

Indemnification Policy – Approved at the 2/8/11 Board meeting.

Purpose

The purpose of this Indemnification Policy of the New Hampshire Retirement System (“NHRS”) is to establish guidelines for the indemnification of those Individuals who have a Proceeding brought against them arising out of their performance of duties as a Trustee or member of the Investment Committee on behalf of the members and beneficiaries of NHRS. To qualify for indemnification under this Policy, the Individual must have acted in good faith, in his capacity as a member of the Board of Trustees or the Investment Committee, and in a manner that he believed to be in the best interests of the members and beneficiaries of the New Hampshire Retirement System.

Definitions

As used in this Policy:

- a) “Board of Trustees”, “Trustees”, “Trustee” or “member of the Investment Committee” refers to the NHRS Board of Trustees, or a duly appointed member of the Board, or a duly appointed member of the NHRS Investment Committee, charged with the administration of NHRS pursuant to Sections 14, 14-b, and 15 of New Hampshire RSA 100-A, and having the powers, privileges and immunities of a corporation in the management of NHRS.
- b) The term “Corporate Status” shall mean the status of an Individual who is or was a member of the Board of Trustees or the Investment Committee.
- c) The term “Expenses” shall include, without limitation, those reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and other disbursements or expenses of the types customarily incurred in connection with a Proceeding.
- d) The term “Individual” shall mean any person who is or was a Trustee or member of the Investment Committee as of the Effective Date of this Policy and thereafter.
- e) The term “Liability” shall mean the obligation to pay a judgment, settlement, penalty, or fine, and including any excise tax assessed with respect to an employee benefit plan.
- f) The term “Proceeding” shall mean any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrate or investigative, and whether formal or informal.

Indemnification of Liability:

- a) NHRS shall indemnify an Individual, if he was, is or is threatened to be made a party, subject, defendant or respondent in a Proceeding because of his Corporate Status, against that Liability incurred in the Proceeding if: (i) he conducted himself in good faith; (ii) he reasonably believed that his conduct

was in the best interests of the members and beneficiaries of NHRS; and (iii) in the case of any criminal Proceeding, he is not found to be guilty of a criminal violation, did not enter a plea of guilty or nolo contendere, and a majority of the Board of Trustees vote in favor of such indemnification.

- b) The termination of a Proceeding by judgment, order, or settlement, is not, of itself, determinative that the indemnitee did not meet the relevant standard of conduct described in this Section 3.

Exceptions to Right of Indemnification

Notwithstanding anything to the contrary in this Policy, no indemnification shall be paid to an Individual:

- a) to the extent expressly prohibited by New Hampshire law, or the NHRS Code of Ethics;
- b) for the amount of Liability and Expenses paid to or on behalf of an Individual under a valid and collectible insurance policy maintained by NHRS;
- c) based upon or attributable to an Individual gaining any benefit, advantage, or thing of value to which he was not entitled under law or permitted under the Code of Ethics of NHRS; or
- d) to the extent that an Individual has been adjudicated not to have acted in good faith with a reasonable belief that his actions were in the best interests of the members and beneficiaries of NHRS.

Partial Indemnification

If an Individual is entitled under any provision of this Policy to indemnification by NHRS for some or a portion of any Liability or Expenses, but not, however, for the total amount thereof, NHRS shall nevertheless indemnify Individual for that portion thereof as may be determined and authorized by a majority vote of the Board of Trustees.

Notification and Defense of Proceeding:

- a) Notice. Promptly upon receipt by an Individual of notice of the commencement of any Proceeding, an Individual shall, if a claim for indemnification in respect thereof is to be made against NHRS under this Policy, notify NHRS of the commencement of the Proceeding. Such notice to NHRS shall be made as soon as practicable, but in no event later than twenty (20) business days of the Individual's receipt of notice of the commencement of the Proceeding.
- b) Defense. With respect to any Proceeding against an Individual, NHRS will be entitled to participate in the Proceeding at its own expense. To the extent NHRS so wishes, it may assume the defense thereof with counsel reasonably satisfactory to the Individual. After notice from NHRS to an Individual of its election to assume the defense of any Proceeding, NHRS shall not be liable

to the Individual under this Policy, or otherwise for any Expenses subsequently incurred by an Individual in connection with the defense of such Proceeding other than reasonable costs of investigation or as otherwise provided below. An Individual shall have the right to employ legal counsel in such Proceeding, but all Expenses related thereto incurred after notice from NHRS of its assumption of the defense shall be at Individual's expense unless: (i) the employment of legal counsel by the Individual has been authorized by NHRS; (ii) the Individual has reasonably determined that there may be a conflict of interest between the Individual and NHRS in its defense of the Proceeding; or (iii) NHRS shall not in fact have employed counsel to assume the defense of such Proceeding.

- c) Settlement of Claims. NHRS shall not be liable to indemnify an Individual under this Policy or otherwise for any amounts paid in settlement of any Proceeding effected without NHRS's written consent as authorized by the Board of Trustees, such consent not to be unreasonably withheld. NHRS shall not settle any Proceeding in any manner that would impose any Liability or limitation on an Individual without the Individual's written consent. NHRS shall not be liable to indemnify an Individual under this Policy with regard to any judicial award if NHRS was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action.

Non-Exclusivity

The rights of an Individual hereunder shall be in addition to any other rights an Individual may have under applicable law, including without limitation, New Hampshire RSA 99-D:2. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification than would be afforded currently under applicable law, including without limitation, New Hampshire RSA 99-D:2, or this Policy, it is the intent that an Individual receive the greater benefit so afforded by such change.

Subrogation

In the event of indemnification to an Individual under this Policy, NHRS shall be subrogated to the extent of such payment to all of the rights of recovery of an Individual, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable NHRS effectively to enforce such rights.

No Duplication of Payments

NHRS will not be liable under this Policy to make any payment in connection with any claim made against an Individual to the extent the Individual has otherwise received payment (under any insurance policy, statutory indemnification, or otherwise) of the amounts otherwise indemnifiable hereunder.

Severability

If any provision (or portion thereof) of this Policy shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. To the fullest extent possible, the provisions of this Policy (including, without limitation, each portion of this Policy containing any provision held to be invalid, void, or otherwise unenforceable, that is not itself invalid, void, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void, or unenforceable.

Governing Law

The Policy and all actions taken thereunder shall be governed by and construed and enforced in accordance with the laws of the State of New Hampshire without regard to the principles of conflict of laws thereof.

Notices

All notices or other communications required by or otherwise with respect to the Policy shall be in writing and shall be deemed to have been duly given when delivered (a) in-hand, (b) by certified mail, (c) by confirmed telefax, or (d) by a recognized commercial delivery service at the following notice addresses:

To Board of Trustees: ATTN: Chair, Board of Trustees
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301-8507
Fax: (603) 410-3500

To NHRS: ATTN: Executive Director
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301-8507
Fax: (603) 410-3500

Effective Date of the Policy. The Policy as amended shall be effective as of February 8, 2011.