

THE NATIONAL SECURITY ARCHIVE FUND, INC.

CONFLICT OF INTEREST POLICY

ARTICLE 1. PURPOSE

The National Security Archive Fund, Inc. (the “Archive”) is a not-for-profit research institute. Directors, Officers, members of Board Committees, and Senior Managers of the Archive are chosen to serve the public interest purposes of the Archive. They have a duty to conduct the affairs of the Archive in a manner consistent with such purposes and not to advance their personal interests. This conflict of interest policy is intended to protect the Archive’s interest when it is considering entering into transactions or arrangements that might benefit the private financial interest of certain individuals affiliated with the Archive or that might result in a possible excess benefit transaction. It is intended to permit the Archive and its Directors, Officers, members of Board Committees, and Senior Managers to identify, evaluate, and address any real, potential, or apparent conflicts of interest that might, in fact or in appearance, call into question their duty of undivided loyalty to the Archive.

ARTICLE 2. DEFINITIONS

- 2.1. “Interested Person” shall mean any Director, Officer, member of a Board Committee (“Committee Member”), or Senior Manager, who has a direct or indirect financial interest in any transaction or arrangement contemplated by the Archive. Staff members not covered by this policy are covered by the conflict of interest policy included in the Archive’s employment manual.
 - 2.1.1. “Senior Manager” shall mean the director of the National Security Archive, the Center for National Security Studies (CNSS), or any other independent project of the National Security Archive Fund.
- 2.2. “Compensation” shall mean direct and indirect remuneration as well as gifts or favors that are not insubstantial.
- 2.3. “Financial Interest” shall mean a direct or indirect interest, whether through business, investment, or family or personal ties, as follows:
 - 2.3.1. An ownership or investment interest in any entity with which the Archive has or is considering a transaction or arrangement;
 - 2.3.2. A compensation arrangement with the Archive or with any entity or individual with which the Archive has a transaction or arrangement; or

- 2.3.3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Archive is contemplating or negotiating a transaction or arrangement.

A financial interest is not necessarily a conflict of interest. Under Article 3, Section 2, a person who has a financial interest will be deemed to have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

ARTICLE 3. PROCEDURES

- 3.1. Duty to Disclose. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of his or her actual or potential Financial Interest in a proposed transaction or arrangement being considered by the Archive and be given the opportunity to disclose all material facts to the Directors, Officers, and Board Committee members considering the proposed transaction or arrangement.
- 3.2. Determining Whether a Conflict of Interest Exists. After disclosure of the Financial Interest and all material facts, and after any discussion, the Interested Person shall either:
 - 3.2.1. Choose voluntarily to recuse himself/herself from consideration of the proposed transaction or arrangement on the basis of his/her actual or potential Financial Interest, in which case a conflict of interest shall be deemed to exist; or
 - 3.2.2. Leave the Board or Committee meeting while the determination of a conflict of interest is discussed and voted upon or otherwise decided by the remaining Board or Committee members, as appropriate in the circumstances.
- 3.3. Procedures for Addressing the Conflict of Interest. This Paragraph applies in situations where a conflict of interest has been determined to exist under the procedures in Paragraph 3.2, above.
 - 3.3.1. An Interested Person may make a presentation at the Board or Committee 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 conflict of interest.
 - 3.3.2. The Chair of the Board or Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - 3.3.3. After due consideration of possible alternatives to the proposed transaction or arrangement that do not present a conflict of interest for any Director, Officer, Committee member, or Senior Manager, the Board or Committee shall determine by a majority vote or other decision, as appropriate, of the disinterested Directors, Officers, or Committee members whether the proposed transaction or arrangement is nonetheless in the Archive's best interest, for its own benefit, and whether it is fair

and reasonable. If so, the Archive may enter into the proposed transaction or arrangement.

3.4. Violations of the Conflict of Interest Policy.

3.4.1. If a Director, Officer, or member of a Board Committee has reasonable cause to believe another Director, Officer, or Senior Manager has failed to disclose actual or possible conflicts of interest, it shall inform that person of the basis for such belief and afford him/her an opportunity to explain the alleged failure to disclose.

3.4.2. If, after hearing the response and making further investigation as warranted by the circumstances, the Board or Committee determines that the Director, Officer, Committee Member, or Senior Manager has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

3.5. Records of Proceedings. Where the proposed transaction or arrangement requires the approval of the Board or a Committee, the minutes of the Board or Committee shall contain:

3.5.1. The names of the persons who disclosed or otherwise were found to have a Financial Interest in a proposed transaction or arrangement being considered by the Board or Committee, the nature of the Financial Interest, any action taken to determine whether a conflict of interest was present, and the Board's or Committee's decision as to whether a conflict of interest in fact existed.

3.5.2. The names of the persons who were present for discussions and votes relating to the proposed transaction or arrangement, the nature of the discussion (including consideration of any alternatives to the proposed transaction or arrangement), and a record of any votes taken in connection with the proceedings.

ARTICLE 4. COMPENSATION

- 4.1. A voting member of the Board who receives compensation, directly or indirectly, from the Archive for services is precluded from voting on matters pertaining to his or her compensation.
- 4.2. A voting member of any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Archive for services is precluded from voting on matters pertaining to his or her compensation.

ARTICLE 5. ANNUAL STATEMENTS

- 5.1. Each Director, Officer, Committee member, and Senior Manager within the governing board shall annually sign a statement affirming that he/she:

- 5.1.1. Has received a copy of the Policy;
- 5.1.2. Has read and understands the Policy;
- 5.1.3. Has agreed to comply with the Policy; and
- 5.1.4. Understands the Archive is charitable and to maintain its federal tax exemption must engage only in activities that accomplish one or more of its tax-exempt purposes.