



Conflict of Interest Policy for Council Board Members and Committee Members

Revised March 29, 2012

General Principles

The Council on Foundations (“Council”) seeks to avoid any conflict of interest in its operations and, where possible, to avoid even the appearance of a conflict. The members of the Council’s board of directors understand the importance of serving the Council to the best of their ability and with the highest degree of undivided obedience, loyalty and care. Members of committees understand that, while serving on the committee, they are expected to act in the best interest of the Council.

As a membership organization, it is understood that board and committee members serve in these roles with the Council to collectively advance the Council and the philanthropic field. Naturally, committee and board members generally benefit from the work of the Council through the receipt of membership benefits and the collective benefits of advancing the philanthropic field. This policy is not intended to address those situations where board or committee members may benefit from a decision simply because they are a member of the Council and/or the philanthropic field. Instead, this policy is designed to address situations where a board or committee member has a specific or individualized interest which may impact his/her decisionmaking as a member of the board or committee.

Taking into consideration the above principles, individuals covered by this policy agree that they will not participate in any Council decision that materially benefits them or a related party.

All individuals covered by this policy also agree to disclose any interest they have in a matter being considered by the board and/or committee of which he/she is a member where that interest could reasonably be viewed by others as affecting the objectivity or independence of the covered individual. An insubstantial interest will not normally be viewed as affecting the objectivity or independence of the covered individual. However, in the interest of full disclosure, an insubstantial interest should be disclosed to the committee chair or board chair.

Individuals Covered by the Policy

This policy applies to all Council board members and committee members. Council staff members are not included in this policy because they are governed by a separate conflict of interest policy that may be found in the Council on Foundations Policy Manual.

For purposes of this policy, Council board members and committee members are considered to have a conflict if the conflict defined under the policy is one of self or a related party to self. For the purposes of this policy, a related party is any:

- Immediate family member (children, grandchildren, parents, siblings and spouses thereof and spouses),
- Household member (persons residing in a board or committee member's household), and
- Organization with which an immediate family member or household member has a formal relationship. A formal relationship is defined as serving as a member, director, officer, employer or partner of an organization regardless of whether the organization is a business or nonprofit.

Determining the Existence of a Conflict of Interest

"Conflicts of Interest" Generally Defined

"Conflicts of interest" includes not only individual financial gain in conflict with an individual's duties to the Council ("material conflict") but also conflicts arising from any interest in or duty to another organization. In general, individuals shall not seek to profit personally from their affiliations with the Council or favor the interests of themselves, relatives, friends, supporters, or other organizations over the interests of the Council, or bring their interests into conflict or competition with the interests of the Council.

Recognizing that not all conflict of interest situations are clear-cut and easy to define, it is ultimately the responsibility of each individual to use sound judgment and avoid or determine the existence of and disclose any situation that creates or appears to create a conflict of interest. Board and committees with specific questions about the possible presence of a conflict of interest shall consult with the Council's general counsel. Alternatively, the individual may choose to treat the issue as a conflict of interest in accordance with this policy.

Examples

This section includes illustrative examples of what does and does not constitute a conflict of interest that would need to be disclosed under this policy.

- A board member works for a consulting firm which the board is considering hiring. The board member has a material conflict of interest with respect to that issue that needs to be disclosed.
- A committee member's employer organization has applied for a grant from the Council which is awarded by the committee. The committee member has a material conflict of interest with respect to the grant decisions that needs to be disclosed.
- A board member's foundation has requested the Council work on a particular project funded by the foundation. The board member has a non-material conflict of interest with respect to the board's consideration of the project under the policy on external funding and grants that needs to be disclosed
- A committee member's foundation is being considered for a non-financial award selected by the committee. This committee member has a non-material conflict of interest with respect to award decisions that needs to be disclosed.

- A board member or public policy committee member voting on the Council's legislative agenda where the benefit to the board or committee member's foundation is no different than other grantmakers governed by similar rules. This is not a conflict of interest under this policy and does not need to be disclosed.
- A committee member serving on the board voting on his/her committee's recommendation to the board. This is not a conflict of interest under this policy and does not need to be disclosed because the committee is recommending action to the Council board and the purpose of the committee is also to serve the Council.

