

## **American Museum of Natural History**

### **GOVERNANCE POLICY**

*(Adopted by the Board of Trustees March 5, 2008  
and amended October 1, 2014 and  
amended by the Executive Committee on February 26, 2018)*

This document contains an overview of the Museum's governance standards, policies practices and legal requirements, including summaries of the Museum's Constitution and By-laws, Committee charters and policies adopted by the Board of Trustees. These apply, in accordance with their terms, to Trustees, Committee Members, Officers of the Board and Officers of the Museum.

### **RESPONSIBILITIES OF THE BOARD OF TRUSTEES**

The Board of Trustees' primary function is one of oversight. Under the Board's direction, the affairs of the Museum are managed, so that its collections, programs, physical facilities, financial assets, and staff are properly and effectively used in support of the Museum's mission and purposes established by the Museum charter. Primary responsibilities of the Board and the Committees of the Board and Museum are to:

- approve the mission and purpose of the Museum, as established in its charter and mission statement;
- recruit, appoint, support, and evaluate the President as chief executive officer of the Museum;
- provide advice and counsel to the Museum's management;
- review compensation practices and policies and oversee and evaluate senior management's conduct and performance in carrying out the Museum's mission;
- protect the financial integrity of the Museum by:
  - managing the endowment;
  - considering and approving the annual operating and capital budgets
  - reviewing and approving key financial transactions;
  - participating in fund-raising, both through personal philanthropy and supporting other efforts in fund-raising;
  - providing for annual independent audits;
  - reviewing and approving major alterations and additions to the physical plant;
  - reviewing the strategic direction of the Museum by participating in periodic strategic planning and monitoring progress;
  - overseeing the quality and overall long-term direction of the scientific research enterprise, exhibition and education programs, and related research facilities and collections, and preserving institutional independence to protect the quality of these programs and research facilities and collections, free of undue influence by government or special interests;
- adopt or oversee key institutional policies and practices for consistency with:
  - the mission and chartered purposes of the Museum,
  - the institution's scientific and educational standards,

- the public interest and constituencies served by the Museum, and
- the tax exempt status of the Museum and other legal and regulatory requirements; and
- evaluate the overall performance and effectiveness of the Board and the Committees.

As stewards of the Museum, the Trustees also provide leadership and financial support for annual operations, as well as for capital, endowment, programmatic, and other fundraising initiatives, and are important ambassadors for the institution in providing outreach to prospective individual, corporate, and foundation donors. The Trustees also contribute through their participation and involvement in Committee meetings, projects and initiatives undertaken by the Museum.

### **FIDUCIARY DUTIES**

The responsibility of the Trustees is to act in good faith and with loyalty and due care so as to exercise their business judgment on an informed basis in what they reasonably and honestly believe to be in the best interest of the Museum and the public it serves. Due care requires the degree of diligence, care and skill that an ordinarily prudent person in a like position would exercise under similar circumstances. In discharging their duty of loyalty to the Museum and determining what is in the best interests of the Museum, a Trustee or officer may not use his or her position for personal or financial profit, gain or other advantage.

In taking any action and in overseeing the Museum's assets, Trustees, when acting in good faith, may rely on information, opinions, reports or statements, including but not limited to financial statements or other financial data, in each case prepared or presented by (1) one or more Officers or employees of the Museum, whom the Trustees believe to be reliable and competent in the matters presented, (2) legal counsel, public accountants or other persons as to matters which the Trustees believe to be within such person's professional or expert competence, or (3) a Committee upon which they do or do not serve, duly designated in accordance with the provision of the By-laws, as to matters within its designated authority, which Committee the Trustees believe to merit confidence.

### **COMPOSITION OF THE BOARD OF TRUSTEES AND TERMS**

The Museum is governed by a Board of Trustees that currently consists of a maximum of seventy-five individuals. Of these, eight serve as *ex officio* trustees and the balance of up to sixty-seven are elected by the Board (the latter, the "Elected Trustees" and together with the *ex officio* trustees, the "Trustees"). The *ex officio* trustees are the President of the Museum and the following New York City officials: Mayor of the City of New York; Speaker of the Council of the City of New York; Comptroller of the City of New York; President of the Borough of Manhattan; Commissioner of the Department of Parks and Recreation; Commissioner of the Department of Cultural Affairs; and Commissioner of the Department of Education. The Trustees serve without compensation for their duties as Trustees.

