Code of Ethics and Personal Investing Guidelines
South Dakota Investment Council

South Dakota Codified Laws

4-5-14. Qualifications of council members--Restrictions on business and political activities. The members of the State Investment Council shall be qualified by training and experience in the field of investment or finance. During tenure as a member of the State Investment Council, no member of the council nor the firm of any member may engage in the sale of marketable or public securities to the state or to any fund thereof, which are invested by the State Investment Council. No member may benefit directly or indirectly from any transaction made by the state investment officer. No member may hold any office, position, or employment in any political party. Except as provided in §4-5-14.1, the council may not enter into any contract or transaction with any firm or business in which a council member serves as a principal, shareholder, trustee, director, officer, employee, agent, or independent contractor.

4-5-14.1. Exceptions to §4-5-14. The provisions of §§4-5-14 and 4-5-14.1, inclusive, do not prohibit a transaction that:

(1) Affects the public generally, and the council member's personal interest is only affected by virtue of being a member of the general public; or

(2) Affects participants in the South Dakota Retirement System generally, and the council member's personal interest is only affected by virtue of being a participant in the South Dakota Retirement System; or

(3) Involves the acceptance of deposits under a statewide certificate of deposit program made generally available to South Dakota financial institutions or the sale of interests in the South Dakota Higher Education Savings Program authorized pursuant to chapter 13-63 even though the council member has an interest as a principal, shareholder, trustee, director, officer, employee, independent contractor, or advisor of a financial institution or firm that would accept such deposits or sell such interests, if the council member has disclosed such interest in such financial institution or firm to the council.

4-5-16. Removal of council member from office--Filling of vacancies. A member of the State Investment Council appointed by the Executive Board of the Legislative Research Council may be removed from office by the Executive Board of the Legislative Research Council, for cause, upon notice and opportunity to be heard at a public hearing. Any vacancy in the membership of the council occurring other than by expiration of term shall be filled in the same manner as the original appointment, but for the unexpired term only.

State's Code of Conduct

The "Code of Conduct and Conflict of Interest Policy for Use by State Authority, Board, Commission, and Committee Members" (Exhibit A), adopted by the State Board of Internal Controls, applies to the Investment Council with certain exceptions as noted under the Contract Restrictions item. (See Exhibit B for applicable referenced laws.)

Code of Ethics

General Principles: All members of the South Dakota Investment Council (Council) shall be guided by the general principles that:

1. The South Dakota statutes governing the Council shall take precedence over any part of the Code of Ethics and Personal Investing Guidelines.

2. All personal securities transactions should be conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility.

3. Council members shall not take inappropriate advantage of their positions and are bound by SDCL 3-16-8, "Self-dealing in award or terms of agency contract prohibited. A state official or employee may not solicit nor accept any gift, favor, reward, service, or promise of reward, including a promise of future employment, in exchange for recommending, influencing, or attempting to influence the award of or the terms of a contract by the state agency the officer or employee serves."

4. Council members shall disclose any boards of directors or business relationships that may be potentially in conflict with SDCL 4-5-14.

5. Any actual or potential conflicts between Council responsibilities and outside responsibilities related to a Council member's employment or involvement with a non-profit organization that may involve investment related activities or responsibilities must be addressed in a fair and equitable manner consistent with State statutes and these General Principles.

Personal Investing Guidelines

1. These guidelines only apply to trades for personal accounts as well as accounts for which the person has decision-making authority or significant influence. If a Council member has a beneficial interest but does not have decision-making authority, special care should be taken to restrict communications about Council related activities and to avoid any benefit that may result from opportunities offered principally due to being a member of the Council.

2. If a Council member is aware of potential or actual Council staff transaction activity, he or she: (a) cannot purchase or sell the security within seven calendar days before it is reasonably anticipated that Council staff is likely to trade the security; and (b) cannot purchase or sell the security the day that Council staff has traded the security.

3. Private placement investments and dispositions and investment in initial public offerings (IPO) are subject to State statutes and the above General Principles. Council members may not participate in private placements or IPO investment opportunities offered to them principally because they are a member of the Council.

4. Council members cannot invest in any company, as designated by the State Investment Officer and affirmed by the Council, with which the Council staff has an investment relationship that may be material to such company. (Exhibit C)

5. Council members may not enter into any transactions in relation to a company where they have obtained material non-public information.

