



CONFLICT OF INTEREST POLICY

I. INTRODUCTION

The purpose of this Conflict of Interest Policy (this "Policy") is to protect the interests of the Eugene and Agnes E. Meyer Foundation (the "Foundation") when it is contemplating entering into certain types of transactions, exchanges, or arrangements that directly or indirectly involve related parties of the Foundation. As set forth in greater detail herein, the Foundation is committed to avoiding actual, potential, or perceived conflicts of interest. Additionally, the Internal Revenue Code of 1986, as amended (the "Code"), prohibits direct and indirect acts of "self-dealing" between a private foundation (such as the Foundation) and certain parties related to the Foundation, known as "disqualified persons."

Many instances of conflicts of interest or self-dealing take the form of economic transactions between a foundation and its disqualified person(s). However, because the directors, officers, committee members, and/or employees of the Foundation may simultaneously hold board memberships or other meaningful positions within organizations requesting grants from the Foundation, the Foundation recognizes the possibility that grants awarded by the Foundation could be (a) perceived by the community as a representing a conflict of interest or (b) construed by the Internal Revenue Service (the "IRS") as giving rise to self-dealing. The Foundation is firmly committed to avoiding any appearance of impropriety in its grantmaking processes and activities.

Therefore, in order to protect the reputation of the Foundation, limit the Foundation's liability exposure, and ensure that the Foundation's present and future directors, officers, committee members, and employees continue to comply with the high fiduciary standards required by their association with the Foundation, the Foundation hereby adopts this Policy.

II. SELF-DEALING RULES.

Attachment A to this Policy sets forth certain basic rules and definitions pertaining to self-dealing, as set forth in Section 4941 of the Code and the Treasury Regulations thereunder.

III. PRINCIPLES AND PROCEDURES.

In carrying out Foundation business and activities, the Foundation's directors, officers, committee members, and employees (each, an "Inside Party" and collectively, "Inside Parties") shall at all times act in accordance with the following principles and procedures:

- (a) Actions taken on behalf of the Foundation must be in the Foundation's best interest.
- (b) If a person acting on behalf of the Foundation believes that he or she may have a conflict of interest with regard to a particular matter, such person shall disclose this belief and all relevant information to the Foundation's Audit Committee or to the Board of Directors. Similarly, if a person reasonably believes that the Foundation is not aware of an existing conflict of interest involving a proposed or current transaction, such person shall notify the Foundation's Audit

Committee or Board of Directors (even if the suspected conflict of interest does not pertain to such person).

- (c) A financial interest is not necessarily a conflict of interest. A conflict of interest arises when (i) the personal financial interests of an individual actually prevent such individual from exercising his or her decision-making privileges in furtherance of the best interests of the Foundation and/or (ii) in light of an individual's personal financial interests, it is not reasonable to expect such individual to exercise his or her decision-making privileges in furtherance of the best interests of the Foundation. The Foundation's determination of whether a conflict of interest exists shall take into account all relevant facts and circumstances.
- (d) The Foundation shall not enter into any transaction involving a conflict of interest unless such transaction has been approved by (i) a quorum of independent (non-conflicted) directors, if such transaction is being considered by the Board of Directors, or (ii) a quorum of independent (non-conflicted) committee members, if such transaction is being considered by a committee of the Foundation's Board of Directors.
- (e) In evaluating a proposed transaction that involves a conflict of interest, the Board of Directors or Foundation committee, as the case may be, shall evaluate the following factors:
 - (i) Is the transaction fair and reasonable to the Foundation?
 - (ii) Is the transaction in the best interests of the Foundation?
 - (iii) Is there another reasonably available transaction that (A) would be comparably advantageous to the Foundation and (B) does not constitute a conflict of interest?
- (f) An individual who has a conflict of interest with regard to a given transaction may not participate in a vote being taken with regard to such transaction. Nevertheless, such person may present pertinent information (such as to describe his or her affiliation with or relationship to the proposed transaction) and answer any questions posed by the Board of Directors or a committee of the Foundation, as the case may be. In no instance may a person with a conflict of interest attempt to influence improperly the deliberation or voting on the matter giving rise to such conflict. The minutes of any Board of Directors or committee meeting shall specifically reflect all such recusals and indicate that the Inside Party did not participate in the deliberations and vote.
- (g) The Foundation shall maintain detailed minutes and documentation regarding the handling of any potential conflicted transaction.
- (h) In no instance may the Foundation enter into a transaction or arrangement that gives rise to self-dealing pursuant to the Code and the Treasury Regulations thereunder.
- (i) The President and CEO or the Board of Directors may elect to consult legal counsel as deemed appropriate to determine whether a given situation is likely to give rise to self-dealing or otherwise constitute an impermissible conflict of interest.

