

NCIA POLICIES AND PROCEDURES

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I. Background

The North Carolina Investment Authority (“NCIA”) has established high standards of conduct, including transparent and ethical practices. This commitment to integrity is fundamental to our mission of providing exemplary fiduciary investment management services, and it is expected of us by the State’s citizens, our customers, retirement beneficiaries, and the financial communities with whom we interact. Individual and collective adherence to this commitment is essential for maintaining public trust in the NCIA and for making decisions on behalf of the citizens of North Carolina that are in their best interest, free from competing influences.

II. Purpose & Coverage

Toward that goal, this Policy establishes a Code of Conduct and ethical practices for the NCIA’s workforce that are based on identifying, avoiding, and mitigating Conflicts of Interest. In addition, this Policy establishes an Ethics Hotline so staff can safely and effectively report improper activity, including violations of NCIA policy.

This Policy applies to all NCIA employees, whether full-time, part-time, permanent, temporary, time-limited, or contract staff, including interns and volunteers, in all operations of the NCIA.

III. Acknowledgments

This Policy shall be provided to all new Employees as part of their onboarding and orientation process. All new NCIA Employees will review the provisions of this Policy and sign and date the Acknowledgment Form in **Appendix A** or complete a similarly worded electronic acknowledgment.

On an annual basis, current Employees are required to review and acknowledge their awareness and understanding of this Policy either by completing the Acknowledgement Form in **Appendix A** or completing an electronic acknowledgment. The Compliance Officer is responsible for collecting the annual acknowledgments from Employees. All completed acknowledgments will be maintained in the individual employee’s paper or electronic HR personnel file and will be subject to the same confidentiality requirements as other personnel information. Employees may also be required to attend training on this Policy.

NCIA Reference:	NCIA-POL-5018	Page 1 of 18
Title:	Ethics and Conduct Policy	
Chapter:	Board Approved	
Current Effective Date:	January 1, 2026	

NCIA POLICIES AND PROCEDURES

IV. Definitions

Conflict of Interest – A conflict of interest occurs when an employee takes an action that may provide a reasonably foreseeable financial benefit to the employee, the employee’s family, or a business or nonprofit with which the employee has a financial relationship or serves in a leadership role. A conflict of interest also occurs when an employee takes an action in formal proceedings where the employee has a personal, financial, or familial relationship with a participant. A Conflict of Interest includes an **actual** Conflict of Interest or a **potential** Conflict of Interest.

- The relationships covered by this Policy mirror those described in the State Ethics Act and guidance provided by the State Ethics Commission.
- A financial benefit is as described in the State Ethics Act and guidance provided by the State Ethics Commission.

Employee – For purposes of this Policy, an employee is any person working for NCIA, including full-time, part-time, permanent, temporary, time-limited and contract staff, as well as unpaid interns, externs, and volunteers.

Funds - The North Carolina Retirement System (“NCRS”) and the other investment funds invested and managed by the NCIA.

Gift – Anything of value given or received without obligating the recipient to give or pay anything of value in return.

Proposed Vendor – A Proposed Vendor is any service provider, investment manager, supplier, or other entity (i) who has submitted a proposal or bid to the NCIA to do business with NCIA or with whom NCIA is seeking to do business on behalf of the NCIA or the Funds and (ii) of whom an employee knew, or reasonably should have known, is seeking to do business with NCIA or with whom NCIA 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 NCIA, or NCIA is not actively seeking to do business with the entity.

Vendor – A Vendor is any service provider, investment manager, supplier, or other entity that provides goods or services to NCIA or the Funds.

V. Roles & Responsibilities

Compliance Officer – Responsible for receiving and assisting in the review of Conflicts of Interest as reported by Employees, supervisors, or managers and recommending actions to mitigate such conflicts; recording items received by Employees as impermissible Gifts and donating or disposing of those items; and managing the NCIA Ethics Hotline by taking verbal or written reports of alleged improper conduct and investigating those reports.

Internal Audit – A function of the Department of State Treasurer. May be asked to assist in the investigation of reports or matters, including reports to the NCIA Ethics Hotline. These responsibilities may be performed by a function of the Department of State Treasurer.

NCIA Reference:	NCIA-POL-5018	Page 2 of 18
Title:	Ethics and Conduct Policy	
Chapter:	Board Approved	
Current Effective Date:	January 1, 2026	

NCIA POLICIES AND PROCEDURES

Chief Investment Officer – Responsible for ensuring compliance with this Policy. Also responsible for establishing the oversight process and resources necessary to implement mitigation measures that may be recommended by the CRE Committee when a Conflict of Interest is identified.