6. A purchase or sale as it relates to item 2 above does not include the exchange of a security for cash and/or securities resulting from a corporate restructuring or merger as long as State statutes and the General Principles above are followed.

7. Any profits realized from violation of these guidelines should be disgorged to a charitable organization determined by the Council.

8. Treasury securities, mutual funds, and exchange-traded funds are exempted from these Personal Investing Guidelines but remain subject to State statutes and the General Principles. However, if a Council member is aware of an imminent asset allocation move, they must refrain from any personal transactions which could be materially impacted by such move until the move is completed or withdrawn.

Disclosure Requirements – Personal Investments

A Council member shall be subject to disclosure requirements of personal investments upon receipt of a written request to that effect from the Council Chair. The disclosure shall include the member's security investments at the time of appointment to the Council and any personal trades thereafter. The disclosure shall be sent to the Council Chair. The Chair shall be subject to disclosure requirements upon receipt of a written request to that effect from the Vice Chair.

Violations

It is expected that all Council members will not engage in any professional conduct involving dishonesty, fraud, deceit or violation of Federal and State security laws. Any suspected violation of the Code of Ethics or the Personal Investing Guidelines should be promptly reported to the Chair of the Investment Council Audit Committee or the Chair of the Investment Council, as appropriate. Any such violation may be cause for removal under SDCL 4-5-16.

Annual Review and Certification

Investment Council members will annually review and certify their understanding of and compliance with these guidelines.

Approved 6/10/08
Updated 7/1/20, 11/16/23
Most recent review 4/10/25

Exhibit A

Code of Conduct and Conflict of Interest Policy for Use By State Authority, Board, Commission, and Committee Members

Purpose

The purpose of this code of conduct and conflict of interest policy ("Code") is to establish a set of minimum ethical principles and guidelines for members of state authorities, boards, commissions, or committees when acting within their official public service capacity. With the exception of those under the purview of the Unified Judicial System, this Code applies to all appointed and elected members of state authorities, boards, commissions, and committees (hereinafter "Boards" and "Board member(s)"). A Board may add provisions to, or modify the provisions of, the Code. However, any change that constitutes a substantive omission from the Code must be approved by the State Board of Internal Control.

Conflict of Interest for Board Members

Board members may be subject to statutory restrictions specific to their Boards found in state and federal laws, rules and regulations. Those restrictions are beyond the scope of this Code. Board members should contact their appointing authority or the attorney for the Board for information regarding restrictions specific to their Board.

General Restrictions on Participation in Board Actions

A conflict of interest exists when a Board member has an interest in a matter that is different from the interest of members of the general public. Examples of circumstances which may create a conflict of interest include a personal or pecuniary interest in the matter or an existing or potential employment relationship with a party involved in the proceeding.

Whether or not a conflict of interest requires a Board member to abstain from participation in an official action of the Board depends upon the type of action involved. A Board's official actions are administrative, quasi-judicial or quasi-legislative.

A quasi-judicial official action is particular and immediate in effect, such as a review of an application for a license or permit. In order to participate in a quasi-judicial official action of the Board, a Board member must be disinterested and free from actual bias or an unacceptable risk of actual bias. A Board member must abstain from participation in the discussion and vote on a quasi-judicial official action of the Board if a reasonably-minded person could conclude that there is an unacceptable risk that the Board member has prejudged the matter or that the Board member's interest or relationship creates a potential to influence the member's impartiality.

A quasi-legislative official action, also referred to as a regulatory action, is general and future in effect. An example is rule-making. If the official action involved is quasi-legislative in nature, the Board member is not required to abstain from participation in the discussion and vote on the action unless it is clear that the member has an unalterably closed mind on matters critical to the disposition of the action.

Administrative actions involve the day-to-day activities of the Board and include personnel, financing, contracting and other management actions. Most of the administrative official actions of a Board are done through the Board's administrative staff. To the extent Board members are involved, the conflict of interest concern most frequently arises in the area of state contracting which is addressed in more detail below. If issues arise that are not directly addressed by this Code, the Board member should consult with the attorney for the Board.

"Official action" means a decision, recommendation, approval, disapproval or other action which involves discretionary authority. A Board member who violates any of these restrictions may be subject to removal from the Board to which the member is appointed.