The Elected Trustees are divided into three classes for the purpose of staggering their terms of office. The term of each class is three years. Other than Officers of the Board and

Trustees at Large, no Elected Trustee may serve for more than three consecutive full three-year terms, but may be re-elected upon completion of a one-year hiatus in service.

### **OFFICERS OF THE BOARD AND TERMS**

The Officers of the Board include the Chairman, President, one or more Vice Chairmen, Secretary, and Treasurer. The Officers of the Board, with the exception of the President, serve without compensation. All Officers of the Board, except for the President, are elected annually by the Board and are not term limited. The offices of President, Board Chairman, Board Treasurer, Assistant Treasurer, Board Secretary and Assistant Secretary are held by separate individuals.

### **COMMITTEES**

Membership on Committees of the Board is limited to Trustees and may include Trustees at Large and Trustees Emeriti (the latter in a non-voting capacity). Members of all Committees of the Board are designated by the Board for one-year terms, by resolution adopted by a majority of the entire Board. Committees of the Board have authority to act for the Board to the extent provided in the by-laws or resolution of the Board, and allowed by law. The current Committees of the Board are as follows:

<b>Committees of the Board of Trustees</b>
Audit
Budget and Finance
Building and Grounds
Collections
Executive
Executive Compensation
Officers
Planning
Science Policy
Trustees and Governance

Membership on Committees of the Museum is not limited exclusively to Trustees and may also include Trustees Emeriti, Honorary Trustees and non-Trustees; however, a majority of the members of each Committee of the Museum must consist of Trustees. Members of all Committees of the Museum are elected by the Board to serve at the pleasure of the Board, or until their successors are elected and qualified.

The Chairman and President are *ex officio* members of all Committees of the Board and Committees of the Museum, except that the President is not a member of the Audit Committee.

Committees of the Museum are advisory. Committees of the Museum are as follows:

<b>Committees of the Museum (may include non-Trustee members)</b>
Development
Education Policy
Exhibition Policy
Richard Gilder Graduate School
Investment
Library

The Museum also maintains a number of advisory councils, ad hoc committees, project committees and task forces (“Advisory Committees”), such as the Biodiversity Advisory Council, the Museum Advisory Council, and the Oral History Project Committee and has authority to form or convene others from time to time. Because these bodies are advisory, membership is open to individuals who are not Trustees and Trustees need not form a majority of any of the Advisory Committees. Committees of the Board and Committees of the Museum are herein referred to collectively as “Committees” and “Committee members” include any non-Trustee members of Committees of the Museum.

#### **NOMINATION OF TRUSTEES, OFFICERS OF THE BOARD, AND COMMITTEE MEMBERS**

The Committee on Trustees and Governance reviews any person proposed to the Board as a candidate for election to membership on the Board, including those persons to be elected as Trustees at Large, for election to Committees of the Board and the Museum, or for election as Officers of the Board. The Committee on Trustees and Governance issues reports to the Board recommending candidates for election or appointment that includes members of diverse backgrounds, experience, and organizational and financial skills.

The Chairman, in consultation with the President, appoints the Chairmen of all Committees and Advisory Committees.

#### **INDEPENDENCE**

A substantial majority of the Board of Trustees are independent, that is, (1) are not compensated by the Museum as employees or independent contractors; (2) do not have their compensation determined by individuals who are compensated by the Museum; (3) do not receive, directly or indirectly, material financial benefits from the Museum; or (4) are not related to (as a spouse, sibling, parent or child), nor reside with any individual who receives compensation from or is employed as an independent contractor by the Museum.

All members of the Audit Committee must be independent in accordance with the definition from the New York Not-for-Profit Corporation Law.

