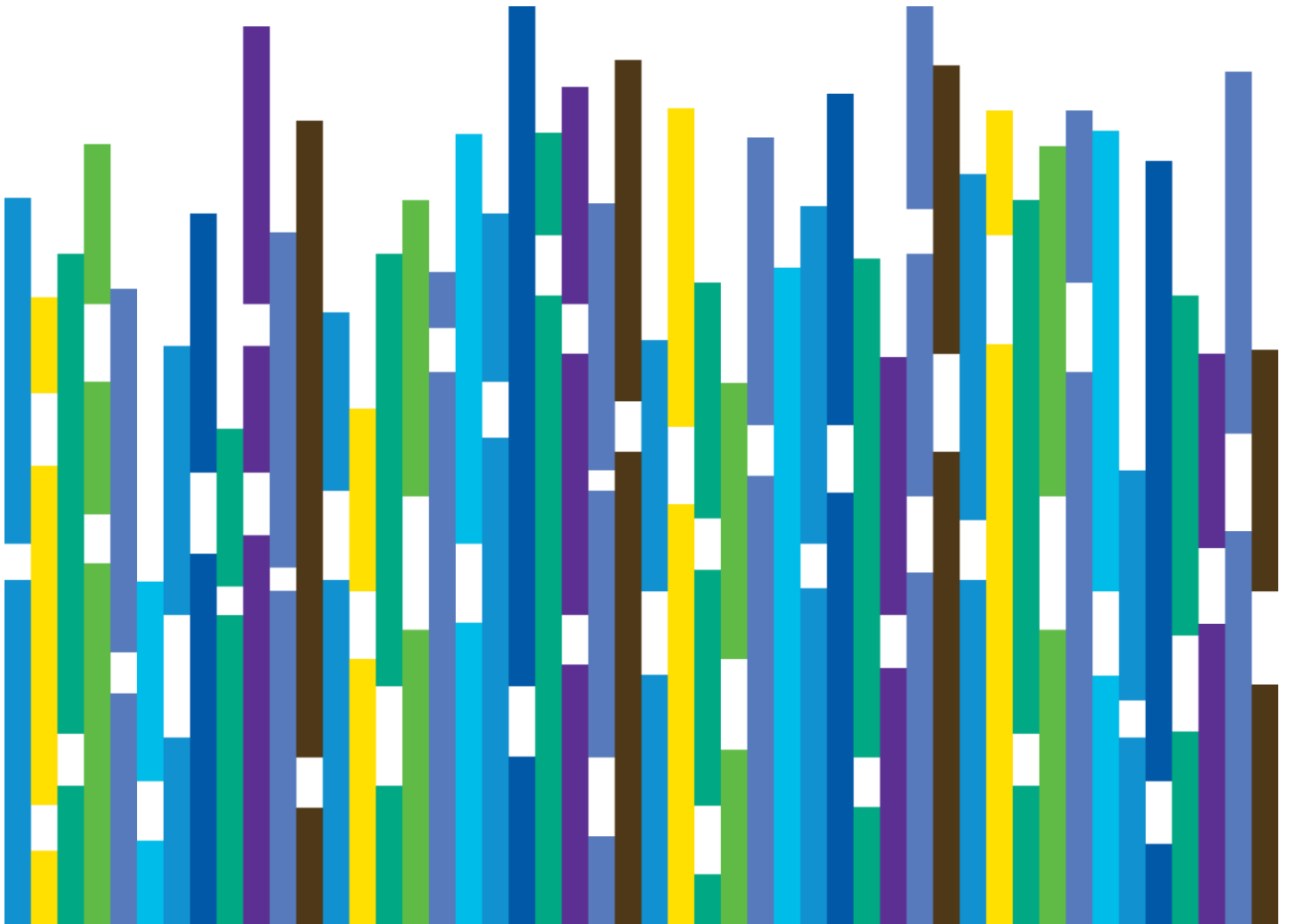


# CONFLICT OF INTEREST POLICY

## Compliance

[Version 4.1]

[Approval Date: 21 Jul 2020]



# CONFLICT OF INTEREST POLICY

## Compliance

<b>Policy Owner:</b>	Shambi Dalal-Patel, Global Head, Risk & Compliance
<b>Policy Sponsor:</b>	Sheri Littlefield, Managing Director, Chief Legal Officer

**Note:** Risk Committee Approval is Required for this Policy.

Compliance of this Policy will be monitored. Failure to adhere to the policy may result in disciplinary action.