Contract Restrictions

There are federal and state laws, rules and regulations that address conflict of interest for elected and appointed Board members in the area of contracts. As an initial matter, a Board member may not solicit or accept any gift, favor, reward, or promise of reward, including any promise of future employment, in exchange for recommending, influencing or attempting to influence the award of or the terms of a state contract. This prohibition is absolute and cannot be waived.

Note: SDIC not included in SDCL 3-23-10

Members of certain Boards are required to comply with additional conflict of interest provisions found in SDCL Chapter 3-23 and are required to make an annual disclosure of any contract in which they have or may have an interest or from which they derive a direct benefit. The restrictions apply for one year following the end of the Board member's term. The Boards impacted by these laws are enumerated within SDCL 3-23-10. For more information on these provisions, see the State Authorities/Boards/Commissions page in the Legal Resources section of the Attorney General's website at: http://atg.sd.gov/legal/opengovernment/authorityboardcommission.aspx.

Note: Does not apply to Council members appointed by Exec Board

Note: See separate Waiver Policy and forms specific to SDIC.

Absent a waiver, certain Board members are further prohibited from deriving a direct benefit from a contract with an outside entity if the Board member had substantial involvement in recommending, awarding, or administering the contract or if the Board member supervised another state officer or employee who approved, awarded or administered the contract. With the exception of employment contracts, the foregoing prohibition applies for one year following the end of the Board member's term. However, the foregoing prohibition does not apply to Board members who serve without compensation or who are only paid a per diem. See SDCL 5-18A-17 to 5-18A-17.6. For more information on these restrictions see the Conflict of Interest Waiver Instructions and Form on the South Dakota Bureau of Human Resources website at: http://bhr.sd.gov/forms/.

Other federal and state laws, rules and regulations may apply to specific Boards. For general questions regarding the applicability of SDCL Chapter 3-23 or other laws, a Board member may contact the attorney for the Board. However, because the attorney for the Board does not represent the Board member in his or her individual capacity, a Board member should contact a private attorney if the member has questions as to how the conflict of interest laws

apply to the Board member's own interests and contracts.

Consequences of Violations of Conflict of Interest Laws

A contract entered into in violation of conflict of interest laws is voidable and any benefit received by the Board member is subject to disgorgement. In addition, a Board member who violates conflict of interest laws may be removed from the Board and may be subject to criminal prosecution. For example, a Board member may be prosecuted for theft if the member knowingly uses funds or property entrusted to the member in violation of public trust and the use resulted in a direct financial benefit to the member. See SDCL 3-16-7, 5-18A-17.4, and 22-30A-46.

Retaliation for Reporting

A Board cannot dismiss, suspend, demote, decrease the compensation of, or take any other retaliatory action against an employee because the employee reports, in good faith, a violation or suspected violation of a law or rule, an abuse of funds or abuse of authority, a substantial and specific danger to public health or safety, or a direct criminal conflict of interest, unless the report is specifically prohibited by law. SDCL 3-16-9 & 3-16-10.

Board members will not engage in retaliatory treatment of an individual because the individual reports harassment, opposes discrimination, participates in the complaint process, or provides information related to a complaint. See SDCL 20-13-26.

Anti-Harassment/Discrimination Policy

While acting within their official capacity, Board members will not engage in harassment or discriminatory or offensive behavior based on race, color, creed, religion, national origin, sex, pregnancy, age, ancestry, genetic information, disability or any other legally protected status or characteristic.

Harassment includes conduct that creates a hostile work environment for an employee or another Board member. This prohibition against harassment and discrimination also encompasses sexual harassment. Sexual harassment includes unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexually harassing nature, when: (1) submission to or rejection of the harassment is made either explicitly or implicitly the basis of or a condition of employment, appointment, or a favorable or unfavorable action by the Board member; or (2) the harassment has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

Harassment or discriminatory or offensive behavior may take different forms and may be verbal, nonverbal, or physical in nature. To aid Board members in identifying inappropriate conduct, the following examples of harassment or discriminatory or offensive behavior are provided:

- Unwelcome physical contact such as kissing, fondling, hugging, or touching;
- Demands for sexual favors; sexual innuendoes, suggestive comments, jokes of a sexual nature, sexist put-downs, or sexual remarks about a person's body; sexual propositions, or persistent unwanted courting;
- Swearing, offensive gestures, or graphic language made because of a person's race,

color, religion, national origin, sex, age or disability;
- Slurs, jokes, or derogatory remarks, email, or other communications relating to race, color, religion, national origin, sex, age, or disability; or
- Calendars, posters, pictures, drawings, displays, cartoons, images, lists, e-mails, or computer activity that reflects disparagingly upon race, color, religion, national origin, sex, age or disability.