Compliance, Risk, and Ethics Committee - referred to herein as “CRE Committee;” The Committee provides oversight and advice on statutory, regulatory, policy, and investment compliance, enterprise risk management, and ethical behavior matters.

General Counsel – Serves as Chief Ethics Officer and the General Counsel and his or her designee (each, a “Compliance Counsel,” will be responsible for developing and maintaining formal procedures, including any requisite forms, needed for compliance with this Policy. Compliance Counsel also is responsible for conducting an independent assessment of whether a potential investment arrangement's recommendation, approval, or execution have been or will be unduly influenced by a direct or indirect personal interest.

Human Resources (HR) – Responsible for providing this Policy to all new Employees for their review and signature as part of the onboarding process and for maintaining completed Acknowledgment Forms in personnel files. Also responsible for assisting the General Counsel and others with enforcement of NCIA’s policies and procedures, including this Policy. These responsibilities may be performed by a function of the Department of State Treasurer.

VI. Policy

The NCIA’s internal controls and operating procedures are intended to detect, prevent, and deter improper activities, including identifying and addressing conflicts of interest.

The NCIA’s workforce is expected to use this Policy to make decisions about their own conduct and the conduct of fellow staff members. In making these decisions, Employees shall be free from intimidation and harassment. Further, Employees shall be protected from discrimination and retaliation when taking appropriate action under this Policy.

Each person is responsible for creating and maintaining a workplace environment that promotes ethical and legal behavior. Personal performance is measured against a backdrop that focuses on a continued commitment to comply with this Policy, all other NCIA policies, and legal and regulatory requirements. Employees shall proactively support the independent assessments of Conflicts of Interest required under this policy as a component of the investment due diligence, negotiations, and contracting process.

Employees may raise ethics-related issues with their supervisor, Internal Audit, the Chief Investment Officer, the General Counsel, or the Compliance Officer. They may also submit a verbal or written report to the [Ethics Hotline](#), using NCIA’s internal intranet site.

A. NCIA Code of Conduct

This Policy establishes the following NCIA Code of Conduct for **ALL** Employees to follow. The NCIA Code of Conduct sets forth high-level expectations of conduct for all NCIA Employees, in all functions of the NCIA.

NCIA Reference:	NCIA-POL-5018	Page 3 of 18
Title:	Ethics and Conduct Policy	
Chapter:	Board Approved	
Current Effective Date:	January 1, 2026	

NCIA POLICIES AND PROCEDURES

NCIA Employees shall:

1. Properly administer the obligations of the NCIA;
2. Perform all duties diligently, effectively, efficiently, and without undue influence;
3. Be familiar with and comply with all laws, regulations, and policies applicable to the NCIA and impartially apply them to everyone;
4. Evaluate all decisions so the best service is provided without sacrificing fiscal responsibility;
5. Not accept impermissible Gifts or favors from any Vendor or Proposed Vendor doing business or seeking to do business with NCIA;
6. Be stewards of State property (i) to use it carefully and properly, (ii) at no time use State resources for non-incidental personal benefit or gain, and (iii) to report its improper use;
7. Act with integrity, competence, diligence, respect, and in an ethical manner in dealings with colleagues, customers, Vendors, other agencies, beneficiaries and stakeholders defined by applicable statutes, and in dealings with other participants in the global capital markets. Refrain from engaging in any form of retaliation, harassment, or intimidation of any Employee for taking appropriate action under this Policy or another NCIA policy.
8. Owe a duty of loyalty to beneficiaries and act for their exclusive benefit.
9. Exercise prudence consistent with the NCIA's fiduciary duties under N.C.G.S. § 147-70.6 and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other related activities.
10. Have an affirmative duty to proactively identify and promptly disclose to the Compliance Officer any personal, social, employment, or business activities and relationships that:
 - impact the Employee's objectivity;
 - create Conflicts of Interest;
 - impair the Employee's ability to make impartial decisions; or
 - otherwise interfere with the Employee's proper performance of official duties.
11. Use care and discretion in the handling of confidential information and not disclose or use such information for the Employee's own or another's personal gain or private advantage.
12. Not falsify or fail to record proper entries on any books or records, electronic or otherwise, or knowingly sign or permit the issuance of any statement or report that contains any misstatement or that omits any material fact necessary to make any statement made therein not misleading.
13. Abide by the professional standards of behavior, approved practices, and recommended standards of professional associations and standard-setting organizations of which the Employee is a member (e.g., CFA Institute, AICPA, NC State Bar, etc.), to the extent they do not conflict with the requirements of this Policy, other policies, or law.
14. Have an affirmative duty to immediately report directly to the Compliance Officer any actual or suspected:

