

DST POLICIES AND PROCEDURES

DST Reference:	OST-POL-5019-ALL
Title:	Supplemental Ethics Policy (“Tier 2 Policy”)
Chapter:	Legal
Current Effective Date:	November 13, 2020
Original Effective Date:	November 15, 2019

Applies to: NC Department of State Treasurer — All Divisions

Keywords: Conflict of Interest; Employment Solicitation; Ethics Education; Human Resources Act; Post-Employment Restrictions; State Government Ethics Act; Recusal; Lobbying; Statement of Economic Interest; Subject Employees

I. Background

Building on the existing ethics and transparency programs implemented in 2013, the North Carolina Department of State Treasurer (“DST” or the “Department”) has expanded its guidelines to assist its personnel as they carry out their official duties and represent the Department with integrity, transparency, and accountability.

II. Purpose & Coverage

The purpose of this Policy is to establish requirements and restrictions that primarily apply to certain DST personnel. As its name suggests, this Supplemental Ethics Policy (“Tier 2 Policy”) supplements, and applies in conjunction with, the [Ethics and Conduct Policy \(“Tier 1 Policy”\)](#). Portions of this Policy also apply to certain third parties, such as Vendors or investment managers that have contracted with the Department. DST personnel shall provide a copy of this Policy to such third parties when applicable (see **Section VII.**).

State laws on ethics and government employment categorize State employees by their positions, subjecting some positions to additional requirements. For a DST employee to know which of these laws govern their conduct, they must know what categories apply to their position. The North Carolina Human Resources Act (the “Human Resources Act” or “HRA”) and the State Government Ethics Act (the “State Ethics Act”) provide these key categories.

With respect to the Human Resources Act, found in Chapter 126 of the North Carolina General Statutes (“N.C.G.S.” or “N.C. Gen. Stat.”), DST employees are either **exempt** or **not exempt**. Most DST employees are not exempt, which means that the HRA’s provisions apply to their position. Those DST employees who are exempt from the HRA will fall within one of the following categories:

Category A (“Covered Employees”)

- 1) An “exempt position,” as provided in N.C. Gen. Stat. § 126-5(b) (either “exempt managerial” or “exempt policymaking”);
- 2) A position falling within the types identified in N.C. Gen. Stat. § 126-5(c)(2) (confidential assistant and secretaries) and § 126-5(c)(4) (chief deputy); or
- 3) A constitutional officer of the state (N.C. Gen. Stat. § 126-5(c1)(1)).

DST Reference:	OST-POL-5019-ALL	Page 1 of 21
Title:	Supplemental Ethics Policy (“Tier 2 Policy”)	
Chapter:	Legal	
Current Effective Date:	November 13, 2020	

DST POLICIES AND PROCEDURES

Category B (“Non-Covered Employees”)

A position that has otherwise been specifically designated by statute as exempt, such as employees in the State Health Plan (“SHP”), and those with specialized knowledge and skill to perform the functions of the Investment Management Division (“IMD”) and Supplemental Retirement Plan (“SRP”). These designations are found in N.C. Gen. Stat. § 126-5(c1)(23) and (24), (c12), and (c13), respectively. These special designations, however, may reside within *any* division of DST.

The State Ethics Act applies to all DST employee positions in Category A above, including temporary and contract staff working in or against those positions.¹ The State Ethics Act labels such employees “covered persons” (N.C. Gen. Stat. § 138A-3(21)), and this Policy refers to them as “Covered Employees.”

The State Ethics Act requires covered persons to file, **on an annual basis**, a Statement of Economic Interest (“SEI”) with the State Ethics Commission (the “Ethics Commission”). The purpose of the SEI is to disclose certain financial and personal interests for evaluation by the Ethics Commission for Conflicts of Interest related to the covered person’s employment. In addition, **every two years** covered persons are required to complete an ethics and lobbying education course offered by the Ethics Commission.

Positions in Category B above are also exempt from the HRA, but those employees are not “covered persons” subject to the State Ethics Act. Under this Policy, they are “Non-Covered Employees.” **The Department has determined that Non-Covered Employees, as well as temporary and contract staff working in or against Category B positions should also comply with those two State Ethics Act requirements.**

Thus, the Department’s Non-Covered Employees will **annually** disclose financial and personal interests by completing an SEI form (an “Internal SEI”) but only for internal review by the Compliance Officer. As with the Department’s Covered Employees, the purpose of this internal review process is to identify potential or actual Conflicts of Interest. These Non-Covered Employees are also required to complete ethics and lobbying education **every two years**.

This Policy applies to the following people:

- All DST employees covered by the State Ethics Act, including full-time, part-time, temporary and contract staff, working in positions listed in Category A (Covered Employees); and
- All DST employees, including full-time, part-time, temporary and contract staff, working in positions listed under Category B (Non-Covered Employees).

Note: Appendix B lists all Covered and Non-Covered Employee positions subject to this Policy.

¹ N.C. Gen. Stat. § 138A-3(70)m provides that “individuals under contract with the State working in or against a position” designated as a “public servant” position are “covered persons.”

DST POLICIES AND PROCEDURES

The following chart uses the Human Resources Act categories to show which DST employees are subject to the State Ethics Act and the DST Ethics Policies.

