

CONFLICTS OF INTEREST POLICY

For the

**The Commonwealth Plan of Adjustment
Pension Reserve Trust**



**Approved
November 14th, 2023**

Contents

I.	PURPOSE OF THIS POLICY	3
II.	TERMS and DEFINITIONS	3
III.	ROLES AND RESPONSIBILITIES.....	4
IV.	PROHIBITED ACTIONS.....	5
V.	PROCEDURES.....	6

I. PURPOSE OF THIS POLICY

This Conflict of Interest Policy (the “Policy”) is designed to help Trustees, officers, executive employees, advisors, consultants and independent contractors of the Commonwealth Plan of Adjustment Pension Reserve Trust (the “Trust”) identify situations that present potential conflicts of interest and to provide the Pension Reserve Board (the “Board”) with a procedure which will allow a transaction to be treated as valid and binding even though a Responsible Person has or may have a conflict of interest with respect to the transaction.

II. TERMS and DEFINITIONS

1. Definitions.

- A. A “Responsible Person” is any person serving as Trustees, officers, executive employees, advisors, consultants of the Trust, and independent contractors hired by the Trust whose service agreements exceed \$5,000 per year.
 - B. An “Immediate Family Member” is a parent, spouse, in-laws, child, or sibling of a Responsible Person. Reference to Conflict of Interest regarding a Family Member refers only to information the Responsible Person has knowledge of. The Responsible Person is not required to conduct any type of investigation to corroborate or verify if a conflict of interest exists. However, if a Responsible Person has knowledge of a relationship of another family member that might create the appearance of a Conflict of Interest, that relationship should be reported to the Trust.
 - C. A “Material Financial Interest” in an entity is a financial interest in a single transaction or in the aggregate amounts to \$5,000 or more in a single year. For purposes of this policy, a financial interest with respect to a Contract or Transaction shall constitute a Material Financial Interest if, but only if, an ordinarily prudent person in a like position would reasonably conclude that such interest would affect his or her judgment with respect to the Contract or Transaction. If the Responsible Person has any question as to whether a Material Financial Interest exist, he or she should submit his/her question to the Audit & Compliance Committee.
 - D. A “Contract or Transaction” is any agreement or relationship involving the sale or purchase of goods, services, or rights or any kind, the providing or receipt of a grant or loan, or the establishment of any other type of pecuniary relationship with the Board.
2. Conflict of Interest Defined. For the purposes of this Policy, a conflict of interest occurs when an individual’s private interest (or the interest of a member of his or her Immediate Family Member) interferes, or even appears to interfere, with the

interests of the Trust or the Board. A conflict of interest can arise when a Responsible Person takes actions or has interests that may make it difficult to perform his or her work for the Trust or receives improper personal benefits as a result of his or her position with the Board. The following circumstances shall be deemed to create Conflicts of Interest:

- A. Direct Interests. A Contract or Transaction between the Trust and a Responsible Person or Immediate Family Member, including compensation from the Trust to a Responsible Person or Immediate Family Member
- B. Indirect Interests. A Contract or Transaction between the Trust and an entity in which a Responsible Person or Immediate Family Member has a Material Financial Interest or of which such person is a compensated or uncompensated director, officer, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative.
- C. Gifts, Gratuities and Entertainment. Payment, gifts, or other things received with a value of \$75 or more (“Gifts”) in any 12-month period from any party seeking or having responsibility to invest the Trust’s funds or provide goods or services for compensation to the Board directly, or indirectly by subcontractor, affiliate, or other such relationship with a professional or vendor.

III. ROLES AND RESPONSIBILITIES

- A. Each existing, newly hired, or newly elected Responsible Person shall be required to review a copy of this Policy and to acknowledge in writing that he or she has done so before commencing any duties related to the Trust.
- B. Each Responsible Person shall annually complete a disclosure form which shall be established by the Trust.
- C. Each Responsible Person shall disclose any new potential or actual Conflicts of Interest within ten (10) days of when he or she first becomes aware of this new potential or actual Conflict of Interest. Failure to timely disclose any new relationships may result in disciplinary action.
- D. The Trust, and Responsible Persons are subject to the anti-fraud provisions of the federal securities laws and the Rules of the Securities and Exchange Commission (“SEC”). Section 10(b) of the Securities Exchange Act of 1934 (“1934 Act”) and SEC Rule 10b-5 under the 1934 Act prohibit the purchase or sale of securities on the basis of material, nonpublic information in breach of a duty of trust or confidence. In addition, the Trust and its employees who

fail to prevent insider trading may be subject to civil penalties under Section 21A of the 1934 Act.

IV. PROHIBITED ACTIONS

The following actions are expressly forbidden:

1. that any Responsible Person accepts Gifts if he/she are influenced by the Gift or know that it was offered with the intent to influence the Board.

