



A GUIDE TO ETHICAL PRACTICES IN THE GOVERNANCE OF PENSION PLANS

WHAT IS THE PENSION TRUSTEE CODE OF CONDUCT?

The Pension Trustee Code of Conduct is a voluntary code of conduct that provides an ethical framework for members of a pension's governing body when complying with their duties to the pension. Whether public or private, pension governing bodies that adopt the Pension Trustee Code of Conduct demonstrate their commitment to serving the best interests of the pension's participants and beneficiaries.

The Pension Trustee Code of Conduct was developed by CFA Institute in cooperation with a multinational coalition of associations after consulting with a broad range of industry participants and stakeholders. The Code fosters industry self-regulation on a global basis. The fundamental ethical principles embodied in it are intended to enhance the policies and procedures that a pension has already established internally for its governance.

WHAT DOES THE PENSION TRUSTEE CODE OF CONDUCT COVER?

The Pension Trustee Code of Conduct outlines 10 fundamental ethical principles that are universally applicable to pension trustees:

- Act in good faith and in the best interests of the plan participants and beneficiaries.
- Act with prudence and reasonable care.
- Act with skill, competence, and diligence.
- Maintain independence and objectivity by, among other actions, avoiding conflicts of interest, refraining from self-dealing, and refusing any gift that could reasonably be expected to affect their loyalty.
- Abide by all applicable laws, rules, and regulations, including the terms of the plan documents.
- Deal fairly, objectively, and impartially with all participants and beneficiaries.
- Take actions that are consistent with the established mission of the plan and the policies that support the mission.
- Review on a regular basis the efficiency and effectiveness of the plan's success in meeting its goals, including assessing the performance and actions of plan service providers, such as investment managers, consultants, and actuaries.

- Maintain confidentiality of plan, participant, and beneficiary information.
- Communicate with participants, beneficiaries, and supervisory authorities in a timely, accurate, and transparent manner.

WHO BENEFITS FROM THE PENSION TRUSTEE CODE OF CONDUCT?

Pension plan participants and beneficiaries all benefit from the Pension Trustee Code of Conduct. Compliance with the Code is voluntary, but by choosing to comply, a pension's governing body shows its commitment to the highest ethical standards in the management and administration of pension plan assets.

WHAT CAN PLAN PARTICIPANTS AND BENEFICIARIES DO TO PROMOTE ETHICAL STANDARDS IN PENSION PLAN GOVERNANCE?

Plan participants and beneficiaries should ask their pension managers to comply with the Pension Trustee Code of Conduct.

WHO SHOULD ADOPT THE PENSION TRUSTEE CODE OF CONDUCT?

Public companies, government agencies, unions, and pension plan administrators should adopt the Pension Trustee Code of Conduct. Depending on the nature and type of the pension, the members of its governing body may have responsibility for overseeing the administration of benefits as well as the pension's investment decision-making process. The principles of the Code apply equally to their duties in each of these roles.

HOW CAN I LEARN MORE?

For more information, visit: www.cfainstitute.org/en/ethics/codes/pension-trustee-code or email industrystandards@cfainstitute.org.