NCIA Reference:	NCIA-POL-5018	Page 4 of 18
Title:	Ethics and Conduct Policy	
Chapter:	Board Approved	
Current Effective Date:	January 1, 2026	

NCIA POLICIES AND PROCEDURES

- fraud or misconduct by an Employee or contractual party;
- material error by an Employee or contractual party that adversely affects NCIA or client assets or interests;
- misrepresentation or omission of material information in internal or external reporting and client communications; or
- violations of laws, rules, or NCIA policies.

The following provisions outline the NCIA’s expectations for all NCIA Employees in various situations.

B. Conflicts of Interest

All Employees must proactively identify Conflicts of Interest (as defined in **Section IV** above) and take appropriate steps to mitigate conflicts when they arise. Employees shall read, complete, and forward to the Compliance Counsel a Conflict of Interest Certification (in material part similar to the form attached as Appendix B) for each new investment transaction, as required by policies and procedures approved by the Chief Investment Officer from time to time. Compliance Counsel will use this information to assess whether circumstances in fact exist that create a material risk that professional judgment or actions regarding the transaction’s recommendation, approval, or execution have been or will be unduly influenced by a direct or indirect personal interest.

NOTE: *Employees should know and understand what a Conflict of Interest is by carefully reviewing how it is defined in this Policy. Conflicts of Interest may arise in a wide variety of contexts, such as when negotiating a contract or when exercising oversight as part of one’s job duties. Most understand that a Conflict of Interest may arise when an Employee is interacting with a private entity or person, but a Conflict of Interest may also arise when interacting with a government agency or other public entity.*

1. Mitigating a Conflict of Interest

When an Employee believes a Conflict of Interest may develop or has developed, appropriate steps shall be taken to mitigate the conflict in order to avoid interference with the Employee’s official obligations. More specifically, the Employee shall take the following actions to address and mitigate any Conflict of Interest:

- a. The Employee shall disclose verbally or in writing¹ to their supervisor or to the Compliance Officer the nature of the Conflict of Interest as soon as the employee is aware it exists or may arise.

¹ NCIA Employees who are “covered persons” under the Ethics Act are required to “submit in writing [to NCIA] the reasons for” abstaining from an official action due to a conflict of interest. N.C.G.S. § 138A-36(b).

NCIA POLICIES AND PROCEDURES

- b. If notified, the supervisor shall report the nature of the Conflict of Interest to the Compliance Officer and the General Counsel as soon as reasonably possible but no later than **two (2) business days** after receipt.

Conflicts of Interest may be brought to the attention of the Compliance Officer or the General Counsel by personnel other than the Employee or the Employee's supervisor. Regardless of the source of the reported conflict, the Compliance Officer and General Counsel will conduct the analysis as outlined in this Policy.

- c. A Compliance Counsel will review the information provided and, in consultation with the CRE Committee as needed, determine if a Conflict of Interest exists. If a conflict is identified, the CRE Committee will specify what mitigation measures are required to address and mitigate the conflict.
- d. If a conflict is identified, the following mitigation measures may be considered and implemented:
 - (i) *Designation of a replacement for the Employee with the conflict.* A replacement for the Employee with the conflict may be designated. This person shall handle all matters that would have been the responsibility of the conflicted Employee but for the Conflict of Interest. The conflicted Employee shall be recused and separated from the matter in question.
 - (ii) *Partial Recusal.* Partial recusal may be appropriate. This may include having the conflicted Employee complete only limited portions of the task while other persons complete the remaining portions.
 - (iii) *Notice to other Employees.* Other Employees working on the matter may need to be informed that the conflicted Employee has been recused from working on the matter and that staff should not share information or discuss the matter with the conflicted Employee.
 - (iv) *Identification of the anticipated duration of the recusal.* The duration of the Conflict of Interest may need to be identified. Due to the disruption that recusal may cause, the duration of the replacement and separation should be as short as reasonably possible but at least until the conflict is eliminated.
 - (v) *Provision of notice to affected parties.* Notice may be provided to affected parties. For example, if a Conflict of Interest arises between an Employee and a Vendor, that Vendor should be informed, at least, that a replacement has been designated and the anticipated duration.
 - (vi) *Information to the Employee.* The potential for a Conflict of Interest may be flagged and brought to the attention of the Employee. This may occur based on information disclosed by the Employee where a Conflict of Interest could arise in the future.
 - (vii) Any other actions may be taken to further the purposes of this Policy.

