

Teacher Retirement System of Texas Board of Trustees
Ethics Policy

Adopted December 8, 2011
Revised December 5, 2025

The Board of Trustees of the Teacher Retirement System of Texas (TRS) has adopted this Ethics Policy so that high ethical standards are followed by the TRS Board of Trustees. This Policy is based upon the duty of loyalty that all Trustees, as fiduciaries, owe to the members and retirees of TRS. This Policy also affirms the Board's commitment to fairness, openness, and transparency in its operations. It is important to the Board that it preserves the confidence of the membership, the employers, government officials, and the general public by avoiding even the appearance of impropriety.

Every Trustee has not only the obligation to follow the provisions of the Texas State Constitution, Texas statutes, and federal law applicable to TRS but also has the obligation to adhere to and promote high ethical principles, including those set forth below.

- Act solely in the best interest of the fund and the TRS members, retirees, and beneficiaries.
- Act with prudence, competence, independence, and objectivity.
- Adhere to laws, rules, regulations, bylaws, and policies adopted by the Board in overseeing investments, pension and healthcare benefits administration, and general operations of TRS.
- Act in a transparent manner in Board and Committee meetings when deliberations of official business take place.
- Maintain confidentiality when required to do so by law or by contract.
- Cooperate fully if questioned about an ethical matter related to TRS.

This Ethics Policy is a guide, not a complete statement of all fiduciary responsibilities; therefore, compliance with this Policy does not necessarily ensure compliance with all legal requirements. The provisions below are to aid Trustees in identifying conflicts of interest, avoiding them, disclosing them in a proper way, and managing them if they cannot be avoided. A "conflict of interest" is where a Trustee has, or reasonably could be perceived to have, an incentive to decide a matter or provide a recommendation for a reason that would be inconsistent with acting solely in the interest of TRS, or that would provide a financial benefit to the Trustee. It also includes a personal or business relationship or interest that could reasonably be expected to diminish the Trustee's independence of judgment in the performance of the Trustee's responsibilities to TRS. The provisions are also meant to assist Trustees in identifying prohibited conduct and circumstances that cannot be managed through disclosure or recusal from voting on issues.

This Policy applies only to the Board, and the TRS staff has a separate ethics policy applicable to them.

1. PERSONAL ADVANTAGE

Trustees shall not use their position on the Board for financial gain, obtaining privileges, avoiding the consequences of illegal acts, or for obtaining more favorable terms on loans, investments, or TRS benefits that are not available to others. This prohibition applies whether the Trustees seek a personal advantage or gain for themselves or for a third party.

2. GIFTS

A Trustee shall not solicit or accept any gifts (*e.g.*, objects, services, favors, entertainment, preferential treatment, vacations, or property) from any donor, except as provided below. Such gifts cannot be accepted by Trustees for themselves or for their families or business partners. While this standard may be stricter than what is required by law, the Board has decided it is best practice to place limitations on gifts.

The following are allowed under this Policy as long as the Trustee is not influenced by the gift or does not have knowledge that it was offered with intent to influence the Trustee in the discharge of the Trustee's official duties to TRS:

- Gifts conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the Trustee;
- Gifts having a value of less than \$50 (but in no event cash, negotiable instruments, or cash equivalents such as gift cards), including the following examples:
 - Tokens of nominal value that are distributed to all attendees at conferences, seminars, meetings, and receptions;
 - Meals, transportation, lodging, or entertainment, regardless of whether the donor is present;
 - Modest food items and other perishable items given on a holiday or other infrequent occasions;
- Transportation valued at \$50 or more if provided in connection with a business meeting, business meal, business conference or reception that serves a TRS purpose and the donor is present at the meeting, meal, conference or reception;
- Meals valued at \$50 or more, if provided in connection with a business meeting, business meal, business conference or reception, and the donor is present;
- Lodging valued at \$50 or more, if provided in connection with a business meeting, business meal, business conference or reception that serves a TRS purpose and the donor is present at the meeting, meal, conference or reception.
- Gifts given on special occasions between Trustees or between Trustees and TRS employees;
- Food and entertainment included in the conference or seminar fee;
- Travel expenses paid for by another governmental entity or a non-profit organization related to the public retirement industry, provided there are no prohibitive circumstances as determined after consultation pursuant to Section 11.

To avoid not only improper conduct but also the appearance of impropriety, Trustees should consider whether the circumstances associated with an expense payment or a courtesy by another would draw unfavorable public criticism. If this appears to be the case, Trustees should modify their behavior even if their acceptance of an expense payment, a courtesy, or gift is otherwise allowed.

3. USE OF TRS RESOURCES

Trustees shall not use TRS facilities, equipment, or staff for their personal benefit or for any commercial, political, or non-TRS purposes. Trustees may use TRS resources that are reasonably necessary to support them in their role on the Board or that facilitate their attendance at Board meetings, if the use of TRS resources involves only an insignificant cost, does not impede TRS business, and does not create an appearance of impropriety.

