

LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

ETHICS POLICY

The Board of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago desires to enhance and promote the professional management of LABF.

To further these objectives and the provisions of the Illinois Pension Code governing LABF and the Board, all Board Members and Employees of LABF shall adhere (1) to legal and ethical standards in the fulfillment of their fiduciary and other responsibilities, and (2) to the following statements of policy (the "Policy"):

ARTICLE I: Definitions

The definitions used in this Policy are limited to the Policy and shall not be binding on LABF for any other purpose. Whenever used in this Policy, the following terms shall have the following meanings:

"Board" means the Retirement Board of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago.

"Board Member" means an elected, appointed or ex-officio member of the Board.

"Compensation" means money, thing of value or other pecuniary benefit received or to be received in return for, or as reimbursement for, services rendered or to be rendered.

"Domestic Partner" means a "qualified domestic partner" as defined in Section 2-152-072 of the Municipal Code of Chicago, as amended.

"Employee" means an individual employed by LABF, whether part-time or full-time, but excludes Board Members and third-party vendors of LABF.

"Executive Director" means LABF's executive director who is the individual hired by the Board to oversee the day-to-day management of the LABF.

"Financial Interest" means an interest held by an individual that is valued or capable of valuation in monetary terms with a current value of more than \$1,000.00, provided that such interest shall not include:

1. The authorized compensation paid to an individual for any office or employment; or
2. A time or demand deposit in a financial institution; or
3. An endowment or insurance policy or annuity contract purchased from an insurance company; or
4. Any ownership through purchase at fair market value or inheritance of the shares of a mutual fund corporation, regardless of the value of or dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; or
5. Any ownership through purchase at fair market value or inheritance of not more than one-half of one percent of the outstanding common stock of the shares of a corporation, or any corporate

subsidiary, parent or affiliate thereof, regardless of the dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended.

“LABF” means the Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago.

“Gift”, as defined in the State Officials and Employees Ethics Act, 5 ILCS 430/1-5, means any gratuity, discount, entertainment, hospitality, loan, forbearance, or other tangible or intangible item having monetary value including, but not limited to, cash, food and drink, and honoraria for speaking engagements related to or attributable to the position of a Board Member or Employee. Honoraria means an honorary payment or reward usually given as compensation for services on which custom or propriety forbids any fixed business price to be set or for which no payment can be enforced at law.

“Party-in-Interest,” a person is a “party-in-interest” with respect to LABF if the person is: (a) a fiduciary, counsel, or Employee of LABF; or a Relative of such a person; (b) a person providing services to LABF, or a Relative of such a person; (c) an employer, any of whose employees are covered by LABF; (d) an employee organization, any members of which are covered by LABF; or (e) an employee, officer, or director (or an individual having powers or responsibilities similar to those of an officer or director) of LABF or of a person described under item (b), (c), or (d) above.

“Prohibited Source,” means a person or entity who: (a) is seeking official action by LABF, the Board or a Board Member; (b) does business or seeks to do business with LABF, the Board or with a Board Member; (c) has interests that may be substantially affected by the performance or non-performance of the official duties of the Board or a Board Member; or (d) is registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, except that an entity not otherwise a Prohibited Source does not become a Prohibited Source merely because a registered lobbyist is one of its members or serves on its board of directors.

“Relative” means a person who is related to an individual as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, Domestic Partner, fiancé, fiancée, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, half-sister, and including the father, mother, grandfather, or grandmother of the individual’s Spouse, Domestic Partner, or fiancé or fiancée.

“Seeking to do business” means: (a) taking any action within the past six months to obtain a contract or business from LABF when, if such action were successful, it would result in a person or entity doing business with LABF; and (b) the contract or business sought has not been awarded to any person or entity.

“Spouse” means a husband or wife as defined or recognized under state law for the purpose of marriage, including common law marriage, or a civil union partner.

ARTICLE II: Code of Conduct

2.1 Fiduciary Duty. Board Members and certain Employees are fiduciaries per the Illinois Pension Code and shall at all times, in the performance of their duties, owe a fiduciary duty to LABF, its participants and their beneficiaries.

