

ETHICS POLICY

The Trustees elected or appointed to serve as governing board members of the Firemen's Annuity & Benefit Fund of Chicago desire to enhance and promote the professional management of the Fund in order to provide retirement and other benefits to participants and beneficiaries who have served the City of Chicago and its citizens.

To further these objectives and the provisions of the Illinois Pension Fund governing the Fund and the Trustees, all Trustees and Employees of the Fund shall adhere to legal and ethical standards in the fulfillment of their fiduciary responsibilities, and to the following statements of policy:

Definitions.

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

- (a) **"Administrative action"** means any decision on, or any proposal, consideration, enactment or making of any rule or any other official action or non-action involving the expenditure of Fund assets by the Board, the executive director, or by any Employee of the Fund, or any matter which is within the jurisdiction of the Board.
- (b) **"Board"** means the Board of Trustees of the Retirement Board of the Firemen's Annuity and Benefit Fund of Chicago.
- (c) **"Board Member"** means each of the elected and the appointed ex officio members of the Board.
- (d) **"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.
- (e) **"Domestic partner"** means a "qualified domestic partner" as defined in Section 2-152-072 of the Municipal Code of Chicago, as amended.
- (f) **"Economic interest"** means any interest valued or capable of valuation in monetary terms; provided, that "economic interest" is subject to the same exclusions as "Financial Interest."
- (g) **"Employee"** means an individual employed by the Fund, whether part-time or full-time, but excludes Board Members and third party vendors of the Fund.
- (h) **"Financial Interest"** means (i) any interest as a result of which the owner currently receives or is entitled to receive in the future more than \$2,500.00 per year; (ii) any interest with a cost or present value of \$5,000.00 or more; or (iii) any interest

representing more than 10 percent of a corporation, partnership, sole proprietorship, firm, enterprise, franchise, organization, holding company, joint stock company, receivership, trust, or any legal entity organized for profit; provided, however, financial interest shall not include (a) any interest of the spouse or domestic partner of a Board Member or Employee which interest is related to the spouse's or domestic partner's independent occupation, profession or employment; (b) any ownership through purchase at fair market value or inheritance of less than one percent of the shares or a corporation, or any corporate subsidiary, parent or affiliate thereof, 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; (c) the authorized Compensation paid to a Board Member or Employee for his office or employment; (d) any economic benefit provided to participants by virtue of their participation in the Fund in accordance with Article V of the Illinois Pension Code; (e) a time or demand deposit in a financial institution; (f) an endowment or insurance policy or annuity contract purchased from an insurance company.

- (i) **"Fund"** means the Firemen's Annuity and Benefit Fund of Chicago.
- (j) **"Gift"** means any thing of value given without consideration or expectation of return; provided, however, Gift shall not to be deemed to include reimbursement of travel expenses relating to Fund business.
- (k) **"Person"** means any individual, entity, corporation, partnership, firm, association, union, trust, estate, as well as any parent or subsidiary of any of the foregoing, whether or not operated for profit.
- (l) **"Relative"** means a person who is related to a Board Member or Employee as spouse or as any of the following, whether by blood or by adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister, half-brother or half-sister.
- (m) **"Seeking to do business"** means (1) taking any action to obtain business from the Fund when, if such action were successful, it would result in the Person's doing business with the Fund; and (2) the business sought has not been awarded to any Person.

Article 1 CODE OF CONDUCT

Fiduciary duty.

Board Members and Employees shall at all times in the performance of their duties owe a fiduciary duty to the Fund and its participants.

Offering, receiving and soliciting Gifts or favors.

- (a) No Person shall give to any Board Member or Employee, or to the spouse,

domestic partner or minor child of either of them, and none of them shall solicit or accept, any anonymous Gift.

(b) No Person shall give or offer to give to any Board Member or Employee or to the spouse, domestic partner or minor child of either of them, and none of them shall solicit or accept, anything of value, including, but not limited to, a Gift, favor or promise of future employment, based upon any mutual understanding, either explicit or implicit, that the votes, official actions, decisions or judgments of any Board Member or Employee, concerning the business of the Fund would be influenced thereby. It shall be presumed that a nonmonetary Gift having a value of less than \$50.00 does not involve such an understanding.

(c) No Person who has an Economic Interest in any matter involving Fund business, including, without limitation, any investment management or administrative matter, shall give, directly or indirectly, to any Board Member or Employee whose decision or action may substantially affect such transaction, or to the spouse, domestic partner or minor child of such Board Member or Employee, and neither Board Members nor Employees shall solicit or accept, any Gift of (i) cash or its equivalent regardless of value, or (ii) an item or service other than one of nominal value (less than \$50.00) provided, however, nothing herein shall be construed to prohibit such Board Member or Employee from accepting Gifts from Relatives.