Human Resources Act exemption categories	Applicability of the State Ethics Act and the DST Ethics Policies		
	State Ethics Act	DST Ethics and Conduct Policy (Tier 1)	DST Supplemental Ethics Policy (Tier 2)
<u>Not exempt</u> —most state employees		✓	
<u>Exempt</u> —most temporary and contract workers, as well as most probationary state employees		✓	
<u>Exempt (Category A)</u> —constitutional officer, chief deputy, confidential assistants or secretaries, and managerial or policymaking positions, including temporary and contract workers in those positions (Covered Employees)	✓	✓	✓
<u>Exempt (Category B)</u> —special designation: certain employees from FOD, IMD, OST, SHP, and SRP and temporary and contract workers in those positions (Non-Covered Employees)		✓	✓

III. Policy

DST employees who are subject to this Policy must comply with (i) certain requirements applicable only while employed by the Department, such as mandated ethics training, and (ii) various restrictions on conduct that apply both during and after employment.

IV. Definitions

Conflict of Interest—A Conflict of Interest occurs when an Employee’s personal or familial interest may directly or indirectly influence their ability to remain objective and make impartial decisions when performing their public or fiduciary duties. A personal interest includes, but is not limited to, a financial, social, or political interest of the employee. A familial interest means a benefit derived by an employee’s spouse, lineal descendent, lineal ascendant, sibling, spouse’s lineal descendent, spouse’s lineal ascendant, spouse’s sibling, and the spouse of any of these individuals. Under this Policy, a Conflict of Interest includes an actual Conflict of Interest, a potential Conflict of Interest and circumstances that create the appearance of a Conflict of Interest.

Covered Employee—A DST employee who is a “covered person” under the State Ethics Act (N.C. Gen. Stat. § 138A-3(21)). Every quarter, the Ethics Commission is responsible for identifying and publishing a list of names and positions of all covered persons subject to the State Ethics Act (N.C. Gen. Stat. § 138A-11).

DST POLICIES AND PROCEDURES

CRE Committee—The Compliance, Risk, and Ethics Committee is an internal committee that provides oversight and advice with respect to Department-wide ethics, compliance and risk-related matters.

Internal Statement of Economic Interest Form (“Internal SEI Form”)—Non-Covered Employees must annually file by **April 15** an Internal Statement of Economic Interest (“Internal SEI Form”) for review by DST’s Compliance Officer for Conflicts of Interest. Please see **Section VI.A.2.** for additional information.

Proposed Vendor—Any service provider, investment manager, supplier, or other entity (i) who has submitted a proposal or bid to the Department to do business with DST or with whom DST is seeking to do business and (ii) of whom a Subject Employee knew, or reasonably should have known due to his or her job duties, is seeking to do business with DST or with whom DST is seeking to do business. An entity is no longer a Proposed Vendor if any bid submitted is no longer being considered, the entity is no longer actively seeking to do business with DST or DST is not actively seeking to business with the entity.

Non-Covered Employee – Any DST employee working in a position identified as exempt under one of the following Human Resources Act provisions: N.C. Gen. Stat. § 126-5(c1)(23) and (24) (SHP related positions); § 126-5(c12) (IMD related positions); and § 126-5(c13) (SRP related positions) and who is not otherwise designated as a “covered person” under the State Ethics Act. Non-Covered Employees are not limited to working within SHP, IMD or SRP divisions and may be located within other divisions.

State Ethics Commission—The State Ethics Commission, established pursuant to N.C. Gen. Stat. § 138A-6, ensures that elected and appointed State agency officials exercise their authority honestly and fairly, free from impropriety, threats, favoritism, and undue influence. It also ensures that standards of ethical conduct and standards regarding conflicts of interest are clearly established for elected and appointed State agency officials, that the State continually educates these officials on matters of ethical conduct and conflicts of interest, that potential and actual conflicts of interests are identified and resolved, and that violations of standards of ethical conduct and conflicts of interest are investigated and properly addressed.

Statement of Economic Interest Form (“SEI Form”)—Covered Employees must annually file by **April 15** a Statement of Economic Interest Form directly with the Ethics Commission (N.C. Gen. Stat. § 138A-22(a)). In conjunction with that requirement, DST’s Compliance Officer will review SEI Forms internally for Conflicts of Interest.² See **Section VI.A.2.** for additional information.

Subject Employee—Any DST employee subject to this Policy, which includes:

1. Covered Employees: all DST Employees, including temporary and contract workers, who are “covered persons” under the State Ethics Act (i.e., Category A above); and
2. Non-Covered Employees: all DST Employees, including temporary and contract workers, in positions listed under Category B above.

Vendor—Any service provider, investment manager, supplier, or other entity that provides goods or services to DST and for whom the Subject Employee, as part of his or her job duties, is involved in decision-

² On a biennial basis, the State Ethics Commission reviews SEI Forms for “conflicts of interest” under the purview of the State Government Ethics Act and issues an evaluation pursuant to N.C. Gen. Stat. § 138A-28(b).

DST POLICIES AND PROCEDURES

making, assessment, evaluation, oversight, or other discretionary matters involving the Vendor, including those matters that affect the Vendor’s relationship with DST.