2. that any Responsible Person reveals confidential matters that they have gained by reason of service on the Board and/or to use said confidential information for personal gain or for the advantage of another.

3. that any Responsible Person accepts anything of value from the Pension Benefits Council or the Government (other than compensation for any Trustee that is government employee or Member of the Pension Benefits Council).

4. that any Responsible Person accepts any payment or other thing of value from any party seeking or having responsibility to invest the Trust funds or provide goods or services for compensation to the Board directly, or indirectly by subcontractor, affiliate, or other such relationship with a professional or vendor.

5. Trust assets are expressly forbidden from being placed with an advisor or placement agent (or similar service provider) who at the individual or entity level has contributed to a political candidate for any elected office of the Commonwealth during preceding five years or towards a Commonwealth plebiscite during the previous five years. Such contributions are prohibited while providing such services to the Board.

6. No Responsible Person shall under any circumstances accept offers by reason of their position with the Trust to trade in any security or other investment on terms more favorable than those available to the general investing public.

7. No Responsible Person shall use their position with the Trust to solicit business for their own account or the account of a business associate or Immediate Family Member.

8. No Responsible Person shall borrow from investment managers, outside service providers, professional advisors or consultants, banks, or other financial institutions with which the Trust has a business relationship, unless such entities are normally engaged in such lending in the usual course of their business and not because of its relationship with the Trust and the terms of such borrowing are similar to those obtained by the general public or non-Trust-related customers.

9. Responsible Persons may only accept invitations to seminars, conferences, educational meetings, or other functions so long as the following conditions are met:

- (i) The invitation is not seeking to engage in any form of business relationship with the Trust nor the person making the invitation is participating in any procurement process for the Trust, provided however that this restriction will not apply if, at the time of the invitation, a business relationship with the Trust already exists.
- (ii) The seminar/conference/educational meeting is widely attended by other clients of the organizer .
- (iii) The Responsible Person does not accept payment for speaking at or attending the event.
- (iv) The Responsible Person or the Trust must cover all his or her travel and lodging expenses.

10. Trustees and PRT's executive employees shall not agree to be employed by or represent a firm which provides services to the Trust to provide services to the Trust for a period of one year after termination of the status as trustee or employee.

11. No Responsible Person shall exploit the duties and powers of his/her office or property of the Trust to directly or indirectly obtain any benefit not permitted by law for him/herself or a private person or business.

12. A Trustee must abstain from voting on any matter in which a Conflict of Interest or potential Conflict of Interest exists. This includes situations where the Trustee, an Immediate Family Member, or any entity with which the Trustee has a Material Financial Interest, may stand to gain, directly or indirectly, from the outcome of the matter under consideration.

V. PROCEDURES

1. Onboarding of new Responsible Persons

Any time a new Responsible Person is onboarded, he or she shall complete the disclosure forms.

2. Review of Conflict of Interest in potential new Contracts or Transactions

Before the Board enters a new Contract or Transaction with a new entity, it shall review any actual or potential Conflicts of Interest.

3. Handling of known or perceived Conflict of Interest

Prior to Board action on a Contract or Transaction involving a potential Conflict of Interest, a Trustee or executive staff of the Trust who knows he or she has or could appear to have a Conflict of Interest shall disclose all facts material to the Conflict of Interest and shall not be present when the potential Conflict of Interest issue is

being evaluated for approval. Such person's ineligibility to participate shall be reflected in the minutes of the meeting.

4. Reporting Procedure

If a Responsible Person becomes aware of a potential conflict of interest regarding his or her employment or role as a Trustee of the Board or another Responsible Person, the Responsible Person must promptly speak to, write, or otherwise contact the Executive Director as soon as possible. In the event that the person involved is the Executive Director, to any of the Trustees or the Trust's legal counsel.

5. Disciplinary Action: Failure to Disclose.

All conflicts of interest will be reviewed on a case-by-case basis. Any violation or perceived violation to this Policy shall be referred to the attention of the chair of the Audit & Compliance Committee of the Board which shall recommend the appropriate action to the Board. The Board has full discretion to decide what disciplinary action is appropriate and necessary.

6. Enforcement.

If, after investigating a report of an alleged prohibited action by a Responsible Person, the Board (excluding any Trustee whose conduct is being investigated) determines that a violation of this Policy has occurred, the Board will prepare a report summarizing the findings of the violation and the preventive or disciplinary action it deems appropriate, including, but not limited to, removal, reassignment, demotion, dismissal and, in the event of criminal conduct or other serious violations of the law, notification of appropriate governmental authorities. The Board may engage a third party to conduct such an investigation and report. Any report prepared under this section shall be kept in a separate file under the custody of the Executive Director.

7. Prohibition on Retaliation.

The Board does not tolerate acts of retaliation against any Trustee, officer or employee who makes a good faith report of known or suspected acts of misconduct or other violations of this Policy.