### 1.0 Purpose

**Law/Regulation Name:** The organization must remain compliant with global laws that address conflicts of interest, corruption, required disclosures, and other related laws wherever the organization operates and conducts business. Two key laws in this area are the U.S. Foreign Corrupt Practices Act (FCPA) and U.K. Bribery Act.

**Business Risk Description:** Conflicts of interest can compromise the organization’s pursuit of mission. This can be via an impact on brand, or perception of ethics, or via sub-optimal decisions and includes any circumstance that could cast doubt on the ability to act objectively as to the organization’s mission.

**Other (Please List):** CFA Institute recognizes that not all conflicts of interest are inherently problematic, and it is the policy of the organization to seek to identify and manage all actual and potential conflicts of interest with transparency and integrity.

### 2.0 Applicability

[Please check the appropriate box(es).]

Area:

Global                       Americas                       APAC                       EMEA

Office/Country (Please List): \_\_\_\_\_

Personnel Type:

Employees                       Contingent Workers                       Volunteers

Board Members                       Other (Please List): \_\_\_\_\_

### 3.0 Policy Standards

While it may be difficult to describe every possible relationship, situation or circumstance that may pose or lead to a conflict with one's duty to CFA Institute, this policy applies to any situation where a conflict arises whether or not it is detailed below.

## 3.1 Definitions

### 3.1.1. Conflict of Interest

A conflict of interest occurs when an individual has a personal or outside (non-CFA Institute) interest that is substantial enough to affect a person's judgment or in any way interfere with his or her duty to act in the best interests of CFA Institute. An outside interest is considered a conflict when it

- Affects a person's ability to make decisions based on what is best for CFA Institute;
- Affects a person's ability to be impartial and objective; and/or
- Introduces personal or non-business issues into what should be a business decision.

### 3.1.2. Personal Interest

A personal interest could be a financial interest in another company or in a transaction, a personal relationship with someone, or any interest or relationship that could inappropriately affect one's judgment or decision-making when performing responsibilities for CFA Institute. Additional examples of activities that may present a conflict of interest include soliciting or accepting gifts outside of customary social amenities of modest value to the extent permitted by CFA Institute's gift policy, influencing or attempting to influence a business transaction where a personal relationship exists, being indebted to the organization other than for normal course of business travel advances, providing services to a competitor, supplier or vendor or cases of buying or selling securities using non-public information obtained as a results of one's duties at CFA Institute.

### 3.1.3. Related Party

A related party may be a person or an entity and can include one's immediate and extended family as well as another organization where the person may have an interest, financial or otherwise.

## 3.2 Roles & Responsibilities

### 3.2.1. CFA Institute Employees, Volunteers, and Contingent Workers

All employees, volunteers, and contingent workers of CFA Institute must act responsibly in conducting their duties to

- Avoid transactions (business or financial) or relationships that conflict with the interests of CFA Institute or that divide one's loyalty to the organization;
- Act in good faith, using a degree of diligence, care and skill, which prudent people would use in similar positions and under similar circumstances thereby remaining loyal to and keeping the interests of the organization paramount to all other interests as part of this decision

making;

- Bring any situation in which a conflict might arise or has arisen to the immediate attention of the Chief Compliance Officer, who will then escalate the matter to the appropriate conflict of interest committee to adjudicate.