NCIA POLICIES AND PROCEDURES

- e. The Compliance Counsel will inform the Employee, the Employee's supervisor, the Chief Investment Officer, and the General Counsel if a Conflict of Interest is identified, along with the mitigation measures necessary to mitigate the conflict. A summary of the Compliance Counsel's review and information considered in the analysis may also be provided.

The Chief Investment Officer, with advice from the General Counsel as needed, shall be responsible for ensuring mitigation measures are implemented. To successfully implement required mitigation measures, the Chief Investment Officer or Employee's supervisor may need to inform other management team members of the identified conflict and the mitigation measures.

- f. The Compliance Officer shall document in writing all identified Conflicts of Interest along with the actions needed for mitigation. The Compliance Officer shall also follow-up as needed to ensure any mitigation measures are implemented and document the conclusion of the Conflict-of-Interest matter.

By taking the above-described actions, the Employee will have demonstrated that he or she made a good-faith effort to address and mitigate the Conflict of Interest at issue.

Information disclosed to the Compliance Counsel or Compliance Officer is not considered confidential information and either may disclose information received pursuant to this Policy to other staff, as necessary to effectuate the purposes of this Policy.

NOTE: *This Policy is intended to encourage the disclosure and reporting of all ethics related issues, including Conflicts of Interest, to minimize the risk of any actual impropriety by the NCIA. 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 NCIA's commitment to transparency, ethical conduct, and promoting trust and accountability.*

2. Failing to Disclose a Conflict of Interest

If it is found that an Employee had a Conflict of Interest that was not reported to a supervisor or to the Compliance Officer and the work obligation has already been completed or substantially completed, the supervisor shall report the Conflict of Interest to the Compliance Officer and the General Counsel. The Compliance Counsel shall notify the Chief Investment Officer, the Employee's supervisor, and General Counsel of the reported conflict and review whether the Conflict of Interest interfered or could have interfered with the objective and impartial performance of the Employee's work obligation without undue influence. If necessary, appropriate action will be taken in accordance with this Policy (see **Section VIII. Enforcement**).

NCIA Reference:	NCIA-POL-5018	Page 7 of 18
Title:	Ethics and Conduct Policy	
Chapter:	Board Approved	
Current Effective Date:	January 1, 2026	

NCIA POLICIES AND PROCEDURES

C. Gift Restrictions; Donation of Impermissible Gifts

Because the NCIA is not a cabinet agency, it is not subject to Governor Beverly Perdue’s Executive Order No. 24, issued on October 1, 2009, which extended the application of the gift ban in N.C. Gen. Stat. § 133-32 to all cabinet agency employees. Instead, the NCIA will be informed by this standard but will deviate from it to better match its circumstances.

Generally, all NCIA Employees are prohibited from accepting any Gift or item of value from any Vendor or Proposed Vendor unless an exception applies. This prohibition is referred to in this Policy as the “Gift Rule.” For the avoidance of doubt, an Employee shall not solicit, accept, or agree to accept (or offer, give, or agree to give) any Gift or item of value from or to any Vendor or Proposed Vendor:

- i. That the Employee knows or should know is consideration for the Employee’s decision, opinion, recommendation, vote, or other exercise of discretion as an Employee, or for having exercised the Employee’s official powers or performed the Employee’s official duties in favor of another;
- ii. That the Employee knows or should know is consideration for a violation of a duty imposed by law or NCIA policy on the Employee;
- iii. That might reasonably tend to influence the Employee in the discharge of official duties or that the Employee knows or should know is offered with the intent to influence the Employee’s official conduct;
- iv. If the source of the Gift or item of value is not identified or if the Employee knows or has reason to know that the Gift or item of value is being offered through an intermediary; or
- v. That creates a reasonably foreseeable Conflict of Interest or an actual Conflict of Interest or that could reasonably be expected to impair the Employee’s independence of judgment in the performance of the Employee’s official duties.

If Employees receive an unsolicited item from a person or entity outside of NCIA, they must identify the giver of the item and whether the giver is a Vendor or Proposed Vendor of NCIA. Employees should question why the item was received and should consult with their supervisor or the Compliance Officer about whether the item is a permissible Gift under this Policy.