(d) Except as prohibited in subsections (a), (b) and (c), nothing in this Policy shall prohibit any person from giving or receiving: (i) opportunities, benefits and services that are available on the same conditions as for the general public; (ii) an award publicly presented in recognition of public service; (iii) commercially reasonable loans made in the ordinary course of the lender's business; (iv) political contributions, provided they are reported to the extent required by law; (v) reasonable hosting, including travel and expenses, entertainment, meals or refreshments furnished in connection with public events, appearances, meetings or ceremonies related to official Fund business, if furnished by the sponsor of such public event; (vi) reasonable hosting, including travel and expenses, entertainment, meals or refreshments furnished in connection with an event organized for charitable or political purposes if furnished by the sponsor of such charitable or political event; (vii) reimbursement of seminar or conference fees when the seminar relates to the Board Member's or Employee's job duties and is sponsored by the Fund's consultants or agents, or persons or entities seeking official action from the Fund; or (viii) anything provided by an individual as 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.

(e) Any Gift given in violation of the provisions of this Policy shall be returned to the giver of the Gift or, if appropriate, transferred to a charitable organization.

(f) Nothing in this Policy shall prohibit any Board Member or Employee, or his or her spouse, domestic partner or minor child, from accepting a Gift on the Fund's behalf; provided, however, the person accepting the Gift shall promptly report receipt of the Gift

to the Board of Trustees and to the executive director, who shall add it to the inventory of Fund property.

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 the Fund; 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 the Fund and rendered as part of his or her non-Fund employment, occupation or profession.

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 Fund related duties and responsibilities, or as may be required by law, confidential information gained in the course of or by reason of his position or employment. For purposes of this section, "confidential information" means any information that may not be obtained pursuant to the Illinois Freedom of Information Act, as amended.

Conflicts of interest; appearance of impropriety.

(a) No Board Member or Employee shall make or participate in the making of any decision relating to the Fund or its assets with respect to any matter in which he or she has any Economic Interest, Financial Interest or business relationship distinguishable from that of the general public.

(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 the Fund 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 of Trustees 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 or Economic Interest but shall be counted present for purposes of a quorum. The obligation to report a potential conflict or 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 the Fund" shall refer to Fund action involving the grant of disability benefits, award of investment management business, any contractual matters involving expenditure of Fund 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 or Economic Interest, 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 the Fund.

(c) Any Board Member or Employee who has a Financial or Economic Interest in any entity seeking to do business with the Fund or with respect to any matter pending before the Fund 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.

Representation of other persons.

No Board Member or Employee may have an Economic Interest in the representation of, any person, in any judicial or quasi-judicial proceeding before any administrative agency or court in which the Fund is a party and that person's interest is adverse to that of the Fund.

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 the Fund; 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.

Prohibitions pertaining to former Trustees, aides and staff

It shall be the policy of the Firemen's Annuity and Benefit Fund of Chicago, consistent with the ordinance of the City of Chicago, to prohibit any former Trustee, Trustee's aide or employee of the Firemen's Annuity and Benefit Fund of Chicago from receiving a direct financial benefit from any transaction, contract or relationship pertaining to the matters involving the Firemen's Annuity and Benefit Fund of Chicago and its vendors for a period of one year from the date of expiration or termination of the position of Trustee or Trustee aide or date of cessation of employment with the Firemen's Annuity and Benefit Fund of Chicago.

Nothing in this provision shall be construed as prohibiting the Firemen's Annuity and Benefit Fund of Chicago from maintaining existing contractual relationships with

vendors who may employ a former Trustee, Trustee's aide or employee of the Fund or from entering into new relationships with such vendors provided the former Trustee, Trustee's aide or employee employed by such vendor does not directly benefit financially from such relationship. This prohibition also shall not apply to any direct contract or employment authorized by the Retirement Board of the Firemen's Annuity and Benefit Fund of Chicago between the Fund and any such individual.

Article 2 PENALTIES FOR VIOLATION

Sanctions.

Any Employee found to have violated any of the provisions of this Policy, or to have furnished false or misleading information to the Board of Trustees, shall be subject to employment sanctions, including discharge, in accordance with procedures under which the employee may otherwise be disciplined. Any Board Member found to have accepted a Gift in violation of this Policy shall be required to reimburse the Person providing such Gift the cost of the Gift above \$50.00 and shall provide proof of such reimbursement to the Board. Any Board Member who intentionally files a false or misleading statement of Financial Interests, or knowingly fails to disclose a conflict of interest as described in this Policy, or otherwise violates any provision of this Policy, may be subject to recall in accordance with the applicable provisions of Illinois Pension Code.

Invalid actions.

All Fund contracts shall include a provision requiring compliance with this Policy. Any contracts negotiated, entered into, or performed in violation of any of the provisions of this Policy shall be voidable as to the Fund.

Certification of Compliance.

As of each year, each Trustee shall execute and deliver to the Fund a Certification of Compliance with this Policy, in the form attached hereto as an exhibit.

Other remedies.

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

Effective Date: October 20, 2004
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