V. Roles and Responsibilities

Compliance Officer—Responsible for providing the Internal SEI to new Non-Covered Employees and tracking the annual completion of SEI and Internal SEI forms by Subject Employees; reviews both SEI Forms and Internal SEI forms for Conflicts of Interest; tracks completion of biennial ethics and lobbying education by Subject Employees; collects the annual acknowledgments of this Policy from Subject Employees; and assists Subject Employees with addressing Conflicts of Interest identified under the DST Ethics Policies. The Compliance Officer is also currently designated as the Ethics Liaison for DST to the Ethics Commission under N.C. Gen. Stat. § 138A-14(f). The Compliance Officer is Laura Rowe, and she can be reached at 919-814-3851 or DST.ComplianceOfficer@nctreasurer.com.

Division Director – Responsible for establishing the oversight process and resources necessary to implement mitigation measures outlined by the Compliance Officer when a Conflict of Interest is identified.

General Counsel—Responsible for overseeing compliance with DST’s Ethics Policies. The General Counsel may designate another attorney to assist.

Human Resources (“HR”)—Responsible for ensuring new Covered Employees are aware of their status as “covered persons” under the State Ethics Act and that an SEI is filed with the Ethics Commission prior to starting the new position. Must ensure that job postings for Subject Employee positions include a notice that such positions are subject to this Policy. Also responsible for assisting the General Counsel and others with enforcement of DST’s policies and procedures, including this Policy.

VI. Implementation

A. Education and Filing Requirements

1. Ethics and Lobbying Education

All **Subject Employees** (see definition above) shall complete the ethics and lobbying education course offered by the Ethics Commission at regular **two-year** intervals. The Compliance Officer shall provide information on how such courses may be completed. New Subject Employees shall have **six months** after starting a position as a Subject Employee to complete the ethics and lobbying education course.³ Covered Employees shall submit to the Ethics Commission such information that may be required to receive credit for completing the course. Non-Covered Employees shall submit a certificate of completion (either of the course offered by the Ethics Commission or another approved ethics course) to the Compliance Officer.

³ The State Ethics Act requires Covered Employees to complete the ethics and lobbying education course within six months of hire and every two years thereafter (N.C. Gen. Stat. § 138A-14(c)).

DST POLICIES AND PROCEDURES

2. SEI Form and Internal SEI Form Filings

Covered Employees are required to submit an SEI to the Ethics Commission by **April 15 of each year**.

Within **thirty days** of being notified that he or she is subject to this Policy, and subsequently on an annual basis by **April 15**, a Non-Covered Employee shall submit an Internal SEI form. The form shall be approved by the General Counsel and may be the same as or similar to the form used by the Ethics Commission.

NOTE: *Covered⁴ and Non-Covered Employees whose annual compensation is less than \$60,000 are not required to complete an SEI or Internal SEI.*

The Compliance Officer will communicate with all Subject Employees about completing the required forms and will track their timely submission.

SEI forms submitted by Covered Employees to the Ethics Commission are posted on its website and are considered public records after hire under the State Ethics Act (N.C. Gen. Stat. § 138A-23). Pursuant to N.C. Gen. Stat. § 126-22(b)(3), Internal SEI forms and supporting documentation submitted by Non-Covered Employees pursuant to this Policy, as well as the evaluation by the Compliance Officer described below, shall not be considered public records. Instead, this information shall be considered “personal financial data,” which is not subject to inspection and examination under the North Carolina Public Records Act, N.C. Gen. Stat. § 132-1 et seq. The Internal SEI forms and the Compliance Officer’s review described below will be forwarded to HR for filing with employee personnel files.

The Compliance Officer will review the information disclosed by Subject Employees on their respective forms in the manner outlined in the Ethics and Conduct Policy (Tier 1) for reviewing Conflicts of Interest. If an actual, potential or apparent Conflict of Interest is identified, the Compliance Officer will document the same and include it with the Subject Employee’s SEI or Internal SEI form. The Compliance Officer will inform the Subject Employee, the Subject’s Employee’s supervisor, the division director and General Counsel in writing of the Conflict of Interest along with any required mitigation measures. If a Conflict of Interest is identified on an SEI Form, a copy of the SEI Form, and the conflict analysis will be forwarded to HR for filing with the personnel file.

B. Restrictions

1. Improper Benefits

Subject Employees shall neither knowingly use their public position in an official action, nor use or disclose nonpublic or confidential information, that will result in financial or other benefits, privileges, or gains (including those that are nonmonetary or not easily quantifiable), direct or indirect, to the employee, a member of the employee’s extended family, or a business with which the employee was, is, or will be associated. To be clear, the Department is expanding the general standards of N.C. Gen. Stat. §§ 138A-31 and 138A-34 (applicable to covered persons) and applying them to all Subject Employees.

⁴ N.C. Gen. Stat. § 138A-22(a) states that only “covered persons” whose salary is \$60,000 or more must file an SEI.

DST POLICIES AND PROCEDURES

This subsection of the Policy shall not apply to financial or other benefits that a Subject Employee would enjoy to an extent no greater than that which other citizens of the State would or could enjoy or that are so remote, tenuous, insignificant, or speculative that a reasonable person would conclude under the circumstances that the employee's ability to protect the public interest and perform their official duties would not be compromised.

2. Gifts; Charitable Donations

The State Ethics Act provides that a covered person shall not knowingly, directly or indirectly, ask, accept, demand, exact, solicit, seek, assign, receive, or agree to receive anything of value for the covered person, or for another person, in return for being influenced in the discharge of the covered person's official responsibilities. N.C. Gen. Stat. § 138A-32(a). Gifts to Covered Employees may be accepted if an exception to the gift ban apply; those exceptions are listed at [N.C. Gen. Stat. §§ 138A-32\(f\)\(1\)–\(12\) and \(g\)](#).