Pursuant to the Illinois Pension Code, 40 ILCS 5/1-101.2, a person is a "fiduciary" with respect to LABF to the extent that the person:

- (a) exercises any discretionary authority or discretionary control respecting management of LABF, or exercises any authority or control respecting management or disposition of its assets;
- (b) renders investment advice or renders advice on the selection of fiduciaries for a fee or other Compensation, direct or indirect, with respect to any moneys or other property of LABF, or has any authority or responsibility to do so; or
- (c) has any discretionary authority or discretionary responsibility in the administration of the LABF.

2.2 Prohibited Transactions. Pursuant to the Illinois Pension Code, 40 ILCS 5/1-110, the following transactions are prohibited:

- (a) A Board Member or other fiduciary with respect to LABF shall not cause LABF to engage in a transaction if he or she knows or should know that such transaction constitutes a direct or indirect:
 - (i) Sale, exchange, or leasing of any property from LABF to a Party-in-Interest for less than adequate consideration, or from a Party-in-Interest to LABF for more than adequate consideration.
 - (ii) Lending of money or other extension of credit from LABF to a Party-in-Interest without the receipt of adequate security and a reasonable rate of interest, or from a Party-in-Interest to LABF with the provision of excessive security or an unreasonably high rate of interest.
 - (iii) Furnishing of goods, services or facilities from LABF to a Party-in-Interest for less than adequate consideration, or from a Party-in-Interest to LABF for more than adequate consideration.
 - (iv) Transfer to, or use by or for the benefit of, a Party-in-Interest of any assets of LABF for less than adequate consideration.
- (b) A Board Member or other fiduciary of LABF shall not:
 - (i) Deal with the assets of LABF in his or her interest or for his or her own account;

- (ii) In his or her individual capacity or any other capacity act in any transaction involving LABF on behalf of a party whose interests are adverse to the interests of LABF or the interests of its participants or beneficiaries; or
 - (iii) Receive any consideration for his or her own personal account from any party dealing with LABF in connection with a transaction involving the assets of LABF.
- (c) Nothing in this Section 2.2 shall be construed to prohibit any Board Member or other fiduciary from:
 - (i) Receiving any benefit to which he or she may be entitled as a participant or beneficiary in LABF; or
 - (ii) Receiving any reimbursement of expenses properly and actually incurred in the performance of his or her duties with LABF; or
 - (iii) Serving as a Board Member in addition to being an officer, employee, agent or other representative of a Party-in-Interest.
- (d) A Board Member or Employee with respect to LABF shall not knowingly cause or advise LABF to engage in an investment transaction with an investment adviser when the Board Member or Employee, or their Spouse or Domestic Partner (i) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (ii) has a relationship with the investment advisor that would result in a pecuniary benefit to the Board Member or Employee or Spouse or Domestic Partner of such Board Member or Employee, as a result of the investment transaction. Pursuant to the Illinois Pension Code, 40 ILCS 5/1-110(e), a violation of this subsection (d) is a Class 4 felony.

2.3 Receiving and Soliciting Gifts.

- (a) Pursuant to the Illinois Pension Code, 40 ILCS 5/1-125, no Board Member or Employee, his or her Spouse or Domestic Partner, or any immediate family living with that Board Member or Employee shall intentionally solicit or accept any Gift from any Prohibited Source as prescribed in Article 10 of the State Officials and Employees Ethics Act, 5 ILCS 430/10-10 et seq. (“State Officials and Employees Ethics Act”); *provided, however*, that this prohibition shall not apply to the following:
 - (i) Opportunities, benefits and services that are available on the same conditions as for the general public.
 - (ii) Anything for which the Board Member or Employee pays the market value.
 - (iii) Any (1) contribution that is lawfully made under the Election Code, 10 ILCS 5/1-1 et seq., as amended, or under the State Officials and Employees Ethics

Act, or (2) activities associated with a fundraising event in support of a political organization or candidate.