IV. POLICIES TO AVOID CONFLICTS OF INTEREST AND SELF-DEALING IN FOUNDATION TRANSACTIONS OTHER THAN GRANTS

To avoid conflicts of interest and self-dealing when the Foundation engages service providers or enters into other non-grantmaking transactions, including but not limited to investment transactions advised by the Foundation's Investment Committee, the Foundation will abide by the following provisions:

- (a) Procedure. If an Inside Party has any financial interest or other potential conflict of interest in a non-grantmaking transaction being contemplated by the Foundation, such person must disclose the existence of his or her financial interest or other conflict of interest, and all material facts, to the Foundation's Audit Committee, the Board of Directors, or, when applicable, to the committee of the Foundation's Board that is considering the proposed arrangement or transaction.
- (b) Alternatives In the event the Board of Directors or committee, as the case may be, determines that the proposed transaction could give rise to self-dealing or otherwise result in an impermissible conflict of interest, the Board of Directors or committee may elect to pursue such option or options as the Board of Directors or committee determines to be in the best interests of the Foundation. In furtherance of the foregoing:
 - 1) The Foundation may not enter into a self-dealing transaction. Nevertheless, if the Board of Directors or committee determines (based on all relevant facts and circumstances) that the transaction in question qualifies as an exception to the self-dealing rules, then the Board of Directors or committee may approve such transaction.
 - 2) If the transaction in question is deemed not to give rise to self-dealing but still constitute a conflict of interest with respect to one or more Inside Parties, the Board of Directors or committee shall consider and determine (based on all relevant facts and circumstances) whether such transaction is in the best interests of the Foundation. To that end, the Board of Directors or committee may determine that (a) the transaction, as presented, is in the best interests of the Foundation, (b) additional steps are needed in order to ensure that the transaction is in the best interests of the Foundation, or (c) the transaction, as presented, is not in the best interests of the Foundation.
 - 3) As a condition of its approval, the Board of Directors or committee may require modifications to a proposed transaction in order to ensure that such transaction does not constitute self-dealing or an impermissible conflict of interest.
 - 4) All determinations of the Board of Directors or a committee pursuant to this Article IV, Section (b) shall be made by the disinterested members of the Board of Directors or such committee, as the case may be.

V. POLICIES TO AVOID CONFLICTS OF INTEREST AND SELF-DEALING IN THE MAKING OF FOUNDATION GRANTS

The mere making of a grant to a charitable entity normally does not raise issues of self-dealing, unless a disqualified person is the indirect beneficiary of the grant. Similarly, the fact that a Foundation

director, officer, or employee may simultaneously serve as a director, officer, or employee of a proposed grantee shall generally not be deemed to give rise to a conflict of interest. That being said, in particular instances, the Foundation may determine that the making of a grant constitutes an actual or apparent conflict of interest and is therefore inadvisable. To minimize the possibility of actual or perceived self-dealing or conflicts of interest occurring in the making of Foundation grants, the Foundation will adopt the following measures:

- (a) The Foundation will establish and maintain a list of all current Inside Parties with respect to the Foundation. This listing will also include any board memberships or other leadership positions with other charitable institutions that such Inside Parties hold at any given time as reported by each Inside Party pursuant to the annual statement required by Article VI, Section (a) hereof.
- (b) In determining whether to make a grant to an organization where possible self-dealing or conflicts of interest could exist, all pertinent facts shall be disclosed to the Board. Any Inside Party with a relationship to a prospective grantee that could give rise to self-dealing or a conflict of interest may make a presentation to the Board to describe his or her affiliation with the proposed grantee, but, after such presentation, such Inside Party (i) shall leave the meeting and not participate in the ensuing discussions regarding the grant under consideration, and (ii) may not vote on the grant under consideration. The minutes of such meeting shall specifically reflect that the Inside Party did not participate in the deliberations and vote.
- (c) The disinterested members of the Board will have final authority to take such steps as it deems necessary to avoid the appearance of self-dealing or conflicts of interest in connection with the awarding of a grant. In evaluating the propriety of a grant with possible self-dealing or conflict of interest implications, the Board's options shall include, but not be limited to, the following:
 - (1) The Board may delay the making of the grant until such time as the possibility of self-dealing or other conflict of interest no longer exists or is deemed sufficiently remote (*e.g.*, until such time as the Inside Party resigns or otherwise terminates his or her role at the proposed grantee).
 - (2) The Board may include a provision in the gift agreement stipulating that the grantee may not use any portion of the grant to make payments or otherwise benefit an Inside Party.

VI. AFFIRMING STATEMENTS AND PERIODIC REVIEWS

(a) Affirming Statements

Each Inside Party shall annually sign a statement which affirms that such person:

- 1) has received a copy of this Policy;
- 2) has read and understands this Policy;
- 3) has agreed to comply with this Policy; and

4) understands that the Foundation is a charitable private foundation and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes and is prohibited from engaging in acts of self-dealing.

The affirmation in such signed statement shall continue to remain in place, and thus be binding on such person, so long as such person is an Inside Party.