1. Exceptions

For purposes of this Policy, a “nominal” Gift that may be accepted is an item:

- i. With a fair market value of less than twenty-five dollars (\$25.00), including, but not limited to, sustenance or convenience and any exceptions that permits a Gift to be accepted under N.C. Gen. Stat. § 138A-32 or § 133-32; and

NCIA Reference:	NCIA-POL-5018	Page 8 of 18
Title:	Ethics and Conduct Policy	
Chapter:	Board Approved	
Current Effective Date:	January 1, 2026	

NCIA POLICIES AND PROCEDURES

- ii. Only if given or accepted on infrequent occasions.²

Other exceptions include:

- i. Gifts given between Employees and Board members.
- ii. Food, Lodging, Transportation, and Entertainment. The following apply to items of food, lodging, transportation, or entertainment offered by or accepted from a Vendor or Proposed Vendor:
 - Food and beverage items (with a value of \$25 or more per person, but not to exceed \$150 for a single meal) are permissible only if (i) provided in connection with a business meeting or business meal that serves a NCIA purpose; and (ii) a representative of the Vendor or Proposed Vendor is present. Food and beverage items in excess of \$150 are permissible only if furnished at banquets, business conferences, or receptions to all attendees as part of the meeting or in conjunction with the meeting that serve a NCIA purpose and a representative of the Vendor or Proposed Vendor and other non-NCIA employees are in attendance,
 - Lodging, transportation, or entertainment are permissible only if (i) approved by the Employee's supervisor³ and Chief Investment Officer (or their designee); (ii) in connection with receptions, business meals, business meetings, or business conferences that serve a NCIA purpose and (iii) a representative of the Vendor or Proposed Vendor will be present at the reception, business meal, business meeting, business conference, or entertainment.
 - The Employee shall document any Gifts received pursuant to this exception to the Gift Rule in the manner and timeframe directed by the General Counsel. The CRE Committee shall annually review summary reports of all such Gifts under this section.

² NCIA Employees who are "covered persons" are required to follow the gift provisions of the N.C. State Government Ethics Act (Ethics Act), which may be more restrictive than the Gift Rule. Employees must remember that, depending on the circumstances, a Gift permitted under this Policy may still be impermissible under the Ethics Act.

³ To avoid not only improper conduct but also the appearance of impropriety, supervisors of Employees should consider whether the circumstances associated with a Gift or item of value given by another would draw unfavorable public criticism. If this appears to be the case, supervisors should ensure that Employees modify their behavior even if their acceptance of Gift or item of value is otherwise allowed.

NCIA POLICIES AND PROCEDURES

2. Refusing or Donating Impermissible Gifts

Any NCIA Employee who receives or is offered a Gift that is prohibited under this Policy or otherwise prohibited under State law shall:

- immediately refuse or return the Gift;
- pay fair market value for the Gift. If a Gift is offered and paid for, this must be reported to the Compliance Officer for tracking; or
- if refusal, return, or payment is not viable, provide the Gift to the Compliance Officer who will record receipt of the Gift in a tracking log and cause the Gift to be donated, including to the NCIA, if possible, or otherwise properly disposed of.

D. **Use of State Property; Mandatory Reporting Requirement**

1. General Process

State Employees must use all State property carefully and properly. This includes, but is not limited to, using telephones, equipment, copiers, fax machines, computers, and e-mail for business purposes during work hours. While personal calls are occasionally necessary, they are to be limited in frequency and duration.

NCIA Employees shall be familiar with all provisions of N.C. Gen. Stat. § 143B-920 related to the misuse of State property. This statute mandates that any person employed by the State:

who receives any information or evidence of an attempted arson, or arson, damage of, theft from, or theft of, or embezzlement from, or embezzlement of, or misuse of, state-owned personal property, buildings, or other real property, shall as soon as possible, but not later than **three (3) days** from receipt of the information or evidence, report such information or evidence to his [or her] immediate supervisor, who shall in turn report such information or evidence to the head of the respective department, agency, or institution.

In addition, N.C. Gen. Stat. § 14-91 makes it a felony for a State Employee who has been entrusted with State property to knowingly and willfully embezzle, convert, or misapply that property or otherwise abuse that trust. Both Employees and non-employees can be guilty of misuse of State-owned property, under various laws, including theft, arson, vandalism, unauthorized access to or damage to computer systems, and unauthorized personal use of State resources.

2. Procedure for Reporting Theft, Misuse of State Property

- a. NCIA Employees shall report information or evidence to their supervisor **as soon as possible but no later than three (3) days** after receipt of information or evidence tending to suggest that someone is violating the law against misuse of State-owned property, unless the suspected misuse involves the supervisor, in which case the matter must be reported directly to the General Counsel.

