

**CARNEGIE COUNCIL FOR ETHICS IN INTERNATIONAL AFFAIRS
POLICY ON CONFLICT OF INTEREST**

Background

The Board of Directors (the “Board”) has adopted this Conflict of Interest Policy to govern arrangements between the Carnegie Council and its directors, officers and employees.

Adoption of Policy

The Board hereby resolves that the following policy be established:

**Article I
Definitions**

- (1) Interested Person. Any Director, officer, member of a committee with Board-delegated powers or key employee who has a direct or indirect financial interest, as defined below, is an Interested Person.
- (2) Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or family:
- (i) an ownership or investment interest in any entity with which the Carnegie Council has a transaction or arrangement, or
 - (ii) a compensation arrangement with the Carnegie Council or with any entity or individual with which the Carnegie Council has a transaction or arrangement, or
 - (iii) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Carnegie Council is negotiating a transaction or arrangement. Investment interest does not apply to stock ownership unless such ownership represents 5% or more of the corporation's stock value. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest. Under Article II of this policy, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

**Article II
Procedures**

- (1) Duty to Disclose. In connection with any actual or potential conflict of interest, an Interested Person, or any third party with knowledge of any actual or possible conflicts of interest, must promptly disclose the existence and nature of his or her financial interest to the Board.

(2) Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the Board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.

(3) Board Action. The chairperson of the Board may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(4) Due Diligence. After exercising due diligence, the Board shall determine whether the Carnegie Council can avoid the conflict of interest by obtaining with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

(5) Board Determination. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Carnegie Council'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.

(6) Violations of the Conflict of Interest Policy. If the Board has reasonable cause to believe that an Interested Person has failed to disclose an actual or possible conflict of interest, it shall:

(i) inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose; and

(ii) if, after hearing the response of the Interested Person and making such further investigation as may be warranted in the circumstances, the Board determines that the Interested Person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and/or corrective action.

Article III Compensation

(1) Compensation. A voting member of the Board who receives compensation, directly or indirectly, from the Carnegie Council for services is precluded from voting on matters pertaining to that member's compensation.

(2) Committee Member Compensation. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Carnegie Council for services is precluded from voting on matters pertaining to that member's compensation.

(3) Provision of Information to the Board. Notwithstanding the forgoing, it is not a violation of this policy for a voting member of the Board or any committee member whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Carnegie Council, to provide information to the Board regarding compensation.

Article IV Records of Proceedings

(1) Records of Proceedings. The minutes of the Board and all committees with Board-delegated powers shall contain:

(i) 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's or committee's decision as to whether a conflict of interest in fact existed.

(ii) 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 Annual Statements

(1) Annual Statements. Each Director, principal officer and key employee shall annually sign a statement in the form attached which affirms that such person:

- (i) has received a copy of the conflict of interest policy,
- (ii) has read and understands the policy,
- (iii) has agreed to comply with the policy, and
- (iv) has disclosed any and all applicable affiliations and interests.

Questionnaire to Board, Committee Members and Key Employees

Pursuant to the Carnegie Council's Conflict of Interest Policy, which requires disclosure of certain interests, a copy of which has been furnished to me, and consistent with the purpose and intentions of the policy, I hereby state that I or members of my immediate family have the following affiliations or interest and have taken part in or are now taking part in the following transactions that, considered in conjunction with my position with or in relation to the Carnegie Council or any affiliate, might constitute an interest, thereby making me an interested party (I have noted "none" where applicable):

1. Business Affiliations

Please list below any affiliations you, or any member of your immediate family has as a director, officer, partner, member, employee, consultant, agent or adviser of any person, firm or organization that to the best of your information and belief is a supplier of goods or services to the Carnegie Council and briefly describe the type of goods or services so supplied

2. Outside Interests

a. Identify any material financial interest or investment, of yourself or any member of your immediate family in any outside concern that you have reason to believe makes payments to or received payments from the Carnegie Council (whether on account of goods, loans or other transactions) or provides services in competition with the agency or its affiliates.

b. Identify any purchase or sale of property or property right, interest or service, made or proposed to be made by yourself or any member of your immediate family that might, in your reasonable belief, be deemed to have been made in competition with the Carnegie Council.

3. **Outside Activities**

a. Identify any instance in which you or any member of your immediate family has rendered or may render any other services that might be deemed to be competition with or to the disadvantage of the Carnegie Council.

4. **Gifts, Gratuities and Entertainment**

Identify any instance in which you or any member of your immediate family has accepted or is accepting a gift, gratuity or entertainment from any outside concern that does, or is seeking to do business with, or is a competitor of the Carnegie Council under circumstances from which it may be reasonably inferred that such act involves interest that could result in a conflict. (Do not include gifts of nominal value--i.e. under \$100.00)

5. **Other**

List any other activities in which you or any member of your immediate family are engaged that might be regarded as constituting a potential conflict of interest. List any relationships that could constitute a potential conflict of interest with staff or individuals served.

I hereby agree to report promptly to the President of the Carnegie Council or the Corporate Compliance Officer any material situation or transaction that may arise during the forthcoming calendar year that to my best belief or knowledge constitutes a potential conflict of interest.

Signature: _____

Print Name: _____

Date: _____

Entity on which you serve