

Introduction

Honesty, integrity, independence, fairness, openness, professionalism, and competence are fundamental characteristics marking a successful trustee. The Board of Trustees collectively must reflect these characteristics to be an effective governing body. The Board is committed to serving the best interests of the System's members in its oversight of the administration of benefits and the investment decision-making process. This Code of Conduct and Conflicts of Interest Policy reflects best ethical practices. Adherence to this policy will enhance all other policies and procedures of the System, as well as provide effective guidance to trustees.

Part I – Trustees' Legal and Fiduciary Duties

A trustee must:

1. Act in good faith and in the best interest of system members and beneficiaries
2. Act with prudence and reasonable care
3. Act with skill, competence and diligence
4. Maintain independence and objectivity by, among other actions, avoiding conflicts of interest, refraining from self-dealing, and refusing any gift that could reasonably be expected to affect their loyalty (see Conflicts of Interest section below)
5. Abide by all applicable laws, rules, and regulations, both generally and those directly addressing the System (See Sections 105.452, 105.454, and 105.667, RSMo.)
6. Deal fairly, objectively, and impartially with all members and beneficiaries
7. Take actions that are consistent with the established mission of the System and the policies that support that mission
8. Maintain confidentiality of System, participant and beneficiary information, subject to applicable laws
9. Abide by open meetings laws by not convening meetings, including conference calls or video conferences, about MPERS with fellow trustees outside the properly noticed meetings
10. Promptly report any ethical concerns to the Board Chair, Executive Director, or General Counsel
11. Use reasonable care to prevent any other MPERS fiduciary from committing a breach of fiduciary duty

Part 2 – Conflicts of Interest

Background

MPERS is created under state law as a body corporate and an instrumentality of the state of Missouri. (See Section 104.020, RSMo) The benefit fund is held in trust.(See Section 104.150, RSMo.) The System and the Board of Trustees are vested with express powers and duties and implied powers under the law as may be necessary and proper to enable it, its officers, employees, and agents to carry out fully and effectively all its purposes under law. Thus, the System is a corporate entity under the law, a state agency under certain laws and is a trust under the law. The trustees act in the capacity of public officials, directors, and fiduciaries. State law, plus corporate and fiduciary standards, define, limit and sanction conflicts of interest.

The Conflicts of Interest Policy is applied in conjunction with the Code of Conduct Policy and with state laws. The policy addresses limited matters requiring particular definition to effectively implement the Code of Conduct Policy. MPERS has implemented internal procedures to assist trustees in complying with state law requirements and system policies. An example is that MPERS notifies trustees annually regarding the filing of Financial Disclosure Statements required under chapter 105. A trustee should always refer to board governance policies and seek counsel when in doubt regarding duties or conduct.

Conflict of Interest

A conflict of interest occurs where the self-interest of a trustee or other multiple interests of a trustee could affect the motivation of the trustee in the performance of the duties to MPERS. The trustees acknowledge that each member of the Board may serve in other public or private roles that present inherent conflict. This policy prescribes means to avoid, disclose or mitigate conflicts of interest. Not every scenario can be anticipated and in such circumstances the trustees' Code of Conduct Policy provides overall guidance.

No Self-Dealing or Personal Advantage

There will be no self-dealing involving the System and a trustee. A trustee shall not use the position of trustee to obtain personal gain or advantage for the trustee, family members or close associates. A trustee shall not abuse his position to benefit any person. A trustee shall not accept any gratuity, contribution or compensation for the purpose of influencing the trustee's action in the administration of the System or the investment of system assets.

Disclosure

A trustee that is conflicted in any matter before the Board shall state that he or she is conflicted and then refrain from any deliberation or vote regarding that matter. In some cases, the mere appearance of a conflict, including activity that is permissible under this policy or under law, will merit a trustee removing himself or herself from consideration of a matter before the Board to avoid any question of impropriety. Certain contacts or communications could disqualify a trustee from participating in a matter before the Board. See Communications Policy.

Employment

A trustee will not use the Board position to obtain employment in the System for the trustee, family members, or close associates. Except by unanimous vote of the Board, no person who has been a trustee may become an employee of the System until two years following his or her resignation, termination or removal as trustee. If an advisor or vendor to the System employs a former trustee, this shall not impact MPERS relationship with that person or entity, provided no conflict of interest exists and no violation of law occurs as a result of such employment.

Use of Information

A trustee or former trustee should never use confidential information or strategies of the System or proprietary information or strategies of others gained from the System for their personal benefit or to benefit others, unless the System or appropriate authority authorizes the use.

Individual Authority

Trustee powers are held and exercised collectively by the full Board. The Board may delegate a matter to a committee or in very specific instances, the Board may delegate a particular action to an individual trustee. A trustee shall not assert individual authority over the System, the Executive Director, staff, members, vendors, or advisers to the System.

Acceptance of Gifts

No trustee shall directly or indirectly seek or accept gifts, money, property, bonuses, fees, commissions, gratuities, excessive entertainment or hospitality, expense-paid trips, use of vacation facilities, personal or professional services at anything other than market rates, favorable access or treatment in connection with investment opportunities, or any other similar form of consideration (collectively defined as gifts) from any person, agent, firm, corporation, or association that, to the trustee's knowledge, does or seeks to do business with MPERS, and that would influence or might reasonably be expected to influence the conduct of his or her duties.