NCIA Reference:	NCIA-POL-5018	Page 10 of 18
Title:	Ethics and Conduct Policy	
Chapter:	Board Approved	
Current Effective Date:	January 1, 2026	

NCIA POLICIES AND PROCEDURES

- b. The supervisor, if notified, shall then provide a written report, **within two (2) business days**, to the General Counsel regarding the suspected misuse.
- c. Within a reasonable time after receipt of the written report, **but no later than 10 days from receipt**, the Chief Investment Officer, in conjunction with the General Counsel, is required under N.C. Gen. Stat. § 143B-920 to report such information, excluding damage or loss resulting from motor vehicle accidents or unintentional loss of property, in writing to the Director of the State Bureau of Investigation.

The General Counsel shall coordinate an internal investigation of the reported theft, damage, or misuse of State property, and may enlist the assistance of other staff as necessary. If requested by the NCIA, a review may be conducted by Internal Audit to identify control weaknesses or breakdowns in procedure that allowed the situation to occur and to recommend corrective action.

NOTE: State statute mandates the above reporting procedure for incidents involving misuse of State property. Circumstances may arise, however, where reporting misuse to a supervisor is not feasible. In these circumstances, such reports may be made to the NCIA Ethics Hotline as soon as possible, as further explained in **Section VII**. The NCIA Ethics Hotline does not eliminate an Employee's responsibility to report misuse of State property under the statute but is intended to provide an alternative mechanism for making those required reports.

E. Lobbying

North Carolina's lobbying statutes prohibit *all* 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).

F. Ethics Training

All NCIA employees shall complete ethics education courses at regular two-year intervals or as directed by the Chief Investment Officer. The Compliance Officer shall provide information on how such courses can be completed and certified.

G. Internal Statement of Economic Interest ("Internal SEI") Filing

Within **thirty days** of being notified that he or she falls under this Policy, and subsequently on an annual basis by **April 15**, an 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: Employees whose annual compensation is less than \$60,000 are not required to complete an Internal SEI.

NCIA POLICIES AND PROCEDURES

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

Pursuant to N.C. Gen. Stat. § 126-22(b)(3), Internal SEI forms and supporting documentation submitted by 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 Employees on their respective forms in the manner outlined above for reviewing Conflicts of Interest. If a potential Conflict of Interest is identified, the Compliance Officer will document the same and escalate to the CRE Committee for final determinations. Should the CRE Committee conclude a Conflict of Interest exists, the determination shall be included with the Employee’s Internal SEI form. The Compliance Officer will inform the Employee, the Employee’s supervisor, the Chief Investment Officer, and General Counsel in writing of the Conflict of Interest along with any required mitigation measures identified by the CRE Committee.

H. Limitations on Future Employment

1. “Cooling Off” Periods

a) Employment by Vendor

An Employee shall not render any form of compensated services, that require work on any NCIA-related matter, for a Vendor or Proposed Vendor for a period of **twelve months** after leaving his or her NCIA position.

Note the definition of a “Vendor” under this Policy includes those entities for whom, as part of the Employee’s job duties, the Employee is involved in decision-making, assessment, evaluation, oversight, or other discretionary matters involving the Vendor, including those matters that affect the Vendor’s relationship with the NCIA.

Note the definition of “Proposed Vendor” under this Policy, in material part, is limited to those entities (i) who have submitted a proposal or bid to NCIA to do business or with whom NCIA is seeking to do business, and (ii) of whom an Employee knew, or reasonably should have known due to his or her job duties, is seeking to do business with NCIA or with whom NCIA is seeking to do business.

b) Placement Agent Activities

An 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.

2. Side-Switching Prohibited

An 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

NCIA Reference:	NCIA-POL-5018	Page 12 of 18
Title:	Ethics and Conduct Policy	
Chapter:	Board Approved	
Current Effective Date:	January 1, 2026	

NCIA POLICIES AND PROCEDURES

she was personally and substantially involved while employed by the NCIA and in which the NCIA continues to have a substantial interest. The analysis of whether this “side-switching⁴” provision is triggered is a fact-specific analysis as to any given situation.

NOTE: *The purpose of the above prohibition is to prevent “side-switching” with respect to ongoing issues, controversies, proceedings, or other matters involving the NCIA.*

VII. NCIA Ethics Hotline⁵

The NCIA has established an internal Ethics Hotline for the reporting of suspected improper activities within the NCIA, including violations of policy. Employees are encouraged to report evidence of improper activity by NCIA or any NCIA Employee, including but not limited to:

- A violation of State or federal law, rule, or regulation;
- A violation of a provision of this or other NCIA policy;
- Fraud, waste, or abuse;
- Misappropriation of State resources;
- Performance of a job-related act that is a substantial and specific danger to public health and safety; or
- Gross mismanagement, gross waste of money, or gross abuse of authority.

