

**AMERICAN COUNCIL ON GERMANY  
CONFLICTS OF INTEREST POLICY**

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## AMERICAN COUNCIL ON GERMANY CONFLICTS OF INTEREST POLICY

### I. Overview.

- A. All directors, officers, and key employees of American Council on Germany (“ACG”) (each an “Interested Person”) shall avoid any conflict of interest or the appearance of a conflict of interest in their dealings and actions on behalf of ACG. In furtherance of that goal, all Interested Persons are expected to comply with this Conflicts of Interest Policy.
- B. A conflict of interest involves any interest that might affect, or might reasonably appear to affect, the judgment of any Interested Person in a manner that is adverse to the interests of ACG and may arise from personal, familial, business, financial or organizational interests and affiliations, outside employment, or other activities in conflict with the mission of ACG. As an illustrative, non-exhaustive set of examples, an individual may have a conflict of interest if such individual or a family member of such individual:
1. holds office with, serves on a board of, participates in the management of or is employed by a party that is involved in a transaction, agreement or arrangement (or potential transaction, agreement or arrangement) with ACG or whose interests could be perceived to compete with those of ACG;
  2. derives or is contemplated to derive remuneration or other financial benefit in connection with a transaction, agreement or arrangement (or potential transaction, agreement or arrangement) with ACG;
  3. receives gifts or favors from any third party on the basis of such person’s position with ACG (other than occasional gifts or favors that are not material); or
  4. engages in any outside employment or other activity that will materially encroach on such individual’s obligations and duties to ACG, compete with the activities of ACG or imply sponsorship or support by ACG of any outside employment or other activity by such individual.

For purposes of this Conflicts of Interest Policy, “family member” shall mean such individual’s spouse, parent, stepparent, sibling, child, stepchild, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law.

- C. A conflicting interest is not, however, inherently illegal or necessarily improper, nor is it necessarily a reflection upon the integrity of the Interested Person involved. ACG may benefit from the knowledge, contacts and interests that directors, officers and key employees have in a wide range of areas, in both their business and personal affairs. As provided in this Conflicts of Interest Policy, it is for the Board to determine, in the first instance, whether in light of disclosed

circumstances, a conflict of interest exists, and if so, what measures are appropriate.

- D. In addition, a proposed Related Party Transaction shall always be subject to the procedures set forth herein. A “Related Party Transaction” is any transaction in which any of the following has a financial interest: (1) any Interested Person of ACG, (2) any family member of any Interested Person of ACG, or (3) any entity in which any Interested Person or any family member of an Interested Person has a substantial ownership or beneficial interest.
- E. This Conflicts of Interest Policy cannot describe all potential conflicts of interest. Interested Persons must exercise the highest standards of ethical judgment and err on the side of caution, being mindful of the importance of paying attention to appearances as well as to actual conflicts. Interested Parties are required (1) to act in the best interest of ACG, and (2) to comply with all applicable legal requirements and ACG policies.
- F. Upon the approval of this Policy, each Director, Officer and Key Employee shall file an initial disclosure statement required of his/her position.

## **II. Initial Appointment of Directors, Officers and Key Employees**

- A. Directors – The Nominating Committee of the Board of Directors of ACG shall carefully review the credentials and affiliations of proposed new directors and advise the Board as to their qualifications as directors and as to any known, potential or perceived conflicts of interest prior to calling a vote. All nominees for the Board shall, prior to being considered, provide the Board with a completed “Director Disclosure of Conflicts of Interest” in the form attached hereto, to assist the Board in such review.
- B. Officers and Key Employees – The President of ACG shall carefully review the qualifications of proposed new officers and key employees, as well as any known, potential or perceived conflicts of interest prior to engaging such person. All persons considered for such positions shall complete a “Disclosure of Conflicts of Interest” in the form attached hereto, to assist the President in such review.

## **III. Annual Disclosure Statements**

- A. Each Interested Person shall file a statement disclosing any actual or potential conflicts of interest and any facts or circumstances that might reasonably be perceived as a creating a conflict promptly upon learning or becoming aware of the same and in any event no less than annually after the initial appointment.
- B. In the case of directors and the President, the disclosure statement must be filed with the Chairman of the Audit Committee of ACG, and in the case of officers and key employees, the disclosure statement must be filed with the President.
- C. Each annual disclosure statement must include the following:

1. a statement identifying any entity (a) of which such person (or a family member) is an officer, director, trustee, member, owner (either as a sole proprietor, a partner or a shareholder of more than five percent) or employee or any other similar capacity, and (b) with which ACG has a relationship or is known to be considering a relationship, and
  2. any transaction (or proposed transaction) in which ACG is a participant and in which the director, officer or key employee (or a family member) may have a conflicting interest.
- D. Annual disclosure statements must be filed by each director, officer and key employee no later than 30 days after the annual meeting of the Board.
- E. Copies of the respective disclosure forms are attached as Exhibits to this Conflicts of Interest Policy.