In addition, the State Ethics Act provides that a covered person shall not solicit for a charitable purpose anything of monetary value from any subordinate employee. N.C. Gen. Stat. § 138A-32(b). These restrictions shall apply to all Subject Employees.

Under this Policy, the Department is expanding the general standards of N.C. Gen. Stat. § 138A-32, which are applicable to covered persons, and applying them to all Subject Employees. This Policy, however, shall not be interpreted as either more or less restrictive than the State Ethics Act and any corresponding rule or interpretation by the Ethics Commission or other authority.

NOTE: *The two subsections above are intended to supplement and not replace the Tier 1 Ethics Policy and the DST Gift Ban it contains.*

3. Future Employment; Recusal

Outside firms and other employers, including but not limited to third-party professional recruiters, sometimes approach DST employees to ask whether they might be interested in a position with an identified or unidentified entity. Alternatively, DST employees may themselves seek other employment.

NOTE: *Subject Employees shall not solicit or accept a position with a Vendor or Proposed Vendor if the employment in that position would violate **Section VI.D.** ("Restrictions on Future Employment").*

If a Subject Employee engages in a substantive discussion concerning employment with any Vendor or Proposed Vendor (See definitions in **Section IV**), the Subject Employee shall disclose this, in writing, to the Compliance Officer within **two business days**. By itself, sending an unsolicited resume to a potential employer is not a "discussion;" speaking generally with a colleague at a social event about employment opportunities is not considered "substantive." Whether a particular communication arises to a substantive discussion shall be determined by the Compliance Officer, in consultation with the General Counsel, from the facts and circumstances.

Until the Subject Employee has rejected the employment opportunity, or it has otherwise passed by, he or she shall be recused from participating in any decision-making, assessment, evaluation, or other

DST POLICIES AND PROCEDURES

discretionary matter involving the Vendor or Proposed Vendor. Continuing to utilize the Vendor's goods or services as needed to perform job duties is otherwise permissible.

C. Reporting Conflicts of Interest

The process outlined in the Ethics and Conduct Policy (Tier 1) for reporting Conflicts of Interest shall be followed for reporting Conflicts of Interest under this Policy. If a Subject Employee questions whether a particular instance of communication by a Vendor or Proposed Vendor requires disclosure under this Policy, he or she should consult with the Compliance Officer to determine whether recusal, or other mitigation measures are needed.

NOTE: *The disclosure and reporting requirements set forth in this Policy are not intended to prevent or dissuade employees from entertaining employment offers or pursuing employment opportunities outside of the Department. (Retaliation against a Subject Employee may itself be a violation of the DST Ethics Policies or other State policies.) Rather, this Policy is intended to encourage the disclosure and reporting of Conflicts of Interest, whether actual or potential, to minimize the risk of any actual or perceived impropriety by the Department. Information disclosed in compliance with this Policy shall not be used to intimidate, harass, discriminate, or retaliate against employees; it shall only be used for purposes consistent with the Department's commitment to transparency, ethical conduct, and promoting trust and accountability.*

D. Limitations on Future Employment

1. Lobbying

The State Ethics Act prohibits Constitutional officers (the Treasurer) from registering as a lobbyist within **six months** after leaving office. In addition, the State Ethics Act prohibits all other State employees from registering as a lobbyist to lobby the State agency that formerly employed them within **six months** after leaving employment. N.C. Gen. Stat. § 120C-304(b) and (c).

2. Employment by Vendor; "Cooling Off" Period

The following "cooling off" periods apply with respect to future employment:

- i. A Subject Employee shall not represent (take action on behalf of) a Vendor or Proposed Vendor for compensation before the Department or the Treasurer for a period of **twelve months** after leaving their position;
- ii. A Subject Employee shall not render any form of compensated services related to a current or potential DST contract for a Vendor or Proposed Vendor for a period of **twelve months** after leaving their position if, within the **preceding twelve-month period**, the Subject Employee was responsible for:
 - a. Awarding, whether pursuant to competitive bidding or otherwise, or recommending a contract (including an amendment adjusting services, fees, or similar substantive matters);

DST POLICIES AND PROCEDURES

- b. Approving performance⁵ under the terms of a contract; or
- c. Otherwise having a role in deciding whether the Department uses or compensates the Vendor or Proposed Vendor.

3. Side-Switching

A Subject Employee shall **never** represent (take action on behalf of) or render any form of compensated services for any person or entity regarding a particular matter, issue, or controversy in which he or she was personally and substantially involved while employed by the Department and in which the Department continues to have a substantial interest. The analysis of whether this “side-switching⁶” provision is triggered is a very fact-specific analysis as to any given situation.

NOTE: *The purpose of the prohibition in **Section VI.D.3.** is to prevent “side-switching” with respect to ongoing issues, controversies, proceedings or other matters involving the Department.*

4. Placement Agent Activities

A Subject Employee shall not, for a period of **six years** after leaving their position, serve as a placement agent in connection with an investment of NCRS Funds.

VII. Enforcement

Enforcement of this Policy shall be the responsibility of the General Counsel. The General Counsel shall have the authority to interpret and apply this Policy. Questions concerning this Policy shall be resolved by the Department’s General Counsel or by his or her designee, such as DST’s Compliance Officer. Questions concerning the interpretation of the State Ethics Act shall be directed to the Ethics Commission, although the General Counsel or the Compliance Officer may provide assistance to an employee upon request.

