

POLICY NUMBER: 2.00.104

EFFECTIVE DATE: 6/20/19

TITLE: Personal Investments

SUPERSEDES:

BOARD ADOPTION: 6/20/19

REVIEWED:

PURPOSE

RCW 42.52.190, RCW 42.52.030 and WAC 287-04-032 prohibit employees of the Washington State Investment Board (WSIB) and its Board members from making certain personal investments that give rise to actual or potential conflicts of interest with investments made by the Board. Personal investments by Board members and employees in WSIB investments may give rise to prohibited conflicts of interest or the appearance of impropriety. In addition, through the Board's investments, employees and Board members may also gain access to material nonpublic information regarding companies or industries, and the trading of securities or tipping of such information would violate federal securities laws.

This policy seeks to protect the reputation of the WSIB, its stakeholders, employees, and Board members, as well as the integrity of the markets, by emulating best practices of Registered Investment Advisers based upon requirements and guidelines of the Securities and Exchange Commission and state ethics laws, while balancing the interests of individuals in their private affairs. These requirements include prohibitions on front running, certain beneficial interests, and the unauthorized disclosure and use of material nonpublic and/or other confidential information for non-agency use. This policy is designed to assist WSIB employees and Board members in the exercise of their duties and in honoring professional standards and standards of conduct. Compliance with state and federal laws, however, remains the responsibility of each Board member and employee. The internal process described below is the WSIB's mechanism for granting prior written approval for securities and "other investments" that meet the criteria established by the WSIB.

DefinitionsApproving Authority

The individual or group designated by this Policy or the Executive Director to approve, deny, limit, pre-clear or condition the purchase or sale of a Security or Other Investment.

Compliance

A WSIB employee or employees designated by the Executive Director to administer this Policy.

Covered Accounts

Any personal account that permits trading in Securities in which a Covered Person or Related Party directs, controls, or has a financial interest.

Covered Account does not include 401(k) accounts, 457 accounts, 403(b) accounts, qualified health savings accounts, traditional Individual Retirement (IRA) accounts, Roth IRAs or 529 accounts that are limited to pooled investment options (e.g., shares of open-end mutual funds, collective investment trusts, etc.). **However, any account that permits trading in individual Securities is a Covered Account.**

Covered Persons

All WSIB employees and Board members.

Covered Trade

A trade of a Security for a Covered Account. Covered Trade does not include a dividend reinvestment plan or an Exempt Investment.

Exempt Investments

The following Securities or Other Investments need no preclearance or reporting to the WSIB and are deemed approved pursuant to RCW 42.52.190:

1. Any FDIC instrument (i.e. deposit accounts, savings accounts, money market funds)
2. Mutual funds
3. U.S. Government issued securities (T-bills, Savings or Treasury bonds or notes, TIPS or STRIPS)
4. Municipal Bonds
5. Insurance products (i.e. index, variable and fixed annuities, and life insurance products)
6. Health Savings Accounts
7. Currencies
8. Investments in physical assets (automobiles, art, watercraft, coin, precious metals, etc.)
9. Private real estate, including partnerships, unless the real estate interest is in or with a party with whom the agency holds an investment
10. ETFs that include 10 or more securities.

Front Running

Any trade by a Covered Person or Related Party in a Covered Account executed prior to a WSIB trade for a Security.

Insider Trading

Trading that occurs when a person has material nonpublic information. Covered Persons are prohibited from (a) transacting in a Covered Account to profit or avoid loss using nonpublic information; (b) influencing investment decisions on behalf of the WSIB, themselves or others based on nonpublic information; or (c) sharing any material nonpublic information with unauthorized individuals.

Managed Account

An account with the capability of trading Covered Securities, when (a) the account is managed by a third party who is not a Covered Person; (b) no Covered Person has the power to affect or control investment decisions; and (c) no communication occurs between the Covered Person and the person(s) with investment discretion regarding specific trade activity in the account.

Material Nonpublic Information

Information is material when it is substantially likely that the information would be important to a reasonable investor in making an investment decision or is likely to have a significant impact on the valuation of a Security. Information is nonpublic when it has not achieved broad dissemination to the investing public.

Other Investment

Any investment not defined as a Security or an Exempt Investment, including but not limited to, stock plans, employee purchase plans, direct purchase plans, limited

partnerships, joint ventures, co-investments, leveraged buyouts, commercial paper, purchase agreements, currency derivatives, bankers' acceptances, private lending, repurchase agreements, investment club participation, and other debt instruments.

Pending

A recommendation or order to trade a Security that has not been executed, either fully or partially.

