

## **Hartford Foundation for Public Giving**

### **Conflict of Interest Policy**

#### **Date of Adoption by the Board of Directors: July 13, 2016**

The Hartford Foundation for Public Giving (the “Foundation”) consistently follows a policy of avoiding any conflict of interest, or appearance of conflict of interest, on the part of its directors, staff and certain volunteers in the review of grants and all other aspects of the Foundation’s operations. Part A of this Conflict of Interest Policy applies to the Foundation’s directors, members of its Administration, Audit, Development, Governance, Investment and Policy and Strategy Committees, and senior staff<sup>1</sup> (collectively, “Officials”). Part B of this Conflict of Interest Policy applies to all Foundation staff and to any volunteers that are in a position to influence Foundation decisions in a manner that could result in a potential or actual conflict of interest. Certain capitalized terms are defined in Part C of this policy.

The Administration Committee shall have the responsibility to review this policy periodically, to recommend changes, if any, to the Foundation’s Board of Directors (“Board”), and to undertake such other responsibilities as set forth below. The President of the Foundation (“President”) shall be responsible for monitoring the implementation and adherence to the policy.

#### **Part A: Officials**

It is recognized that Officials are actively involved in other charitable, business, and community affairs throughout Greater Hartford. Pursuit of these experiences is generally encouraged and often provides perspectives that enrich the Foundation’s deliberations; however, in some cases, they may create a duality or conflict of interest that needs to be disclosed and addressed.

This Conflict of Interest Policy sets forth the Foundation’s considered judgment regarding the best approach to balancing three goals: (1) ensuring that the Foundation’s decisions benefit from the fullest input of its Officials, drawing on their accumulated experiences in Greater Hartford; (2) avoiding both the reality and the appearance that the objectivity of the Foundation’s decisions is compromised by any conflict of interest by an Official; and (3) avoiding both the reality and the appearance that any Official or a Related Person (as defined in Part C) benefits from decisions made by the Foundation.

#### ***Definition of Conflicts of Interest***

There are two types of conflicts which may typically arise as part of the activities and

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<sup>1</sup> “Senior staff” includes, but is not limited to, the Foundation’s President, Vice Presidents, Staff Directors and employees of any other title with similar responsibilities.

operations of the Foundation: the business conflict and the grant making conflict.

Business Conflict. An Official has a conflicting interest (or the appearance thereof) if such Official, or a Related Person to such Official, is a party to a transaction or arrangement involving the Foundation or any entity owned or controlled by, in control of, or under common control with, the Foundation (an "Affiliate"). In addition, an Official has a conflicting interest, or the appearance thereof, if the Official or a Related Person has a Material Financial Interest (as defined in Part C) in a transaction or arrangement involving the Foundation or an Affiliate.

Non-exhaustive examples of conflicting interests include the following situations:

- The Foundation seeks to enter into a lease with an Official or a Related Person to an Official;
- The Foundation will pay compensation for services rendered by an Official;
- An entity that seeks to sell services, supplies or equipment to the Foundation compensates (directly or indirectly) an Official or a Related Person to an Official; and

Use of the Foundation's confidential information by an Official for personal gain or benefit.

Grant-Making Conflict. An Official has a conflicting interest (or the appearance thereof) if he or she has an affiliation or dual loyalty that may lead to or suggest influence in a decision by or on behalf of the Foundation with respect to its grants. An Official has a grant-making conflict of interest when an Official serves as a board member, or is a paid employee or independent contractor, of an organization which is a potential or actual recipient of a Foundation grant, or serves on an advisory committee that was directly involved in the development of the grant application. The Foundation considers an Official to have a grant-making conflict if the Official has served in such a position within the past two years. Further, a potential conflict of interest exists where a Related Person serves in such capacities with an organization that is an actual or potential recipient of a grant from the Foundation.

A grant-making conflict may exist not only at the time of the application for the grant, but also with respect to the ongoing relationship between the Foundation and an actual grant recipient. Notwithstanding the foregoing, when an Official is employed as the chief executive officer of a potential or actual Foundation grantee, or is found to have a Material Financial Interest in the grant, the Foundation shall treat the conflict as a Business Conflict under this policy.

Unless specifically otherwise authorized by the Board (or a committee with authority to act on behalf of the Board), Officials with a grant-making conflict of interest shall:

- refrain from sharing nonpublic information obtained through the Foundation that would provide an advantage to the potential grantee organization;
- refrain from active involvement in the grantee organization's planning or preparation of any inquiry or grant request to the Foundation;
- refrain from contacting Foundation staff on behalf of the grantee organization, provided that the Official may respond to inquiries from the Foundation's Board, and may raise an issue in exceptional circumstances when failure to do so would be detrimental to the Foundation or the community served by the Foundation;
- refrain from discussion and voting on the proposed grant request to the Foundation.

Officials with a grant-making conflict of interest may not, subject to the Chair's discretion, be present at the time of the Board (or a committee with authority to act on behalf of the Board) vote on the proposed grant request.

