

INTERNATIONAL CORPORATE GOVERNANCE SOCIETY

CONFLICT OF INTEREST POLICY

Article I. Purpose.

The purpose of the conflict of interest policy is to protect the interest of this nonprofit corporation, International Corporate Governance Society (the “Corporation”), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, member of a committee with governing board delegated powers, or manager of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable corporations.

Article II. Definitions.

1. **Interested Person.** Any officer, director, member of a committee with governing board delegated powers, or manager of the Corporation who has a direct or indirect cautionary interest, as defined below, is an Interested Person.
2. **Cautionary Interest.** A person has a cautionary interest if the person, directly or indirectly through business, investment, or family, has an actual or potential ownership, investment, or management interest in or compensation arrangement with any entity with which the Corporation has or is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. Management means serving as an officer, director, trustee, or partner or supervising a discrete and significant segment or activity of an entity. A cautionary interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a cautionary interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III. Procedures.

1. **Duty to Disclose.** Immediately upon learning of the existence of a cautionary interest and no less frequently than annually with respect to continuing cautionary interests, an Interested Person shall disclose the existence of any cautionary interest and be given the opportunity to disclose all material facts to the directors or members of committees with governing board delegated powers having decision-making authority regarding the existing or proposed transaction or arrangement. Until such time as a determination is made that no conflict of interest exists, the Interested Person shall refrain from accessing any Corporate information regarding the transaction or arrangement. The Corporation shall maintain a register in which it shall preserve for a period of no less than seven (7) years a summary record of all cautionary interests disclosed.
2. **Determining Whether a Conflict of Interest Exists.** After disclosure of the cautionary interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the

governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists. A cautionary interest shall be deemed to represent a conflict of interest only if it is sufficiently material to affect potentially the judgment of the Interested Person and if it pertains to a transaction or arrangement other than a broadly competitive tendering.

3. Procedures for Addressing the Conflict of Interest. If the governing board or committee with governing board delegated powers determines that a conflict of interest exists, then:

- a. the Interested Person may make a presentation at the governing board or committee meeting, but after the presentation he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the conflict of interest;
- b. the chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement;
- c. after exercising due diligence, the governing board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to the conflict of interest; and
- d. if a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors or committee members whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable, and, in conformity with that determination, the governing board or committee shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflict of Interest Policy.

- a. If the governing board or committee has reasonable cause to believe an Interested Person has failed to disclose a cautionary interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the Interested Person has failed to disclose a cautionary interest giving rise to an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV. Records of Proceedings.

The minutes of the governing board and all committees with board delegated powers shall contain:

1. the names of the persons who disclosed or otherwise were found to have a cautionary interest in connection with an actual or possible conflict of interest, the nature of the cautionary interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed; and
2. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V. Compensation.

1. A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI. Annual Statements.

Each officers, director, member of a committee with governing board delegated powers, and manager of the Corporation shall annually sign a statement which affirms such person:

1. has received a copy of the conflict of interest policy;
2. has read and understands the policy;
3. has agreed to comply with the policy; and
4. understands that the Corporation is charitable and, in order to maintain its federal tax exemption, must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII. Periodic Reviews.

To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining; and

2. whether partnerships, joint ventures, and arrangements with management Corporations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

Article VIII. Use of Outside Advisors.

When conducting the periodic reviews as provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted appropriately.

Adopted by the Board of Directors effective as of May 23, 2014