

UNIVERSITY SYSTEM OF MARYLAND FOUNDATION, INC.

*CONFLICT OF INTEREST POLICY FOR DIRECTORS AND OFFICERS

1. **Scope.** The following statement of policy applies to each member of the board and to all staff officers of the University System of Maryland Foundation, Inc. (Foundation). It is intended to serve as guidance for all persons volunteering or employed by the Foundation in positions of significant responsibility including presidents, vice presidents and directors (including ex officio directors).
2. **Fiduciary Responsibilities.** Members of the board, officers and employees of the Foundation serve the public trust and have a clear obligation to fulfill their responsibilities in a manner consistent with this fact. All decisions of the board and officers are to be made solely on the basis of a desire to promote the best interests of the Foundation and the public good. The Foundation's integrity must be protected and advanced at all times.

Men and women of substance inevitably are involved in the affairs of other institutions and organizations. An effective board and administration cannot consist of individuals entirely free from at least perceived conflicts of interest. Although most such potential conflicts that arise will be deemed to be inconsequential, it is everyone's responsibility to ensure that the board is made aware of situations that involve personal, familial, or business relationships that could be troublesome for the Foundation. The board requires each director and staff officer annually (1) to review this policy; (2) to disclose any possible personal, familial, or business relationships that reasonably could give rise to a conflict involving the Foundation; and (3) to acknowledge by his or her signature that he or she is in compliance with the letter and spirit of this policy.

3. **Disclosure.** All directors and staff officers are requested to list on this form only those substantive relationships that he or she maintains (or members of their family maintain) with organizations that do business with the Foundation or otherwise could be construed to potentially affect his or her independent, unbiased judgment in light of his or her decision-making authority or responsibility. In the event you are uncertain as to the appropriateness of listing a particular relationship, the chair of the board of directors and/or the president should be consulted. They, in turn, may elect to consult with legal counsel, the executive committee, or the board of directors, in executive session. Such information, including information provided on this form, shall be held in confidence except when, after consultation with you, the institution's best interests would be served by disclosure. The following definitions are provided to help you decide whether a relationship should be listed on this form:

Business Relationship: One in which a director, officer, or a member of his or her family serves as an officer, director, employee, partner, trustee, or controlling stockholder of an organization that does substantial business with the Foundation.

Substantial Benefits: When you or a member of your family (1) are the actual or beneficial owner of more than 5 percent of the voting stock or controlling interest of an organization that does substantial business with the Foundation or (2) have other direct or indirect dealings with such an organization from which you or a member of your family benefits directly, indirectly or potentially from cash or property receipts totaling \$10,000 or more annually.

- 4.

Restraint on Participation. Directors or officers who have declared or been found to have a conflict of interest shall participate in discussion of and vote with respect to issues related to the conflict of interest to the extent allowed by and in accordance with the provisions of Annotated Code of Maryland, Corporations and Associations, Section 2-419. The conflict must be disclosed, the contract or transaction must be authorized, approved or ratified by a majority of disinterested directors and the contract or transaction must be fair and reasonable to the Foundation.

*Adapted from Association of Governing Boards of Universities and Colleges
(Approved by the Executive Committee on September 16, 1994. Amended by the Executive Committee on March 22, 2002.)

**THE UNIVERSITY SYSTEM OF MARYLAND FOUNDATION, INC.
DISCLOSURE FORM FOR DIRECTORS AND OFFICERS**

1. Are you, or a member of your family, a director, officer, employee, partner, trustee, or controlling stockholder of an organization that does substantial business with the Foundation? **(If you, or a member of your family, are a director of another foundation affiliated with an institution of the University System of Maryland, please answer YES and provide details.)**

YES _____ NO _____

If YES, please describe in detail.

2. Are you, or a member of your family, (1) the actual or beneficial owner of more than 5 percent of the voting stock or controlling interest of an organization that does substantial business with the Foundation or (2) do you, or a member of your family, have other direct or indirect dealings with such an organization from which you or a member of your family benefits directly, indirectly or potentially from cash or property receipts totaling \$10,000 or more annually?

YES _____ NO _____

If YES, please describe in detail.

I certify that the foregoing information is true and correct to the best of my knowledge, and that I have read and agree to abide by the terms of the Conflict of Interest Policy adopted by the Executive Committee of the Board of Directors of The University System of Maryland Foundation, Inc. on March 22, 2002.

Name: _____

Address: _____

Signature: _____ Date: _____

THE UNIVERSITY SYSTEM OF MARYLAND FOUNDATION, INC.

POLICY STATEMENT ON CONFLICTS OF INTEREST OF MEMBERS OF THE INVESTMENT COMMITTEE

1. Scope

This policy applies to each member of the Investment Committee (“Committee”) and each officer of The University System of Maryland Foundation, Inc. (“Foundation”), whom together shall be referred to herein as “Member” or “Members.”