***Disclosure of Conflicts of Interest.***

All Officials of the Foundation shall complete annually a disclosure statement that describes the material facts concerning any transaction or arrangement that could reasonably give rise to a conflict of interest pursuant to this policy. If, after submitting an annual disclosure statement, an apparent or potential conflict arises, an Official shall immediately disclose the situation (whether or not specifically addressed herein) to the President.

The President shall consult with the Official with the potential conflict and obtain information necessary for an ordinarily prudent person to make a judgment as to whether a conflict exists. The President shall exercise good faith judgment in determining whether an actual conflict of interest exists and shall provide guidance as to the appropriate course of action. The President shall report the results of such review to the Chair of the Board ("Chair"). The President's annual disclosure statement and any ongoing disclosures by the President shall be made in writing to the Chair.

***Resolution of Conflicts of Interest.***

In general, the Foundation will engage in transactions that gives rise to a Business Conflict only in exceptional circumstances. In order to assure proper review and

approval of any proposed grant, transaction or arrangement in which an Official has an actual or apparent conflict of interest, the conflict must be fully disclosed to the Board prior to its consideration of the matter.

The Foundation shall decide whether to provide a grant or to enter into a transaction or arrangement in accordance with the following process:

a) In the case of a Business Conflict:

1. The Administration Committee, acting without the participation of any Official with an actual or potential conflict of interest, will investigate alternatives to the proposed transaction or arrangement, to the extent available, and make a recommendation to the Board as to whether the proposed transaction or arrangement serves the Foundation's interests.
2. After exercising due diligence,<sup>2</sup> the Board shall determine, if appropriate, 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.
3. If a more advantageous transaction or arrangement is not reasonably possible or appropriate, the matter may be approved as follows.

b) In the case of either a Business Conflict or a Grant-Making Conflict:

1. An Official deemed to have a Business Conflict may upon invitation make a presentation at the Board 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 possible Business Conflict.
2. An Official deemed to have a Grant-Making Conflict may, at the Board's request, make a presentation at the Board meeting, in order to better assist the other members of the Board in making a decision with respect to the grant application. Upon a resolution of the Board, the Official having the Grant-Making Conflict may remain in the meeting and participate in the discussion, provided that such Official shall abstain from voting on the matter.
3. Board approval of a conflicting interest transaction shall be valid if the transaction has been authorized at a duly held meeting by (i) a majority (but no fewer than two) of all disinterested directors (including those not present at the meeting) and

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<sup>2</sup> So long as the Foundation is treated as a public charity for federal income tax purposes, the Foundation's diligence should include confirmation that the proposed transaction does not give rise to an excess benefit transaction or otherwise violate rules applicable to public charities under the Internal Revenue Code.

(ii) a majority of all directors present if the disinterested directors that are present at the meeting are less than a quorum.

4. If Board approval as outlined above is impossible or impracticable, a conflicting interest transaction shall be valid if approved by a majority of all directors present at a duly held meeting, provided the transaction is in fact fair to the Foundation and in furtherance of its mission at the time the transaction is approved.
5. The Board shall only approve a conflicting interest transaction if such transaction is fair to the Foundation and in its best interests and in furtherance of its mission at the time the transaction is approved.
6. Minutes of the Board shall reflect the actions taken as outlined above.

### *Appearance of Conflicts*

Certain relationships may not give rise to a conflict of interest as defined above, but may nevertheless give the appearance of a conflict or be perceived as otherwise improper. Officials should not engage in business relationships that result reasonably directly from a grant or other decision of the Foundation.

In determining whether a business relationship results reasonably directly from a decision of the Foundation, the following factors should be considered:

- the time that has elapsed since the Foundation's decision;
- whether the Official or his or her business will be paid with Foundation funds;
- the degree of overlap between the focus of the Foundation's decision (e.g., awarding a grant or selecting an investment manager) and the content of the Official's business;
- whether the Foundation plays any role in selecting the business that provides the service in question; and
- whether the business providing the service will interact in any substantial way with the Foundation.

Officials should not accept any Gifts (as defined in Part C) from a person or an organization that could reasonably be expected to apply for a grant or seek business from the Foundation. Officials shall be mindful of the need to avoid any appearance of impropriety in their roles as representatives of the Foundation, and shall make every reasonable effort to conduct themselves accordingly.

### ***Implementation of this Conflict of Interest Policy***

The Foundation recognizes that the foregoing provisions do not cover all possible situations that might arise, and that the exercise of reasonable judgment will be necessary to apply this policy to specific situations.

### ***Violations of this Policy***

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

### **Part B: All Staff and Covered Volunteers**

This Part B shall apply to all Foundation staff and only to those Foundation volunteers that are in a position to influence Foundation decisions in a manner that could result in a potential or actual conflict of interest, as designated by the President in consultation with the Chair ("Covered Volunteers"). Except as specifically approved by the President after consultation, as appropriate, with the Chair, Foundation staff and Covered Volunteers shall avoid actual or perceived conflicts of interest by taking the following steps: (a) no staff member or Covered Volunteer will accept a board or other position with an organization that could reasonably be expected to seek funding from the Foundation, and if such a position is approved, the staff member or Covered Volunteer will play no role with respect to any request from the organization in question; (b) no staff member or Covered Volunteer will play any role with respect to any grant request from an organization with which a Related Person is substantively involved; (c) no staff member or Covered Volunteer will accept any Gifts from an organization that could reasonably be expected to apply for a grant or seek business from the Foundation; and (d) no staff member or Covered Volunteer shall disclose nonpublic information obtained through the Foundation. Staff members and Covered Volunteers will carefully consider the appropriateness of participating in any fundraising event or similar activity benefiting an organization that could reasonably be expected to apply for a grant or seek business from the Foundation.

