

DST POLICIES AND PROCEDURES

DST Reference:	OST-POL-5012-ALL
Title:	Supplemental Ethics Policy for Covered Persons <i>except</i> State Treasurer, Senior Executive Staff and Investment Division
Chapter:	Legal
Current Effective Date:	August 6, 2018
Original Effective Date:	August 13, 2009

I. Background

In 2013, the Department of State Treasurer (“DST”) announced a new series of industry-leading ethics and transparency reforms. These reforms supplement measures previously put into place in 2009. This policy sets out in detail certain ethics restrictions applicable to the staff named in Section IV (A) (1) below.

II. Purpose and Authority

The State Government Ethics Act (the “Act”) permits heads of state agencies to develop and implement policies and procedures tailored to meet the agency’s particular needs for conflict identification and conflict avoidance. N.C.G.S. § 138A-15. In addition, the Act specifies that agencies such as DST are not prevented “from adopting additional or supplemental ethics standards application to” the agency’s operations. N.C.G.S. § 138A-41.

Consistent with the Act, the purpose of this supplemental policy is to ensure that DST’s head and covered persons “exercise their authority honestly and fairly, free from impropriety, threats, favoritism, and undue influence.” N.C.G.S. § 138A-2.

III. Related Statutes, Rules and Policies

State Government Ethics Act (N.C.G.S. Chapter 138A)

IMD Code of Ethics and Conduct Policy (Policy # IMD-POL-1005-IMD)

Supplemental Ethics Policy for State Treasurer, Senior Staff, and Investment Division (Policy #DST-POL-5011-ALL)

Policy on Conduct and Ethics (OST-POL-1003-ALL)

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IV. Policy

A. Restrictions During DST Employment Coverage

1. Coverage

Except for those employees covered in the Supplemental Ethics Policy for State Treasurer, Senior Executive Staff and Investment Division, this policy extends to the heads of all divisions and their confidential assistants, employees in exempt positions in accordance with N.C.G.S. §§ 126-5(d) (1), (2) or (2a), and any other employee the State Treasurer, Chief of Staff, and General Counsel deem to be a “covered” person.

2. Applicable State Ethics Act provisions

The State Government Ethics Act provides that, unless an exception applies, a covered person shall not knowingly use the covered person's or legislative employee's public position in an official action that will result in financial benefit, direct or indirect, to the covered person, a member of the covered person's extended family, or business with which the covered person is associated. This subsection shall not apply to financial or other benefits derived by a covered person that the covered person 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 covered person's ability to protect the public interest and perform the covered person's official duties would not be compromised. N.C.G.S. 138A-31.

B. Post-Employment Restrictions

1. Appearances and Communication

Any individual who held a position designated in the coverage section above shall not for a period of **one (1) year** after leaving that position, for compensation, act as agent or attorney for, or otherwise represent, any other person, except for the state or a local government, by making any formal or informal appearance before or by making any oral or written communication to the State Treasurer and those “covered” employees, if the appearance or communication is made for the purpose of influencing administrative or legislative action or for the purposes of affecting any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, grant, contract, or sale or purchase of goods or property.

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2. Lobbying

Any individual who held a position designated in the coverage section above shall not for the period of **six (6) months** immediately after leaving that position, register as a lobbyist under N.C.G.S. § 120C. In addition, such covered individual shall not register as a lobbyist with the General Assembly for an **additional six (6) months** after leaving DST employment, except in situations under which it is clear that the individual's lobbying activities will be completely unrelated to DST and to the individual's prior office.

V. Failure to Comply – Remedies

A. Current employees

1. If a current DST employee fails to comply with this policy, the failure may result in penalties up to and including termination.

B. Former DST employees

1. If a former DST employee fails to comply with this policy by seeking to affect DST action on behalf of a lobbyist principal or other organization, DST may cease contact with that lobbyist principal or other organization until it appoints a different representative and ceases reaching out to DST using the former DST employee.
2. In addition, if a former DST employee fails to comply with this policy by seeking to affect DST action on behalf of a current or potential DST vendor, the Treasurer, in his or her discretion, may choose to impose a ban on future business with that vendor.

VI. Roles and Responsibilities; Notification; Implementation

Questions concerning the meaning of this policy shall be resolved by the Department's General Counsel or by his or her designee, including without limitation DST's Compliance Counsel. Questions concerning the meaning of the State Ethics Act shall be directed to the North Carolina State Ethics Commission.

Immediately after the date of promulgation of this policy or upon hire, whichever is applicable, all covered employees will be provided with a copy of this policy.

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VII. Waiver

The State Treasurer, or his or her designee, in consultation with the State Treasurer's General Counsel or his or her designee, may, in exceptional circumstances, grant to any current or former covered person a written waiver of any restrictions contained in the pledge signed by such covered person if, and to the extent that, the State Treasurer, or his or her designee, certifies in writing (i) that the literal application of the restriction is inconsistent with the purposes of the restriction, and (ii) that it is in the best interest of the members and beneficiaries of the Retirement System to grant the waiver. A waiver shall take effect when the State Treasurer or his or her designee signs the certification.

VIII. Revision/Review History

Version/Revision	Date Approved	Description of Changes
1.0	August 13, 2009	New Policy
1.1	December 1, 2009	
2	June 1, 2014	Minor clarifications; new annual signature requirement
2.1	August 15, 2016	New detail added to remedies section concerning enforcement of policy with respect to former NCDST employees; signature requirement removed, since remedies are not based on employee consent, but on NCDST's discretion to choose which organizations with which it will do business
2.2	August 6, 2018	Updated designated point of contact

For questions or clarification on any of the information contained in this policy, please contact the policy owner or designated contact point: [General Counsel](#). For general questions about department-wide policies and procedures, contact the [DST Policy Coordinator](#).