

Preamble

Trustees and the Independent Investment Committee have authority over the management and investment of the New Hampshire Retirement System, and have a special fiduciary duty of loyalty to act solely in the interests of its members and beneficiaries. The Board and the Independent Investment Committee shall engage investment advisers to manage fund assets of the retirement system based on their merits, abilities and commitment to act as fiduciaries of the retirement system, its members and beneficiaries pursuant to the duties and responsibilities authorized under RSA 100-A.

The policy adopted under the Code of Ethics governing political contributions with respect to the retirement system's investment advisers generally provides as follows: First, it prohibits the engagement or retention of an investment adviser for a two year period if the adviser (including its investment management professionals, executive officers, third party solicitors or political action committees) has made a non-exempt political contribution on behalf of the election of any Trustee of the retirement system to public office, or of any incumbent or candidate for certain state offices, including governor, executive councilor, speaker of the house, and senate president. Second, it prohibits investment advisers from indirectly making nonexempt political contributions or payments to or on behalf of such state officials through consultants, lobbyists, third-party intermediaries, "friends of", independent or other personal support committees, charitable trusts, or other persons. Third, it precludes any compensation arrangement with third-party intermediaries where the intermediary (including partners, political committees, or affiliates) has made political contributions or payments covered under the policy, and where the intermediary's compensation is directly or indirectly tied to generating investment management business with the retirement system.

Purpose

It is the policy of the Board of Trustees and the Independent Investment Committee to ensure that the selection of investment advisers to provide investment management services to the retirement system is based on the merits of the firms and not on political considerations. The policy is designed to protect the members and beneficiaries of the retirement system, and the integrity of its operations, by prohibiting the engagement of investment advisers based on the payment of political contributions instead of merit. Additionally, investment advisers that provide or are applying to provide investment management services to the retirement system are required, in the discretion of the Board of Trustees and the Independent Investment Committee, to disclose certain political

contributions, as well as other public information, allowing for public evaluation of any extraneous factors to the selection process.

Definitions

For purposes of this part of the code of ethics:

- “Control” means to possess, directly or indirectly, influence or authority over another.
- “Investment adviser” or “investment management firm” means one or more natural persons, corporations, partnerships or other entities, incorporated or unincorporated, in the business of providing investment management services.
- “Investment management professional” means:
 - any person associated with an investment management firm who is primarily engaged in the provision of investment management services;
 - any person associated with an investment management firm involved in client development or the solicitation of business for investment management services from clients;
 - any person associated with an investment management firm who is a supervisor of any person described in the two subparagraphs above up through and including the chief executive officer or similarly situated official; or
 - any person associated with an investment management firm who is a member of such firm’s executive or other management committee.
- “Investment management services” means:
 - the business of making or recommending investment management decisions for or on behalf of the Board of Trustees of the retirement system;
 - the business of advising or managing a separate entity which makes or recommends investment management decisions for or on behalf of the retirement system; or
 - the provision of financial advisory or consultant services to the retirement system.
- “Payment” means any gift, subscription, loan, forbearance, advance, deposit of money, or any thing of value, tangible or intangible.
- “Political contribution” or “Prohibited contribution” means any gift, subscription, loan, forbearance, advance, deposit of money or any thing of value, tangible or intangible, made: (A) for the purpose of influencing the election of a New Hampshire state official as defined herein; (B) for the purpose of influencing the election for local or state office of a person who is also a state official; (C) for the payment of debt or expenses incurred in

connection with the election of such state official; or (D) for the direct or indirect payment of living or personal expenses on behalf of such state official or his or her family members, or for outings, dinners, testimonials or other social affairs by, for or in the name of such state official.

- “Political party” means any political party or political committee organized in this State.
- “Retirement system” means the New Hampshire Retirement System.
- “State” means the State of New Hampshire.
- “State Legislature” means the New Hampshire General Court.

- “State official” for purposes of this policy means any person or committee of the State of New Hampshire (including any election, political action, “friends of”, independent or personal support committee for or on behalf of a state official) who was, at the time of the political contribution, an incumbent, candidate or successful candidate for Governor or Executive Councilor of the State, Speaker of the House or Senate President of the State Legislature, or a Trustee of the retirement system.
- “Third party solicitor” means a person who solicits the engagement or retention of investment management business through direct or indirect communication with the retirement system on behalf of or in the interest of an investment management firm. “Communication” with the New Hampshire retirement system includes communication with its Trustees, employees, consultants or other professional advisers, or any state official, labor union or employee association authorized to nominate or appoint members to the Board of Trustees, or officer, director, executive, agent or employee acting in behalf of such union or employee association.
- “Trustee” means a Trustee of the retirement system.