The above cited examples are not intended to be all-inclusive.

A Board member who is in violation of this policy may be subject to removal from the Board.

Confidential Information

Except as otherwise required by law, Board members shall not disclose confidential information acquired during the course of their official duties. In addition, members are prohibited from the use of confidential information for personal gain.

Reporting of Violations

Any violation of this Code should be reported to the appointing authority for the Board member who is alleged to have violated the Code.

This Code of Conduct and Conflict of Interest Policy was adopted in June of 2018 by the State Board of Internal Control pursuant to SDCL § 1-56-6.

Exhibit B

Applicable referenced laws in the "Code of Conduct and Conflict of Interest Policy for Use by State Authority, Board, Commission, and Committee Members"

3-16-7. Officer's interest in public contract as misdemeanor. No public officer who is authorized to sell or lease any property, or make any contract in the officer's official capacity may become voluntarily interested individually in any sale, lease, or contract, directly or indirectly with such entity. A violation of this section is a Class 2 misdemeanor unless the act is exempted by law.

Source: PenC 1877, § 499; CL 1887, § 6700; RPenC 1903, § 521; RC 1919, § 3816; SDC 1939, § 13.1308; SL 1980, ch 24, § 46; SL 2014, ch 44, § 2.

22-30A-46. Public official's use of public funds for official's financial benefit as theft. Any public official who knowingly uses funds or property that has been entrusted to the public official in violation of the public trust and that results in a direct financial benefit to the public official commits a direct criminal conflict of interest.

Any public official who commits a direct criminal conflict of interest is guilty of theft.

Source: SL 2017, ch 98, § 2.

3-16-9. Retaliation prohibited for reporting violations, abuse, or danger to public. No department, bureau, board, or commission of the state or any of its political subdivisions may dismiss, suspend from employment, demote, decrease the compensation of, or take any other retaliatory action against an employee because the employee reports in good faith to an appropriate authority a violation or suspected violation of a law or rule, an abuse of funds or abuse of authority, or substantial and specific danger to public health or safety, unless the report is specifically prohibited by law. The provisions of this section do not apply to any employee who knows the report is false or was made in a reckless disregard for the truth. A state employee who is the subject of retaliation under this section may file a grievance with the Civil Service Commission pursuant to § 3-6D-22. For purposes of an employee of a political subdivision, an appropriate authority includes any human resources department of that political subdivision, if any, any state's attorney, or the attorney general.

Source: SL 2017, ch 25, § 1.

3-16-10. Retaliation prohibited for reporting public official's misuse of public funds. An employee may file a grievance with the appropriate governmental entity if the employee believes that there has been retaliation, because of reporting a violation of § 22-30A-46 through the chain of command of the employee's department, to the Office of the Attorney General, or to the Department of Legislative Audit. If no grievance process exists, a civil action may be filed in circuit court.

Source: SL 2017, ch 98, § 3.

20-13-26. Concealing, aiding, compelling, or inducing unlawful discrimination--Threats or reprisals. It is an unfair or discriminatory practice for any person, directly or indirectly; to conceal any unlawful discrimination; to aid, abet, compel, coerce, incite, or induce another person to discriminate; or by any means, trick, artifice, advertisement, or sign, or use any form of application, or make any record or inquiry, or device whatsoever to bring about or facilitate discrimination; or to engage in or threaten to engage in any reprisal, economic or otherwise, against any person by reason of the latter's filing a charge, testifying or assisting in the observance and support of the purposes and provisions of this chapter.

Source: SL 1972, ch 11, § 10; SL 1981, ch 166, § 5.

Conflict laws, SDCL 5-18A-17 through 5-18A-17.6 are included in the SDIC Conflict Waiver Policy and do not apply to Council members appointed by the LRC Executive Board.

Exhibit C

Personal Investing Guidelines #4 – Listed Companies

(1) The Blackstone Group common stock