Personal Investment Compliance (PIC) System

The electronic system used to report and obtain pre-clearance of Securities and Other Investments, as well as to report compliance with this Policy.

Related Party or Parties

Spouse, registered domestic partner, dependent children, or other dependent relatives that live in the same household of Covered Persons.

Restricted List

A list of Securities that may not be traded for a Covered Account, including Securities of public companies about which WSIB has material nonpublic information.

Security or Securities

Unless defined as an Exempt Investment, (a) all publicly traded equity and debt securities, without limitation, and (b) derivatives of equity and debt securities, including without limitation, swaps, futures, options, exchange traded funds, and the functional equivalent of such instruments.

Guidelines

All Covered Persons shall determine whether they or a Related Party has an interest in a Security or Other Investment. If a Covered Person or Related Party has an interest in any Security or Other Investment, then the terms of this Policy apply.

Initial Reporting and Attestation

Unless exempted by the Approval Authority, within 10 business days of (a) the effective date of this policy; (b) the date of hire for new employees; or (c) the date a Board member takes the oath of office:

1. Covered Persons shall disclose all Covered Accounts and Managed Accounts, holding Securities, or Other Investments that the Covered Person and any Related Party directs, controls, or in which they have a financial interest.
2. Covered Persons shall file a Personal Trading Compliance Statement through the Personal Investment Compliance (PIC) system, attesting that they understand and will abide by the requirements of this Policy.
3. If new Covered Accounts are opened, Covered Persons shall disclose all Covered Accounts and/or Other Investments within 10 days of the Covered Account being established.

Covered Persons and their Related Parties shall report all Covered Accounts and Other Investments through the PIC system. Covered Persons and Related Parties shall coordinate as required with the broker-dealer, record keeper, or investment custodian (collectively "broker-dealer") to establish an electronic feed for all Covered Accounts.

If a Covered Person or their Related Party is unable to obtain an electronic feed from a broker-dealer, the Covered Person or their Related Party shall direct every broker-dealer to automatically and electronically send as directed (a) duplicate broker confirmations

concerning all Covered Trades conducted by the Covered Person or Related Party within two business days of the transaction and (b) a monthly report of trades made. No pre-clearance shall be granted for that Covered Person or Related Party until an alternative is approved by Compliance.

Annual Reporting

Within 30 days of calendar year-end, each Covered Person shall certify that Covered Accounts, Managed Accounts, or Other Investments for the Covered Person or a Related Party are reported in WSIB's PIC system.

Each Covered Person shall further attest that they understand and will abide by the requirements of this Policy and related policies through WSIB's PIC system. Compliance will verify that all Covered Persons have attested and provide an annual report of such verification to the Audit Committee.

Compliance shall be responsible for monitoring trading activity for compliance with the policy and procedures.

Pre-Clearance Procedures

If a Covered Person or their Related Party wishes to trade a Security in a Covered Account or purchase or sell an Other Investment, the Covered Person shall submit a Pre-Clearance request through the PIC system. The pre-clearance request shall contain an affirmation that the Covered Person or Related Party has no knowledge of material nonpublic information related to the request.

Covered Trade Pre-Clearance

For a Covered Trade, pre-clearance requests shall be made *on the business day* the Covered Person or Related Party wishes to transact the Covered Trade. Approval or denial of the request will be sent to the Covered Person by the PIC system without delay, unless flagged for follow up. Requests flagged for follow-up will receive a response within twenty-four (24) hours.

Other Investment Pre-Clearance

Other Investment transactions must be pre-cleared prior to the purchase or sale. Approval or denial of the Other Investment request will be sent to the Covered Person no later than three (3) business day from receipt of the request.

In the event a transaction is conducted by a Covered Person or Related Party and pre-clearance is impractical, Compliance will document the facts and circumstances.

Notification of approval or denial of a pre-clearance request for a Covered Trade or Other Investment shall be sent using the electronic system directly to the Covered Person. From the time a Covered Person receives approval of a pre-clearance request, the Covered Person must enter into and conclude the Covered Trade before midnight Pacific Time (PT) the same day the pre-clearance approval is granted (the Pre-Clearance Period) unless a waiver is granted by Compliance. The Pre-Clearance Period for a Covered Trade automatically expires at midnight PT, the same day such approval is granted. The Pre-Clearance Period for an Other Transaction will be granted by Compliance based on the circumstances of the transaction. The Covered Person may not make any trades or Other Investments based upon such approval after that time (but may submit a new pre-clearance request) unless a written waiver is provided by the Compliance. Compliance shall document the facts and circumstances for the waiver.

After receiving pre-clearance approval, the research and execution of a Covered Trade or Other Investment must occur on personal time and on personal equipment pursuant to the WSIB Use of State Resources Policy 4.00.500.

