3) of the total Trustees serving on the Board.
 - 2. The Board's determination that a Kentucky Retirement Systems Trustee violated this (or other applicable) Policy shall require a vote

of two-thirds (2/3) of the remaining Trustees who are not alleged to be in violation of this (or other applicable) Policy. If there are not sufficient Trustees present at a meeting, the Chair may pass the matter to the next regular or special meeting of the Board.

9. If the Board finds that the Chief Executive Officer or General Counsel has 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 Chief Executive Officer or General Counsel.
 - c. Suspension without pay for a period of time; or
 - d. Termination of employment.

The Chief Executive Officer or General Counsel shall not have the right to appeal any disciplinary action imposed under paragraphs seven (7) and eight (8) above and this paragraph.

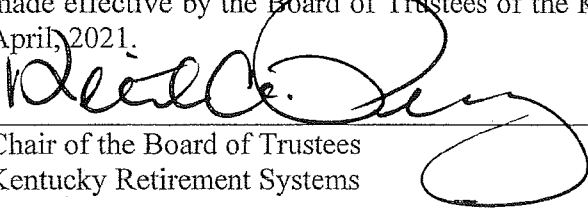
10. If a Board finds that one of its Trustee has violated this (or other applicable) Policy, the remaining Trustees who are not alleged to be in violation of this (or other applicable) Policy may impose any or all of the following disciplinary actions:
 - a. Remove the Trustee from any or all Board committees to which the Trustee is assigned;
 - b. Verbal public reprimand; and/or
 - c. Written public reprimand.
11. If the Board becomes aware of violations of its Conflict of Interest Policy, no provision of this (or other applicable) Policy shall be interpreted to limit the Board's remedies provided pursuant to the terms of an applicable contract, and by state or federal law.

GENERAL STATEMENT CONCERNING EXECUTIVE BRANCH ETHICS

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

CERTIFICATION

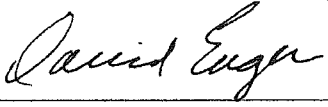
We, the Chair of the Board of Trustees of the Kentucky Retirement Systems, the Chief Executive Officer of the Kentucky Retirement Systems, and the Executive Director of the Kentucky Public Pensions Authority do hereby certify that this Conflict of Interest Policy was made effective by the Board of Trustees of the Kentucky Retirement Systems on the 15th day of April, 2021.



Chair of the Board of Trustees
Kentucky Retirement Systems

5.14.21

Date

Chief Executive Officer
Kentucky Retirement Systems


Date

Executive Director
Kentucky Public Pensions Authority

5/20/2021

Date