OCERS Board Policy

Code of Ethics and Standards of Professional Conduct Policy

Purpose and Background

The Code of Ethics and Standards of Professional Conduct are fundamental to the values of Orange County Employees Retirement System ("OCERS" or the "plan") and are essential to achieving its mission to provide secure retirement and disability benefits, quality information concerning those benefits, and prompt professional and courteous service that meets the highest standards of excellence. High ethical standards are critical to maintaining the public's trust by acting exclusively for the benefit of the plan and its participants, managing assets of the plan prudently, and administering benefits with impartiality. The OCERS' Code of Ethics and Standards of Conduct is based upon the CFA Institute Code and Standards, which have served as a model for measuring the ethics of investment professionals globally since the 1960s.

Policy Objectives

The objective of the OCERS Code of Ethics and Standards of Professional Conduct is to provide consistent and actionable guidelines governing OCERS' investment staff conduct both in the workplace and in personal outside activities which could impair the portfolio or the reputation of OCERS.

Policy Guidelines

The Code of Ethics

1. OCERS' Investment Staff shall:

    - Act with integrity, competence, diligence, respect, and in an ethical manner with the public, plan participants, plan beneficiaries, employer, other employees, colleagues in the investment profession, and other participants in the global capital markets.
    - Place the integrity of the investment profession and the interests of plan participants and beneficiaries above their own personal interests.
    - Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
    - Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
    - Promote the integrity of and uphold the rules governing capital markets.
    - Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

Standards of Professional Conduct

1. **Professionalism**

   a. Knowledge of the Law. Staff must understand and comply with all applicable laws, rules, and regulations of any government, regulatory organization, licensing agency, or professional association governing their professional activities. In the event of conflict, staff must comply with the more strict law, rule, or regulation. Staff must not knowingly participate or assist in and must dissociate from any violation of such laws, rules, or regulations.

   b. Independence and Objectivity. Staff must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Staff must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.

   c. Misrepresentation. Staff must not knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.

   d. Misconduct. Staff must not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.

2. **Integrity of Capital Markets**

   a. Material Non-public Information. Staff who possess material non-public information (e.g. "insider information") that could affect the value of an investment must not act or cause others to act on the information

   b. Market Manipulation. Staff must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

3. **Duties to Trustees, Participants, Beneficiaries, and Service Providers**

   a. **Loyalty, Prudence, and Care**. Staff has a duty of loyalty to the plan and must act with reasonable care and exercise prudent judgment. Staff must act for the exclusive benefit of the plan and plan beneficiaries' interests.

   b. **Fair Dealing**. Staff must deal fairly and objectively with trustees when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.

   c. **Suitability**. Staff must make only investment recommendations or take only investment actions that are consistent with the stated objectives, policies and constraints of the plan.

   d. **Performance Presentation**. When communicating investment performance information, staff must make reasonable efforts to ensure that it is fair, accurate, and complete.

e. **Preservation of Confidentiality**. Staff must keep non-public information about current, former, and prospective investment managers, trustees, participants and beneficiaries confidential unless:

   i. The information concerns illegal activities on the part of the investment manager, trustee, participant, or beneficiary,

   ii. Disclosure is required by law, or

   iii. The investment manager, trustee, participant or beneficiary permits disclosure of the information.

4. **Duties to Employer and the Plan**

   a. **Loyalty**. In matters related to their employment, staff must act for the benefit of the plan and not deprive their employer of the advantage of their skills and abilities, divulge confidential information, or otherwise cause harm to their employer.

   b. **Additional Compensation Arrangements**. Staff must not accept gifts, benefits, compensation, or consideration that competes with or might reasonably be expected to create a conflict of interest with their employer's interest unless they obtain written consent from all parties involved.

   c. **Responsibilities of Supervisors**. Staff must make reasonable efforts to detect and prevent violations of applicable laws, rules, regulations, and the OCERS' Code and Standards by anyone subject to their supervision or authority.

5. **Investment Analysis, Recommendations, and Actions**

   a. **Diligence and Reasonable Basis**. Staff must:

      i. Exercise diligence, independence, and thoroughness in analyzing investments, making investment recommendations, and taking investment actions.

      ii. Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.

   b. **Communication of Investment Analysis, Opinions and Advice**. Staff must:

      i. Disclose to the relevant audience, as appropriate, the basic format and general principles of the investment processes they use to analyze investments, select securities, and construct portfolios and promptly disclose any changes that might materially affect those processes.

      ii. Use reasonable judgment in identifying which factors are important to their investment analyses, recommendations, or actions and include those factors in communications to the relevant audience.

      iii. Distinguish between fact and opinion in the presentation of investment analysis and recommendations.

c. **Record Retention**. Staff must develop and maintain appropriate records to support their investment analyses, recommendations, actions, and other investment-related communications to the Board of Retirement, the Investment Committee and its subcommittees.

6. **Conflicts of Interest**

a. **Disclosure of Conflicts**. In addition to those disclosures required under FPPC regulations relating to economic interests, staff must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to the plan, the Board, participants, beneficiaries and employers. Staff must ensure that such disclosures are prominent, timely, are delivered in plain language, and communicate the relevant information effectively.

b. **Reportable Income and Interests.** Staff must submit annually the State of California Form 700 and the annual disclosure form required by the OCERS' Annual Disclosure Policy.

c. **Referral Fees**. Staff may not accept or receive any compensation, consideration, or benefit from or paid to others for the recommendation of an investment manager, products or services.

Policy Review

The Investment Committee will review this Policy at least once every three years to ensure that it remains relevant and appropriate.

The CIO shall review and discuss this policy with Staff annually, and timely report to the Committee any implementation or enforcement issues.

Policy History

This policy was adopted by the Board on October 21, 2013. It was revised by the Investment Committee on January 24, 2018.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney

1/24/2018

Steve Delaney
Secretary of the Board

Date