

AMERICAN MUSEUM OF NATURAL HISTORY

CONFLICT OF INTEREST POLICY

**Adopted by the Audit Committee and approved by the Board of Trustees
as of June 14, 2017**

This policy has been adopted to address actual and potential conflicts of interest that may be encountered by, or become known to, those entrusted with governance of the Museum, to ensure that they are acting in the best interests of the Museum and to comply with the New York Non-Profit Revitalization Act. The policy applies to all Trustees, Officers of the Board, members of Committees of the Board and Committees of the Museum (together, “Committee Members”), and to Key Persons (members of the President’s Council).

This policy focuses on transactions in which the aforementioned individuals, their Relatives and Related Entities, as defined below, have financial interests, as well as other situations in which an individual’s personal interests may not align with the best interests of the Museum.

I. Conflicts of Interest

A conflict of interest may arise when an individual with a fiduciary duty to the Museum has a personal or professional interest in the outcome of a situation involving the Museum. Upon encountering or becoming aware of such a situation, the individual shall disclose it to the Chair of the Audit Committee, through the Museum’s General Counsel. If the individual is present at any meeting when the matter is considered, he or she shall withdraw from the meeting prior to commencement of deliberations and vote on the matter, and otherwise not make any attempt to improperly influence the deliberation or voting on the matter giving rise to the conflict. These actions, including the Audit Committee’s determination, shall be recorded in the minutes of any meeting considering the matter. Such a situation is not necessarily prohibited or adverse to the Museum and may be permitted or managed to protect against any adverse effect on the Museum, in either case if the Audit Committee determines that it is in the best interests of the Museum to do so at the time of the determination.

II. Related Party Transactions

A “Related Party Transaction” is any transaction, agreement or other arrangement with the Museum in which a Trustee, Officer, Committee Member, Key Person, or a Relative or a Related Entity to any of the above, has a financial interest, except that a transaction shall not be a Related Party Transaction if (i) the transaction or the Related Party’s financial interest in the transaction is *de minimis*; (ii) the transaction would not customarily be reviewed by the Board or boards of similar organizations in the ordinary course of business, and is available to others on the same or similar terms; or (iii) the transaction constitutes a benefit provided to a Related Party solely as a member of a class of the beneficiaries that the Museum intends to benefit as part of the accomplishment of its mission, which benefit is available to all similarly-situated members of the same class, on the same terms.

A “Relative” of an individual means (i) his or her spouse or domestic partner as defined in section 2994-A of the New York Public Health Law; (ii) his or her ancestor, brother or sister (whether by whole or half-blood), child (whether natural or adopted), grandchild, great grandchild; or (iii) the spouse or domestic partner of his or her brother, sister, child, grandchild or great grandchild.

A “Related Entity” is an entity in which a Trustee, Officer, Committee Member, Key Person (or a Relative of any one of them) has a 35% or greater ownership or beneficial interest (or in the case of a partnership or professional corporation, a more than 5% direct or indirect ownership interest).

Any Trustee, Officer, Committee Member, Key Person who encounters or otherwise becomes aware of a proposed Related Party Transaction, shall promptly disclose the material facts of the financial interest, prior to deliberations and decision on the transaction, to the Chair of the Audit Committee through the Museum’s General Counsel, and the transaction will be deferred pending resolution by the Audit Committee. The individual shall disclose in good faith to the Audit Committee the material facts concerning their financial interest. If the individual is present at any meeting when the transaction is considered, he or she shall withdraw from the meeting prior to commencement of deliberations and vote, and otherwise not make any attempt to improperly influence the deliberation or voting on the transaction. These actions, including the Audit Committee’s determination, shall be recorded in the minutes of the meeting.

Such a transaction is not necessarily prohibited or adverse to the Museum. A Related Party Transaction may be permitted or managed to protect against any adverse effect on the Museum, provided that the Museum shall not enter into the Related Party Transaction unless the Audit Committee determines that the transaction is fair, reasonable and in the best interests of the Museum at the time of the determination.

In addition, if the Audit Committee determines that the financial interest is a *substantial* financial interest, the Audit Committee must also review alternative transactions, to the extent available, before making its determination. The Audit Committee must also review appropriate comparable data if a transaction pertains to compensation for services, the transfer of property, or other economic benefit to that party or any other person or entity which would be considered a “disqualified person” for purposes of the IRS’ excess benefit transaction rules, to determine that the amount being paid by the Museum does not exceed the value of what the Museum will receive.

When considering the comparability of compensation, the types of relevant comparability data which the Audit Committee may consider include, but are not limited to (1) compensation levels paid by similarly-situated organizations, both exempt and non-exempt; (2) the availability of similar services within the same geographic area; (3) current compensation surveys compiled by independent firms; and (4) written offers from similar institutions competing for the same person’s services. When the transaction involves the transfer of real property as consideration, the relevant factors include, but are not limited to (i) current independent appraisals of the property, and (ii) offers received in a competitive bidding process. The Audit Committee is free to consider other indicators of comparability, as it sees fit.

The minutes of the meeting of the Audit Committee shall record the disclosure of the Related Party Transaction, the terms of the transaction, the interested person's abstention from consideration of the matter, and basis for the determination, if made, that the transaction is fair, reasonable and in the best interest of the Museum at the time of the determination, and the consideration of alternative transactions or comparability data where required.

III. Annual Written Disclosures and Statements

Each Trustee, Officer and Key Person must, prior to his or her initial election or appointment, and on an annual basis thereafter, disclose the following information to the best of his or her knowledge, in writing to the Secretary of the Board, or his or her designee:

- (i) any entity of which such person is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee and with which the Museum has a relationship;
- (ii) any transaction in which the Museum is a participant and in which such person might have a conflicting interest; and
- (iii) other information about their familial and business relationships as required for purposes of the Museum's ongoing reporting obligations.

In addition, each Trustee, Officer and Key Person must annually sign and submit to the Secretary of the Board, or his or her designee, a statement which affirms such person: (a) has received a copy of this Policy, (b) has read and understands this Policy, and (c) has agreed to comply with this Policy. The Secretary, or his or her designee, will provide a copy of all completed statements to the Chair of the Audit Committee and keep copies in the Museum's files.