

National Bureau of Economic Research, Inc.

Conflict of Interest Policy

Article I Purpose

The purpose of this Conflict of Interest Policy (this “Policy”) is to protect the best interests of the National Bureau of Economic Research, Inc. (the “NBER”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or key person of the NBER or might result in a possible excess benefit transaction. This Policy is intended to supplement but not to replace any applicable state and federal laws governing conflicts of interest that apply to not-for-profit and charitable organizations.

Article II Definitions

1. **Associational Interest:** An individual has an Associational Interest if: (a) the individual, directly or through a Relative, has a non-financial relationship, involvement, or interest with or in another entity or individual—for example, a non-compensated fiduciary position with another organization; (b) the NBER has or is negotiating a transaction or arrangement with the entity or individual; and (c) such relationship, involvement, or interest could render the individual incapable of making a decision with solely the best interests of the NBER in mind. An Associational Interest is not necessarily a Conflict of Interest; it is only a Conflict of Interest if the Audit Committee determines it to be one.
2. **Audit Committee:** The Audit Committee of the board of directors of the NBER.
3. **Conflict of Interest:** Whenever the interests of the NBER come into conflict with a Financial Interest or Associational Interest of an Interested Person, or otherwise whenever an Interested Person’s Financial Interest or Associational Interest could reasonably be viewed as affecting the Interested Person’s objectivity or independence in fulfilling the Interested Person’s duties to the NBER. A transaction or arrangement that is *de minimis* or ordinary course shall not give rise to a Conflict of Interest.
4. ***de minimis*:** Total payments or other remuneration paid to or by the NBER or a director, officer, or key person, as applicable, or ownership or investment interests in, or interests in a transaction, as applicable, the value of which is less than, \$10,000.
5. **Financial Interest:** An individual has a Financial Interest if the individual has, directly or indirectly, through business, investment, or a Relative:
 - a. An existing or potential ownership or investment interest in any entity with which the NBER has a transaction or arrangement;
 - b. An existing or potential compensation arrangement with any entity or individual with which the NBER has a transaction or arrangement; or

- c. An existing or potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the NBER is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration, as well as gifts or favors, and ownership and investment interests include direct and indirect interests, that are not *de minimis*. A Financial Interest is not necessarily a Conflict of Interest; it is only a Conflict of Interest if the Audit Committee determines it to be one.

6. **Interested Person:** Any director, officer, or key person who has a Financial Interest or Associational Interest.
7. **key person:** Any individual, other than a director or officer, whether or not an employee of the NBER, who: (a) has responsibilities, or exercises powers or influence over the NBER as a whole similar to the responsibilities, powers, or influence of directors and officers; (b) manages the NBER, or a segment of the NBER that represents a substantial portion of the activities, assets, income, or expenses of the NBER; or (c) alone or with others controls or determines a substantial portion of the NBER's capital expenditures or operating budget.
8. **ordinary course:** A transaction or arrangement that: (a) is consistent either with the NBER's past practices in similar transactions or with common practices in the sector in which the NBER operates; (b) would not customarily be reviewed by the board of directors of the NBER or boards of directors of similar organizations; and (c) is available to others on similar terms (if applicable).
9. **Related Party:**
 - a. A director, officer, or key person of the NBER;
 - b. A Relative of any individual described in clause (a) of this definition; or
 - c. An entity in which any individual described in clauses (a) and (b) of this definition has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%.
10. **Related Party Transaction:** Any transaction, agreement, or other arrangement in which a Related Party has a Financial Interest and in which the NBER is a participant, except that a transaction shall not be a Related Party Transaction if:
 - a. The transaction or the Related Party's Financial Interest in the transaction is *de minimis*;
 - b. The transaction would not customarily be reviewed by the board of directors of the NBER or boards of directors of similar organizations in the ordinary course of business and is available to others on the same or similar terms; or
 - c. The transaction constitutes a benefit provided to a Related Party solely as a member of a class of beneficiaries that the NBER intends to benefit as part of the

accomplishment of its mission, and which is available to all similarly situated members of the same class on the same terms.

11. **Relative:** With respect to an individual:

- a. The individual's spouse or domestic partner as defined in Section 2994-a of the New York Public Health Law;
- b. The individual's ancestors, brothers and sisters (whether whole- or half-blood), children (whether natural or adopted), grandchildren, or great-grandchildren; or
- c. The spouse or domestic partner of the individual's brothers, sisters, children, grandchildren, and great-grandchildren.

Article III **Procedures**

1. Duty to Disclose

In connection with any actual or possible Conflict of Interest, an Interested Person must disclose the existence of the Financial Interest or Associational Interest and all material facts to the Audit Committee.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the Financial Interest or Associational Interest and all material facts to the Audit Committee, and after any Audit Committee discussion with the Interested Person, the Audit Committee, meeting without the Interested Person present, will discuss and vote upon whether a Conflict of Interest exists. If the Interested Person is an Audit Committee member, the Audit Committee members other than the Interested Person shall make this determination.

