



ENDOWMENT CODE OF CONDUCT

Investment Management Code of Conduct for Endowments, Foundations, and Charitable Organizations

The CFA Institute Endowment Code outlines ethical responsibilities for the sound management of longer-term financial assets. By adopting the Code, you are establishing an ethical framework for the governing body members and showing your commitment to serve the best interests of stakeholders and beneficiaries.

WHO SHOULD ADOPT THE CODE?

Organizations that manage long-term financial resources to support grant commitments or the operations of

- charitable trusts,
- endowments,
- independent foundations,
- nongovernmental organizations,
- philanthropies, or
- public funds.

ENDOWMENT CODE

A. ACT WITH LOYALTY AND PROPER PURPOSE.

1. Establish sound investment management practices that seek to maximize the impact of the organization's activities.
2. Understand the organization's mission and appropriately consider its impact within the investment strategy.
3. Place the interests of the organization, its donors, and its beneficiaries above your own.
4. Avoid conflicts of interest pertaining to the implementation of the organization's investment strategy whenever possible. Disclose annually and manage actual and perceived conflicts of interest that realistically cannot be avoided.
5. Do not solicit, offer, or accept any gift, benefit, or consideration personally that could reasonably be expected to affect your loyalty to the organization.
6. Do not place unreasonable constraints on future governing body members in the management of the endowed resources.

B. ACT WITH SKILL, COMPETENCE, PRUDENCE, AND REASONABLE CARE.

1. Dedicate sufficient time to prudently implement the organization's investment objectives and policies.
2. Maintain an appropriate level of knowledge of investment markets, products, and strategies in order to fulfill your duties.
3. Have a reasonable and adequate basis for investment decisions supported by active and thorough due diligence regarding the organization's investment strategy.

4. Appropriately manage the financial risks of the organization and the endowed resources.
5. Utilize external professionals when appropriate in the development, implementation, and review of the organization's investment strategy.

C. ABIDE BY ALL LAWS, RULES, REGULATIONS, AND FOUNDING DOCUMENTS.

1. Understand and ensure compliance with the laws, regulations, and governing documents pertaining to the organization's investment practices.
2. With regard to the organization's financial resources, report any suspected illegal, unethical, or financial irregularities to the appropriate parties.

D. SHOW RESPECT FOR ALL STAKEHOLDERS.

1. Take actions to maximize benefits from the endowed resources for the intended lifespan of the organization.
2. Ensure a proper balance of all applicable stakeholders' interests in the operations of the organization while respecting the intention of the organization's donors.
3. Seek to minimize the volatility of beneficiary and operational budgetary support through prudent financial management.
4. Maintain confidentiality and establish policies and procedures that address retention and/or redistribution of information.
5. Communicate with stakeholders in a timely, accurate, and transparent manner.

E. REVIEW INVESTMENT STRATEGY AND PRACTICES REGULARLY.

1. Assess the performance and integrity of investment managers in their stewardship of the endowed resources under an agreed-upon set of standards, benchmarks, and metrics.
2. Review the actions of the investment committee regarding performance in implementing and adhering to the principles of the organization's investment strategy and policies.
3. Review and adjust the investment strategy and practices to best meet the organization's objectives and to maximize benefits from the endowed resources.

For additional information, please visit

www.cfainstitute.org/ethics/codes/endowments/.