

DST POLICIES AND PROCEDURES

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Title:	Supplemental Ethics Policy (Tier 2)
Chapter:	Legal
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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; Tier 2 Employees

I. Background

The Department of State Treasurer (Department or DST) has established high standards of conduct, including transparent and ethical practices, for its employees. This commitment to integrity is fundamental to our mission of providing exemplary fiduciary oversight and customer service to the citizens of North Carolina and representing the Department with principle, transparency, and accountability.

Expanding on existing ethics and transparency programs, such as the Tier 1 Policy, this Policy implements enhanced ethics and reporting requirements and restrictions for certain categories of Department staff. These enhanced requirements and restrictions are necessary because these particular categories of staff, due to their specialized duties and skills related to investments, accounting, and more, are entrusted with significant authority and are allowed access to highly sensitive information.

II. Purpose & Coverage

The purpose of this Policy is to establish requirements and restrictions that primarily apply to certain DST personnel. Building on the [Ethics and Conduct Policy \(Tier 1\) \[OST-POL-5018-ALL\]](#), this Supplemental Ethics Policy (Tier 2 Policy) supplements, and applies in conjunction with, the 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 these third parties when applicable (see **Section VII**. Implementation).

State laws on ethics and government employment categorize State employees by their positions, subjecting some positions to additional ethics and reporting requirements. Generally, for purposes of this Policy, there are three factors that determine how and why a position is categorized a certain way:

- 1) The applicability of the North Carolina Human Resources Act, which was enacted in 1965 and established a system of personnel administration for State employees.
- 2) The applicability of the State Government Ethics Act, which was enacted in 2006 to “ensure that elected and appointed State agency officials exercised their authority honestly and fairly, free from impropriety, threats, favoritism, and undue influence.”
- 3) The duties and responsibilities of the North Carolina State Treasurer, who oversees a department with several divisions responsible for the investing, accounting, and reporting of over \$ 150 billion in assets on behalf of the citizens of North Carolina.

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One goal of this Policy is to expand the application of the provisions of the State Government Ethics Act (State Ethics Act or Act) to groups of employees who are not technically captured under the Act as it is currently written. This analysis of the State Ethics Act, in conjunction with the North Carolina Human Resources Act (Human Resources Act or HRA) is set forth below.

With respect to the Human Resources Act, found in Chapter 126 of the North Carolina General Statutes, DST employees are either **exempt** or **not exempt**. Most DST employees are **not exempt** from the provisions of the HRA, which means that the HRA's provisions *apply* to their position. Some employees, however, are exempt, and those DST employees who are **exempt** from the HRA will fall within one of the following categories created internally by and for this Policy based on the provisions of the State Ethics Act:

Category A ("Covered Employees," a term used in the State Ethics Act)

- 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)).

Category B ("Non-Covered Employees," a term not used in the State Ethics Act)

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 also 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 (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.

Ideally, the State Ethics Act would be revised to include the HR exemptions for IMD, SRP, and SHP staff. Instead, by this Policy, DST is expanding the application of the State Ethics Act to those employees not covered by Act.

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."

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Positions in Category B above are also exempt from the HRA, but those employees are not “covered persons” subject to the State Ethics Act. The State Ethics Act does not use the term “non-covered persons,” but this Policy uses the term to refer to those persons or employees who are not covered by the State Ethics Act. Under this Policy, they are “Non-Covered Employees.” Because of the specialized duties and skills of these positions, the **Department has determined that these Non-Covered Employees, as well as temporary and contract staff working in or against Category B positions, should also comply with those State Ethics Act requirements set forth above.**

Thus, the Department’s Non-Covered Employees will **annually** disclose financial and personal interests by completing an SEI form (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**.

In light of the above, this Policy applies to the following people:

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

Note: A list of all Covered and Non-Covered Employee positions subject to this Policy is available on the [Compliance page on Compass](#).

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

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 DST 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)		✓	✓

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III. Policy

DST employees to whom this Policy applies 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. Acknowledgments, Offer Letters, and Job Postings

After starting in a Tier 2 position, a Tier 2 Employee will review the provisions of this Policy and sign and date the Acknowledgment in **Appendix A** or complete a similarly worded electronic acknowledgment.