- (iv) Solicitation or acceptance of educational materials.
- (v) A Gift from a Relative.
- (vi) Anything provided by an individual on the basis of a personal friendship unless the Board Member or Employee has reason to believe that, under the circumstances, the Gift was provided because of the official position or employment of the Board Member or Employee and not because of the personal friendship. In determining whether a Gift is provided on the basis of personal friendship, the Board Member or Employee shall consider the circumstances under which the Gift was offered, such as:
 - (A) the history of the relationship between the individual giving the Gift and the recipient of the Gift, including any previous exchange of Gifts between those individuals;
 - (B) whether to the actual knowledge of the Board Member or Employee the individual who gave the Gift personally paid for the Gift or sought a tax deduction or business reimbursement for the Gift; and
 - (C) whether to the actual knowledge of the Board Member or Employee the individual who gave the Gift also at the same time gave the same or similar Gifts to other Board Members or Employees.
- (vii) Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are (1) consumed on the premises from which they were purchased or prepared or (2) catered. For the purposes of this Section, "catered" means food or refreshments that are purchased ready to eat and delivered by any means.
- (viii) Food, refreshments, lodging, transportation, and other benefits resulting from the outside business or employment activities (or outside activities that are not connected to the duties of the Board Member or Employee) of the Board Member or Employee, or the Spouse of the Board Member or Employee, if the benefits have not been offered or enhanced because of the official position or employment of the Board Member or Employee, and are customarily provided to others in similar circumstances.
- (ix) Intra-governmental gift and inter-governmental gift. For the purpose of this Policy, "intra-governmental gift" means any Gift given to a Board Member or Employee of LABF from another Board Member or Employee of LABF; "inter-governmental gift" means any Gift given to a Board Member or Employee of LABF by a member, officer or employee of any governmental entity.

- (x) Bequests, inheritances, and other transfers at death.
- (xi) Any item or items from any one Prohibited Source during any calendar year having a cumulative total value of less than \$100.00.

Each of the exceptions listed in this section is mutually exclusive and independent of one another.

- (b) A Board Member or Employee does not violate this Policy if the Board Member or Employee promptly takes reasonable action to return the prohibited Gift to its source or gives the Gift or an amount equal to its value to an appropriate charity that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as now or hereafter amended, renumbered, or succeeded. (5 ILCS 430/10-30).
- (c) Gifts which have a value of greater than \$100 (or a series of Gifts with an aggregate value of greater than \$100 from one Prohibited Source during any twelve-month period) received by any Board Member or Employee from a Prohibited Source shall be disclosed to LABF's Executive Director by the recipient within ten business days of receipt. The disclosure shall include the name and title of the recipient; the name, address, occupation and employer of the donor; a description of the Gift and its value; and the intended use or actual disposition of the Gift, in accordance with this Policy.
- (d) Pursuant to the Illinois Pension Code, 40 ILCS 5/1-125(e), a violation of this Section 2.3 is a Class A misdemeanor.
- (e) Nothing in this Policy shall prohibit any Board Member or Employee from accepting a Gift in accordance with this Policy on LABF's behalf; provided, however, the person accepting the Gift shall promptly report receipt of the Gift to the Board and to the Executive Director, who shall add it to the inventory of LABF property.

2.4 Solicitation or Receipt of Money for Advice or Assistance. No Board Member or Employee, or the Spouse, Domestic Partner or minor child of any of them, shall solicit or accept any money or other thing of value including, but not limited to, Gifts, favors, services or promises of future employment, in return for advice or assistance on matters concerning the operation or business of LABF; provided, however, that nothing in this Policy shall prevent a Board Member or Employee or the Spouse or Domestic Partner of a Board Member or Employee from accepting Compensation for services wholly unrelated to the Board Member's or Employee's duties and responsibilities to LABF and rendered as part of his or her non-LABF employment, occupation or profession.

2.5 Use or Disclosure of Confidential Information No current or former Board Member or Employee shall use or disclose, other than in the performance of his or her LABF related duties and responsibilities, or as may be required by law, confidential information gained in the course of or by reason of his or her position or employment with LABF. For purposes of this section, "confidential information" means any information that may not be obtained pursuant to the Illinois Freedom of Information Act, 5 ILCS 140/1 et seq., as amended.