A. Subject Employees

1. Acknowledgment

After the effective date of this Policy or upon hire, whichever is applicable, Subject Employees shall be required to certify their awareness of its provisions. In addition, Subject Employees shall be required to annually sign an **Acknowledgment Form**, included with this Policy as **Form A**. The Compliance Officer will be responsible for collecting the annual acknowledgments from Subject Employees. The signed and dated Acknowledgment Forms shall be kept in each Subject Employee’s personnel file and shall be subject to the same confidentiality requirements as other personal information not considered a “record” (as defined in N.C. Gen. Stat. § 126-22(b)(4)).

⁵ See [FAQs – Supplemental Ethics Policy \(Tier 2\)](#) for additional information on what may constitute “approving performance.”

⁶ See [FAQs – Supplemental Ethics Policy \(Tier 2\)](#) for additional information on the “side-switching” restriction.

DST POLICIES AND PROCEDURES

Offer letters and job postings for Subject Employee positions shall include a notice to the effect that this Policy applies to those positions; such notice shall include information on where the Policy may be viewed online.

2. Policy Violations

The General Counsel or his or her designee may determine that a Subject Employee has violated this Policy. If a violation of this Policy is substantiated, the following may occur:

- a) enhanced controls or additional procedures may be implemented to prevent the Policy violation or its contributing circumstances from reoccurring;
- b) the Subject Employee(s) may be required to undergo additional training, including training on the requirements of this Policy; and
- c) disciplinary action may be taken in accordance with State disciplinary policies, up to and including dismissal.

Any Subject Employee found to have violated any state or federal laws, rules, or regulations shall face appropriate, case-specific disciplinary action up to and including dismissal. Conflicts of Interest or unethical behavior that defrauds the Department or a Vendor or Proposed Vendor or otherwise violates state or federal law may also be subject to criminal prosecution or civil litigation. In addition, the Department reserves the right to report violations of this Policy to regulatory bodies, professional licensing bureaus, and other professional organizations.

B. Vendors

When applicable and practicable, each contract, including investment agreements, shall include remedial provisions that apply in the event a Vendor materially violates or facilitates a material violation of this Policy. The Department shall also seek, when practicable, in the remedial provisions in a contract for a violation of this Policy, language that allows for immediate termination of the contract or an orderly withdrawal without a fee or other penalty.

Failure to comply with this Policy by a Vendor may result in the Treasurer, in his or her discretion, choosing to impose a ban on future contracts or other business with that party. Depending on the nature of the violation of this Policy and the terms of the specific contract, a Vendor may be held in breach of contract and also may be subject to refunding fees due to its violations. The remedies set forth in this section shall be in addition to any other remedies to which the Department may be entitled at law or in equity, by contract or otherwise.

C. Waiver

Any current or former Subject Employee may request a written waiver of any requirement or restriction contained in this Policy or in the Acknowledgment Form signed by such Subject Employee. For example, a waiver of one or more employment-related restrictions may be issued in circumstances where a Subject Employee's separation from DST was due to a layoff or similar situation. The Treasurer shall not waive any requirement or restriction of the Policy for himself or herself.

DST POLICIES AND PROCEDURES

To request a waiver, a Subject Employee (or former employee), may submit a written request to the Compliance Officer, to the Chief of Staff, or to HR (HR@nctreasurer.com). The request shall be presented to and evaluated by the CRE Committee, after which the CRE Committee shall provide a recommendation to the Treasurer, or his or her designee, to grant or deny the waiver. (If the Treasurer so designates, the CRE Committee may serve as the Treasurer’s designee with respect to waiver requests under this Policy.) After the Treasurer or such designee, in consultation with the General Counsel, grants or denies the waiver, the requestor shall receive a written response from the Department that includes an effective date and the certification described below.

A waiver may only be granted if, and to the extent that, the Treasurer, or his or her designee, certifies in writing (including e-mail) that (i) the literal application of the requirement or restriction is inconsistent with the purposes of the requirement or restriction of the Policy, and (ii) the objectives of this Policy continue to be achieved.

VIII. Nature of the Policy

This Policy sets forth requirements that may be binding upon third parties when entering into contracts with the Department of State Treasurer in order to further the Department’s ethics and transparency programs.

IX. Related Statutes, Rules, and Policies

- [N.C. Gen. Stat. § 14-234](#): Public officers or employees benefiting from public contracts; exceptions
- [N.C. Gen. Stat. § 14-234.1](#): Misuse of confidential information acquired during State employment
- [N.C. Gen. Stat. Chap. 120C: Lobbying](#)
- [N.C. Gen. Stat. Chap. 126](#): North Carolina Human Resources Act
- [N.C. Gen. Stat. Chap. 138A](#): State Government Ethics Act
- [N.C. Gen. Stat. § 147-69.11](#): Ethics Policies for DST investment programs
- DST [Ethics and Conduct Policy \(“Tier 1 Ethics Policy”\)](#), OST-POL-5018-ALL (together with this Policy, the “DST Ethics Policies”)
- DST [External Investment Manager and Vehicle Selection Policy and Procedures](#), IMD-POL-1001-IMD
- DST [Placement Agent, Political Contribution, and Connection Disclosure Policy](#), IMD-POL-1002-IMD
- DST [Insider and Personal Trading Policy](#), IMD-POL-1003-MUL
- DST [Secondary Employment Policy](#), OST-POL-3610-ALL
- Office of State Human Resources Policies, including the [Disciplinary Action](#) and [Personnel Records](#) Policies