### 3.2.2. CFA Institute Board of Governors

It is the responsibility of individuals serving as Governors of CFA Institute to exercise a duty of loyalty by disclosing any activity or relationship that may have the appearance of or potential to be a conflict of interest. If CFA Institute makes the business decision, exercised with its best care, skill, and judgment, to accept the disclosed conflict of interest for the greater benefit of the organization, the onus is then on the Board of CFA Institute to mitigate and manage it with transparency and integrity. An appropriately managed conflict does not preclude one from serving on a Board, in most cases.

Additionally, the CFA Institute Board of Governors is responsible for ensuring that CFA Institute

- Adopts, implements, oversees, and enforces compliance with this policy, consistent with processes which set forth adjudicative roles for various types of conflicts of interest in the CFA Institute Conflict of Interest Procedures;
- Takes all reasonable steps to identify conflicts of interest that arise or may arise in the course of its business, and, if it so chooses, to move ahead in the case of a conflict where it has determined that moving forward is in the best interest of the organization and has disclosed such conflict;
- Maintains and operates effective organizational and administrative arrangements to prevent or mitigate conflicts of interest from constituting or giving rise to a material risk of damage to the interests of CFA Institute stakeholders;
- Maintains records of the kinds of service or activity carried out by or on behalf of the organization to address any conflicts of interest causing a material risk of damage to the interests of CFA Institute;
- Reports any situation in which arrangements made by management in the oversight of conflicts of interest, or waivers sought to such policy (including those involving related parties), are appropriately deliberated and concluded upon by the Risk Committee of the Board; and
- Requires that prior to the initial election of any Governor, and annually thereafter, Governors must affirm that they have received a copy of the conflict of interest policy, have read and understood the policy, agreed to comply with the policy, complete, sign, and submit the policy and include where applicable a written statement identifying any potential conflict.

## 3.3 Policy

CFA Institute should take all reasonable steps to identify conflicts that arise or may arise in the course of its business. When mitigation can be used to manage a conflict, CFA Institute will do so with transparency and documentation as well as with regular independent review. If mitigation is inadequate to manage a conflict, CFA Institute may choose to avoid or terminate the conflict.

If a conflict cannot be removed or its removal is determined not to be in the best interest of CFA Institute, it is permissible for the organization to move forward with such existing conflict. However, it is important that the Conflict is adequately managed with ongoing controls as well as with review and oversight of the Risk Committee.

### **3.3.1. Adjudicative Committee**

Conflicts of interest may not always be easy to define or clear-cut in determining. CFA Institute has, however, established a conflict of interest adjudicative committee structure to identify any potential for conflicts; review appeals; review policies and controls; and report any findings to senior management and the Board of Governors through the oversight of the Risk Committee.

### **3.3.2. International Conflict**

As CFA Institute conducts business internationally, one needs to be mindful of the responsibilities of complying with the Foreign Corrupt Practices Act and the anti-bribery and anti-corruption laws of the countries in which CFA Institute conducts activities. Interacting with government officials present unique challenges. The Foreign Corrupt Practices Act prohibits a U.S. corporation or person from making or offering a payment to a foreign government official in order to obtain or retain business. The Foreign Corrupt Practices Act also contains various recordkeeping provisions that need to be rigorously supported. Regardless of the interaction with these officials one must always remember to reflect the mission and values of CFA Institute.

### **3.3.3. Related Parties**

Outside interests may often include those with related parties. Transactions between CFA Institute and the related party of a person subject to this Policy will require specific review. While there may not be a formally defined threshold, generally, interests including either value prescribed, or payments made or received yielding \$120,000 could be viewed as meeting this threshold. Given the scrutiny and potential risks surrounding related parties any potential transactions with this group needs to be appropriately reviewed and approved by the Risk Committee.