2. Policy

The Members of the Foundation’s Investment Committee have a fiduciary duty of loyalty to the Foundation. This fiduciary duty requires that, in dealings for the Foundation, they put the interests of the Foundation ahead of all competing interests. A Member may not take advantage of his or her position with the Foundation for personal or private gain, either for himself or herself, any friend or family member, or any other organization in which he or she may have an interest.

The Foundation recognizes, however, that Members may have personal, family, financial or business relationships with other organizations or individuals and that from time to time those other organizations and individuals may do business with or become involved in transactions with the Foundation, or aspire to do so. In those situations, there may exist an actual or potential conflict of interest between a Member’s obligations to the Foundation and his or her relationship to or interest in the other organization or with the other individual. It is to provide principles for dealing with these situations that this Policy Statement is directed.

3. Principles

a. *Disclosure.* Annually, each Member shall, on the attached disclosure form, disclose interests or affiliations of such Member which give rise to, or may give rise to, a conflict of interest or an appearance of a conflict of interest in the context of the Member’s service on the Committee on behalf of the Foundation. Such interests or affiliations shall include, but not be limited to, outside employment, officerships, directorships, trusteeships, advisory board memberships, committee or commission memberships, partnerships, or service arrangements which might in fact or in appearance conflict with such Member’s responsibilities to the Committee and the Foundation. If there are material changes in those interests and affiliations during the year, the Member shall promptly amend his or her disclosure for the purpose of disclosing those material changes.

b. *Prohibition on Gifts or Other Benefits.* Members shall not accept benefits, favors, gifts, or other items of value which might affect the exercise of such Member's judgment on behalf of the Committee and the Foundation, might tend to impair confidence in the Committee, or might create an appearance of impropriety. Notwithstanding the foregoing members may accept de minimus benefits having a value of less than \$100. Moreover, expenses associated with the attendance at investment conferences by Members which are absorbed or reimbursed by the entity putting on or otherwise sponsoring the conference shall not be considered a prohibited benefit under this section.

c. *No Financial Relationship with Foundation Unless Disclosed and Approved.* No Member shall have any relationship as director, officer, partner, employee, advisory board member or consultant with or to, or have any substantial financial interest in, any investment entity in which, or with which, the Foundation has an investment without prior approval of a majority of those voting and recusal of the member with the relationship. No Member shall have any financial interest in any transaction between the Foundation and a third party (i.e., commission, finder's fee, annual fee, etc.) unless disclosed in advance to, and approved unanimously by, the Committee. This prohibition covers any substantive and material financial interest. This prohibition does not apply to interests in publicly traded securities. If the Foundation has an investment relationship with an entity in which a Member has an interest at the time the Member joins the Committee, the Foundation may maintain that investment relationship, *provided, however*, that in deliberations relating to that investment relationship, the Member having an interest shall absent himself or herself from the room and shall not otherwise participate in decisions relating to that investment relationship.

d. *No Use of Foundation Information.* No Member shall, for personal gain or for the gain of other organizations or individuals, with which he or she is associated, use any information not available to the public-at-large which was obtained as a result of service to the Foundation.

e. *Financial Interest in Proposed Foundation Transaction.* When a Member has a direct or indirect financial interest in a brokerage firm, an investment manager, a limited partnership or hedge fund entity, or other investment arrangement that is being considered by the Committee for the Foundation, and that Member discloses such interest to the Committee, the Member shall withdraw from the Committee's deliberations on such investment or transaction (an "Affected Transaction"). When evaluating an Affected Transaction, the Committee shall carefully review the circumstances of the actual or apparent conflict and evaluate alternative transactions where such an actual or apparent conflict does not exist. If the Committee nevertheless decides to proceed with the Affected Transaction, the Committee must affirmatively determine that the Affected Transaction is fair and reasonable and that it is in the Foundation's best interests to enter into the Affected Transaction.

4. Application of Principles

In applying this Policy, the substance and not the form of the transaction shall be the paramount consideration. Interests of a Member shall include direct and indirect interests. That is, the Policy shall apply to activities performed by a Member of the Committee either directly or through another person. For this purpose, the term “person” includes natural persons as well as partnerships, corporations, companies, associations, limited liability entities and other organizations.

5. Confidentiality

The individual disclosure statements shall be held by the System Foundation as confidential to the extent permitted by law, but shall be available for review by any System Foundation Officer or Director.

UNIVERSITY SYSTEM OF MARYLAND FOUNDATION, INC

Investment Committee
Conflict of Interest Policy Statement
Disclosure

Committee Member Name: _____

In accordance with the attached University System of Maryland Foundation, Inc. Investment Committee Conflict of Interest Policy Statement, I disclose the following interests and affiliations:

I hereby certify as follows:

- The information provided herein is true and correct to the best of my knowledge, information and believe as of the date specified below.
- I have received, read, understand and agree to comply with the Investment Committee Conflict of Interest Policy Statement.

Date

Signature