## **ORIENTATION AND EVALUATION OF TRUSTEES AND OFFICERS OF THE BOARD**

The Committee on Trustees and Governance oversees the orientation program for new Trustees. Additionally, before the Museum's end of the year Annual Board meeting, the Committee on Trustees and Governance convenes to conduct, among other things, Trustee performance evaluations. These evaluations include consideration of many factors, including, among others, participation, involvement, fund giving and/or fundraising, and any other factors in the Committee's discretion. The Committee also evaluates the overall effectiveness of the Board, the Committees of the Board and the Committees of the Museum.

## **MEETINGS**

The Board of Trustees has four regularly scheduled meetings each year, including the annual meeting. The Trustees are expected to review materials, prepare for all meetings and participate in Board activities on an informed basis. Committee meetings are held periodically during the year, or as needed.

## **FINANCIAL AND CAPITAL CONTROLS AND RISK MANAGEMENT**

Annual operating and capital budgets are approved by the Board no later than the first quarter of the fiscal year. The Budget and Finance Committee reviews the operating budget and interim results during the year and the Building and Grounds Committee reviews the capital budget and interim results during the year. The two Committees report interim results to the Board at its regular meetings.

The Audit Committee meets with the Museum's independent public auditors, internal audit, and appropriate management to assist the Board of Trustees in its oversight of 1) the quality and integrity of the Museum's financial statements and accounting policies; 2) the reliability and integrity of the Museum's systems of accounting procedures and internal controls; 3) the Museum's compliance with legal and regulatory requirements; 4) the qualifications, independence and performance of the Museum's independent auditors; and 5) the qualifications, independence and performance of the Museum's internal audit function. It meets with the public accountants each year to review the results of the financial audit and the auditor's recommendations on internal financial and operational controls. The Audit Committee also meets with senior management in finance, operations, and legal affairs and with the internal auditor or an internal auditing firm to review risk assessments and the results of internal audits. The Audit Committee reviews the Museum's insurance pursuant to advice from insurance advisors. The Audit Committee also oversees adoption and implementation of, and compliance with, the Conflict of Interest Policy and the Whistleblower Policy.

## **ANNUAL FINANCIAL REPORT OF TRUSTEES**

At the annual meeting of the Board, the President and Treasurer present the annual financial statements for the last completed fiscal year, audited by an independent certified public accountant showing in appropriate detail the following financial condition and results during the fiscal year: (1) the assets and liabilities, including trust funds; (2) the principal changes in assets

and liabilities including trust funds; (3) the revenue or receipts of the Museum, both unrestricted and restricted to particular purposes; and (4) the expenses and disbursements of the Museum, for both general and restricted purposes. Upon approval, this annual report, together with the treasurer's report for that period, are filed with the minutes of the annual meeting of the Board.

### **INVESTMENT OVERSIGHT**

The Investment Committee meets several times per year to review and manage endowment asset allocation, investment guidelines, investment results and investment manager performance and selection. The Investment Committee is responsible for overseeing management of the Museum's investment managers, and reports to the Board regularly at Board meetings on investment results, annual spending policy, and changes in investment managers.

### **STRATEGIC PLANNING**

The Board's Planning Committee works with management and reviews the strategic direction and goals of the Museum and the progress in meeting them at least every two years. The evaluation describes the activities the Museum undertook in the prior two years to achieve its goals, analyzes the effectiveness of the Museum in achieving strategic objectives, recommends future actions, and revises the strategic direction and goals if and as needed. The report is made to the Board, recorded, and then submitted to the Board for approval.

### **TAX EXEMPT STATUS**

The Museum is a publicly-supported, tax exempt educational corporation pursuant to section 501(c)(3) of the Internal Revenue Code. This tax exempt status provides an exemption from income tax to the Museum for its related educational and scientific activities and it provides tax deductibility to donors for gifts to the Museum.

To maintain that status, the Museum must operate exclusively for its exempt public purpose. In addition, it is required to comply with various operational requirements. These requirements include that no part of the Museum's net earnings may inure to the private benefit of any individual, that the Museum may not devote a substantial part of its activities to carrying on propaganda or otherwise attempting to influence legislation, and that the Museum may not participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office.