4. PERSONAL INVESTMENTS

Trustees shall take care that their personal investments do not create a conflict of interest that impacts their loyalty to TRS and their ability to function as a Trustee. While serving on the TRS Board, Trustees, their spouses, and dependents shall not make personal investments ("co-invest"), directly or indirectly, in private investment funds in which TRS has invested. However, a Trustee, a Trustee's spouse or dependent may continue to hold an investment in a private investment fund if the investment was held prior to TRS' investment or prior to the date the individual became a Trustee. If a Trustee becomes aware that any co-investment, or potential co-investment, exists, the Trustee shall disclose the investment and date of purchase in accordance with the procedure set forth in Section 9. The Trustee shall not receive any non-public or confidential information from TRS related to the co-investment unless the Board provides a waiver as set forth in Section 9. A Trustee shall not make a new personal investment in a private investment fund if TRS has informed the Trustee that TRS is considering investing in the fund.

Trustees, their spouses, and dependents may hold direct ownership interests (*e.g.*, stock or partnership interests) in entities that contract with TRS, provided that the ownership interest arose prior to the individual becoming a Trustee or prior to the entity becoming a TRS contractor. A Trustee who holds the foregoing preexisting investments must disclose his or her interest in accordance with the procedure set forth in Section 9. In addition, a Trustee who holds the foregoing preexisting investments must disclose and recuse him- or herself from (1) discussions and decisions involving contracts or potential contracts with contractors in which the Trustee holds such interests and (2) discussions and decisions involving delegations to, or selection of, staff assigned to award or negotiate contracts or potential contracts with contractors in which the Trustee holds such interests. The Trustee

shall not receive any non-public or confidential information from TRS related to the contract or potential contract unless the Board provides a waiver as set forth in Section 9. Notwithstanding the above, a Trustee is ineligible, and must resign, if the Trustee or the Trustee's spouse owns or controls, directly or indirectly, more than a 10% interest in a business entity or other organization receiving funds from TRS. TRS will furnish to the Trustees a list of its contractors quarterly. This provision does not apply to mutual funds, exchange traded funds, and other similar funds, or to blind trusts and managed accounts consistent with regulatory guidance (“managed accounts”). A Trustee who holds in a managed account direct ownership interests in entities that contract with TRS may have to disclose his or her interests in accordance with the procedure set forth in Section 9.

Although the Board has largely delegated the selection of investment managers and securities to the staff, Trustees shall not use their personal knowledge of upcoming TRS investments or material developments regarding TRS investments, about which the general public is not aware, for the financial gain of themselves or their family, business associates, or friends.

5. REFERRALS

If approached by persons seeking to do business with TRS, Trustees shall make a referral and any follow up inquiries to the Executive Director or, for investment matters, to the Chief Investment Officer. The Executive Director shall inform the other Trustees of any follow-up communications made by a referring Board member if they are repetitive or otherwise create concerns.

6. BLACKOUT PERIODS

Decisions made by the Board are to be free from improper or undisclosed influence. From time to time, in the ordinary course of business, TRS will issue requests for proposals, information or qualifications (RFPs, RFIs, and RFQs) for goods and services. If the request is one that involves a decision by the Board or a recommendation of a Board Committee, Trustees shall not privately communicate or meet with potential vendors on the subject of the request during the procurement period. Similarly, if the Board is considering an investment in a private investment fund, Trustees shall not privately communicate or meet with representatives of the investment opportunity on the subject of the investment during the decision-making period. Obvious exceptions to this are communications and meetings the Board or a Committee participates in as part of due diligence in the selection process. Notice will be provided by the Executive Director to Trustees regarding the applicable procurement period or the decision-making period in accordance with procedures developed by the Executive Director.

7. HONESTY

In their role on the TRS Board, Trustees shall conduct themselves with utmost honesty and not intentionally provide false or misleading information or intentionally conceal information that should be disclosed.

8. DISCLOSURES

Before the Board or a Board Committee discusses a matter where a Trustee has, or is likely to have, a conflict of interest, the Trustee is to disclose any conflict of interest or potential conflict to the Executive Director. Potential conflicts could arise from such things as a Trustee's, spouse's, or dependent's:

- Business relationships or interests;
- Campaign contributions or solicitations;
- Ownership or financial interests;
- Family relationships;
- Close personal friendships;
- Employment by a TRS business vendor.

The Executive Director, in consultation with legal counsel, will assist the Trustee in determining whether a conflict exists and whether further disclosure is required.

Trustees are also to disclose to the Executive Director the financial information as required by state law, any legal proceedings they are involved with that affects or could impact their ability to serve on the Board, and matters

relating to co-fiduciary responsibility.

