

## **CODE OF CONDUCT AND ETHICS POLICY**

**Approved**  
**[\_\_\_\_\_], 2024**

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## I. PURPOSE OF THIS POLICY.

Reference is made to Deed Number 2 of Public Trust executed on March 12, 2022 before notary Edgardo Nieves Quiles, as amended (the “Pension Reserve Deed of Trust”), and the Guidelines for the Governance and Administration of the Puerto Rico Plan of Adjustment Pension Reserve Trust and Monitoring of Plan of Adjustment Pension Benefits, as amended (the “Guidelines”), which created the Commonwealth Plan of Adjustment Pension Reserve Trust (the “Trust”), the Commonwealth Plan of Adjustment Pension Reserve Board (the “Board”), and the Commonwealth Plan of Adjustment Pension Benefits Council (the “Council” and, collectively with the Board, the “Trust Entities” and each a “Trust Entity”). Capitalized terms used herein and not otherwise defined shall be defined as set forth in the Pension Reserve Deed of Trust and in the Guidelines. This Code of Conduct and Ethics Policy (the “Policy”) is designed to:

- (i) promote honest and ethical conduct including the ethical handling of any reported or suspected violations of honest and ethical conduct, conflicts of interest, self-dealing, and breaches of confidentiality;
- (ii) promote full, fair, accurate, timely and understandable disclosure in reports and documents in all public communications made by the Trust Entities;
- (iii) promote compliance with the Plan, the Deed, the Guidelines and the adopted policies and codes;
- (iv) promote the protection of assets of the Trust, including confidential information;
- (v) promote fair dealing practices;
- (vi) deter wrongdoing; and
- (vii) ensure accountability for adherence to this Policy.

All Covered Persons (as defined herein) are required to be familiar with this Policy, comply with its provisions and report any suspected violations as described below in Section X, Reporting and Investigation of Violations.

Each existing, newly hired, or newly elected Covered 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.

## II. DEFINITIONS.

A. A “Benefit” shall mean any advantage, use, profit or gain, without limiting such term to a monetary or material gain, but denoting any form of reward.

B. The “Commonwealth” shall mean the Commonwealth of Puerto Rico.

C. A “Covered Person” shall mean all Trustees, members of the Council, officers, executive employees of the Trust Entities, and any other person to whom any of the Trust Entities has delegated fiduciary functions.

D. An “External Contractor” shall mean the investment consultants, investment managers and other advisors and consultants of the Trust Entities.

E. An “Immediate Family Member” shall mean the parents, spouses, in-laws, children or siblings of a Covered Person.

F. The “Official Duties” shall mean the functions and duties performed by a Covered Person within the scope of authority delegated as per the Deed of Trust, the Guidelines and the bylaws and regulations of the Trust Entities.

### **III. STANDARD OF CARE.**

A. Covered Persons shall perform their responsibilities with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims.

B. Covered Persons shall conduct all business in connection with a Trust Entity in a fair and prudent manner.

### **IV. HONEST AND ETHICAL CONDUCT.**

The Trust’s policy is to promote high standards of integrity by conducting its affairs honestly and ethically. Each Covered Person must act with integrity and observe the highest ethical standards of conduct in his or her dealings with any person whom he or she has contact in the course of performing his or her job.

Bullying, harassment, and discrimination on the basis of race, color, religion, sex, pregnancy, sexual orientation, gender identity, age, national origin, political affiliation, social condition, marital status, disability, armed forces status, etc. are expressly forbidden and a direct violation of this policy whether the incident occurred during conducting Trust and Trust Entities business or outside of such settings.

### **V. GENERAL ETHICAL PROHIBITIONS.**

A. No Covered Person shall solicit any Benefit for the Trust Entities, whether directly or indirectly, from a private person, business or entity under contract with any of the Trust Entities, nor carry out any acts conducive to obtaining a contract. A Covered Person may only accept a Benefit for the Trust Entities from a private person, business or entity under contract with any of the Trust Entities, or that does not carry out actions leading to obtaining a contract, provided that he or she complies with this Policy.

B. No Covered Person shall exploit the duties and powers of his or her position in any of the Trust Entities, or property or funds belonging to the Trust Entities, to directly or indirectly obtain any Benefit not permitted by law for himself or herself or for a private person or business.

C. No Covered Person shall accept or solicit from a private person or business, whether directly or indirectly, a Benefit as a compensation for carrying out, expediting, delaying, or not discharging the duties and responsibilities of his or her position in any of the Trust Entities.

D. No Covered Person shall accept or solicit from a private person or business, whether directly or indirectly, Benefits for himself or herself, or for any person, business or entity, in exchange for carrying out actions that are biased to favor himself or herself or another private person or business.

E. No Covered Person shall suggest, ensure or purport to have influence over another Covered Person in carrying out his or her functions in exchange for obtaining or attempting to obtain any Benefit.

F. No Covered Person shall reveal or use confidential information or documents obtained as a result of his or her position in any of the Trust Entities to obtain, directly or indirectly, any Benefit for him or herself or for any other private person or business.