A. Reporting Allegations of Suspected Improper Activities

Any Employee may report allegations of suspected improper activities within the NCIA. Allegations of suspected improper activities may be reported anonymously.

Generally, an Employee should report alleged improper activity within the NCIA to his or her supervisor or any of the following: Compliance Officer, General Counsel, or Chief Investment Officer. However, if circumstances make such reporting difficult or problematic, such reports may be made to the NCIA Ethics Hotline.

A report can be filed by:

- (i) Calling the Hotline phone number at 919-814-3900 (may remain anonymous);
- (ii) Submitting an electronic report using the [Ethics Hotline Report Form](#) online (may remain anonymous);

⁴ See DST’s [FAQs – Supplemental Ethics Policy \(Tier 2\)](#) for additional information on the “side-switching” restriction.

⁵ The NCIA may obtain assistance from the Department of State Treasurer for this function, in which case all references in this Policy to the “NCIA Ethics Hotline” shall mean the number established by the Department of State Treasurer for this same purpose.

NCIA POLICIES AND PROCEDURES

- (iii) Submitting written information directly to their supervisor, the Compliance Officer, General Counsel, or Chief Investment Officer electronically or by hard copy; or
- (iv) Meeting with their supervisor, the Compliance Officer, General Counsel, or Chief Investment Officer.

Names and contact information are not required when submitting a report, but not providing this may limit the investigator's ability to obtain additional information and to fully investigate the matter reported.

Reports to the Hotline should be made in good faith based on allegations the person reasonably believes to be true. No report should contain allegations that are unfounded or made recklessly, maliciously, or with the foreknowledge that the allegations are false.

B. Investigation of Reports

Upon receipt of a report to the Hotline, the Compliance Officer, and the General Counsel as necessary, shall determine whether a reasonable basis exists for commencing an investigation into the report. If the General Counsel is unable or unavailable to assist with the review and investigation of a report, external counsel or other entities may be asked to assist by the Chief Investment Officer.

In making this determination, the Compliance Officer, and the General Counsel as necessary, may conduct an initial, informal inquiry and may enlist the assistance of other appropriate parties based on their oversight, responsibility, or expertise. Should the need for an investigation arise, the Chief Investment Officer may direct the CRE Committee to oversee the investigation and develop recommended actions.

The investigation of reports of alleged improper governmental activities shall be prompt. To the extent permitted by applicable law, all reports of alleged improper activities within the NCIA will be handled in a confidential manner pursuant to this Policy.

Additional information about the Hotline can be found in the [Ethics Policy FAQs](#) on Compass.

VIII. Enforcement

A. General

The General Counsel shall have the authority to interpret and apply this Policy. Questions concerning this Policy shall be resolved by the NCIA's General Counsel or may be referred to the CRE Committee. Questions concerning the interpretation of the State Ethics Act shall be directed to the Ethics Commission, although the General Counsel or the NCIA Compliance Officer may provide assistance to an Employee upon request.

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;

NCIA Reference:	NCIA-POL-5018	Page 14 of 18
Title:	Ethics and Conduct Policy	
Chapter:	Board Approved	
Current Effective Date:	January 1, 2026	

NCIA POLICIES AND PROCEDURES

- b) the 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 Employees 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 NCIA 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 NCIA 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.

Failure to comply with this Policy by a Vendor may result in the Chief Investment Officer, 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. The remedies set forth in this section shall be in addition to any other remedies to which the NCIA may be entitled at law or in equity, by contract or otherwise.

C. Waiver

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

To request a waiver, an Employee (or former Employee), may submit a written request to their supervisor, the Compliance Officer, or to the General Counsel. The request shall be presented to and evaluated by the CRE Committee, after which the CRE Committee shall provide a recommendation to the Chief Investment Officer, or his or her designee, to grant or deny the waiver. (If the Chief Investment Officer so designates, the CRE Committee may serve as the Chief Investment Officer's designee with respect to waiver requests under this Policy.) After the Chief Investment Officer, or designee, grants or denies the waiver, the requestor will receive a written response from the NCIA that includes an effective date and the certification described below.

A waiver may only be granted if, and to the extent that, the Chief Investment Officer, or 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.

