

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

NCIA Board Policy Manual

November 19, 2025



NCIA Board Policy Manual

| Charter/Policy | Changes Relative to DST Status Quo |
|--|--|
| <ul style="list-style-type: none"> Investment Committee Charter | <ul style="list-style-type: none"> Voting Requirements Limits on authority N.C.G.S. § 147-72.1(d) |
| <ul style="list-style-type: none"> Investment Policy Statements | <ul style="list-style-type: none"> NCRS - will be submitted after the completion of the ALM Study Other funds - 2026 ALM Studies VCMF IPS delegated to Management |
| <ul style="list-style-type: none"> Ethics and Conduct Policy | <ul style="list-style-type: none"> Updated R&R of General Counsel and CRE Committee Simplified Code of Conduct Updated Gift Rule |
| <ul style="list-style-type: none"> Investment Transaction Disclosure Policy | <ul style="list-style-type: none"> Clarified treatment of Direct Investments |
| <ul style="list-style-type: none"> Risk Budget Policy | <ul style="list-style-type: none"> TBD in 2026 following ALM |



Investment Committee Charter Updates

1. Formal votes for transactions with five members required for quorum which must include the CIO and the Chief Risk & Operating Officer or their delegates.
2. The affirmative vote of a majority of the Committee members, which may be via a circular resolution, is required to approve any of the following actions, except that the CIO's vote shall prevail in the event of a tied vote:
 - New investment transactions, defundings, secondary transactions, or terminations of investment managers, funds, and vehicles
 - Strategic transitions and interim rebalancings
3. The CIO and the Chief Risk & Operating Officer may jointly exempt small dollar actions (i.e., \$10MM) from Committee approval in the interest of operational efficiencies. Any such exemption will be documented.
4. N.C.G.S. § 147-72.1(d) states that the Board, "...shall reserve certain strategic decisions and extraordinary investment decisions to the Board..." The NCIA Board must approve any of the above actions to the extent they exceed the limits in Tables 1 and 2.
5. In the absence of the CIO, or should the CIO position be vacant, the Chief Risk & Operating Officer will serve as the Chair's designee. Should both the CIO and Chief Risk & Operating Officer positions be vacant for more than 1 month, the Committee shall appoint an acting Chair and acting Vice-Chair from among its members by majority vote.



Ethics and Conduct Policy Updates

1. Consolidated several ethics policies and codes of conduct into a single policy covering all employees and contract staff
2. Oversight and enforcement is responsibility of NCIA's General Counsel and Compliance, Risk and Ethics Committee:
 - NCIA General Counsel – Serves as Chief Ethics Officer
 - NCIA CRE Committee provides oversight and advice on statutory, regulatory, policy, and investment compliance, enterprise risk management, and ethical behavior matters
3. Code of Conduct is simplified
4. Conflict of Interest management is unchanged except for CRE Committee role
5. Gift Rule
 - Modeled after other public pension funds
 - Moving to an exception-basis with strong oversight and transparency



Ethics and Conduct Policy Updates: Gift Rule Prohibitions

1. 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 in the performance of the Employee's official duties.



Ethics and Conduct Policy Updates: Gift Rule Exceptions

1. A “nominal” Gift is an item with a fair market value of less than \$25.00
2. Gifts given between Employees and Board members.
3. The following apply to items of food, lodging, transportation, and entertainment offered by or accepted from a Vendor or Proposed Vendor:
 - Food and beverage items (not to exceed \$150 for a single meal) are permissible only if (i) provided in connection with a business meeting, business meal, business conference, or reception; 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, and entertainment are permissible only if (i) approved by the Employee’s supervisor and Chief Investment Officer (or 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.



Ethics and Conduct Policy Updates: Gift Rule Further Guidance

1. 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.
2. 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.



Ethics and Conduct Policy Updates: Unchanged Requirements

1. Use of State Property; Mandatory Reporting Requirement for Destruction, Theft, etc.
2. Lobbying Limitations
3. Ethics Training Requirements
4. Internal Statement of Economic Interest (“Internal SEI”) Filing
5. Limitations on Future Employment
 - “Cooling Off” Periods for Employment by Vendor and Placement Agent Activities
 - Side-Switching Prohibited
6. NCIA Ethics Hotline
7. Enforcement, including waiver authority