



# **SIG TAU**

## **FOUNDATION**

### **Policy Manual**

**Sigma Tau Gamma Foundation, Inc.**  
Board of Trustees

Version: 2018.2  
Date: February 10, 2018

**Sigma Tau Gamma Foundation, Inc.**  
Board of Trustees Policy

Title: CONFLICT OF INTEREST POLICY  
Enacted: February 10, 2018  
Number: 02.02

The Foundation must be aware of and properly manage all conflicts of interest and appearances of a conflict of interest. This Conflict of Interest Policy is designed to help Trustees, officers, employees, and volunteers of the Foundation identify situations that present potential conflicts of interest and to provide the organization with a procedure to appropriately manage conflicts in accordance with legal requirements and the goals of accountability and transparency in its operations. This policy is intended to supplement but not replace applicable state laws governing conflicts of interest applicable to nonprofits and charitable entities.

**1. Defined Terms:**

- a. An "Interested Person" is any person serving as a Trustee, officer, volunteer or employee of the Foundation, or any other person who is in a position of control over the Foundation and who has a personal interest that is in conflict with the interests of the Foundation.
  - b. A "Family Member" is a spouse, parent, child or spouse of a child, stepchild, brother, sister, or spouse of a brother or sister, nephew or niece, or spouse of a nephew or niece of an Interested Person.
  - c. A "Material Financial Interest" in an entity is a financial interest of any kind, which in light of all the circumstances, is substantial enough that it reasonably could affect an Interested Person's judgment with respect to transactions to which the Foundation is a party.
  - d. A "Contract" or "Transaction" is any agreement or relationship involving the sale or purchase of goods or services, the providing or receipt of a loan or grant, the establishment of any other type of financial relationship, or the exercise of control over another organization. The making of a gift to the Foundation is not a Contract or Transaction.
- 2. Conflict of Interest Defined.** A Conflict of Interest shall be deemed to exist when an Interest Person, or Family Member of any of the foregoing:
- a. Is a party to a Contract or involved in a Transaction with the Foundation for goods or services;

- b. Has a Material Financial Interest in a transaction between the Foundation and an entity in which he or she is a director, officer, agent, partner, associate, employee, trustee, personal representative, receiver, guardian, custodian, or other legal representative; or
    - c. Is engaged in some capacity or has a Material Financial Interest in a business or enterprise that competes with the Foundation.
  3. **Other Situations.** Other situations may create the *appearance of a conflict*, or present a *duality of interests* in connection with a person who has influence over the activities or finances of the Foundation. All such circumstances should be disclosed to the Trustees, officers or staff, as appropriate, and a decision made as to what course of action the Foundation or individuals should take so that the best interests of the Foundation are not compromised by the personal interests of stakeholders in the Foundation.
  4. **Gifts, Gratuities, and Entertainment.** Accepting gifts, entertainment or other favors from individuals or entities can also result in a conflict or duality of interest when the party providing the gift, entertainment, or favor does so under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Interested Person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value which are not related to any particular transaction or activity of the Foundation.
  5. **Procedures.**
    - a. Prior to Board or committee action on a Contract or Transaction, a Trustee or committee member having a potential Conflict of Interest shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting. If a Trustee is aware that staff or volunteers have a potential Conflict of Interest, relevant facts should be disclosed by the Trustee or by the Interested Person if invited to the meeting.
    - b. A Trustee or committee member who plans not to attend a meeting at which he or she has reason to believe that the Trustees or committee will act on a matter in which the person has a potential Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest prior to the meeting. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
    - c. After receiving a disclosure of a potential Conflict of Interest, the Trustees or committee shall determine whether a Conflict of Interest exists, and if it does exist, whether the Conflict of Interest should be waived.
    - d. A person who has a Conflict of Interest shall not participate in or be permitted to hear the Trustees' or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not

attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.

- e. A person who has a Conflict of Interest with respect to a Contract or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote.
  - f. The person having a Conflict of Interest may not vote on the Contract or Transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.
  - g. Interested Persons who are not Trustees, or who have a Conflict of Interest with respect to a Contract or Transaction that is not the subject of Trustee or committee action, shall disclose to the Chief Executive Officer or the Chair, or the Chair's designee, as appropriate, any Conflict of Interest that such Interested Person has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Interested Person. The Interested Person shall refrain from any action that may affect the Foundation's participation in such Contract or Transaction.
6. **Confidentiality.** Each Trustee, officer, employee, and volunteer shall exercise care not to disclose confidential information acquired in connection with disclosures of Conflicts of Interest or potential conflicts, which might be adverse to the interests of the Foundation.
7. **Non-Disclosure of Foundation Information.** Trustees, officers, employees, and volunteers shall not disclose or use information relating to the business of the Foundation for their personal profit or advantage or the personal profit or advantage of their Family Member(s).
8. **Review of policy.**
- a. Each Trustee, officer, employee, and volunteer shall be provided with and asked to review a copy of this Policy.
  - b. Annually, each Trustee, officer, employee, and volunteer shall complete a disclosure form identifying any relationships, positions, or circumstances in which the individual is involved that they believe could contribute to a Conflict of Interest. Any such information regarding the business interests of a Trustee, officer, employee, volunteer, or a Family Member of any such person, shall be treated as confidential and shall generally be made available only to the Chair, the CEO, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.
  - c. This policy shall be reviewed periodically by the Board of Trustees. Any changes to the policy shall be communicated to all staff and volunteers.