References

[FAQs - Supplemental Ethics Policy \(Tier 2\)](#)

DST Reference:	OST-POL-5019-ALL	Page 11 of 21
Title:	Supplemental Ethics Policy (“Tier 2 Policy”)	
Chapter:	Legal	
Current Effective Date:	November 13, 2020	

DST POLICIES AND PROCEDURES

Revision/Review History

Version	Date Approved	Description of Changes
1.0	11/15/2019	New policy. Combines and rescinds prior DST ethics policies: <i>Internal Statement of Economic Interest Filing and Ethics Education Policy</i> [OST-POL-5005-ALL]; <i>Supplemental Ethics Policy for State Treasurer, Senior Executive Staff and Investment Division</i> [OST-POL-5011-ALL]; <i>Supplemental Ethics Policy for Covered Persons except State Treasurer, Senior Executive Staff and Investment Division</i> [OST-POL-5012-ALL]; & <i>Charitable Donations Policy</i> [OST-POL-5014-ALL]; clarifies and broadens multiple requirements and restrictions; includes new process for requesting and reviewing waivers.
2.0	11/13/2020	Adds requirement for Compliance Officer to also perform Conflict of Interest evaluation of Covered Employees' SEIs filed with Ethics Commission so all Subject Employee forms undergo the same type of review; clarified Conflict of Interest disclosure and review section to refer to Tier 1 process; other wording and formatting changes

Appendices

Appendix A — Acknowledgement Form

Appendix B — Covered and Non-Covered Positions Subject to the Supplemental Ethics Policy

For questions or clarification on any of the information contained in this policy, please contact the policy owner or designated contact point: [Laura Rowe, Compliance Officer at 919-814-3851](mailto:Laura.Rowe@nctreasurer.com) or DST.ComplianceOfficer@nctreasurer.com. For general questions about department-wide policies and procedures, contact the [DST Policy Coordinator](#).

DST POLICIES AND PROCEDURES

APPENDIX A

ACKNOWLEDGMENT FORM

SUPPLEMENTAL ETHICS AND CONDUCT POLICY (TIER 2)

I have read the Supplemental Ethics Policy and I:

1. understand that this Policy applies to my position;
2. attest to my compliance with this Policy (unless I am a new employee signing this Acknowledgement Form for the first time);
3. will voluntarily disclose, to the best of my knowledge, any potential or actual noncompliance with this Policy; and

I understand that, as long as I am a Subject Employee subject to the Supplemental Ethics Policy, I must annually attest to my compliance by completing this Acknowledgement Form or an acceptable equivalent.

I further understand that violating this Policy or failing to annually attest to my compliance with this Policy may be grounds for immediate disciplinary action, up to and including dismissal.

Printed Name

Position Title

Division

Signature

Date

DST POLICIES AND PROCEDURES

APPENDIX B

POSITIONS SUBJECT TO THE SUPPLEMENTAL ETHICS POLICY (TIER 2 ETHICS POLICY)

AS OF OCTOBER 29, 2020

APPENDIX B					
POSITIONS SUBJECT TO THE SUPPLEMENTAL ETHICS POLICY (TIER 2 ETHICS					
As of October 29, 2020					
“COVERED POSITIONS” under the State Government Ethics Act					
ALL #	Division #	Division	Position Number	Ethics Act designation [§ 138A-3(70)]	Position Title
1	1	FOD	60088641	Managerial	Procurement and Contracting Director
2	2	FOD	60009305	Policymaking	Chief Financial Officer
3	3	FOD	60009297	Managerial	Banking Director
4	4	FOD	60009291	Managerial	Deputy Director of Financial Operations
ALL #	Division #	Division	Position Number	Ethics Act designation [§ 138A-3(70)]	Position Title
5	1	IMD	60009068	Policymaking	Investment Director – Private Equity
6	2	IMD	65012552	Policymaking	Director of Opportunistic Fixed Income & Inflation Sensitive Investments
7	3	IMD	65012555	Policymaking	Director of Investment Operations & Risk
8	4	IMD	65012554	Policymaking	Chief Risk Operating Officer
9	5	IMD	60009066	Policymaking	Director of Fixed Income
10	6	IMD	60009065	Policymaking	Investment Director - Public Equities
11	7	IMD	60009069	Policymaking	Chief Investment Officer
12	8	IMD	60009067	Policymaking	Investment Director - Real Estate
ALL #	Division #	Division	Position Number	Ethics Act designation [§ 138A-3(70)]	Position Title
13	1	IT	60009329	Managerial	Director of Technical Services

