

Digital Trust Foundation Conflict of Interest Policy And Annual Statement

Article I – Purpose

1. The purpose of this *conflict of interest* policy is to protect the integrity of Digital Trust Foundation’s mission when it considers any grant to, investment in, or transaction with another *entity* or individual, and to ensure that Digital Trust Foundation’s funding decisions are clear of any *conflict of interest* or self-dealing or even the appearance of any *conflict of interest*.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Article II -- Definitions

1. Conflict of Interest – A *conflict of interest* will be present when a *decision maker* knows that s/he or a *related party* has a *material affiliation* with or a *material financial interest* in the *entity* or individual receiving a grant or investment, or otherwise involved in a transaction with Digital Trust Foundation, or will otherwise benefit financially or derive a *significant personal benefit* as a result of the transaction. When, however, Digital Trust Foundation considers a grant to an *entity* with which a *decision maker* has a *material affiliation*, and that grant is not a *material grant* with respect to the more broadly defined *entity*, and that grant has no impact on the revenue of the more specifically defined subsidiary *entity* with which the *decision maker* is affiliated, then no *conflict of interest* will be present.
2. Decision Maker – Although the Board of Directors will make the final vote on any grant, investment, or other financial transaction, other staff members and/or consultants will have significant input in recommending decisions to the Board. Consequently *decision makers* are any Director, Officer, Staff member, and/or consultant who has input into selection of grant recipients, or decisions about investments or business transactions.

3. Related Party – A member of a *decision maker*'s immediate family (children, grandchildren, parents, grandparents, siblings and spouses thereof, spouse or significant other) and any other *household member*.

4. Entity – A corporation, partnership, limited liability company, trust, organization, coalition, commission, university, or institute (including a school, department, center, committee, or research project within a university or institute).

5. Interested Person -- Any *decision maker* who has a direct or indirect *material affiliation* or *material financial interest* in an entity or individual applying for a grant, receiving an investment, or entering into a transaction with Digital Trust Foundation.

6. Material Affiliation -- A *decision maker* has a *material affiliation* with an *entity* or individual when the *decision maker* has or has had within the past twelve months, directly or indirectly, through business, investment, or related parties, any of the following types of relationships with the *entity* or individual:
 - a. Is a board member, officer, or employee of the *entity*;
 - b. Is the owner of more than five percent (5%) of the ownership interest of the *entity*;
 - c. Is a lender to the *entity* or individual;
 - d. Is a landlord to or tenant of the *entity* or individual;
 - e. Has an ongoing contractual relationship to provide goods or services, in exchange for compensation, that is significant to the *decision maker*, a *related party*, or the *entity*, or individual to whom the goods or services are being provided; or
 - f. Is a *related party* to the *entity* or individual;
 - g. Has a *material financial interest* in the *entity* or individual.

A person who has a *material affiliation* with an *entity* or individual Digital Trust Foundation is considering making a grant to, investing in, or otherwise transacting with may not always have a *conflict of interest*. The Board may consider the specific circumstances of the affiliation and decide whether a conflict of interest exists, in accordance with this policy.

7. Material Financial Interest – A *decision maker* has a *material financial interest* in an *entity* when s/he or a *related party*:
 - a. Holds an ownership interest in excess of five percent (5%) of the total equity interest in such an *entity*; or
 - b. Is or has been, within the past twelve months, a consultant or service provider to the *entity* and is paid an amount that exceeds five percent (5%) of his/her overall income or the overall income of a person who is a *related party* to the *decision maker*.
8. Material Grant – A grant is material to an *entity* when the amount of the grant is in excess of five percent (5%) of the revenue of the *entity*.
9. Principal Executive Officer – The executive head or co-head of an *entity*, including the principal investigator of a research project or the co-chair of a commission or other *entity*.

Article III -- Procedures

1. Duty to Disclose—

In connection with any actual or possible *conflict of interest*, an *interested person* must disclose the existence of the *material affiliation* and be given the opportunity to disclose all material facts to the other *decision makers*.

2. Recusal of Self—

Any *decision maker* may recuse himself or herself at any time from involvement in any decision or discussion in which the *decision maker* believes he or she has or may have a *conflict of interest*, without going through the process for determining whether a *conflict of interest* exists.