2.6 Conflicts of Interest; Appearance of Impropriety.

- (a) No Board Member or Employee shall make or participate in the making of any decision relating to LABF or its assets with respect to any matter in which he or she has any Financial Interest or business relationship distinguishable from that of the general public or from which he or she has derived any income or Compensation.
- (b) To avoid even an appearance of impropriety, any Board Member who has a business relationship with a person or entity with a matter pending before LABF shall publicly disclose the nature of such business relationship on the record at a regularly scheduled meeting of the Board of Trustees and shall also notify the Executive Director of such relationship in writing as soon as the business relationship arises. The Board shall make such disclosures available for public inspection and copying. The Board Member shall abstain from voting on any matter in which he or she has a Financial Interest or business relationship distinguishable from that of the general public but shall be counted present for purposes of a quorum. The obligation to report a potential conflict of interest under this subsection arises as soon as the Board Member is or should be aware of such potential conflict. For purposes of this subsection only,: (i) "matter pending before LABF" shall refer to LABF action involving the grant of benefits, award of investment management business, any contractual matters involving expenditure of LABF assets; and (ii) "business relationship" shall refer to any contractual or other private business dealing of a Board Member, or his or her Spouse or Domestic Partner, or of any entity in which a Board Member or his or her Spouse or Domestic Partner has a Financial Interest or business relationship distinguishable from that of the general public, with a person or entity which entitles a Board Member or his or her Spouse or Domestic Partner to compensation or payment in the amount of \$2,500 or more in a calendar year; provided, however, that "contractual or other private business dealing" shall not include any employment relationship of a Board Member's Spouse or Domestic Partner with an entity when such Spouse or Domestic Partner has no discretion concerning or input relating to the relationship between that entity and LABF.
- (c) Any Board Member or Employee who has a Financial Interest or in any entity seeking to do business with LABF or with respect to any matter pending before LABF shall disclose the nature of such interest to the Board of Trustees. The obligation to disclose under this subsection arises as soon as the Board Member or Employee is or should be aware of the pendency of the matter.

2.7 Representation of Other Persons. No Board Member or Employee may represent, or have a Financial Interest in the representation of, any person, in any judicial or quasi-judicial proceeding before LABF, any administrative agency or any court in which LABF is a party and that person's interest is adverse to that of LABF.

2.8 Prohibited Conduct. No Board Member or Employee or the Spouse or Domestic Partner of such Board Member or Employee, or any entity in which such Board Member or Employee or his or her Spouse or Domestic Partner has a Financial Interest, shall apply for, solicit, accept or receive a loan of any amount from any person who is either doing business or seeking to do business with LABF; provided, however, that nothing in this section prohibits application for, solicitation for, acceptance of or receipt of a loan from a financial lending institution, if the loan is negotiated at arm's length and is made at a market rate in the ordinary course of the lender's business. This subsection shall not apply to an entity in which the only financial interest of the Board Member or Employee is his or her Spouse or Domestic Partner's independent occupation, profession or employment.

2.9 No Monetary Gain on Investments. Pursuant to the Illinois Pension Code, 40 ILCS 5/1-130:

(a) No Board Member or Employee, or any Spouse or Domestic Partner of such Board Member or Employee, shall knowingly have any direct interest in the income, gains, or profits of any investments made on behalf of LABF, nor receive any pay or emolument for services in connection with any investment. No Board Member or Employee shall become an endorser or surety, or in any manner an obligor for money loaned or borrowed from any retirement system or pension fund created under the Illinois Pension Code or the Illinois State Board of Investment. For the purposes of this provision, an annuity otherwise provided in accordance with the Illinois Pension Code or any income, gains, or profits related to any non-controlling interest in any public securities, mutual fund, or other passive investment shall not be considered monetary gain on investments.

(b) A violation of this provision is a Class 3 Felony.