Specific Guidelines

1. Material Conflicts of Interest. Individuals covered by this policy shall not solicit or enter into financial transactions with the Council except upon the following conditions:
 - a) The individual involved identifies the potential conflict to the board or committee;
 - b) The individual fully discloses all facts relevant to the proposed financial transaction;
 - c) The board or committee conducts appropriate due diligence in determining whether to enter the proposed transaction;
 - d) The individual absents him or herself from the meeting during any discussion of the matter and refrains from voting on it, and
 - e) The minutes of the meeting of the board or committee shall reflect that the conflict of interest was disclosed, that the interested person was not present during the final discussion or vote, and that the interested person did not vote.

Recognizing that many contracting and other financial commitments are entered into by authorized staff and not the board or committee, a board member has an affirmative duty to disclose any interest in any financial transaction with the Council. Interests include that of the individual and related parties. Such transactions will be discouraged and generally prohibited. Exceptions will only be permitted if the transaction is in the best interest of the Council and the transaction is approved by the Executive Committee or board in accordance with the conditions outlined above. This provision will continue to apply for a period of one year after the board member's board service ends.

Note that in the rare circumstances where reimbursement of travel expenses for committee and/or board meetings is considered, such reimbursement may be made in accordance with the Council's Travel Reimbursement policy, and is not subject to this policy.

2. Gifts and Loans. Individuals covered by this policy shall not knowingly accept any gifts or loans from any source from which the Council purchases goods or services where those purchases require the approval of the board or the committee upon which the individual sits.
3. Other Conflicts of Interest. When a matter presents a non-material conflict of interest for individuals covered by this policy, the following procedure must be followed unless a more specific procedure is outlined above:
 - a) The individual involved identifies the potential conflict to the board or committee;

- b) The individual fully discloses all facts relevant to the board's or committee's discussion of the matter;
- c) The individual refrains from voting on the matter and, if requested by the board or committee chair, absents him or herself from the meeting during any discussion of the matter; and
- d) The disclosure of the conflict and recusal from the vote is documented in meeting minutes and/or other records.

Requirement for Approving a Conflict of Interest Transaction

The Council may enter into a transaction which involves a conflict of interest only if it is approved by the affirmative vote of a disinterested majority of the board of directors of the Council, provided that such vote is taken in good faith after full disclosure as described above. Similarly, a committee may take action on a matter involving a conflict of interest only if the action item is approved by the affirmative vote of a disinterested majority of the committee, provided that such vote is taken in good faith after full disclosure as described above.

Disclosure Requirements

Council board members and committee members must annually disclose, in full, the name of each business or nonprofit organization that has or reasonably expects to have any material interest in any proposed or existing contract, transaction or arrangement with the Council on Foundations and in which he/she, his/her spouse or any member of their immediate family is a member, director, officer, employer or partner. A statement of disclosure follows this policy.

Council board members and committee members are under a continuing obligation to report any actual or potential conflicts of interest and must report promptly any conflicts of interest that have not been previously disclosed including material or non-material conflicts of interest requiring disclosure under this policy.

If an individual has reasonable cause to believe that others have failed to disclose a conflict of interest, he/she shall inform the relevant Board or committee chair and the Council's general counsel. The board or committee chair shall discuss the issue with the Council's general counsel to assist in determining the appropriate steps to protect the Council.

Certificate

The undersigned hereby certifies that he or she has received a copy of the Council's Conflict of Interest Policy, has read and understood it, and agrees to abide by it.

Signature

Date

Print Name

Council on Foundations Statement of Disclosure

The Council on Foundations seeks to avoid any conflict of interest in its operations and, where possible, to avoid even the appearance of a conflict. All individuals signing the conflict of interest statement agree that they will not participate in any Council board or committee decision that materially benefits them or a related party.

Council board members and committee members must annually disclose the name of each business or nonprofit organization with which the individual, an immediate family member or household member serves as a member, director, officer, employer or partner if that business or nonprofit organization has or reasonably expects to have a material interest in any proposed or existing contract, transaction or arrangement with the Council on Foundations. Individuals must report any conflicting relationships of which they are aware but are not required to make inquiries regarding affiliations of any person who is not a household member.

Based on terms of the Conflict of Interest Policy, please **check one of** the statements below as applicable to you:

I am not aware of any direct or indirect financial or other material interest that is required to be disclosed under the Conflict of Interest Policy.

OR

I have described in the space below or attached letter every direct or indirect financial or other material interest that is required to be disclosed under the Conflict of Interest Policy.

Signature: _____ Date: _____

Print name: _____