9. CURING CONFLICTS OF INTEREST

Trustees shall make reasonable efforts to avoid conflicts of interest and appearances of conflicts of interest. If a conflict cannot be avoided, a Trustee shall attempt to cure the conflict. If a conflict cannot be cured, a Trustee with a conflict of interest shall comply with one of the following procedures.

Standard Procedure

- Disclose the conflict of interest to the Executive Director.
- If the source of the Trustee's conflict is to be discussed at a meeting, disclose the conflict at an open meeting and recuse him- or herself from discussing or voting on the matter.

Optional Waiver Request

- Disclose the conflict of interest to the Executive Director.
- If the source of the Trustee's conflict is to be discussed at a meeting, request the Board of Trustees to waive the conflict at an open meeting. In determining whether to waive the conflict, the non-conflicted Trustees shall consider at a minimum the following factors, as applicable:
 - The number of Trustees with the conflict;
 - The nature of the conflict;
 - The materiality of the conflict; and
 - Whether the Trustee has a personal or private interest, as defined in Texas Government Code section 572.058, in the measure, proposal or decision pending before the Board.

If the non-conflicted Trustees determine the Trustee has a personal or private interest, the conflict may not be waived and the conflicted Trustee must recuse him- or herself according to the Standard Procedure.

Upon a Trustee's disclosure of a conflict of interest, the conflicted Trustee shall not receive any non-public or confidential information from TRS on that matter that gave rise to the conflict, unless the non-conflicted Trustees have voted to waive the conflict for that individual.

In some instances, however, recusal or waiver is not sufficient to avoid violations of law. For example, recusal or waiver does not cure a violation of Texas conflict of interest law that results from (1) a gift, (2) employment or compensation, or (3) a personal investment that might reasonably be expected to affect the Trustee's independence of judgment in the performance of TRS duties. Similarly, recusal or waiver does not cure a violation of Texas conflict of interest law that results from having accepted employment that a Trustee might reasonably expect would require or induce the Trustee to disclose TRS' confidential information. Trustees may ask the Executive Director or General Counsel for guidance on these matters.

10. ADVICE ABOUT THE ETHICS POLICY

The Board recognizes that, at times, ethical issues might fall into a "gray" area where the acceptable ethical conduct is not obvious. In such circumstances, Trustees are to seek advice from the Executive Director, General Counsel or fiduciary counsel and, based on this advice, use their best judgment to uphold the highest ethical standards of behavior.

11. EVENTS THAT MAY MERIT LEGAL CONSULTATION

This Policy reflects general ethical principles and does not attempt to cover every conceivable situation where a Trustee may face an ethical dilemma or violate a law that could result in civil damages or criminal prosecution (see, e.g., Texas Government Code Chapters 572, 825, and 2203; and Texas Penal Code Chapters 36 and 39). Therefore, in addition to the specific circumstances that are covered in other sections of this Policy, the following checklist sets forth common events that might merit consultation with the TRS General Counsel or outside fiduciary counsel.

- Change in employment of yourself or spouse.
- Change in your marital status.
- Children become employed by someone doing business or likely to do business with TRS.

- A family member is considering employment at TRS.
- Sale of all or a part of your business.
- Start of a new business.
- Being asked to serve in another governmental office.
- Being asked to serve on the board or as an officer of a company.
- Being contacted about litigation involving TRS.
- Information about an alleged violation of law or ethics.
- Request from third parties for favors, accommodations, or disclosure of information.
- A benefit or gift from a TRS vendor, potential vendor, or member.
- An invitation to speak on behalf of TRS at a conference, meeting, or seminar.
- Someone offers to pay or waive your expenses in connection with a conference or meeting.

12. CO-FIDUCIARY RESPONSIBILITY

If a Trustee is aware of illegal activity, a breach of fiduciary duty by another Trustee or by someone else serving as a fiduciary to TRS, or a violation of this Policy, the Trustee shall promptly disclose such activity or breach to the Executive Director and the Chair of the Audit, Compliance, and Ethics Committee of the Board. No retaliatory action will be taken toward any individual who, in good faith, makes a report or takes action in response to a violation or suspected violation of applicable ethical laws, standards, or policies.

13. TRAINING AND ANNUAL ACKNOWLEDGEMENT

Annually, every Trustee shall attend ethics training provided by TRS and acknowledge in writing that he or she understands the Ethics Policy, has abided by it, and will abide by it. New Trustees are to make this written acknowledgment when they take office.

14. CONSEQUENCES FOR VIOLATIONS

For Trustees who violate this Ethics Policy, the Board may impose sanctions including public reprimand, removal from service on Committees, censure, requests for resignation from the Board, or other appropriate parliamentary measures.