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# EGERTON UNIVERSITY

## ENDOWMENT FUND CODE OF CONDUCT AND ETHICS POLICY

2011

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## **Preamble:**

Philanthropic individuals and organisations around the world provide financial resources to entities dedicated to improving the human condition. These groups' philanthropic activities provide basic necessities in times of need, improve access to education and health care, fund research and technological improvements, and support a variety of worthy causes. The universal goal of these organizations and the founding **donors** is to achieve a positive and lasting impact on society.

The legal framework for **endowments** is defined in the laws of Kenya. Endowment funds provide resources to advance the mission of the University.

The code of ethics is designed with the goal of establishing best practice for the trustees, and or paid staff responsible for managing the entity's financial assets.

The incorporation of the ethical principles embodied in the Code will enhance the policies and procedures related to the management of the financial resources.

## **General Principles of Conduct and Ethics**

The trustees who are responsible for the oversight and stewardship of the financial resources of the Egerton University Endowment Fund shall:

- A. Act with loyalty and proper purpose.
- B. Act with skill, competence, prudence, and reasonable care.
- C. Abide by all laws, rules, regulations, and founding documents.
- D. Show respect for all stakeholders.
- E. Review investment strategy and practices regularly.

### **These principles are expounded in detail below**

#### **A. Act with loyalty and proper purpose:**

- (i) Establish sound investment management practices that seek to maximize impact of the Fund's activities.
- (ii) Understand the University's mission and appropriately consider its impact within the **investment strategy**.
- (iii) Place the interest of the fund, its donors, and its beneficiaries above their own.
- (iv) Avoid conflicts of interest pertaining to the implementation of the Fund's investment strategy whenever possible. Disclose annually and manage actual and perceived conflicts of interest that realistically cannot be avoided.
- (v) Not solicit, offer, or accept any gift, benefit, or consideration

personally that could reasonably be expected to affect their loyalty to the Fund.

- (vi) Not place unreasonable constraints on future Trustees in the management of the endowed resources.

**B. Act with skill, competence, prudence, and reasonable care:**

- (i) Dedicate sufficient time to prudently implement the Fund's investment objectives and policies.
- (ii) Maintain an appropriate level of knowledge of investment markets, products, and strategies in order to fulfill their duties.
- (iii) Have a reasonable and adequate basis for investment decisions supported by active and thorough due diligence of the investment strategies of the Fund.
- (iv) Appropriately manage the financial risks of the endowed resources.
- (v) Utilize external professionals when appropriate in the development, implementation, and review of the Fund's investment strategy.

**C. Abide by all laws, rules, regulations, and founding documents:**

- (i) Understand and ensure compliance with the laws, regulations, and governing documents pertaining to the Fund's investment practices.
- (ii) With regard to the Fund's financial resources, report any

suspected illegal, unethical or financial irregularities to the appropriate parties.

**D. Show respect for all stakeholders**

- (i) Take actions to maximize benefits from the endowed resources for the intended lifespan of the Fund.
- (ii) Ensure a proper balance of all applicable stakeholders' interests in the operations of the Fund while respecting the intention of the University's donors.
- (iii) Seek to minimize the volatility of beneficiary and operational budgetary support through prudent financial management.
- (iv) Maintain confidentiality and establish policies and procedures that address retention and redistribution of information.
- (v) Communicate with stakeholders in a timely, accurate, and transparent manner.

**E. Review investment strategy and practices regularly:**

- (i) Assess the performance and integrity of investment manager in stewardship of the endowed resources by an agreed upon set of standards, benchmarks, and metrics.
- (ii) Review the actions of the investment committee regarding performance in implementing the adherence to the principles of the Fund's investment strategy and policies.
- (iii) Review and adjust investment practices and strategies to

best meet the Fund's objective and to maximize benefits available from the endowed resources



## Appendix:

### Definitions

**Beneficiaries:** Individuals or entities that receive financial support from the endowment.

**Donors:** Individuals or entities that provide a financial contribution to the endowment.

**Endowment:** An entity whose values and mission promote the well-being of society by providing financial support. Financial support can represent providing for common needs, the advancement of education and research, and other worthy endeavors.

**Financial Resources:** Financial assets (e.g., security investments and real estate) amassed by an endowment for the support of its long-term goals.

**Trustees:** The group of persons or legal entity responsible for oversight of the financial assets.

**Investment Strategy:** The organization's documented investment policies and procedures, sometimes called an investment policy statement. In formulating an Investment strategy, the organization should take the following into consideration:

- **Investment objectives-**

1. Return objectives (income, growth in principal, maintenance of purchasing power)

2. Risk tolerance (suitability, stability of values)
- **Investment constraints-**
  1. Liquidity needs
  2. Expected cash flows (patterns of additions and/or withdrawals)
  3. Investable funds (assets and liabilities or other commitments)
  4. Time horizon
  5. Tax considerations
  6. Regulatory and legal circumstances
  7. Preferences, prohibitions, circumstances, and unique needs
  8. Proxy voting responsibilities and guidance, and performance measurement benchmarks, which include risk metrics.

**Lifespan:** An endowment can be formed with a defined end point or date. Others are developed to operate perpetually. The lifespan of the organization may affect how decisions concerning the investment of endowed resources are made. The Egerton University Fund is intended to operate perpetually.

**Mission:** The guiding voice for the endowment derived from the articulated will/intent of founding donor(s). Within this document, “mission” will collectively represent “purpose”, “vision” or “aim” of the organization.

**Stakeholders:** Stakeholders include founders of the fund (Council), individuals and organizations that receive benefits from, contribute time and resources to, or are employed by the organization.

**The finance, Investment and General Purposes Committee of Council is requested to consider and approve the code of conduct and Ethics for Egerton University Endowment Fund.**