If a pre-clearance request is denied, a subsequent pre-clearance request for the same Covered Trade may not be submitted until after 6:30 a.m. PT, the day after such request is denied.

Restricted List

The Restricted List is established and maintained by Compliance using information provided by WSIB employees. Compliance shall determine when Securities are added to and removed from the Restricted List.

When a Covered Person believes he or she has received material nonpublic information, they shall immediately report the information as directed by Compliance.

Approval Criteria

The Approving Authority shall have discretion to approve or prohibit any proposed acquisition or sale of a Security or Other Investment by a Covered Person or Related Party. The Approving Authority reserves the right to deny a purchase or sale, if it believes the acquisition or sale may violate federal law, state law or Board policy. The Approving Authority may consider, but is not limited to, the following circumstances:

1. Whether the Covered Person acts in a decision-making, advisory, or policy-influencing capacity with respect to investments.
2. The relationship between the proposed investment and investments held or under consideration by the WSIB.
3. The size and timing of the proposed investment.
4. The access of the Covered Person to nonpublic information relative to the proposed investment.
5. The availability of the proposed investment in the public market.
6. Whether the investment is a Permissible Investment under RCW 42.52.190.
7. Whether the financial effect of the trade on the Covered Person or Related Party is indistinguishable from its effect on the general public.
8. Whether it is reasonably foreseeable that the Covered Person's personal trade would contribute to a change in the price of the Security.

No Board member or employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any investment decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect (distinguishable from the effect on the public generally) on the Covered or Related Person's personal finances or financial interests.

Managed Accounts

The Approving Authority may exempt Managed Accounts from policy requirements when both of the following conditions have been met:

1. When a third-party money manager certifies in writing that the Managed Account provider has full discretion to act as investment advisor and manage any investment or trading account of the Covered Account.
2. The Covered Person certifies that (a) the account is managed by a third party who is not a Covered Person; (b) no Covered Person has the power to affect or control investment decisions; and (c) no communication occurs between the

Covered Person and the person(s) with investment discretion regarding specific trade activity in the account.

Exemptions and Appeals

A Board member or their Related Party may seek an exemption from this Policy by submitting a written request to the Executive Director. The Executive Director may grant or deny an exemption in whole, in part, or condition approval as deemed appropriate. The Executive Director may seek an exemption from the Board Chair. The Board Chair may grant or deny an exemption in whole, in part, or condition approval as deemed appropriate after consulting the Legal Services Director.

Other Covered Persons may seek an exemption from these procedures by submitting a written statement to Compliance. The Legal Services Director shall approve, deny or condition approval as deemed appropriate and issue a written response within seven (7) working days of the request.

An appeal of the Legal Services Director's decision shall be referred to the Executive Director.

While adherence to this Policy will assist in deterring and detecting Insider Trading and Front Running, pre-clearance does not authorize a Covered Person to undertake a Covered Trade or Other Investment that is prohibited by federal securities laws or state ethics laws. Pre-clearance does not prevent a transaction from constituting Insider Trading or Front Running or violating any criminal and/or civil provisions of applicable laws.

Training

Compliance shall provide training on this Policy and procedures to all Board members within two weeks of taking the oath of office, WSIB employees within two weeks following date of hire, and to Covered Persons annually thereafter. A copy of this Policy shall be provided to new employees or Board members at the start of their service.

Sanctions and Conflict Mitigation

Compliance shall report any violation of this Policy by a Covered Person to the Executive Director. Policy violations by the Executive Director shall be reported to the Board Chair.

For any transaction or conflict of interest, the Executive Director or Board Chair may also request that the Covered Person divest, unwind and/or disgorge any profits to charity, as deemed appropriate. The Executive Director or the Board may also take any additional action authorized by Policy 2.00.106 (Sanctions for Violations) or by law. The exercise of any sanction or course of action shall not exhaust, diminish, or otherwise prevent any other action, including civil or criminal sanctions allowed by law.

Monitoring

Compliance shall monitor investments through the PIC system and report annually to the Audit Committee the key analytics of the personal investment requests of Board members and the Executive Director.

All Board members, the Executive Director and Chief Investment Officer are required to file a Statement of Financial Affairs form with the Public Disclosure Commission (PDC) within two weeks of appointment and annually and thereafter as required by law. A copy of the PDC form must be provided to the WSIB. Compliance will review PDC filings for conformity with these requirements and provide the Board Chair and Executive Director a summary of compliance by April 30 of each year.

POLICY REVIEW

The Board shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.

Policy Adopted 6/20/19