### **3.3.4. Disclosure**

Any potential or realized interest, obligation, or relationship, including those involving immediate family, must be promptly disclosed in writing – whether actual or perceived. Disclosure provides transparency to the potential for actual or perceived conflicts and is a necessary component to risk mitigation as it pertains to CFA Institute. Addressing a conflict of interest is the process of identifying and implementing practices to minimize the risk that may be associated with the conflict. Included in this risk mitigation strategy is the ability to present the potential conflict to a CFA Institute deliberative body. Any person with a conflict of interest cannot be present at or participate in board or committee deliberations or vote on the matter giving rise to the conflict. That person is also prohibited from attempting to influence any board or committee deliberations.

### 3.3.5. Appearance of Conflict

Even if a person is certain that his or her judgment will not in any way be affected by an outside interest, if others might reasonably think the interest is substantial, the appearance of a conflict may exist which would require disclosure. No policy can possibly provide complete guidance; therefore, it is important to rely on one's good sense of what CFA Institute values call for. As employees, contingent workers, board members, and other voluntary committee members, we owe a duty of loyalty and faithfulness to CFA Institute to advance its legitimate interests when the opportunity to do so arises and not to advance our own interests at the expense of CFA Institute. To maintain the highest degree of honesty, transparency and integrity in conducting the business of CFA Institute, everyone must ethically handle any activities, interests, and associations in which personal interests could cause a conflict, or may reasonably appear to be a conflict, with the interests of CFA Institute.

### 3.3.6. Corporate Opportunities

Employees, contingent workers, board members, and other voluntary committee members may not take for themselves corporate opportunities that are discovered through the use of corporate property (including intellectual property), information, or position, nor may they use corporate and intellectual property, information, or position for personal gain. These are considered confidential corporate opportunities, and they belong to CFA Institute unless CFA Institute determines not to pursue them.

In addition, they may not engage in any activity that results in competition directly or indirectly with CFA Institute or could advance, or reasonably be expected to advance, the interests of a competitor. Everyone must make prompt and full disclosure in writing of any situation that may involve a conflict of interest, including the pursuit of a corporate opportunity.

### 3.3.7. Record Retention

A record of all identified conflicts of interest will be kept in a limited-access, secure portal along with the adjudicative actions taken, including the minutes of any committee or board deliberations. The conflicted party shall be informed of the final decision, but not the details on any decision making, unless there is required follow up needed.

### 3.3.8. Violations

CFA Institute is committed to the highest ethical standards of conduct. Appropriate sanctions may be taken for violation of this conflict of interest policy. All CFA Institute stakeholders need to work together to ensure prompt and consistent application of this policy. However, in some situations it may be difficult to know if there is a conflict of interest. If you have any questions concerning this policy or how it applies to specific situations or if you know of or suspect a violation of this policy, please be encouraged to contact the Chief Compliance Officer or please call the CFA Institute Ethics Helpline at +1 844 283 9319. You may also reach out directly to the [Risk Committee Chair](#). No retaliatory action may be taken or threatened against anyone for asking questions, raising possible issues, voicing concerns, or making suggestions in good faith as to this policy. This policy is intended to supplement, but not replace, any applicable Virginia and Federal laws governing conflict of interest issues.

## 4.0 Additional / Related Information

[Anti-Corruption Policy](#)

[CFA Institute Code of Conduct](#)

[Gift & Entertainment Policy](#)

[Policy on Raising Concerns](#)

## 5.0 Revision History

Date	Revision No.	Modification	Updated by	Section(s)
12/17/2015	1.0	Original policy approved by the Audit and Risk Committee	Emily Grymes	All
2/18/2016	2.0	Revisions approved by the Audit and Risk Committee Chair	Emily Grymes	All
7/20/2017	3.0	Reviewed and approved by the Audit and Risk Committee	Emily Grymes	All
1/16/2018	3.1	Policy adapted to standard policy format	Emily Grymes	All
7/20/2018	4.0	Policy amended to better reflect the approach of CFA Institute to Conflicts of Interest. Revisions approved by the Audit and Risk Committee	Emily Grymes	1, 5, 6
7/21/2020	4.1	Policy moved into new policy template, adopted in 2020	Cal Beasley	All