Further, assets of the Museum may not be used to provide an "excess benefit" (i.e. a benefit that exceeds the consideration received by the Museum) to anyone in a position to exercise substantial influence over the affairs of the Museum, including its Trustees, Officers of the Board or Officers of the Museum, substantial donors or any of their Relatives or Related Entity, as those terms are defined in the Museum's Conflict of Interest Policy. While such persons may not receive an excess benefit, they may receive customary cultivation, recognition and acknowledgements for major donations they make to the Museum, which may include an opening event for a new hall resulting from the donation, gifts of nominal cost, and the customary benefits afforded to all patrons and members who make annual donations to the Museum.

The Audit Committee monitors compliance with the Museum's tax exempt status.

### **OFFICERS OF THE MUSEUM**

The President has primary responsibility for the management and operation of the Museum and authority to appoint senior management and others as Officers of the Museum. The fiduciary duties of Officers of the Museum are to act in good faith and with loyalty and due care so as to exercise their business judgment on an informed basis in what they reasonably and honestly believe to be in the best interest of the Museum and the public it serves. The Officers of the Museum are responsible to the President and, through the President, to the Board of Trustees.

The Officers of the Museum appointed by the President currently are: Senior Vice President for Operations and Capital Programs, Senior Vice President and Provost of Science, Senior Vice President and Chief Financial Officer, Senior Vice President for Institutional Advancement, Strategic Planning and Education, Senior Vice President for Communications and Marketing, Senior Vice President for Exhibitions, Senior Vice President and General Counsel, Assistant Secretary and Assistant Treasurer. Titles and positions may vary from time to time.

### **EVALUATION AND COMPENSATION OF THE PRESIDENT AND OFFICERS OF THE MUSEUM**

The Executive Compensation Committee of the Board meets annually, separately or jointly with the Officers Committee every year to formally review the performance of the President and the Officers of the Museum and fixes the compensation of the Officers of the Museum and the President. No individual shall be in attendance during, or otherwise participate in the discussions, deliberations or the voting on his or her compensation.

### **MANAGING CONFLICTS OF INTEREST**

The Museum's Conflict of Interest Policy requires the disclosure of potential conflicts of interest arising from transactions or arrangements between the Museum and a Trustee, Committee member, Officer of the Board, key employee, their Relatives or a Related Entity (as those terms are defined in the Conflict of Interest Policy). It further includes procedures for reviewing Related Party Transactions (as defined in the Conflict of Interest Policy) to ensure that they are in the Museum's best interest and comply with applicable legal requirements. The Museum will not enter into any Related Party Transaction unless the transaction is determined by the Board or the Audit Committee to be fair, reasonable and in the Museum's best interest at the time of such determination. Any Trustee, Officer of the Board or key employee who has an interest in a Related Party Transaction must disclose in good faith to the Board or the Audit Committee the material facts concerning such interest. An individual may not be present for or participate in the deliberations or voting on any transaction in which they have an interest. In addition, certain Committee charters include provisions regarding conflicts of interest.

In addition to the potential conflicts described above, certain non-transactional activities could give rise to an actual or potential conflict of interest. Such a situation can arise when an individual's interests or actions (involving personal, professional, business, or financial interests) differ from the interests of the Museum or create an actual or potential conflict. Such situations

do not necessarily imply wrongdoing, but disclosure is critical. When in doubt about whether a conflict exists, or when a person believes that there is an actual or potential conflict of interest, it must be disclosed to the Chair of the Audit Committee, through the General Counsel, and the person should refrain from further participation in the activity until such time as the conflict can be reviewed and resolved. Upon disclosure, the Audit Committee will evaluate the matter in accordance with the Conflict of Interest Policy and, where a potential conflict is identified, take steps, or direct the individual to take steps, to eliminate, mitigate, or manage the conflict to avoid compromise or the perception of compromise of the proper management of Museum assets, academic values, scientific research and independence, educational integrity, and the best interests of the Museum.