DST POLICIES AND PROCEDURES

14	2	IT	60009343	Managerial	Information Security Officer
15	3	IT	60009330	Polymaking	Director of Information Technology Division
16	4	IT	60009360	Managerial	Director of Systems Development
ALL #	Division #	Division	Position Number	Ethics Act designation [§ 138A-3(70)]	Position Title
17	1	OST	60009007	Polymaking	SLG Attorney
18	2	OST	60009101	Polymaking	FOD Attorney
19	3	OST	60009018	Chief Deputy	Chief of Staff
20	4	OST	60009005	Constitutional Officer	Treasurer
21	5	OST	65006300	Polymaking	IMD Attorney
22	6	OST	60009016	Confidential Assistant	Executive Asst. to Chief of Staff
23	7	OST	60009011	Polymaking	Director of Communications / Government Affairs
24	8	OST	60009013	Polymaking	Policy Development Analyst
25	9	OST	60009008	Managerial	HR Director
26	10	OST	60009015	Confidential Assistant	Executive Asst. to the Treasurer
27	11	OST	60009006	Polymaking	Communications Specialist
28	12	OST	60009021	Polymaking	General Counsel
29	13	OST	65011782	Polymaking	Legislative Affairs Manager
30	14	OST	60009241	Polymaking	Internal Audit Director
ALL #	Division #	Division	Position Number	Ethics Act designation [§ 138A-3(70)]	Position Title
31	1	RSD	65015147	Managerial	Deputy Director, Supplemental Retirement Plans

DST Reference:

OST-POL-5019-ALL

Page 15 of 21

Title:

Supplemental Ethics Policy ("Tier 2 Policy")

Chapter:

Legal

Current Effective Date:

November 13, 2020

DST POLICIES AND PROCEDURES

32	2	RSD	60009119	Polymaking	Retirement Systems Executive Director
33	3	RSD	65022522	Polymaking	Director of Policy, Planning & Compliance
34	4	RSD	60009120	Polymaking	Director of Retirement Operations
35	5	RSD	60009121	Managerial	Director of Member Services
36	6	RSD	60009164	Polymaking	Legislative Liaison / Policy Director
ALL #	Division #	Division	Position Number	Ethics Act designation [§ 138A-3(70)]	Position Title
37	1	SLG	60009081	Managerial	Director, Fiscal Management
38	2	SLG	60009108	Managerial	Capital Facilities Finance Agency Director
39	3	SLG	60009076	Polymaking	Director, State & Local Government Finance Division
40	4	SLG	60009073	Managerial	Director, Debt Management
41	5	SLG	65024728	Polymaking	Director of Business Operations
ALL #	Division #	Division	Position Number	Ethics Act designation [§ 138A-3(70)]	Position Title
42	1	UPD	60009034	Managerial	Business Manager
43	2	UPD	60009028	Managerial	Audit Manager
44	3	UPD	60009049	Polymaking	Director, Unclaimed Property Division
“NON-COVERED POSITIONS”					
(Specifically-Designated Exempt Positions under the Human Resource Act)					
ALL #	Division #	Division	Position Number	Human Resource Act exemption status	Position Title
45	1	FOD	60009300	IMD [N.C.G.S. § 126-5(c12)]	Investment Accountant
46	2	FOD	60009285	IMD [N.C.G.S. § 126-5(c12)]	Investment Accountant
47	3	FOD	60009308	IMD [N.C.G.S. § 126-5(c12)]	Investment Accountant

DST Reference:

OST-POL-5019-ALL

Page 16 of 21

Title:

Supplemental Ethics Policy (“Tier 2 Policy”)

Chapter:

Legal

Current Effective Date:

November 13, 2020

DST POLICIES AND PROCEDURES

48	4	FOD	60009294	IMD [N.C.G.S. § 126-5(c12)]	Investment Accounting Supervisor
49	5	FOD	60088630	IMD [N.C.G.S. § 126-5(c12)]	Pension & Investment Accounting Manager
ALL #	Division #	Division	Position Number	Human Resource Act exemption status	Position Title
50	1	IMD	60009071	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
51	2	IMD	60009057	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
52	3	IMD	65023571	IMD [N.C.G.S. § 126-5(c12)]	Investment Director – Supplemental Retirement Plans
53	4	IMD	65006074	IMD [N.C.G.S. § 126-5(c12)]	Investment Analyst
54	5	IMD	65006559	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
55	6	IMD	60009054	IMD [N.C.G.S. § 126-5(c12)]	Director of Short-Term Fixed Income
56	7	IMD	60009063	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
57	8	IMD	60009062	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
58	9	IMD	60090004	IMD [N.C.G.S. § 126-5(c12)]	Investment Analyst
59	10	IMD	60009058	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
60	11	IMD	65022134	IMD [N.C.G.S. § 126-5(c12)]	Investment Analyst
61	12	IMD	60090005	IMD [N.C.G.S. § 126-5(c12)]	IMD Attorney
62	13	IMD	60009070	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
63	14	IMD	65022137	IMD [N.C.G.S. § 126-5(c12)]	Operations and Administrations Manager
64	15	IMD	65022141	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
65	16	IMD	65022139	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
66	17	IMD	65022138	IMD [N.C.G.S. § 126-5(c12)]	Investment Analyst

DST Reference:

OST-POL-5019-ALL

Page 17 of 21

Title:

Supplemental Ethics Policy (“Tier 2 Policy”)

Chapter:

Legal

Current Effective Date:

