

# Governance Manual

MainePERS Board of Trustees

## Board Governance

### 1.3 – Standards of Conduct

Date Adopted: January 14, 1999

Date Amended: September 14, 2006; June 13, 2013; March 13, 2015; October 13, 2016; November 14, 2019; November 10, 2022

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## Policy

Trustees shall conduct themselves in a manner that promotes public confidence in the integrity, impartiality, professionalism and ethical behavior of the System in its relations with retirees, beneficiaries, members, employers, the public, staff and outside providers of goods and services. Conflict of interest guidelines and candid disclosure protect the System and Trustees when transactions or arrangements are contemplated that might benefit, or appear to benefit the private interest of anyone covered by this policy. These guidelines are intended to supplement but not replace any applicable state and federal laws governing conflict of interest or professional association codes of conduct (e.g., CFA Code of Ethics) applicable to System business. To the extent there are differences between these standards and state and federal law, the more restrictive guidelines shall apply.

## Statutory/Legal Provisions

- [Me. Const. art. IX, § 18](#) (“All of the assets, and income therefrom, of the [Maine Public Employees Retirement System] ... shall be held, invested or disbursed as in trust for the exclusive purpose of providing for [retirement and related] benefits and shall not be encumbered for, or diverted to, any other purpose.”)
- [5 M.R.S. §§ 17102](#) and [17103](#); [18-B M.R.S. § 801](#), *et seq.* (Maine Uniform Trust Code); [18-B M.R.S. § 901](#), *et seq.* (Maine Uniform Prudent Investor Act).
- [5 M.R.S. § 17153\(4\)](#).
- [Restatement \(Third\) of Trusts § 78\(1\)](#) (2007) (the “sole interest rule”).

## Standards of Conduct

Trustees shall conduct all System business in a fair and reasonable manner for the sole benefit of the members, participants and beneficiaries and consistent with all other governance policies. In addition, Trustees shall avoid any activity which may result in, be interpreted as, or give the appearance of, a conflict of interest, including but not limited to:

### *Engaging in Related Transactions*

Trustees shall not:

- Participate in securities privately offered for sale by an issuer in whose securities the System has or is considering obtaining an interest until such securities are available to the general public;
- Engage in financial and business dealings for personal gain while serving as a Trustee with any vendor with whom the System does business or who is exploring engagement

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by the System. The System shall maintain procurement terms that restrict vendors from engaging in financial or business dealings with a Trustee (or a former Trustee within two years after leaving the Board) if the Trustee had participated in or influenced a decision to award a contract to the vendor;

- Engage in personal investments or business transactions, including investments in otherwise permissible investments, that result from specific knowledge acquired in conducting System business unless the same information could be gained through independent channels available to the general public;
- Become an endorser, surety or obligor for money loaned to or borrowed from the System except when duly authorized and acting on behalf of the System in said capacity.

### ***Accepting Contributions, Gifts, and Honorariums***

Trustees shall not:

- Solicit or accept political contributions from current or prospective individuals, groups or organizations that provide professional services or profit directly or indirectly from the System.
- Solicit or accept, directly or indirectly, anything of economic value as a gift, gratuity or favor from sources associated with the System such as consultants, advisors, service providers, vendors or prospective vendors of the System if that gift, gratuity or favor would 1) influence a vote, action or judgment; or 2) be considered as part of a reward for action or inaction. A gift is any gratuity, discount, entertainment, hospitality, loan, forgiven debt, or other tangible or intangible item having monetary value greater than \$50. A gift includes, but is not limited to 1) cash 2) food and beverages and 3) honoraria and travel expenses for engagements for the purpose of influence. A gift does not include food or beverages provided in connection with a business meeting, educational seminar, conference or convention, nor personal gifts from family or friends that are clearly not intended to influence Trustee decisions.
- Accept a speaking engagement, attend a partnership meeting, speak on behalf of the Board, or attend a conference without prior approval of the Board Chair.
- Accept honorariums, hosted meals, or reimbursement of or payment for travel expenses unless the source of the honorarium, hosted meals, or reimbursement of or payment for travel does not seek to provide, or continue to provide, goods or services to MainePERS.

### ***Inappropriate Use of Position***

Trustees shall not:

- Use confidential information for purposes other than Board or System purposes;
- Disclose confidential information except as required by law, including the Freedom of Access law, as determined by Board and System counsel;
- Divulge System, proprietary, or investment information in advance of the scheduled date for issuance of that information;
- Represent or imply that they are speaking or acting on behalf of the Board or System without specific Board approval;
- Use their position to attempt to obtain private gain or advantage for themselves or other persons;

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- Use their position to obtain gain or influence for a person or entity seeking to do business with the System.

### **Conflict of Interest Resolution**

Trustees shall seek information and advice from the Board Chair or Chief Executive Officer before entering into any activity or transaction that may create an actual or appearance of a conflict of interest. If any Trustee or staff member has reasonable cause to believe an actual or possible conflict of interest has not been disclosed, he or she shall contact the Board Chair or Chief Executive Officer.

The Chief Executive Officer, or, in the Chief Executive Officer's absence, the Chief Operating Officer and General Counsel, shall review each reported conflict or potential conflict unless such conflicts involve one of them. In such cases the matter shall be referred to the Board Chair for review. The Chief Executive Officer or Chief Operating Officer and General Counsel shall either provide guidance to the individual with the actual, potential, or appearance of a conflict of interest or refer the matter to the Board Chair for review and guidance. If the individual does not agree with the guidance, the matter will be referred to the Board of Trustees for resolution.

### **Reporting Requirements**

Trustees shall report annually on activities or absence of activities that create an actual, potential or appearance of a conflict of interest, including:

- Submitting a signed statement to the Chief Operating Officer and General Counsel by December 31 of each year verifying that the Trustee has received a copy of this policy and has read and understands it. The Trustee's signature shall confirm that the Trustee agrees to comply with the policy, acknowledging that the System is a quasi-government entity in the State of Maine subject to both laws and public expectations of transparency. Trustees shall list any gifts and contributions requiring disclosure; and
- Submitting a statement to the Chief Operating Officer and General Counsel by December 31 of each year that lists all personal financial interests in which the System also holds an interest, excluding Permissible Investments. Permissible Investments are any mutual fund; exchange traded fund (ETF) or similar type fund; deposit account, certificate of deposit, or money market fund maintained with a bank, broker, or other financial institution; any publicly-traded security whose issuer has a market capitalization greater than \$2 billion; or any interest in real estate (including a real estate mortgage), hedge funds or private partnerships unless such interest involves a transaction with a party who has a contractual, investment, or other financial relationship with the System or a Trustees.

The Chief Operating Officer and General Counsel shall report conflicts to the Board Chair and to the Chief Executive Officer upon receipt.

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## Policy 1.3 – Attachment 1 – Conflict of Interest Statements

Date Adopted: June 13, 2013

Date Amended: October 13, 2016

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### MainePERS Conflict of Interest Statement

I have received a copy of, have read, and understand Board Policy 1.3 – Standards of Conduct. I acknowledge that the System is a quasi-government entity in the State of Maine subject to both laws and public expectations of transparency. I agree to comply with all parts of the policy and the policy as a whole. I have not solicited or received gifts in excess of the stated limits nor solicited or accepted political contributions which would violate this policy. I have listed below all gifts and contributions received and personal financial interests that would constitute the appearance of or an actual conflict of interest excluding Permissible Investments as defined in the above-referenced Board policy.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

Investment, Gift, or Contribution	Date	Explanation