On an annual basis, Tier 2 Employees are required to review and affirm their awareness and understanding of this Policy and that it applies to their position, either by completing the Acknowledgment Form in **Appendix A** or completing a similarly worded electronic acknowledgment. The Compliance Officer is responsible for collecting annual acknowledgments from Tier 2 Employees. The completed acknowledgments will be kept in each Tier 2 Employee's personnel file and be subject to the same confidentiality requirements as other personnel information. Tier 2 Employees may also be required to attend training on this Policy from time to time.

Offer letters and job postings for Tier 2 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 can be viewed online.

V. Definitions

Conflict of Interest—A Conflict of Interest occurs when Tier 2 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 Conflict of Interest includes an **actual** Conflict of Interest, a **potential** Conflict of Interest, or circumstances that create the **appearance** of a Conflict of Interest.

- A personal interest includes, but is not limited to, a financial, social, professional, civic, or political interest of the employee.
- A familial interest means a benefit derived by a Tier 2 Employee's spouse, lineal descendent, lineal ascendant, sibling, a Tier 2 Employee's spouse's lineal descendent, spouse's lineal ascendant, spouse's sibling, or the spouse of any of these individuals.

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 under the State Ethics Act (N.C. Gen. Stat. § 138A-11).

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. The CRE Committee also considers waiver requests submitted under **Section VIII.C**.

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 VII.A.2** for additional information.

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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 positions); § 126-5(c12) (IMD positions); and § 126-5(c13) (SRP positions) and who is not otherwise designated as a “covered person” under the State Ethics Act. This includes any temporary or contract staff working in a SHP, IMD or SRP exempt position. Non-Covered Employees are not limited to working within SHP, IMD or SRP divisions and may be located within other divisions.

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 Tier 2 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 do business with the entity.

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 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 reviews SEI Forms internally for Conflicts of Interest.² See **Section VII.A.2.** for additional information.

Tier 2 Employee—Any DST employee to whom this Policy applies, which includes:

1. Covered Employees: all DST Employees, including full-time, part-time, permanent, temporary, and time-limited who are “covered persons” under the State Ethics Act (i.e., Category A above), including individuals under contract with the State working in or against a covered position; and
2. Non-Covered Employees: all DST Employees, including temporary and contract workers, in positions listed under Category B above.

Tier 2 Vendor or Vendor—Any service provider, investment manager, supplier, or other entity that provides goods or services to DST and for whom the Tier 2 Employee, as part of his or her job duties, 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 DST. Tier 2 Vendors do not include local, State, or federal government entities.

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 letter pursuant to N.C. Gen. Stat. § 138A-28(b).

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VI. Roles and Responsibilities

Compliance Officer—Responsible for providing the Internal SEI Form to new Non-Covered Employees and tracking the annual completion of SEI and Internal SEI forms by Tier 2 Employees; reviews both SEI Forms and Internal SEI forms for Conflicts of Interest; tracks completion of biennial ethics and lobbying education by Tier 2 Employees; collects the annual acknowledgments of this Policy from Tier 2 Employees; and assists Tier 2 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 can be contacted at 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. Responsible for ensuring that job postings for Tier 2 Employee positions include a notice that such positions fall under this Policy. HR maintains completed acknowledgment forms of this policy with personnel files and assists the General Counsel and others with enforcement of DST’s policies and procedures, including this Policy.

VII. Implementation

A. Education and Filing Requirements

1. Ethics and Lobbying Education

All **Tier 2 Employees** 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 the courses can be completed. New Tier 2 Employees have **six months** after starting a position as a Tier 2 Employee to complete the first ethics and lobbying education course.³ Covered Employees must submit required information to the Ethics Commission to receive credit for completing the course. Non-Covered Employees will submit a certificate of completion to the Compliance Officer.

2. Statement of Economic Interest (SEI) Form and Internal SEI Form Filings

Covered Employees are required to file an SEI Form with the Ethics Commission and an evaluation of their SEI Form must be completed and issued by the Ethics Commission prior to starting their new position. (N.C. Gen. Stat. § 138A-22). An SEI form must then be filed annually thereafter with the Ethics Commission, usually due by **April 15**.

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)).

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Within **thirty days** of being notified that he or she falls under 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 Tier 2 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 Tier 2 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 Tier 2 Employee’s SEI or Internal SEI form. The Compliance Officer will inform the Tier 2 Employee, the Tier 2 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

Tier 2 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 Tier 2 Employees.