3. Determining Whether a *Conflict of Interest* Exists --

After disclosure of the *material affiliation* and all material facts, and after any discussion with the *interested person*, he/she shall leave the Board or other meeting at which the determination of a *conflict of interest* is discussed and voted upon. The remaining Board members shall make the decision about whether a *conflict of interest* exists pursuant to the procedures described below.

4. Certain Grants and Transactions Prohibited as Creating a Per Se *Conflict of Interest* –

Digital Trust Foundation will not proceed with the following transactions in which a *conflict of interest* is present:

- a. A grant to or for the benefit of an *entity* in which a *decision maker* is the *principal executive officer* and the grant is a *material grant* to the *entity*.
- b. A grant, investment, or other transaction that will directly give rise to payment of fees, income, or profits to a *decision maker*.

5. Procedures for Addressing a potential *Conflict of Interest*

- a. An *interested person* may make a presentation to the *decision makers*, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the grant, investment, or transaction that gives rise to the possible *conflict of interest*.
- b. The Chairperson of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed grant, investment, or transaction;
- c. After exercising due diligence, the Board shall determine whether Digital Trust Foundation can identify with reasonable efforts a grant recipient, investment, or other transaction that fulfills Digital Trust Foundation's mission equally well and avoids *conflict of interest*.
- d. If no such alternative grant, investment, or other transaction appears to be reasonably possible, the Board shall determine by a majority vote of the disinterested directors (with any tie to be broken by the vote of the disinterested staff member or consultant hired by the Board to manage solicitation and selection of grant applications) whether the grant, investment, or transaction is in Digital Trust Foundation's best interest, fulfills its mission, and is fair and reasonable. In conformity with the

above determination, the Board shall make its decision as to whether to make the grant, or enter into the investment or transaction.

5. Violations of the Conflicts of Interest Policy

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

Article IV – Records of Proceedings

The minutes of the Board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a *material 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 decision as to whether a *conflict of interest* in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the proposed grant, investment, or transaction, the content of the discussion, including any alternatives to the proposed transaction, and a record of any votes taken in connection with the proceedings.

Article V – Annual Statements

1. Each *decision maker* shall annually sign a statement which affirms such person:
 - a. Has received a copy of the conflict of interest policy,
 - b. Has read and understands the policy,
 - c. Has agreed to comply with the policy, and

- d. Understands Digital Trust Foundation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
2. If at any time during the year, the information in the annual statement changes materially, the Director shall disclose such changes and revise the annual disclosure form.
3. The Board shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

Article VI – Periodic Reviews

To ensure Digital Trust Foundation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information (if reasonably available), and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to Digital Trust Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.
- c. Whether grants are furthering the mission of Digital Trust Foundation and whether they are free from any appearance of impropriety or conflict.

Article VII – Use of Outside Experts

When conducting the periodic reviews as provided for in Article VI, Digital Trust Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

The End

Revision History by Digital Trust Foundation Board

Initial Conflict of Interest Policy adopted May, 29, 2014

**Director and Officer
Annual Conflict of Interest Statement**

1. General information:

Name: _____

Date: _____

2. Position:

Are you a voting Director? Yes No

Are you an Officer? Yes No

If you are an Officer, which Officer position do you hold?:

_____.

3. I affirm the following:

I have received a copy of the Digital Trust Foundation Conflict of Interest Policy.

_____ (initial)

I have read and understand the policy. _____ (initial)

I agree to comply with the policy. _____ (initial)

I understand that Digital Trust Foundation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of tax-exempt purposes. _____ (initial)

4. Disclosures:

- a. Do you have a *material affiliation* (current or potential) as defined in the Conflict of Interest Policy, with an entity or individual seeking funding from or funded by Digital Trust Foundation? Yes No

i. If yes, please describe it:

ii. If yes, has the *material affiliation* been disclosed, as provided in the Conflict of Interest Policy? Yes No

b. In the past, have you had a *material affiliation* as defined in the Conflict of Interest Policy, with an entity or individual seeking funding from or funded by Digital Trust Foundation? Yes No

i. If yes, please describe it, including when (approximately):

ii. If yes, has the *material affiliation* been disclosed, as provided in the Conflict of Interest Policy? Yes No

Date: _____

Signature of Director: _____

Date of Review by Board: _____