G. Political Activities. (i) No Covered Person shall use on any real or personal property of the Trust Entities any symbol, slogan, image, picture, pin, logo, sticker, label, sign, insignia, technological application, written message or any other paraphernalia that may identify or promote directly or indirectly the electoral interest of any political party or candidate.

(ii) No Covered Person shall, in the performance of the Official Duties of his or her position in any of the Trust Entities, wear or use on his or her person, in his or her property, or in any other property under his or her care, any symbol, slogan, image, picture, pin, logo, sticker, label, sign, insignia, technological application, written message or any other paraphernalia that may identify or promote directly or indirectly the electoral interest of any political party or candidate.

(iii) No Covered Person shall, in the performance of the Official Duties of his or her position in any of the Trust Entities, lead or promote activities that directly or indirectly promote the electoral interest of any political party or candidate in the Commonwealth.

(iv) No Covered Person shall, in the performance of the Official Duties of his or her position in any of the Trust Entities, make monetary contributions or use his or her time to carry out or participate in any political activity in the Commonwealth.

(v) No Covered Person shall, in the performance of the Official Duties of his or her position in any of the Trust Entities, demand or request other Covered Persons to make monetary contributions or devote their time to carry out or participate in any political activity in the Commonwealth.

(vi) No Covered Person shall solicit or accept himself or herself, or through a private person or business, any Benefit from a contractor or an entity regulated by the Trust Entities for a political activity.

(vii) 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 (5) years or towards a Commonwealth plebiscite during the previous five (5) years. Such contributions are prohibited while providing such services to any of the Trust Entities.

H. No Covered Person shall usurp a position or task to which he or she has not been appointed or designated, nor perform the same without being duly qualified to do so. No Covered person shall persist in obstinately performing the duties of his or her position in any of the Trust Entities or the tasks entrusted to him or her once his or her term has concluded, or after having received an official communication ordering the termination or suspension of his or her duties.

I. No Covered Person shall alter, destroy, mutilate, remove or conceal, in whole or in part, property belonging to the Trust Entities or to the Commonwealth under his or her custody.

J. No Covered Person authorized by law to issue certifications and other documents may knowingly issue a certification or document containing false statements.

K. No Covered Person shall fail to comply with any of his or her duties as provided by the Deed of Trust, the Guidelines or the By-Laws, or by any other applicable law or regulation, if such action shall result in the loss of funds or cause damages to property of the Trust Entities.

L. No Covered Person shall carry out any action that may call the impartiality and integrity of the Trust Entities into question.

## **VI. PROHIBITIONS RELATED TO OTHER EMPLOYMENT, CONTRACTS OR BENEFITS.**

A. No Covered Person shall accept or maintain employment or contractual or business relationship or any other responsibilities in addition to those of his or her position in any of the Trust Entities, whether it is in the Commonwealth of Puerto Rico or in the private sector, which, although legally permitted, may have the effect of impairing his or her freedom of judgment in the performance of his or her Official Duties.

B. No Covered Person shall accept or maintain employment or contractual relations from which he or she obtains an undue advantage with a private person or business that has contractual business or financial relations with the Trust Entities when such Covered Person has the authority to decide or influence the official actions of the Trust with respect to such private person or business. Trustees, members of the Council and the Trust's executive employees shall not agree to be employed or to represent a firm which provides services to the Trust Entities for the provision of services to the Trust Entities for a period of two (2) years after the termination of his or her status as Trustee, member of the Council or executive employee.

C. No Covered Person who is authorized to contract, or approve or recommend the execution of a contract on behalf of any of the Trust Entities shall intervene or participate in the execution of a contract with a private person or business in which he or she, or any Immediate

Family Member of the Covered Person, has or has had, directly or indirectly, a monetary interest during the last two (2) years before his or her appointment.

D. An authorized person in any of the Trust Entities may not execute a contract in which a Covered Person or an Immediate Family Member of a Covered Person has or has had a direct or indirect monetary interest in the last two (2) years preceding his or her appointment.

No Covered Person shall approve or authorize a contract with a private person or business knowing that such person or business is representing cases or matters which involve a conflict of interest between the Trust Entities and the personal interests that said private person or business is representing. To such effects, a contractual clause shall be included in which such private person or business certifies that it is not involved in a conflict of interest.

## **VII. ETHICAL PROVISIONS APPLICABLE TO EXTERNAL CONTRACTORS**

A. All External Contractors shall treat the Covered Persons of the Trust Entities with respect and professionalism and shall require the same from such Covered Persons at all times.

B. Every External Contractor shall observe the precepts and principles of excellence and honesty applicable to his or her profession, in addition to the ethical standards or rules imposed by any association or college that regulates his or her profession with respect to his or her relationship with competitors and with the Commonwealth and its employees or officials. If the association or college governing an External Contractor's profession does not have a code of ethics for the members thereof, the External Contractor shall observe the general principles of ethical conduct that are deemed reasonable in his or her profession or trade.

C. An External Contractor shall not accept or solicit from a private person or business, whether directly or indirectly, any Benefit for himself or herself, or for any person, business or entity, in exchange for carrying out actions in connection with his or her position in any of the Trust Entities that are biased to favor himself or herself or another private person or business.