2.10 Fraud. Pursuant the Illinois Pension Code, 40 ILCS 5/1-135:

(a) No Board Member or Employee shall knowingly make any false statement(s) or falsify or permit to be falsified any record of LABF in an attempt to defraud LABF.

(b) A violation of this provision is a Class 3 Felony.

2.11 Contingent and Placement Fees Prohibited. Pursuant to the Illinois Pension Code, 40 ILCS 5/1-145:

(a) No person or entity shall retain a person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of a retirement system, pension fund, or investment board of the Illinois Pension Code for compensation, contingent in whole or in part upon the decision or procurement.

(b) Any person who violates this provision is guilty of a business offense and shall be fined not more than \$10,000. Any person convicted of a violation of this provision is prohibited for a period of three years from conducting such activities.

2.12 Approval of Travel or Educational Mission.

- (a) Periodic travel by a Board Member, an ex officio Board Member representative, and an Employee is necessary for LABF business and operations. The LABF will pay for expenses necessarily incurred by a Board Member, an ex officio Board Member representative, or an Employee carrying out his or her fiduciary duties. The expenses for travel or educational missions of a Board Member (pursuant to the Illinois Pension Code, 40 ILCS 5/1-150), an ex officio Board Member representative, and an Employee must be approved *in advance* by a majority of the Board.
- (b) It shall be the policy of the Board, consistent with the State Officials and Employees Ethics Act that Board Members, ex officio Board Member representatives, and Employees not solicit nor accept Gifts, including the payment of travel or educational missions, from any Prohibited Source.

2.13 Retaliation Prohibited. Whistleblower Protection.

- (a) LABF shall not tolerate adverse treatment of or retaliation against any individual whether Board Member or Employee because he or she reports a misconduct, or provides information related to such complaints. This Policy strictly prohibits retaliation of any form against anyone who complains of alleged violations of this Policy. The prohibition against retaliation also applies to any Board Member or Employee involved in or cooperating with any investigation of alleged offending conduct under this Policy.
- (b) Any acts of retaliation will be considered a violation of this Policy, and corrective action will be taken promptly, up to and including the possible removal or termination of any individual who engages in retaliation of any form. In addition, retaliation for making a good faith report or complaint of sexual or other unlawful harassment may violate the Illinois Human Rights Act, the City of Chicago Human Rights Ordinance, the Cook County Human Rights Ordinance, the State Officials and Employee Ethics Act and the Illinois Whistleblower Act, each of which provide remedies for individuals who suffer retaliation.
- (c) This section 2.13 shall not apply to a Board Member or Employee who knowingly makes a false report.

ARTICLE III: Ethics Training

Pursuant to the Illinois Pension Code, 40 ILCS 5/1-113.18, all Board Members must attend ethics training of at least eight hours per year. The training required includes training on ethics, fiduciary duty, and investment issues and any other curriculum that the Board establishes as being important for the administration of the LABF. The Board must annually certify its Board Members' compliance with the ethics training requirements.

ARTICLE IV: Disclosure of Economic Interests

Pursuant to the Illinois Governmental Ethics Act, 5 ILCS 420/4A-101(o), each Board Member shall file a verified written statement of economic interests.

The statement of economic interest must be filed with the Cook County Clerk (5 ILCS 420/4A-106), on or before May 1 of each year (5 ILCS 420/4A-105) and shall comply substantially with the disclosures prescribe by 5 ILCS 420/4A-104.

ARTICLE V: Penalties for Violation

4.1 Sanctions.

- (a) Any Employee found to have violated any of the provisions of this Policy, or to have furnished false or misleading information to the Board, shall be subject to employment sanctions, up to and including discharge, in accordance with procedures under which the Employee may otherwise be disciplined.
- (b) Certain actions in violation of this Policy may subject a Board Member or Employee to civil and criminal penalties pursuant to, among others, the Illinois Pension Code, 5 ILCS 5/1-114 and 115.

4.2 Other Remedies. Nothing in this Policy shall preclude the LABF from maintaining an action for any pecuniary benefit received by any person in violation of this Policy or other law, or to recover damages for violation of this Policy.

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