

Mary Reynolds Babcock Foundation

Conflict of Interest Policy

Adopted 1995

Revised 2003

Revised 2007

Revised 2009

Purpose of the policy

The Babcock Foundation operates in the public trust, for the public good. The Foundation encourages individual directors and staff members to contribute to their communities through civic participation and nonprofit service. However, personal activities should be clearly separate from Foundation business. We must comply with all state and federal laws governing private foundations. We must avoid both the reality and the perception of personal gain for Foundation Directors and staff, and preferential treatment for organizations with ties to individual directors or staff members. **At the heart of this conflict of interest policy is the commitment of each Director and staff member to conduct the Foundation's business with openness, integrity and fairness.**

Who is covered by the policy and two levels of conflict of interest?

This policy delineates Directors', staff members' or committee members who are not board members' responsibilities regarding two levels of conflict of interest. The first level is a conflict of loyalties, such as serving on the board of any applying organization but having no financial conflict of interest. The second level of conflict is when a Foundation Director, staff member, committee member, or a family member of a Director, staff member or committee member stands to gain financially by a Foundation decision. The policy covers grantmaking and all other spending, management and investment decisions of the Foundation.

Disclosure

Full disclosure is the bedrock of the policy. Annually, each Director, committee member, the Executive Director, and the Deputy Director will submit a complete list of his or her associations and his or her spouse's associations with current and potential grant applicants and business partners of the Foundation. Annually, each person filing a disclosure report will also indicate by his or her signature that he or she has read this conflict of interest policy, will disclose potential conflicts when they arise, and will adhere to this conflict of interest policy.

Before any meeting where grants decisions or other spending decisions are to be made, Directors and staff members must inform the full board of any conflicts of interest with the organizations or businesses under consideration. Each person with a conflict will indicate whether theirs is a conflict of loyalties or a question of financial gain.

Conflict of loyalties: personal interest only

In the case of a conflict of loyalties, the person will leave the room during discussion but may be called back into the room to answer specific questions. The person may not attempt to influence fellow Directors or the staff outside the meeting, and cannot participate in consensus or voting.

Conflict of financial interests

This level of conflict occurs on those rare occasions when a Babcock Director, committee member, employee, or spouse stands to benefit financially from board action (e.g., draw salary or other financial gain from a contract for services, or is employed by a grant applicant or potential service provider). The person may be an owner, shareholder or employee of a grant applicant or potential provider of services to the Foundation.

If the person stands to be affected directly or indirectly by the board action, the person will leave the room during discussion of the decision. The person may not participate in consensus or voting. The person will not attempt to influence the decision in any way, either prior to or at the meeting where the decision is made.

No disqualified person may receive any tangible economic benefit from a grant. In the case of a contract for services, the board will give careful consideration to assuring that any remuneration to be received by a Director is fair and reasonable compensation for necessary and specific services rendered to the Foundation. The Board will also consider whether a more advantageous transaction or arrangement could reasonably be attained that would not give rise to a conflict. Any transaction or grant made under these circumstances must come under double scrutiny for meeting the Foundation's policies and guidelines.

The Foundation will adhere to all state and federal rules on self-dealing.

Adherence to the policy

Each Director and staff member is responsible for their personal adherence to this policy. The board President is responsible for ensuring understanding and adherence to the policy by board members. In the case of newly perceived or recognized conflict of interest, it is the President's responsibility to notify the entire board or board member(s) who are subject to the possible conflict. The Executive Director is responsible for ensuring understanding and adherence to the policy by staff members. Any Director or staff member may raise the question of new or undisclosed conflict. The board will decide by consensus or vote whether a conflict exists.

Whenever a conflict of interest exists and a Director, committee member or employee withdraws from discussion or abstains from consensus or voting because of conflict of interest, the conflict and withdrawal will be noted in the minutes of the meeting.

Disciplinary action for violations

If the Board has reasonable cause to believe that a Director, committee member or staff member has failed to disclose a conflict of interest or has attempted to influence a transaction where they have a conflict of interest, the board President will inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose or attempt to influence. If, after hearing the person's response and after making further investigation as warranted by the circumstances, the Board determines the person has failed to disclose a conflict of interest or attempted to influence a decision, it shall take appropriate

disciplinary or corrective action, which may include removal from the Board or committee or dismissal from the staff.