



Sample Conflict of Interest Policies from the Council

Sample One: For Staff and Board

Code of Conduct

I. Introduction

The Foundation is a publicly supported charitable foundation serving the communities of [insert name of communities] and is dedicated to its mission of expanding private philanthropy in those communities. The Foundation operates within the public trust and strives to maintain the highest code of conduct in all of its operations.

The foundation recognizes that it can best accomplish its mission when the board of directors, volunteer committee members, staff and other groups associated with the foundation represent the diverse interests, cultures, occupations and expertise of the community. Thus, the foundation recognizes that members of the board of directors and others representing or affiliated with the foundation will from time to time face possible conflicts of interest or situations in which the appearance of conflict of interest could be detrimental to the foundation and the communities it serves. The foundation adopts this code of conduct in recognition of its responsibility to the public trust, in recognition of the importance of fairness and objectivity in its conduct of business, as a means of assuring that every decision of the foundation is made in the interest of the foundation and the communities it serves and as a means of publicly codifying its expectations of board, staff and volunteers, and others serving the foundation.

This code of conduct applies to all persons holding positions of responsibility and trust on behalf of the Foundation, including but not limited to members of the board of directors, volunteer committee members, members of the boards of supporting organizations to the foundation, and members of the foundation staff (hereinafter “members”). This code of conduct shall be provided to each member at the time that he or she is asked to serve the foundation.

II. General Policies and Expectations

Members of the foundation are expected to commit themselves to ethical and professional conduct. This includes the proper use of authority and appropriate decorum.

Members must represent unconflicted loyalty to the interest of the foundation. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, business interests, personal interests or paid or volunteer service to other organizations. It also supersedes the personal interest of any staff or volunteer member acting as a consumer or client of the foundation’s services.

It is the policy of the foundation that no member shall derive any personal profit or gain, directly or indirectly, by reason of his or her service to the Foundation.

There may be no self-dealing or any conduct of private business or personal services between any member and the foundation except those conducted in an open and objective manner to ensure equal competitive opportunity and equal access to information.

Board members or volunteer committee members must not use their positions to obtain employment in the Foundation for themselves, family members or close associates. Should a board or volunteer committee member desire employment, he or she must first resign.

Board and volunteer committee members may not attempt to exercise individual authority over the policies and operations of the foundation except through their roles as voting members of the board or volunteer committees. Staff members may not attempt to exercise individual authority over the policies and operations of the foundation except through their specific job responsibilities and established supervisory structure.

Board members and volunteer committee members in their interaction with the press and the public must recognize the inability of any individual member of the board or committee to speak for the foundation except as expressly authorized by the board chair. Staff members in their interactions with the press and the public must recognize the inability of any individual staff member to speak for the foundation except as expressly authorized by the executive director.

The Foundation will comply with both the letter and spirit of all public disclosure requirements, including the open availability of its Form 990 tax returns. However, all members must hold strictly confidential all issues of a private nature, including, but not limited to, issues related to private businesses, contributions from individuals, businesses and other private entities, and all personnel matters.

III. Policies on Conflict of Interest

In conducting the affairs of the foundation, duality or conflict of interest shall be presumed when a person to whom this policy applies or a member of his/her immediate family serves as a trustee, officer, staff member or holder of more than 10% of corporate stock of an affected organization or firm; has a formal affiliation or interest in an affected organization or firm; or could expect financial gain or loss from a particular decision.

Before a staff, board or volunteer committee member begins his or her service with the foundation, he or she shall file with the executive director of the foundation a list of his or her principal business activities, as well as involvement with other charitable and business organizations, vendors or business interests, or with any other associations that might produce a conflict of interest.

In addition to the disclosure required by the previous paragraph, each member is under an obligation to the foundation, to his or her fellow staff or volunteers, and to the community served by the Foundation to inform the foundation of any position he or she holds or of any business or a vocational activity that may result in a possible conflict of interest or bias for or against a particular grantee, action or policy, at the time such grant, action or policy is under consideration by the board or any volunteer

committee of the foundation. Any duality or possible conflict of interest on the part of any member shall be disclosed to the chair of the board (in the case of volunteers) or the executive director (in the case of staff members) and made a matter of record as soon as the issue in question is raised and a possible conflict is known.

When the board, committee or staff is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall physically absent herself or himself without comment from not only the vote, but also from the deliberation, unless directly requested by the chair of the board or relevant committee to provide factual information or answer factual questions that may assist the board or committee in making a wise decision. In no case shall that Member vote on such matter or attempt to exert personal influence in connection therewith.

Disclosure and abstention shall be recorded in the minutes of the meeting(s) at which the issue is discussed and decided.

In any situation not specifically covered by the previous sections of this policy, members shall consider carefully any potential conflict of their personal interests with the interests of the foundation and refrain from any action that might be perceived as an actual or apparent conflict of interest.