Staff members and Covered Volunteers shall not intentionally use their association with the Foundation to create any favorable treatment or advantage from any business, organization, or person.

## Part C: Definitions

“Gift” means any meal, ticket, or other item of value. The term “Gift” does not include ordinary and reasonable business courtesies or de minimis gifts which are not solicited, and which are accepted with no intention to confer unfair advantage, such as honors or awards that have no or de minimis monetary value.

“Material Financial Interest” means a financial interest in a transaction that would reasonably be expected to impair the objectivity of the Official when participating in action on the authorization of the transaction or arrangement. Ownership of securities by an Official or Related Person in an entity that is publicly traded, whether held individually or in a pension, individual retirement account, 401(k) or other retirement plan, shall not be considered a material financial interest or to create a conflict of interest if such ownership interest is less than 1% of the entity’s market capitalization and the interest was obtained on the same terms and information available to the general public.

“Related Person” *with respect to an Official, Staff or Covered Volunteer (each a “Covered Person”)* means:

- (a) a spouse, living ancestor, sibling (whether by whole or half-blood), child (natural or adopted), grandchild, great-grandchild, or spouses of siblings, children, grandchildren or great-grandchildren (each, a “Family Member”);
- (b) a person with whom the Covered Person is sharing the same home;
- (c) a trust or estate in which a Family Member or anyone mentioned in (b) is a substantial beneficiary;
- (d) any entity controlled by the Covered Person, a Family Member or any person mentioned in (b) or (c);
- (e) any domestic or foreign business or nonprofit corporation (other than the Foundation) of which the Covered Person is a director, or unincorporated entity of which the Covered Person is a general partner or a member of governing body;
- (f) any individual, trust or estate for whom or of which the Covered Person is a director, guardian, personal representative or like fiduciary; or
- (g) any person or entity that is controlled by the Covered Person’s employer.

HARTFORD FOUNDATION FOR PUBLIC GIVING

**CONFLICT OF INTEREST DISCLOSURE**

Name: \_\_\_\_\_ Position: \_\_\_\_\_

I have received, read and understand, and agree to abide by, the Conflict of Interest Policy (the “Policy”) adopted by the Hartford Foundation for Public Giving (the “Foundation”) on July 13, 2016. I make the following statements in compliance with that Policy. *If the answer to any of the following is “None” please so state.*

1. The following are all of the nonprofit, business or professional organizations in which I or a Related Person\* currently hold (or have held during the past two calendar years) a position as owner, officer, board member, partner, employee or other significant beneficial relationship. ***Please also indicate which of these organizations, if any, is a member of FINRA (Financial Industry Regulatory Authority), or is affiliated with an entity or subsidiary which is a FINRA member:***

Name of nonprofit/ business/professional organization(s):                      Position held/By whom:

2. The following are the terms of all business relationships maintained by me or any Related Person with the Foundation during the past year:
3. Neither I nor any Related Person during the past year has had (and I anticipate that neither I nor any Related Person shall have) any substantial involvement, direct or indirect, in preparing any completed or pending inquiry or grant request to the Foundation, except as follows:
4. Neither I nor any Related Person has been involved in any other situations that may present an actual or potential conflict of interest under the Foundation’s Policy, except as follows:

The foregoing statements are accurate and complete to the best of my knowledge and belief. If an apparent or potential conflict hereafter arises within the spirit of the Policy, I shall immediately disclose the facts and circumstances to the Foundation’s President.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

\* “Related Person” with respect to an Official, Staff or Covered Volunteer (each a “Covered Person”) means: (a) a spouse, living ancestor, sibling (whether by whole or half-blood), child (natural or adopted), grandchild, great-grandchild, or spouses of siblings, children, grandchildren or great-grandchildren (each, a “Family Member”); (b) a person with whom the Covered Person is sharing the same home; (c) a trust or estate in which a Family Member or anyone mentioned in (b) is a substantial beneficiary; (d) any entity controlled by the Covered Person, a Family

*Member or any person mentioned in (b) or (c); (e) any domestic or foreign business or nonprofit corporation (other than the Foundation) of which the Covered Person is a director, or unincorporated entity of which the Covered Person is a general partner or a member of governing body; (f) any individual, trust or estate for whom or of which the Covered Person is a director, guardian, personal representative or like fiduciary; or (g) any person or entity that is controlled by the Covered Person's employer.*

***Please return this completed questionnaire to: President, Hartford Foundation for Public Giving, 10 Columbus Boulevard, Hartford, CT 06106.***