#### **IV. Conflicts of Interest Arising While in Service to the American Council on Germany**

- A. If ACG engages in an activity where there is a possible conflict of interest between ACG and an outside or personal interest of an Interested Person, the outside interest of the Interested Person shall be disclosed promptly to the entire Board and shall be recorded in ACG's records, including in the minutes of meetings of the Board at which such conflict was discussed or voted upon.
- B. If any Interested Person is aware of (1) any transaction or proposed transaction involving ACG that is, or in the case of a proposed transaction would be, a Related Party Transaction, or (2) any other facts or circumstances that constitute, or could reasonably be expected to constitute an Interested Person having a conflict of interest, such Interested Person must disclose to the Audit Committee all material facts and circumstances, to such person's knowledge, regarding such Related Party Transaction (and such person's interest in such Related Party Transaction) or potential conflict of interest, as applicable.
- C. When an Interested Person has disclosed, or the Board otherwise becomes aware of, a possible conflict of interest, the Board shall determine whether such a conflict exists and what measures are appropriate under the circumstances. In no event shall the Interested Person who is involved in a potential Related Party Transaction, or who may potentially have a conflict of interest, (1) be present at or participate in any deliberation or vote on the matter involving a potential Related Party Transaction or conflict of interest, or (2) influence the deliberation or voting on whether a transaction constitutes a Related Party Transaction or conflict (as applicable). If a case arises in which neither disclosure nor abstention of a director is determined to be sufficient, the only appropriate solution may be resignation of the director.

## **V. Service on Outside Boards or in Similar Positions**

Directors, officers, and key employees may serve on boards or in similar positions of other organizations so long as they notify the Chair of the Audit Committee of the Board (in the case of directors and the President) or the President (in the case of officers and key employees) in advance as to any potential conflict of interest, or likely perception of the same, and such disclosure becomes part of the Disclosure Statement of such person and subject to the procedures of this Policy. The overriding principle is that such service must not compromise the individual's ability to act with total objectivity in performing his or her services to ACG.

## **VI. Approval of Certain Proposed Transactions**

- A. Any transaction identified by the Board as a Related Party Transaction, as well as any other transaction for which the Board has determined that the procedures of this Section shall be followed, may not be entered into without approval by the Board, even if such transaction would not otherwise require Board approval.
- B. At or in preparation for any meeting of the Board to deliberate or vote in relation to a Related Party Transaction, or such other transaction as the Board has determined that the procedures of this Section shall apply, the Board may request (and nothing shall prohibit the Board from requesting) the relevant Interested Person to present information and answer questions concerning such transaction. Such Interested Person shall, however, leave the Board meeting prior to the commencement of any deliberations concerning such transaction and shall not participate in any vote concerning it. Such Interested Person is also prohibited from participating in or attempting, directly or indirectly, to influence the deliberation or voting on such transaction.
- C. At the outset of considering any proposed Related Party Transaction, or such other transaction as the Board has determined that the procedures of this Section shall apply, the Board shall initially consider whether the Interested Person's financial interest in the transaction is substantial. If so, the Board shall, before ACG enters into such transaction, consider whether a transaction not constituting a Related Party Transaction is, with reasonable efforts, available as a feasible alternative. The Board may appoint a committee to explore alternative transactions, as well as engage professional advisors or other disinterested persons to assist in such investigation. If the Board determines that a more advantageous transaction is with reasonable efforts available as a feasible alternative to the proposed Related Party Transaction, the Board shall not approve such transaction unless ACG first attempts unsuccessfully to consummate the identified alternative transaction.
- D. In any event, ACG shall not enter into any proposed transaction known to be or otherwise identified as a Related Party Transaction, or such other transaction for which the Board has determined that the procedures of this Section shall be followed (regardless of whether the Interested Person's financial interest in the

transaction is substantial) unless the Board has first determined that such transaction is, at the time of such determination, fair, reasonable and in ACG's best interest, and such Related Party Transaction is approved by not less than a majority vote of the directors entitled to vote thereon. The Board shall document, including in the minutes of meetings of the Board, such determination and the record of any votes taken in connection therewith.

## **VII. Delegation**

The Board may delegate to the Audit Committee or any other committee of the Board, either across the board, in broad categories or in a specific situation, authority to review and approve Related Party Transactions, or such other transaction for which the Board has determined that the procedures of Section VI shall be followed, as well as to determine whether a conflict of interest exists and appropriate responsive measures, all as contemplated in this Conflicts of Interest Policy, in which case relevant references in this Conflicts of Interest Policy to the Board shall for such purposes be deemed to refer to such committee, *provided* that if any such transaction would, independent of this Conflicts of Interest Policy, require approval by the Board, such committee shall provide the Board with the results of its review of such transactions and its recommendation as to whether such transaction should be approved, and the Board shall make the final determination whether to approve such transaction. The Board shall contemporaneously document, including in the minutes of meetings of the Board, the basis of the Board's approval (if applicable), and the consideration of any alternative transactions.



**AMERICAN COUNCIL ON GERMANY**

**OFFICER AND KEY EMPLOYEE DISCLOSURE OF CONFLICTS OF INTEREST**

*Please complete this form and file it with the President annually in January (in the case of the President, file it with the Chairman of the Audit Committee).*

Name of Employee: \_\_\_\_\_

Position at the American Council on Germany: \_\_\_\_\_

Outside employment and/or volunteer positions, and your primary responsibilities:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Do any of these employment and/or volunteer positions relate to your usual responsibilities or service at the American Council on Germany? If so, please explain:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Please identify (i) any entity for which you are (or a family member is) an officer, director, trustee, member, owner (either as a sole proprietor, a partner or a shareholder of more than five percent) or employee or any other similar capacity, and (ii) with which ACG has a relationship or is known to be considering a relationship:

\_\_\_\_\_  
\_\_\_\_\_

Please identify any transaction (or proposed transaction) in which the American Council on Germany is a participant and in which you (or a family member) might have a conflicting interest:

\_\_\_\_\_  
\_\_\_\_\_

I have reviewed and will adhere to the *Conflicts of Interest Policy* of the American Council on Germany.

Signature of Officer or Key Employee: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of President: \_\_\_\_\_ Date: \_\_\_\_\_