



## **Robert Toigo Foundation CONFLICT OF INTEREST POLICY**

This Conflict of Interest Policy includes the requirements of the California Corporations Code applicable to Non Profit Corporations but sets a higher standard appropriate for a Non Profit that works with the investment community and mentors students entering the financial investment industry.

Board Members and Officers are expected to use good judgment, to adhere to high ethical standards, and to conduct themselves in such a manner as to avoid any actual or potential conflict between the Board Member's or Officer's personal interests and the interests of The Robert Toigo Foundation. A conflict of interest exists when the Board Member's or Officer's loyalties or actions are divided between The Foundation's interests and the Board Member's or Officer's financial interests. Both the fact and the appearance of a conflict of interest should be avoided. A Board Member or Officer who is unsure as to whether a certain transaction, activity, or relationship constitutes a conflict of interest should discuss it with the Chair of the Board or the President for clarification.

In general, when conducting the business of The Robert Toigo Foundation, including specifically awarding fellowship awards, a conflict of interest will be presumed when a Board Member or Officer or someone with whom the Board Member or Officer has a close relationship (such as a family member or household member) serves as a trustee, director, officer, or stockholder of an affected organization or firm; has a formal affiliation or interest in an affected organization or firm; or could expect material financial gain or loss from a particular decision. Recognizing that it is not possible to describe all possible conflicts of interest that could develop, some of the more common direct conflicts from which a Board Member or Officer or someone with whom the Board Member or Officer has a close relationship should refrain include the following:

1. Accepting personal gifts or entertainment from applicants, grantees or vendors of the Foundation;
2. Using proprietary or confidential Foundation information for personal gain or to The Robert Toigo Foundation's detriment;
3. Having a direct or indirect financial interest in an activity undertaken by The Robert Toigo Foundation;
4. Using Foundation assets or labor for personal use; or
5. Representing that The Robert Toigo Foundation will give financial or other support to any outside activity, organization, or individual, unless the request for such support has already proceeded through the proper channels and has been approved.

**The following cases illustrate the existence or absence of a financial conflict of interest:**

1. A. business transaction between the Board Member or Officer and The Robert Toigo Foundation, such as an agreement by the Board Member or Officer to perform accounting services for a fee, would, as a general rule, be a conflict of interest.
2. A Board Member or Officer who is an owner of a business that performs services for The Robert Toigo Foundation for more than a nominal fee most likely has a conflict of interest even though the Board Member or Officer may not personally perform the services. A conflict of interest exists because the Board Member or Officer shares in the profits from such fees as an owner and therefore probably has a material financial interest in any transaction with the business.
3. A Board Member or Officer who owns an insignificant number of shares in a publicly traded company whose business activities with The Robert Toigo Foundation have no significant effect on the financial performance of that company generally does not have a conflict of interest in any transaction with that company.

**PROCEDURES**

The following procedures will apply to the resolution of any conflict of interest which cannot otherwise be avoided:

1. Any potential conflict of interest that may affect a matter under consideration shall be disclosed by the Board Member or Officer to the Board of Directors and made a matter of record as soon as the possible conflict is determined.
2. The interested Board Member or Officer shall not vote on such matter and shall not attempt to exert influence in connection with the matter.
3. The minutes of the meeting shall reflect that such a disclosure was made and the affected member abstained from voting.
4. When a Board Member or Officer serves concurrently on the board of another non-profit corporation, it shall not be deemed a conflict for that Board Member to vote on an issue before either Board involving The Toigo Foundation .
5. For any matter in which the Board Member or Officer has a material financial interest, the following additional procedures shall apply prior to entering into the transaction, pursuant to Section 5230-5239 of the California Corporations Code:
  - (a) The Board of Directors determines in good faith that The Toigo Foundation will enter into the transaction for its own benefit;

The Board of Directors determines in good faith that the transaction is fair and reasonable to The Toigo Foundation; and

The Board of Directors determines in good faith after reasonable investigation that The Toigo Foundation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.

If the transaction is to be considered for approval by a committee of the Board of Directors, the following shall apply:

- i. It was not reasonably practicable to obtain approval of the full Board of Directors prior to entering into the transaction; and
  - ii. The Board of Directors, after determining that the conditions of sections 5(a) and (b), above, were satisfied, ratifies the transaction at its next meeting following approval by the committee by a vote of a majority of the Board Members then in office without counting the vote of the interested Board Member.
- (b) "Material financial interest" includes a business that is a significant source of income to the Board member or Officer (through a salary or other payments) or in which the director is an officer or owns more than a 10% interest or from which the Board Member or Officer receives a commission based upon the matter that is being considered by the Toigo Foundation.
6. Any person who has knowledge of any action or conduct that appears contrary to these Conflict of Interest Policies and Procedures shall report the same to the President of The Toigo Foundation or the Chair of the Board of Directors.
7. These Conflict of Interest Policies and Procedures shall apply to the members of a committee of the Board of Directors as if each committee member were a Board Member.
8. Each Board Member and Officer shall be advised of the Conflict of Interest Policy and Procedures prior to commencement of the Board Member's or Officer's term of office.

If a Board Member or Officer or someone with whom a Board Member Officer has a close relationship (such as a family member or household member) has or has had, a financial, employment, or personal relationship with an applicant, grantee or vendor to The Toigo Foundation, the Board Member or Officer must disclose this fact in writing to the Corporate Secretary.