IV. Examples of Appropriate Actions Under This Code of Conduct

Example 1. An officer or other paid employee of a bank or other financial institution who is also a board or finance committee member of the Foundation should inform the chair of the board of his or her potential conflict of interest and abstain from discussing or voting on the retaining, employing or dismissing of his or her financial institution as an investment manager of the foundation.

Example 2. A board or distributions committee member who is also a board, staff or committee member of a proposed grantee should inform the chair of his or her conflict of interest and abstain from voting on or discussing any motion for or against the proposed grant, except as expressly requested by the chair to provide factual information or answer factual questions that would be useful to the board or committee in its decisionmaking. If several grants are being voted upon concurrently, the Board or committee member must voice his or her conflict of interest to the chair before the vote so that a vote on the grant with which there is a conflict may be taken separately.

Example 3. A Board or Committee member whose personal financial interests could be positively or adversely affected by the Foundation's accepting, holding or disposing of a particular gift from a donor or by knowledge of the gift should inform the chair of his or her potential conflict of interest; refrain from seeking, obtaining or reviewing non-public information about the gift; and abstain from discussing or voting on acceptance of the gift.

V. Duties of the Board Chair and the Executive Director

The chair of the board shall be responsible for the application and interpretation of the code of conduct as they relate to board members, volunteer committee members or the executive director. The executive director shall be responsible for the application and interpretation of the above policies as they relate to members of the foundation's staff.

VI. Duties of Members

Each member has the affirmative responsibility to report to the board chair (in the case of concerns related to board or committee members or the executive director) or to the executive director (in the case of concerns related to members of the staff) any and all knowledge of any action or conduct that appears to be contrary to this code of conduct.

Sample Two: For Staff

Policies and Procedures Regarding Conflict of Interest

Employees are required to conduct themselves at all times in accordance with good professional judgment for the sole benefit of the foundation and in such a manner as to not create a conflict of interest or appearance of such conflict.

A conflict of interest exists when an employee's duty to give individual loyalty to the foundation can be prejudiced by actual or potential benefit from another source. An employee should refrain from entering into any particular transaction or establishing any relationship with others if the employee's duty of loyalty and diligence to the foundation is or may be impaired.

Following are some examples of actions or activities that may create an actual conflict of interest, or give the appearance of a conflict:

- Engaging in any outside activity that detracts from the efficiency of your duties as an employee of the foundation. This includes serving on the board of organizations that are current or potential grantees of the foundation without the approval of the president and the board of directors;
- Engaging in any activity that conflicts with the interest or purpose of the foundation;
- Engaging in any financial, business or other relationships with current or potential grantees of the foundation;
- Accepting in any form whatsoever any remuneration, compensation or gift from current or potential grantees of the foundation. Likewise, no employee shall provide or give gifts or favors to others where these might appear designed to influence improperly others in their relations with the foundation;
- Failing to disclose to the President that an immediate family member is affiliated with a grantee or applicant.

All employees are under a continuing obligation to make full disclosure to the president of all situations involving either actual or potential conflicts of interest, whenever such situations may arise. If the foundation determines that a conflict of interest or appearance of such conflict exists, the employee may be asked to correct or remedy the situation immediately. Depending on the circumstances, an employee may be subject to discipline, up to and including termination, for having engaged in conduct that constitutes a conflict, or for failing to disclose promptly a situation involving an actual or potential conflict of interest.

Employee's Signature Date

Employee's Name (typed or printed)

Received & Accepted By Date

Sample Three: For Staff and Board

Conflict of Interest Disclosure and Confidentiality Statement

During the time that I serve on the board of directors, the employee review team or as an employee of [FOUNDATION], I realize that I will gain access to information that is considered to be confidential and/or proprietary. Such information relates to submitted proposals, criteria or decisions made with regard to the business of [FOUNDATION].

Since confidential and proprietary information is crucial to the operation of the foundation, and because the foundation in some instances has the obligation to protect such information, I agree that I will not use, publish or disclose such information during or subsequent to my employment or participation on the board of directors or the employee review team, and that I will preserve the restricted nature of this information except to the extent that it becomes publicly available, or is otherwise lawfully obtained outside the scope of this agreement from third parties.

Additionally, as an employee or member of the board of directors or the employee review team, I realize that I have an obligation to disclose and eliminate (if necessary) any potential or actual duality of interest or conflict of interest.

Below, I have listed all community organizations, nonprofit corporations or charitable programs that I or a member of my immediate family has a relationship with, that have sought or may in the future seek to do business with the foundation. The term "relationship" means any relation with a person or organization, whether financial (such as a significant donation of more than \$100), employment (such as a volunteer assignment, part-time job or as a consultant or independent contractor) or fiduciary (such as a board member or officer). The term "immediate family" means spouse, parent, child or other individual living in the same household.