D. No External Contractor shall offer or deliver to a Covered Person, or any Immediate Family Member of a Covered Person, any Benefit in exchange for carrying out actions in connection with such Covered Person's position in any of the Trust Entities that are biased to favor the External Contractor or another private person or business, even if such actions are within the Covered Person's scope of authority within the Trust Entities.

E. No External Contractor shall be involved in matters that could give rise to a conflict of interest or the appearance of a conflict of interest.

F. No External Contractor shall use confidential information acquired in the course or as a result of any task entrusted thereto under a contract with any of the Trust Entities for purposes other than the contracted task, or to obtain, directly or indirectly, any Benefit for himself or herself, for an Immediate Family Member, or for any other private person or business.

G. No External Contractor shall request or obtain confidential information from a current or former Covered Person to obtain, directly or indirectly, any Benefit for himself or herself, for any Immediate Family Member, or for any other private person or business, or for any purposes other than those of the contracted task with the Trust Entities.

H. No External Contractor shall accept or maintain contractual or business relations with any private person or business which, although legally permitted, has the effect of impairing his or her independent judgment in his or her performance of the contracted task with the Trust Entities.

## **VIII. COMPLIANCE.**

Each Covered Person must comply, both in letter and spirit, with the applicable provisions of the policies of the Trust, the Guidelines and this Code, unless compliance is contrary to the Covered Person's fiduciary responsibilities with any of the Trust Entities. Additionally, all External Contractors must comply, both in letter and spirit, with the applicable provisions of the policies of the Trust, the Guidelines, the Trust Entities, and this Code, unless compliance is contrary to the contracted task with the Trust Entities.

Although Covered Persons and External Contractors are not expected to know the details of all applicable provisions of the policies of the Trust, the Guidelines, the Trust Entities, or this Code, it is important to know enough to determine when to seek advice from appropriate personnel. Questions about compliance should be addressed to the Board for consultation with the Trust's legal counsel.

## **IX. PROTECTION AND PROPER USE OF TRUST ASSETS.**

All Covered Persons shall protect the Trust's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the value of the Trust and its ability to fulfill its proposed purpose and are therefore prohibited.

All Trust assets shall be used only for legitimate business purposes. Any suspected incident of fraud or theft should be reported for investigation immediately to the Trust's legal counsel.

## **X. CONFIDENTIALITY.**

A. Covered Persons may be provided with or have access to confidential information, including material nonpublic information. It is the duty of covered persons to maintain the confidentiality of information and not misuse confidential information, including material, nonpublic information, belonging to or relating to the Trust Entities or the committees of any of the Trust Entities.

B. Covered Persons may not access, disclose, or use confidential information acquired in their positions without proper authorization by the applicable Trust Entity.

C. Covered Persons may not access, disclose, or use confidential information for any purpose other than in the performance of all duties and responsibilities with the Trust Entities.



D. Covered Persons may not accept employment or engage in any business or professional activity that will require the disclosure of confidential information they have gained by reason of their covered person status.

## **XI. REPORTING AND INVESTIGATION OF VIOLATIONS.**

A. Pension Reserve Board. Actions prohibited by this Policy involving any Covered Person or External Contractor employed or contracted by the Board must be promptly reported to the Executive Director, or in the event the person involved is the Executive Director, to any of the Trustees or the Trust's legal counsel. After receiving a report of an alleged prohibited action, the Trustees receiving the report or the Executive Director shall refer the same to the chair of the Audit & Compliance Committee of the Board which shall review the report, make such investigation as it considers appropriate, and recommend any appropriate action to the Board.

B. Pension Benefits Council. Actions prohibited by this Policy involving any Covered Person or External Contractor employed or contracted by the Council must be promptly reported to any of the members of the Council. After receiving a report of an alleged prohibited action, the member of the Council receiving the report shall refer the same to Council, which shall review the report, make such investigation as it considers appropriate, and take any appropriate action.

C. All Covered Persons and all External Contractors will cooperate in any internal investigation of misconduct.

## **XII. ENFORCEMENT.**

The Trust Entities will ensure prompt and consistent action against violations of this Policy.

If, after investigating a report of an alleged prohibited action by a Covered Person or an External Contractor the Board (excluding any Trustee whose conduct is being investigated, as applicable) or the Council (excluding any member whose conduct is being investigated, as applicable) determines that a violation of this Code has occurred, the applicable Trust Entity 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 Trust Entities may engage a third party to conduct such an investigation and report. Any report prepared by the Board under this section shall be kept in a separate file under the custody of the Executive Director or in the event the person involved is the Executive Director, the Trust's legal counsel. Any report prepared by the Council under this section shall be kept in a separate file under the custody of the Council or, in the event that a member of the Council is involved, the Trust's legal counsel.

## **XIII. PROHIBITION ON RETALIATION.**

The Trust Entities do not tolerate acts of retaliation against any Covered Person who makes a good faith report of known or suspected acts of misconduct or other violations of this Policy.