### **MUSEUM COLLECTIONS AND ETHICS**

No Trustee, Committee member, Officer of the Board or Officer of the Museum may knowingly compete, directly or indirectly, with the Museum for the purchase of collection items of interest to the Museum.

Trustees, Committee members, Officers of the Board, Officers of the Museum, and any of their Relatives and Affiliates, are prohibited from purchasing de-accessioned items from the Museum's collections directly from the Museum or at auction if consigned by the Museum, and the Museum is prohibited from purchasing from such persons for the Museum's collections except at a price substantially below fair market value, as determined by an independent appraiser chosen by the Museum, and upon terms approved by the Collections Committee.

Trustees, Committee members, Officers of the Board and Officers of the Museum shall not use Museum collections facilities or collections staff for appraisals, work-for-hire for non-Museum work, or for maintenance, care or storage of their personal collections.

While loans of items for the Museum's collections can be of great benefit to the Museum, it should be recognized that their exhibition at the Museum can enhance their value. A Trustee, Committee member, Officer of the Board or Officer of the Museum should not lend a collection item to the Museum or maintain it on loan if he or she is actively planning to sell it.

### **SCIENTIFIC INDEPENDENCE**

The Museum welcomes and encourages robust intellectual debate. The Museum's core scientific functions of research, scholarship, and teaching, depend upon an atmosphere in which freedom of inquiry, thought, expression, publication and peaceable assembly are given full protection. The Board of Trustees has a responsibility to oversee Museum activities, including to protect the institution's scientific independence.

It is the Museum's longstanding policy that Trustees, Committee members, and Officers of the Board may not attempt to influence or modify the scientific work or conclusions of Museum scientists, staff, students, or visiting researchers, or the interpretation and presentation of science at the Museum, including the choice of venues, presentations or participants in scientific convenings or in Museum exhibitions, educational offerings or public programs.

Trustees, Committee members, Officers of the Board and Officers of the Museum have diverse policy, religious and political views and affiliations. In order to safeguard the integrity of

the Museum, however, while serving in a Museum role they are expected to avoid and disclose potential conflicts of interest and follow the Museum's policies for managing conflicts. This policy serves to protect the Museum's scientific independence and the Trustees, Committee members, and Officers of the Board in the performance of their duties.

#### **TRUSTEE-STAFF RELATIONSHIPS**

The relationship between a Trustee and the staff is naturally close and mutually beneficial to the Museum. Nonetheless, Trustees, Committee members, Officers of the Board and Officers of the Museum should not use their position to obtain unreasonable or excessive services or expertise from the staff of the Museum. Trustees, Committee members, Officers of the Board, or any of their Relatives shall not serve as paid employees of the Museum unless approved in advance by the Board of Trustees.

#### **WHISTLEBLOWER POLICY**

The Museum endeavors to maintain high standards of conduct in the fulfillment of its scientific and educational mission. Accordingly, the Museum has adopted a Whistleblower Policy that applies to Trustees, Officers of the Museum, Officers of the Board, Committee members, employees, and volunteers. The Policy can be found on the Museum's intranet site and is also distributed to Trustees, Officers of the Museum, Officers of the Board, Committee members, and any others to whom it applies and who may not have access to the Museum's intranet. The Museum also maintains an 800 telephone line (800-620-5571) that is serviced by an outside firm 24 hours a day, seven days a week, every day of the year to receive, confidentially or anonymously, information concerning any suspected violation of the financial integrity, regulatory or legal compliance, or security or safety of the Museum or its staff. All such calls and resulting details of the review and resolution of an actual or alleged complaint are reported to the Audit Committee.

#### **CONFIDENTIAL INFORMATION**

Trustees, Committee members, Officers of the Board and Officers of the Museum should not share with others confidential information obtained in the course of their duties for the Museum. This includes the briefing materials prepared in advance of meetings, minutes of meetings, discussions which may occur at meetings, and any confidential information regarding the purchase, sale or gifts of items for the Museum's collections or regarding any other opportunity for the Museum.