I hereby certify that I have read, understand and agree to the foundation's policies as described in this statement, with respect to confidential information and conflict of interest, and that the information given in this statement is complete and accurate to the best of my knowledge.

Date Name (printed or typed)

Signature

Sample Four: For Staff and Board

Purpose of the Statement of Policy

The foundation is committed to integrity and fairness in the conduct of all of its activities. Inevitably, the interests of directors and employees will involve them in organizations, causes and other endeavors that intersect with the affairs of the foundation. It would disadvantage the foundation to deprive it of the involvement of interested colleagues, but their participation in foundation decisionmaking cannot impair the fairness and integrity of foundation processes.

This statement of principle is intended to further the work of the foundation by facilitating the substantive contributions of its employees and Directors through providing for disclosure of other interests and by requiring abstention from decisionmaking actions that affect non-foundation affiliations or interests. In addition, the foundation would suffer if there were any appearance of bias or self-interest in its activities. These principles are intended to preclude any such appearance.

This statement is not a codification of rules of conduct; rather it is an expression of intention and purpose which should be interpreted and applied to achieve its stated objective. Individuals worthy of affiliation with the foundation will govern themselves by that spirit.

Disclosure. Directors and employees of the foundation are committed to communicating fully with the foundation regarding any relationship or commitment that could affect the impartial fulfillment of their role in the affairs of the foundation. This policy refers to such a relationship or commitment as affiliation. Affiliation may be defined as the close involvement with a vendor, service provider or grantee on the part of (a) a director of the foundation, (b) a staff member of the foundation or (c) the spouse or equivalent, parents or children of a director or staff member. Affiliation includes, but is not limited to, serving as a board member, employee or consultant to a current or potential grantee, service provider or vendor, or doing business with the grantee, service provider or vendor. Antecedent affiliations and indirect associations also warrant disclosure. In principle, extra-foundation affiliations or interests should be disclosed to other participants in the foundation's decisionmaking process whenever there is any doubt about whether disclosure is required.

Disclosures ordinarily should be made to the president by members of the staff and to the chair of the board by other members of the board of directors. Formal notation of disclosures should be a part of the process.

Abstention from Foundation Decisionmaking. In all situations in which disclosure of affecting relationships should be made, the foundation-affiliated individual should abstain from decision-taking actions, and that abstention should be formally noted in the foundation's minutes. With disclosure to other participants, the work of the foundation is furthered by the willingness of its employees and Directors, however interested, to share information bearing upon the matter under consideration. Such participation is encouraged.

No Return Benefit. In considering any decision regarding an organization or person with which a foundation employee or director is affiliated, the foundation shall avoid any transaction that results in any direct or indirect economic benefit to the affiliated person or that would constitute self-dealing under Internal Revenue Code Section 4941. Incidental and tenuous benefits to affiliated persons, such as name recognition or public acknowledgment, are permitted.

Avoid the Appearance of Conflict. While the substance of integrity is the essence of the foundation's approach to these matters, avoiding the appearance of conflict is an important collateral objective. To that end, the foundation will not customarily make grants to, or contract with, organizations that employ affiliated persons. The president, with the concurrence of the chair of the board of directors, may approve exceptions to this policy when the work of the foundation will be furthered thereby or where the grant or contract will not affect the job or compensation of the affiliated person in question.

No significant personal benefit of any nature may be derived by any affiliated person from any such organization.

Sample Five: For Staff and Board

Conflict of Interest Policy

The board and staff members of the foundation are encouraged to play active roles in their communities by serving as board members or otherwise being involved with a wide spectrum of nonprofit organizations. This means that, from time to time, potential conflicts of interest or the appearance of such conflicts will inevitably arise. It is the foundation's policy to deal with such conflicts in as open and appropriate a way as possible.

Conflicting involvements include but are not limited to the following: foundation board or staff members serving as board members of applicant organizations, immediate family members of foundation board or staff members serving as board members of applicant organizations, foundation board members or staff members or their immediate family members being employed by or doing business with applicant organizations.

In case of such conflicts or the appearance thereof, foundation board members and staff are expected to disclose the conflict before making any related grant decisions. Once such a disclosure has been made, the remaining board members will determine whether or not there is a potential conflict of interest. Should it be so considered, the board member involved shall abstain from voting and shall not participate in the discussion of the applicant organization other than to answer specific questions that may be raised by other board members.

In cases where the foundation's board of trustees decides to award a grant to an organization and one or more of the foundation's board members has abstained from voting as the result of a conflict or the appearance thereof or a staff member has a conflict or the appearance thereof, such grants and board or staff members shall be identified in the foundation's annual report.