NCIA Reference:	NCIA-POL-5018	Page 15 of 18
Title:	Ethics and Conduct Policy	
Chapter:	Board Approved	
Current Effective Date:	January 1, 2026	

NCIA POLICIES AND PROCEDURES

I. Related Statutes, Rules, and Policies (the below may serve as resources, if not governing)

- [N.C. Gen. Stat. § 14-91](#) embezzlement of State Property by public officers and employees;
- [N.C. Gen. Stat. § 14-234](#) on public officers or employees benefitting from public contracts; exceptions
- [N.C. Gen. Stat. § 14-234.1](#) on misuse of confidential information acquired during State employment
- [N.C. Gen. Stat. § 126-84 through § 126-88](#) on reporting employee or agency violations of law, fraud, misappropriation of State resources, dangers to public health or safety, or gross mismanagement, waste of money, or abuse of authority
- [N.C. Gen. Stat. § 133-32](#) on prohibitions of gifts from current or potential contractors, subcontractors or suppliers
- [N.C. Gen. Stat. § 143B-920](#) on misuse of State Property and requirement to report
- Office of State Human Resources Policies, including the [HYPERLINK](#) "https://oshr.nc.gov/policies-forms/discipline-appeals-grievances/disciplinary-action-suspension-dismiss" Disciplinary Action and [Personnel Records](#) Policies and [Personnel Records](#) Policies
- [Former Governor Beverly Perdue Executive Order No. 24 Regarding Gifts to State Employees](#)

References

[FAQs - Ethics and Conduct Policy \(Tier 1\)](#)

II. Revision/Review History

Version	Date Approved	Description of Changes
1.0	11/19/2025	New policy

Appendix

Appendix A – Acknowledgment Form

Appendix B – External Investment Management Conflict of Interest Certification

For questions or clarification on any of the information contained in this policy, please contact the General Counsel

NCIA Reference:	NCIA-POL-5018	Page 16 of 18
Title:	Ethics and Conduct Policy	
Chapter:	Board Approved	
Current Effective Date:	January 1, 2026	

NCIA POLICIES AND PROCEDURES

APPENDIX A

ACKNOWLEDGMENT FORM – ETHICS & CONDUCT POLICY (TIER 1)

I hereby acknowledge that I have received, read, and understand the above NCIA Ethics and Conduct Policy [NCIA-POL-5018], that I understand it applies to my position, and that I intend to comply with its provisions to the best of my abilities. I acknowledge that failure to comply with the provisions of the Policy, including signing this Form, may result in disciplinary action up to and including dismissal.

Print Name: _____

Position Title: _____

Signature: _____

Date: _____

NCIA POLICIES AND PROCEDURES

APPENDIX B

NORTH CAROLINA INVESTMENT AUTHORITY

External Investment Management Conflict of Interest Certification

When form is required. The NCIA personnel listed below shall read, complete, and forward to the Compliance Counsel this form for each:

- A new commitment of funds, new investment management agreement, or any other "Investment Transaction" as defined in the *Investment Transaction Disclosure Policy*; or
- "Substantive Amendment" as defined in the *Investment Transaction Disclosure Policy*.

Name of External Investment Manager and Fund: _____

I understand and have adhered to the NCIA's *Code of Ethics and Conduct* and other applicable policies in this recommendation, negotiation, and approval process and certify my participation in this process is not precluded, because to the best of my knowledge:

1. My Family and I have NO material financial interest in the External Investment Manager and will not receive a financial benefit derived from the compensation provided to the Manager.
2. My Family and I are NOT employees or directors of the External Investment Manager.
3. I have NOT been employed with the External Investment Manager within the past five (5) years.
4. I have NOT sought employment NOR discussed potential employment with the External Investment Manager.
5. I have NO Conflicts of Interest in the recommendation, negotiation, and/or approval of the External Investment Manager.
6. I voluntarily choose to disclose the following facts which I believe do not constitute a Conflict of Interest and do not preclude my unbiased participation in the recommendation, negotiation, and/or approval of the External Investment Manager. (If so, initial in the left margin and make any disclosure on attached sheets.)
7. I understand that I have an ongoing obligation to update any changes to this form prior to closing.

Portfolio Manager: _____

Date: _____

Director: _____

Date: _____

Chief Investment Officer: _____

Date: _____

General Counsel: _____

Date: _____

Note: The Chief Investment Officer has authority to implement revised versions of this form to achieve the same goals and objectives of this Policy without prior approval of the revised form by the NCIA Board.