November 13, 2020

DST POLICIES AND PROCEDURES

67	18	IMD	65006101	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
68	19	IMD	65006073	IMD [N.C.G.S. § 126-5(c12)]	Investment Analyst
69	20	IMD	65022136	IMD [N.C.G.S. § 126-5(c12)]	Investment Analyst
70	21	IMD	60009056	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
71	22	IMD	65022142	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
72	23	IMD	60009064	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
73	24	IMD	65022140	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
74	25	IMD	65006636	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
75	26	IMD	60009061	IMD [N.C.G.S. § 126-5(c12)]	Investment Director – Multi Strategies
76	27	IMD	65022143	IMD [N.C.G.S. § 126-5(c12)]	Portfolio Manager
77	28	IMD	65022135	IMD [N.C.G.S. § 126-5(c12)]	Investment Analyst
ALL #	Division #	Division	Position Number	Human Resource Act exemption status	Position Title
78	1	OST	65019377	SRP [N.C.G.S. § 126-5(c13)]	SRP Attorney
79	2	OST	65011778	IMD [N.C.G.S. § 126-5(c12)]	IMD Attorney
80	3	OST	60009059	IMD [N.C.G.S. § 126-5(c12)]	IMD Attorney
ALL #	Division #	Division	Position Number	Human Resource Act exemption status	Position Title
81	1	SRP	60009118	SRP [N.C.G.S. § 126-5(c13)]	Supplemental Retirement Plans Coordinator
82	2	SRP	65019376	SRP [N.C.G.S. § 126-5(c13)]	Compliance Officer
ALL #	Division #	Division	Position Number	Human Resource Act exemption status	Position Title
83	1	SHP	65022554	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	HIPAA Compliance Officer
84	2	SHP	60088644	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Manager, Pharmacy Benefit Services

DST Reference:

OST-POL-5019-ALL

Page 18 of 21

Title:

Supplemental Ethics Policy (“Tier 2 Policy”)

Chapter:

Legal

Current Effective Date:

November 13, 2020

DST POLICIES AND PROCEDURES

85	3	SHP	60088643	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Financial Analyst
86	4	SHP	65022639	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Implementation Manager
87	5	SHP	65022516	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	SHP Asst. Attorney General
88	6	SHP	60088649	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Business Analyst
89	7	SHP	65025410	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Senior Manager, Analytics & Data Science
90	8	SHP	65026406	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Business Intelligence Developer
91	9	SHP	60088624	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Business Analyst
92	10	SHP	60088627	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Director of Pharmacy Benefits
93	11	SHP	60088621	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Health Plan Business Analyst
94	12	SHP	60088652	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Nurse Consultant
95	13	SHP	60088628	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Director of Contracts and Compliance
96	14	SHP	60088632	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Customer Experience Specialist
97	15	SHP	65025409	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Business Analyst
98	16	SHP	60088648	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Project Coordinator
99	17	SHP	60088634	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Director, Customer Experience and Communication
100	18	SHP	60088633	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Executive Administrator
101	19	SHP	60088646	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Manager, Plan Integration
102	20	SHP	60088626	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Contracts, Compliance and Records Specialist
103	21	SHP	65022513	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Manager, Plan Integration
104	22	SHP	60088619	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Director, Plan Benefits

DST Reference:

OST-POL-5019-ALL

Page 19 of 21

Title:

Supplemental Ethics Policy (“Tier 2 Policy”)

Chapter:

Legal

Current Effective Date:

November 13, 2020

DST POLICIES AND PROCEDURES

105	23	SHP	60088635	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Customer Experience Specialist
106	24	SHP	60088648	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Manager, Customer Experience
107	25	SHP	65002579	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Quality Program Manager
108	26	SHP	65022515	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Customer Experience Specialist
109	27	SHP	65002824	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	SHP Attorney
110	28	SHP	65025320	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Business Intelligence Developer
111	29	SHP	65026407	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Business Intelligence Developer
112	30	SHP	60088647	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Director, Finance, Policy & Analytics
113	31	SHP	65022514	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Customer Experience Specialist
114	32	SHP	60088636	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Health and Benefits Actuary
115	33	SHP	60088623	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Customer Experience Specialist
116	34	SHP	60088637	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Director, Plan Integration
117	35	SHP	65002776	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Manager, Contracts
118	36	SHP	60088622	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Quality Analyst
119	37	SHP	65017502	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Senior Healthcare Writer
120	38	SHP	65017879	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Web Designer
121	39	SHP	60088625	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Business Intelligence Developer
122	40	SHP	65025525	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Contracting Agent
123	41	SHP	65025408	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Business Intelligence Developer
124	42	SHP	65018042	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Revenue Cycle Analyst

DST Reference:

OST-POL-5019-ALL

Page 20 of 21

Title:

Supplemental Ethics Policy ("Tier 2 Policy")

Chapter:

Legal

Current Effective Date:

November 13, 2020

DST POLICIES AND PROCEDURES

125	43	SHP	60088640	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Business Analyst
126	44	SHP	60088650	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Customer Experience Specialist
127	45	SHP	65002777	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Epidemiologist
128	46	SHP	65022512	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Benefits Program Manager
129	47	SHP	65017739	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Medicare Part D Clinical Pharmacist
CONTRACT and TEMPORARY Staff "Subject To" Tier 2 Policy					
ALL #	Contract/ Temp #	Division	Position Title	Position Working in or Against (Exemption Status)	Contract/Temp
131	1	SHP	Contractor	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Program Director
132	2	SHP	Contractor	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Program Director
133	3	SHP	Contractor	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	TPA Implementation Project Manager
144	4	SHP	Temp Solutions	SHP [N.C.G.S. § 126-5(c1)(23) or (24)]	Acting Assistant Gen. Counsel for SHP