This subsection of the Policy shall not apply to financial or other benefits that a Tier 2 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

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

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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 Tier 2 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 Tier 2 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.

3. Unsolicited and Future Employment Opportunities; 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: *Tier 2 Employees shall not solicit or accept a position with a Vendor or Proposed Vendor if the employment in that position would violate **Section VII.D.** (“Limitations on Future Employment”).*

If a Tier 2 Employee engages in a substantive discussion concerning employment with any Vendor or Proposed Vendor (See definitions in **Section V**), the Tier 2 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.⁵

Until the Tier 2 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 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.

⁵ Additional information on “substantive discussions” is available in the “FAQs for Supplemental Ethics Policy (Tier 2).”

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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 Tier 2 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 Tier 2 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. “Cooling Off” Periods

a) Employment by Vendor

A Tier 2 Employee shall not render any form of compensated services, that require work on any DST-related matter, for a Vendor or Proposed Vendor for a period of **twelve months** after leaving his or her DST position.

Note the definition of a “Tier 2 Vendor” or “Vendor” under this Policy is limited to those entities for whom, as part of the Tier 2 Employee’s job duties, the Tier 2 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 DST.

Note the definition of “Proposed Vendor” under this Policy as limited to those entities (i) who have submitted a proposal or bid to DST to do business or with whom DST is seeking to do business and (ii) of whom a Tier 2 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.

b) Placement Agent Activities

A Tier 2 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

A Tier 2 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

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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 VII.D.2.** is to prevent “side-switching” with respect to ongoing issues, controversies, proceedings, or other matters involving the Department.*

VIII. Enforcement

A. Tier 2 Employees

The General Counsel or his or her designee may determine that a Tier 2 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 Tier 2 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 Tier 2 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 may also 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.

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

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C. Waiver

Any current or former Tier 2 Employee may request a written waiver of any requirement or restriction contained in this Policy or in the Acknowledgment Form signed by such Tier 2 Employee. For example, a waiver of one or more employment-related restrictions may be issued in circumstances where a Tier 2 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.

To request a waiver, a Tier 2 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 designee, in consultation with the General Counsel, grants or denies the waiver, the requestor will 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 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.

IX. Enforcement

The General Counsel shall have the authority to enforce, 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 DST Compliance Officer may provide assistance to a Tier 2 Employee upon request.

X. 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 \(Tier 1\)](#) [OST-POL-5018-ALL] (together with this Policy, the "DST Ethics Policies")
- DST [IMD External Investment Manager and Vehicle Selection Policy and Procedures](#) [IMD-POL-1001-IMD]
- DST [Placement Agent, Political Contribution, and Connection Disclosure Policy](#) [IMD-POL-2002-IMD]

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- DST [Insider and Personal Trading Policy](#) [IMD-POL-2003-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 \(Tier 2\)](#)

Revision/Review History

Version	Date Approved	Description of Changes
1.0	11/15/2019	New policy. Combines and rescinds prior DST ethics policies: Internal Statement of Economic Interest Filing and Ethics Education Policy [OST-POL-5005-ALL]; Supplemental Ethics Policy for State Treasurer, Senior Executive Staff and Investment Division [OST-POL-5011-ALL]; Supplemental Ethics Policy for Covered Persons except State Treasurer, Senior Executive Staff and Investment Division [OST-POL-5012-ALL]; & Charitable Donations Policy [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
3.0	1/26/2022	Revised use of term “Subject Employee” and changed to “Tier 2 Employee” throughout policy; updated Appendix B; updated definition of Conflict of Interest; updated Tier 2 FAQs; other wording and formatting changes
4.0	11/1/2023	Revised definition of “Vendor” and added reference as “Tier 2 Vendor;” updated definition of “Conflict of Interest;” updated SEI process to include Ethics Commission filings for covered persons; revised “Cooling Off” periods section; moved “Lobbying” section to Tier 1; removed Appendix B and added list to Compass instead; other wording & organization changes

Appendix

Appendix A — Acknowledgement Form

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

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APPENDIX A

ACKNOWLEDGMENT FORM

SUPPLEMENTAL ETHICS AND CONDUCT POLICY (TIER 2)

I have received and read the Supplemental Ethics Policy (Tier 2) [OST-POL-5019-ALL] 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 Tier 2 Employee pursuant 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.

Print Name

Position Title

Division

Signature

Date