Restrictions

The Board of Trustees and the Independent Investment Committee shall not engage an investment adviser to provide investment management services for the retirement system, and shall terminate the contract of an investment management firm if, within the two (2) year period prior to such engagement, or during the term of such engagement, any political contribution or payment to a political party covered by this policy has been made by:

- the investment management firm;
- any investment management professional associated with such investment management firm;
- any third party solicitor associated with such investment management firm; or
- any political action committee controlled by the investment management firm or an investment management professional of such investment management firm.

These provisions shall not, however, prohibit the investment adviser from being engaged to provide investment management services to the retirement system if the only political contributions made by a person described in this section within the two (2) years prior to, and during, any such engagement were made by the contributor to a state official for whom the contributor was entitled to vote under the laws of this State. Political contributions made by such contributor however shall not exceed \$1,000 on behalf of a state official per election cycle.

These provisions shall not prohibit the investment adviser from being engaged to provide investment management services to the retirement system if the only payments to any political party made by a person described in this section within the two (2) years prior to, and during, any such engagement did not exceed \$1,000 per year.

The restrictions herein shall apply to political contributions and payments to political parties made by a person during the twelve (12) month period prior to such person becoming an investment management firm, investment management professional or third party solicitor.

These provisions shall not, however, apply in those circumstances described in the Conditional Waiver section of this policy.

Solicitations

Any investment management firm, investment management professional or third party solicitor that is engaged or is seeking to be engaged to provide investment management services on behalf of the retirement system shall not (i) solicit any person or political action committee to make a political contribution or payment to a political party; (ii) coordinate political contributions or payments to a political party; (iii) fund political contributions or payments to a political party made by third parties, including consultants, attorneys, family members or persons controlling or controlled by the investment management firm; or (iv) engage in any exchange of political contributions or payments between state officials or political parties to circumvent the intent of this policy.

Indirect Violations

No investment management firm, investment management professional or third party solicitor shall, directly or indirectly, through or by any other person or means, do any act which would violate the provisions in the Restrictions and Solicitations sections of this policy.

Reporting

Each investment management firm seeking to provide investment management services to the retirement system shall designate those persons who qualify as investment management professionals.

Except as otherwise provided in this section each investment management firm engaged to provide investment management services to the retirement system shall, by the last day of the month following the end of each calendar quarter, file with the retirement system the following information:

- for all political contributions and payments to political parties in the State made by persons described in the Restrictions section above, excluding any political contribution or payment to a political party made pursuant to the Restrictions section above:
 1. the name and address of the contributor;
 2. the name and title of each state official or political party receiving the political contribution or payment;
 3. the amount of the political contribution or payment to the political party; and
 4. the date of the political contribution or payment to the political party.
- whether any political contribution or payment to a political party reported under this section is the subject of a Conditional Waiver under this policy, and the date of such a waiver; and
- for any payment made to a third party solicitor in connection with the retirement system: the name and business address of the recipient, the services provided by the recipient, the compensation arrangement between the investment management firm and the recipient, and the total dollar amount of payments made during the reporting period.

Each investment adviser seeking to provide investment management services to the retirement system shall file with the retirement system quarterly disclosure reports as provided in this section covering the four quarters immediately preceding to include the date of its application to provide investment management services to the retirement system.

No investment adviser shall be required to report to the retirement system for any calendar quarter in which it has no information required to be reported pursuant to this section for such calendar quarter.

Once a political contribution or payment to a political party or third party solicitor has been disclosed on a report, the investment management firm need not disclose that same contribution or payment on subsequent reports.

Each investment adviser seeking to provide investment management services to the retirement system shall report the information required by the Reporting section above in such form as the Board of Trustees shall determine in its sole discretion.

Public Disclosure

The retirement system shall make publicly available a copy of each report received from an investment management firm hereunder within thirty (30) days of its receipt in such form as the Board of Trustees shall direct.

Conditional Waiver

An investment management firm prohibited from providing investment management services to the retirement system pursuant to the Restriction section of this policy may, upon application and in the reasonable discretion of the Board of Trustees, be conditionally excused from such prohibition, subject to satisfaction of the following requirements:

- the investment management firm must have discovered the political contribution or the payment resulting in the prohibition under this policy within four (4) months of the date of such contribution or payment;
- such political contribution or payment must not have exceeded \$1,000; and
- the contributor must effect a return of the prohibited political contribution or payment within thirty (30) calendar days of the date of discovery of such political contribution or payment.
- An investment management firm may be conditionally excused under this section no more often than twice within a twelve (12) month period.
- An investment management firm may be conditionally excused under this section only once in circumstances relating to prohibited political contributions or payments by the same investment management professional or third party solicitor regardless of the time period.
- An investment management firm may, in the reasonable discretion of the Board, be conditionally excused from termination under this section if its investment management services are with respect to a direct investment by the retirement system entered into prior to enactment of this policy.

Effective Date

The prohibitions provided under this policy apply only to contributions or payments made on or after the November 13, 2007, date of adoption of this policy as amended by the Board of Trustees. The disclosure provisions of this policy, as amended, shall take effect for the reporting period of the quarter ending December 31, 2007.