Additionally, each Inside Party shall annually submit to the Secretary of the Foundation (or such other officer as shall be duly appointed by the Board) a written statement identifying, to the best of such Inside Party's knowledge, (i) any entity of which such Inside Party is a director, officer, trustee, member, owner, or employee and with which the Foundation has a relationship, (ii) any transaction in which the Foundation is a participant and in which such Inside Party might have a conflicting interest, and (iii) all board memberships or other leadership positions with other charitable institutions that such Inside Party holds as of such time. The Secretary of the Foundation (or such other officer as shall be duly appointed by the Board) shall provide a copy of all such completed annual statements to the chair of the Foundation's Audit Committee.

(b) Periodic Reviews To ensure that the Foundation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, the Foundation shall conduct periodic reviews of the application of this Policy. Such reviews shall take place at least once every three (3) years, or more often if deemed advisable by the Board of Directors, and shall evaluate whether this Policy has (i) achieved the desired outcome of ensuring that conflicts of interest and self-dealing matters are appropriately handled, (ii) remained current with the requirements of law and industry best practices, and (iii) been administered in a manner that does not result in undue burdens to Foundation staff and Inside Parties. Unless specified otherwise by the Board of Directors, the periodic reviews required by this Article VI, Section (b) shall be undertaken by the Foundation's Audit Committee.

VII. USE OF OUTSIDE EXPERTS

In conducting the reviews provided for in Article VI, the Board of Directors may, but need not, engage outside advisors. Nevertheless, the use of outside advisors shall not relieve the Board of its responsibility for ensuring that reviews are conducted consistent with the terms of this Policy.

VIII. VIOLATIONS OF CONFLICT OF INTEREST POLICY

If the Board of Directors has reasonable cause to believe that an Inside Party has failed to disclose an actual or potential conflict of interest, it shall inform such Inside Party of the basis for such belief and afford such Inside Party an opportunity to explain the alleged failure to disclose. If, after hearing the response of the Inside Party and making such further investigation as may be warranted in the circumstances, the Board determines that the Inside Party has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Adopted: June 1, 2017.

Attachment A
Self-Dealing Rules

(a) Self-Dealing

Except as specified otherwise in the Code and Treasury Regulations, self-dealing means any direct or indirect –

- 1) sale or exchange, or leasing, of property between the Foundation and a disqualified person;
- 2) lending of money or other extension of credit between the Foundation and a disqualified person;
- 3) furnishing of goods, services, or facilities between the Foundation and a disqualified person;
- 4) payment of compensation (or payment or reimbursement of expenses) by the Foundation to a disqualified person,¹ or
- 5) transfer to, or use by or for the benefit of, a disqualified person of the income or assets of the Foundation.

(b) Disqualified Person

Disqualified persons with regard to the Foundation include substantial contributors to the Foundation;² Foundation directors and officers; substantial owners of corporations and partnerships which are substantial contributors to the Foundation; family members³ of the foregoing; and corporations or partnerships substantially⁴ owned by the above, as well as trusts and estates substantially⁵ benefitting the above.

(c) Self-Dealing Penalties

The IRS enforces its prohibition against acts of self-dealing by imposing a series of excise taxes and by requiring the correction of acts deemed to involve self-dealing. Self-dealing excise taxes are

¹ Notwithstanding this general rule, the Code and Treasury Regulations specifically permit a private foundation to pay compensation to a disqualified person if such person performs “personal services” for the foundation, if such services are reasonable and necessary for the foundation’s charitable activities, and the compensation is not excessive. This exception has been interpreted as permitting the payment of salary and benefits to a disqualified person, if the disqualified person performs “professional or managerial” functions for a foundation. See Code §4941(d)(2)(E) and Treas. Reg. § 53.4941(d)-3(c); see also *Madden v. Commissioner*, T.C. Memo 1997-395.

² For purposes of these rules, a “substantial contributor” is any party that has contributed more than 2% of the Foundation’s total contributions and bequests.

³ For purposes of these rules, an individual’s “family” includes his or her spouse, ancestors, children, grandchildren, great grandchildren and the spouses of children, grandchildren and great grandchildren.

⁴ For purposes of these rules, “substantial” ownership means more than 35% ownership of the stock in a corporation or more than 35% ownership of the profits interests in a partnership.

⁵ For purposes of these rules, a “substantial” beneficial interest means an interest of more than 35% of the total beneficial interests in such trust or estate.

imposed on the disqualified person who was a party to the transaction, and may also be imposed on the Foundation's directors and officers.

1) With respect to a disqualified person, the initial tax imposed on an act of self-dealing is equal to 10% of the amount involved in the act. If the act is not corrected in a timely manner, a second-tier tax equal to 200% of the amount involved may be imposed.

2) With respect to a Foundation director or officer who knowingly approved a self-dealing transaction, the initial tax imposed on an act of self-dealing is equal to 5% of the amount involved in the act, capped at \$20,000. If the act is not corrected in a timely manner, a second-tier tax equal to 50% of the amount involved may be imposed, again capped at \$20,000. No excise tax will be imposed on a Foundation director or officer if his or her participation in the self-dealing transaction was not willful and was due to reasonable cause.