

**BROTHER'S BROTHER FOUNDATION**  
**CONFLICTS OF INTEREST POLICY**

**1. Purpose:**

The purpose of the conflict of interest policy is to protect the Foundation's interest when it is contemplating entering into an arrangement that might benefit the private interest of an employee or a Trustee 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 organizations.

**2. Policy:**

It is the policy of the Foundation that no employee, nor any member of an employee's immediate family, shall have any direct or indirect interest in, render any service to, or represent or undertake to act for a competing concern, or for any entity, transacting business with the Foundation, unless the interest, service or representation is disclosed and approved as provided in this policy.

All employees must conduct themselves with the highest standards of integrity, honesty and fair dealing to preclude conflicts between the interests of the Foundation and the personal interests of the employees. Employees will avoid any actions or relationships that could adversely affect, or have the appearance of adversely affecting, their judgment or actions in performing their duties.

All Trustees shall comply with this policy to the same extent as employees, except that all potential conflicts of interest involving a Trustee or Foundation Officer shall be disclosed by that Trustee or Foundation Officer directly to the Executive Committee of the Board of Trustees, which shall determine if a conflict exists. If the Executive Committee determines that conflict exists, it shall refer the matter to the full Board of Trustees for examination.

**3. Definitions**

*Conflict of Interest (or Conflict)* – A circumstance in which the interests, duties, obligations or activities of an employee or an employee's immediate family member<sup>1</sup> with respect to any concern are, or may be, in conflict or incompatible with (i) the interests of the Foundation or (ii) the duties or obligations of the employee to the Foundation in general, or with respect to any transaction.

*Interested Person:* Any Foundation employee or Trustee with governing board-delegated powers, who has a direct or indirect financial interest, is an interested person.

*Financial Interest:*<sup>2</sup> A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

---

<sup>1</sup> For purposes of the policy only; a spouse, child, parent, brother or sister of the employee.

<sup>2</sup> A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Executive Committee decides that a conflict of interest exists, as outlined in Section 4 (Procedures.)

- a) An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement;
- b) A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement; or
- c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration, as well as gifts or favors that are not insubstantial.

Concern – Any competing concern, outside concern, or any other foundation, partnership, individual, trust, venture or governmental entity having interests either in common or in conflict with the interests of the Foundation. For purposes of this definition, the term “competing concern” and “outside concern” mean:

- a) Competing Concern – Any type of concern, regardless of its form (e.g., a foundation, corporation, partnership, individual, trust or joint venture), which competes with the Foundation or competes with anyone who distributes any goods originating with the Foundation.
- b) Outside Concern – Any type of concern, regardless of its form (e.g., a foundation, corporation, partnership, individual, trust, joint venture or governmental agency), which with the Foundation does business or to which the Foundation provides business in any way, whether directly or indirectly (e.g., vendors, donors, suppliers, agents for the foregoing, contractors, law or accounting firms or investment managers).

#### **4. Procedures:**

Duty to Disclose: In connection with any actual or possible conflict of interest, an employee or Trustee must disclose any interest in, obligation or duty to, or activity for any concern in which an employee or their immediate family member is or may be involved (i) that might create an actual or potential conflict of interest or (ii) that might have the appearance of adversely affecting the employee’s judgment or actions in performing his or her duties.

Determining whether a Conflict of Interest exists: The President is responsible for implementation of and compliance with this policy as it relates to employees. The Executive Committee of the Board of Trustees is responsible for interpreting this policy and determining the appropriate resolution of any potential conflict of interest reported under this policy as it relates to employees.

The following are examples of actual or potential conflicts of interest that require disclosure:

- a) An employee who participates in, has actual influence over, or who may be perceived as having influence over, a procurement or donation, who has an interest in the outside concern involved in the procurement or donation, or who has an immediate family member who is involved in the procurement or donation on behalf of the outside concern or who has an interest in or is employed by an outside concern

- under circumstances where the immediate family member may be perceived as standing to benefit personally from the business of the Foundation.
- b) An investment or beneficial interest of an employee or an employee's immediate family member in any concern (excluding corporations whose stock is listed on a national stock exchange or otherwise generally held by the public, provided stock ownership or beneficial interest in such corporation by the employee and the employee's immediate family member is not more than one percent of the total voting stock outstanding).
  - c) A loan to or loan guaranty for an employee or an employee's immediate family member from or by any concern having any dealings with the Foundation.
  - d) Participation by an employee, directly or indirectly, in any transaction involving any of the Foundation's activities, other than in a normal capacity as an employee of the Foundation.
  - e) Acceptance by an employee or an employee's immediate family member of any gratuity, gift of more than nominal value, entertainment or favor from any concern beyond common business courtesy.
  - f) Service by an employee or an employee's immediate family member as an officer, director, partner, or employee of, consultant to, or witness for any concern in any capacity which could involve (i) a conflict of interest, (ii) the appearance of a conflict of interest or (iii) the inadvertent or intentional disclosure of confidential, or other proprietary information about the Foundation to the concern by or through the employee or the employee's immediate family member.

*Procedures for Addressing the Conflict of Interest:*

- a) All employees and Trustees shall (i) maintain a constant awareness of potential conflicts of interest; (ii) encourage disclosures of possible conflicts of interest for clarification even in doubtful cases; and (iii) initiate prompt remedial action in the event any actual conflict of interest arises.
- b) If a conflict of interest is suspected, employees should discuss with their supervisor or the President. If that is not appropriate, then employees<sup>3</sup> should present the potential conflict of interest to the Executive Committee for review. After the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- c) The chairperson of the Executive Committee shall, if appropriate, appoint someone or subcommittee, to investigate alternatives to the proposed transaction or arrangement.
- d) After exercising due diligence, the Executive Committee shall determine whether the Foundation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- e) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Executive Committee shall determine by a majority vote of the disinterested committee chairs whether the transaction or arrangement is in the Foundation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

---

<sup>3</sup> Similarly, suspected conflicts of interest on the Board of Trustees should be brought to the attention of the Executive Committee.

Violations of the conflicts of Interest Policy:

- a) If the Executive Committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b) If, after hearing the employee's response and after making further investigation as warranted by the circumstances, the Executive Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**5. Records of Proceedings:**

The minutes of meetings of the Executive Committee with board-delegated powers shall contain:

- a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board of Trustees' or Committee's decision as to whether a conflict of interest in fact existed.
- b) 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.

**6. Annual Statement:**

Each Executive Officer and member of a Board Committee with delegated powers shall annually sign a disclosure statement, which affirms such person:

- a) Has received a copy of the conflicts of interest policy;
- b) Has read and understands the policy;
- c) Has agreed to comply with the policy; and
- d) Understands the Foundation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

To ensure the Foundation 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.

Chairperson, Board of Trustees

**All Foundation Employees and Trustees will receive a copy of this policy and will receive revisions within 30 days, in the event that a change or modification is authorized.**