

THE AMERICAN UNIVERSITY OF IRAQ FOUNDATION

CONFLICT OF INTEREST POLICY

Adopted June 23, 2014

Members of the Board of Directors (“Directors”) of The American University of Iraq Foundation (“Foundation”) commonly have a range of professional and personal associations with and interests in other entities. To assure the Foundation’s many constituents of the integrity of its endeavors, Directors should avoid situations in which such associations or interests could compromise or reasonably appear to compromise important academic values or the Foundation’s business decisions. Accordingly, it is the policy of the Foundation that Directors shall act in a manner consistent with their responsibilities to the Foundation and avoid circumstances in which their financial or other ties to outside entities could present an actual, potential, or apparent conflict of interest (“conflict of interest”) or impair the Foundation’s reputation.

No policy statement can address specifically every conceivable situation that might entail a conflict of interest. As a general principle, Directors should avoid any actions or situations that might result in or create the appearance of using their association with the Foundation for private gain, according unwarranted preferential treatment to any outside individual or organization, losing independence or impartiality, or adversely affecting the Foundation’s reputation or public confidence in its integrity.

A. Presumed conflicts of interest

For purposes of this policy, a conflict of interest is presumed to arise when the Foundation has or is considering a transaction or other business relationship with a Director or a Director’s family member (defined to include a spouse, child, grandchild, sibling, cousin, or household member) or with an outside entity in which the Director or family member has a material financial interest. A financial interest is presumed to be material if it entails:

- Any ownership or investment interest (including stock, options, a partnership interest, or any other ownership or investment interest) valued at more than \$10,000, except equity in a publicly traded company amounting to less than a 5% ownership interest in the company;
- Receipt of non-dividend compensation (including salary, consulting fees, royalty payments, or other remuneration) of more than \$10,000 in any 12-month period in the past 3 years, or the expectation of such compensation in the future;
- Real property, personal property, intellectual property, or any other interest valued at \$10,000 or more;
- A position of real or apparent authority in an outside entity, such as director, officer, trustee, or partner.

A Director is not deemed to have a material financial interest in a publicly-traded entity by reason of an investment in that entity by another publicly-traded entity, such as through a mutual fund, of which the Director does not control investment decisions.

A conflict of interest may also arise when a Director or family member has or is considering an investment in an entity, such as a fund or partnership, that is not publicly traded and in which the Foundation has or is considering an investment. Because such parallel investments may create at least an appearance that the Director is benefiting from the Foundation's participation in the entity, Director should promptly disclose to the Board any material financial interest in any such entity in which the Director otherwise knows the Foundation has or is considering an investment. Ordinarily, the Director should not participate in any decision of the Board or of any Board committee regarding such investment by the Foundation; such participation may, however, be permitted upon a finding, by vote of two-thirds of the Director present at a duly constituted Board meeting, that the interests of the Foundation fully warrant such participation.

B. Disclosure of financial interests

A Director who has a known material financial interest in a pending or proposed transaction or business arrangement involving the Foundation shall promptly disclose to the Board the existence of the interest and other material information that the Director may have regarding the transaction or arrangement. In addition, each Director shall annually sign and submit to the Foundation Treasurer a statement disclosing all material financial interests, known to the Director, of the Director or a family member, in any outside entity with which the Director knows the Foundation has or is considering a transaction or other business relationship, or affirming that the Director knows of no such interests.

C. Determination whether conflict of interest exists

The Foundation's Treasurer shall review annual disclosure statements to determine whether a material financial interest has been disclosed. If a material financial interest has been disclosed, the Treasurer shall promptly submit to the President of the Foundation -- or if the interests involve the President, to the other Directors -- such disclosure forms together with any additional information about the current or proposed transaction or business relationship that may give rise to a conflict of interest that the Treasurer may be informative.

The non-interested Directors shall review the matter and determine whether there is a conflict of interest. The non-interested Directors may review such information, as it deems pertinent, including posing questions to the interested Director involved. After the interest and all material facts have been disclosed and after reasonable time for discussion has been allowed, the interested party must leave the room and may not be present during the deliberations. If the Directors determine that there is a conflict of interest, it shall so advise the interested Director, who shall have a further opportunity to address the matter. If it is determined that no conflict of interest exists, the interested Director may rejoin the meeting and participate fully in the discussion of and vote on the proposed transaction or arrangement.

D. Consideration of matters involving conflict of interest

If the Board determines that a Director has a conflict of interest in a matter before the Board, the

Board may permit the interested Director to make a presentation regarding the matter, but the interested Director shall be required to leave the meeting prior to the discussion of, and the vote on, the proposed transaction or arrangement. The Board shall approve the transaction or arrangement only upon a finding, by a majority vote of the non-interested Directors, that the transaction or arrangement is in the Foundation's best interest, is for the Foundation's benefit, and is fair and reasonable to the Foundation. The Board may engage such consultants as it deems necessary or useful to assist its determination of these issues.

E. Record of proceedings

Whenever the Board holds a meeting at which a Director's financial interest in a matter is disclosed, a determination regarding the existence of a conflict of interest is made, or a transaction or arrangement with respect to which a Director has a conflict of interest is considered, the Board's consideration of these issues shall be reflected in the minutes of the meeting.

F. Gifts

Directors shall not encourage or accept gifts, favors or gratuities, for themselves or family members, from any individual or entity that to the Director's knowledge has, or seeks to have, a business relationship with the Foundation.

G. Appropriation of Foundation opportunities

If a Director becomes aware of a business, investment, or other potentially valuable opportunity that rightfully belongs to the Foundation, and not to the Director individually or another entity with which the Director is affiliated, the Director shall bring the opportunity to the attention of the Board.

H. Confidentiality

Directors may not use confidential information acquired as a result of service to the Foundation for any purpose unrelated to Foundation business, or provide such information to any third party, without the consent of the Board. Wrongful use of Foundation information includes, but is not limited to, use or disclosure of information to engage, invest or otherwise participate in any business, project, venture, or transaction other than through the Foundation.

I. Actions not void or voidable

No transaction or action undertaken by the Foundation shall be void or voidable, or may be challenged as such by an outside party, by reason of having been undertaken in violation of this policy or the principles set forth herein.