Notwithstanding the above, the following are not deemed to be gifts: draw prizes at appropriate conferences, gift items distributed to attendees at such conferences, dinners available to attendees of such conferences, or meals provided by MPERS' money manager or consultants to which pertinent staff or trustees are invited and at which MPERS business is discussed.

A trustee must exercise discretion to avoid improper conduct or the appearance of improper conduct. Every trustee should consider whether the setting, agenda, circumstances, or frequency of travel associated with a courtesy or expense payment would draw unfavorable public scrutiny to the System, the Board or the trustee. If this appears to be the case, the trustee should refrain from the conduct or travel, or from the acceptance of the courtesy or expense payment. Alternatively, the trustee should seek counsel or authorization from the Board Chair or Vice Chair.

Trustees shall file an annual financial disclosure statement with the Missouri Ethics Commission in accordance with sections 105.483 to 105.492, RSMo. The Trustee should keep appropriate records and documentation to enable accurate reporting.

Campaign Contributions

A trustee should never accept a campaign contribution in return for his vote, opinion, recommendation, judgment, decision, action or discretion as a trustee. Trustees should not accept campaign contributions from system vendors or from persons seeking or soliciting the System's business. A trustee who, in the last two years, has accepted a campaign contribution from a person or entity subsequently associated with or becoming a system vendor or seeking status as a system vendor, should refrain from any board discussion or vote regarding that person or entity.

Part 3 – Trustee Best Practices

For the MPERS Board to meet its obligations under the law, every trustee has a personal responsibility to uphold the highest fiduciary standards and actively contribute to the governance of MPERS. Accordingly, each trustee is responsible for:

- a) working constructively with the other trustees to govern MPERS;
- b) interacting appropriately with MPERS staff, outside service providers, employers, members, retirees, beneficiaries, and others;
- c) incurring only reasonable expenses in carrying out his or her duties as a trustee;
- d) preparing for board and committee meetings by reading materials in the board packet in advance of the meeting and asking questions of staff;

- e) attending board and committee meetings and participating in discussions;
- f) respecting the time commitment required for meetings by arriving prior to the start of the meeting and staying until its conclusion;
- g) refraining from acting on behalf of the entire Board unless specifically delegated that authority;
- h) acquiring and maintaining knowledge to effectively make decisions and evaluate those to whom duties have been delegated;
- i) allowing the Executive Director to oversee the operational management of the System;
- j) refraining from performing any function delegated or normally assigned to MPERS staff unless prior approval is obtained from the Board; and
- k) taking actions that are consistent with the established mission of the System and the policies that support that mission.

Part 4 – Reporting Violations

Any person becoming aware of an apparent violation of parts 1 or 2 of this policy should report the matter to the General Counsel who shall advise on the appropriate course of action, which may include among other things referral to the appropriate prosecuting attorney or to the Attorney General in the case of an apparent criminal violation or a breach of duty that could merit the trustee's removal.

Any person becoming aware of an apparent violation of part 3 of this policy is encouraged to discuss the matter directly with the board member in question or report the matter to the Board Chair or to the Vice Chair in the Chair's absence or involvement. The Board Chair or Vice Chair may consult with the General Counsel or outside counsel regarding the matter or to obtain assistance in the event an internal investigation is warranted. If the Board Chair or Vice Chair cannot informally resolve the matter, he or she may bring the matter to the full Board. In most cases, board review will initiate as a closed matter under section 610.021(1) or (3), RSMo, (trustees regarded as an employee in the latter) or other appropriate section.

When the Board deems necessary, the Board will be responsible for implementing public disciplinary action against a board member whose conduct fails to meet the standards outlined in or violates this governance policy, or whose conduct is otherwise inconsistent with board policies. Discipline will be at the discretion of the Board, after considering the nature and number of violations, and may include, but need not be limited to, admonishment, censure, removal as a committee chair, temporary suspension of voting privileges, or the requirement of additional relevant training. Any disciplinary action will be discussed and voted on in executive (closed) session and announced in open session, and only upon adoption of a motion by the Board. In addition, the Board may seek reimbursement for any inappropriate expense, cost, or loss resulting from the conduct.

Part 5 – Acknowledgement of Policy and Oath of Office

Trustees shall obtain and review this Trustee Code of Conduct and Conflicts of Interest Policy at their initial orientation and on an annual basis thereafter and shall execute a written acknowledgement that they have received and reviewed this policy.

Trustee's Oath and Acknowledgement

I hereby acknowledge that I have received and reviewed the MPERS' Board Governance Policy entitled "Trustee Code of Conduct and Conflicts of Interest."

By assuming the office of trustee of MPERS, I affirm my commitment to abide by the laws, rules and policies applicable to the Board of Trustees and to MPERS.

Furthermore, I will regularly attend meetings and faithfully attend to the business and functions of an MPERS trustee. I will conduct myself in accordance with this Code of Conduct and will execute my duties at all times to the best of my ability. Where my actions might exceed these policies, or are not expressly addressed herein, I will consult with the Board prior to taking any action.

Trustee Name (printed or typed)

Trustee Signature

Date