3. Procedures for Addressing a Conflict of Interest

If the Audit Committee determines that a Conflict of Interest Exists:

- a. The Interested Person may make a presentation at an Audit Committee meeting, but after the presentation, the Interested Person shall leave the meeting for the discussion of, and the vote on, the transaction or arrangement involving the Conflict of Interest, and the Interested Person is prohibited from any attempt to influence improperly the deliberation or vote on, or the NBER's action with respect to, the transaction or arrangement.
- b. The members of the Audit Committee who consider the proposed transaction or arrangement shall be exclusively individuals without a Conflict of Interest with respect to the proposed transaction or arrangement.

- c. The Chair of the Audit Committee shall, if appropriate, appoint a disinterested individual or committee to investigate or consider alternatives to the proposed transaction or arrangement.
- d. After exercising due diligence, the Audit Committee shall determine whether the NBER can achieve with reasonable efforts a more advantageous transaction or arrangement with an individual or entity that would not give rise to a Conflict of Interest.
- e. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a Conflict of Interest, then the Audit Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the NBER's best interests, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Audit Committee shall make its decision as to whether to enter into the transaction or arrangement.

4. Procedures for Related Party Transactions

- a. The NBER shall not enter into any Related Party Transaction unless such transaction is determined by the Audit Committee to be fair, reasonable, and in the NBER's best interests at the time of such determination.
- b. Any director, officer, or key person who has an interest in a Related Party Transaction shall disclose in good faith to the Audit Committee the material facts concerning such transaction.
- c. With respect to any Related Party Transaction in which a Related Party has a substantial Financial Interest, the Audit Committee shall:
 - (i) Prior to entering into the transaction, consider alternative transactions to the extent available;
 - (ii) Approve the transaction by not less than a majority vote of the directors present at the meeting; and
 - (iii) Contemporaneously document in writing the basis for approval, including consideration of any alternative transactions.

A Related Party may not participate in deliberations or voting relating to a Related Party Transaction in which the Related Party has a Financial Interest. The Audit Committee may, however, request that a Related Party present information as background or answer questions concerning a Related Party Transaction at an Audit Committee meeting prior to the commencement of deliberations or voting relating thereto.

5. Violations of the Conflicts of Interest Policy

- a. If the Audit Committee has reasonable cause to believe an Interested Person has failed to disclose an actual or possible Conflict of Interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Audit Committee determines the Interested Person has failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action.

Article IV **Excess Benefit Transactions**

The NBER is classified by the Internal Revenue Service as a public charity and is therefore subject to the "intermediate sanctions" rules set forth in section 4958 of the Internal Revenue Code and accompanying Treasury Regulations. These rules subject any individual in a position to exercise substantial influence over NBER affairs (including directors, officers, and, in certain instances, substantial contributors) as well as their Relatives and entities in which the foregoing individuals own a greater than 35% interest ("Disqualified Persons") to excise taxes if an excess benefit transaction has occurred. Managers of the NBER (officers, directors, and any individual having powers or responsibilities similar to those of officers or directors) who knowingly approve an excess benefit transaction are also subject to excise taxes.

An excess benefit transaction has occurred if the economic benefit provided by the NBER to a Disqualified Person, either directly or indirectly, exceeds the value of the consideration provided by the Disqualified Person to the NBER in return. Examples of excess benefit transactions include payment of excessive compensation for services and a payment for property that exceeds fair market value.

The NBER does not intend to engage in any excess benefit transactions. In its review of any Financial Interest, the Audit Committee shall consider whether such Financial Interest could give rise to an excess benefit transaction and shall in no event pursue a transaction or arrangement that would constitute an excess benefit transaction.

Article V **Records of Proceedings**

The minutes of the Audit Committee shall contain:

1. The names of the individuals who disclosed or otherwise were found to have a Financial Interest or Associational Interest in connection with an actual or possible Conflict of Interest, the nature of the Financial Interest or Associational Interest, any action taken to determine whether a Conflict of Interest was present, and the Audit Committee's decision as to whether a Conflict of Interest in fact existed.

2. The names of the individuals who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including an analysis of alternatives to the proposed transaction or arrangement, the resolution of any Conflict of Interest, and a record of any votes taken in connection with the proceedings.

Article VI
Compensation

1. A voting member of the board of directors who receives compensation, directly or indirectly, from the NBER for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the NBER for services is precluded from voting on matters pertaining to that member's compensation.
3. A voting member of the board of directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the NBER, either individually or collectively, is permitted to provide information to the board of directors or any committee regarding compensation.
4. Transactions related to compensation of officers, directors, key persons, or other employees or reimbursement of reasonable expenses incurred on behalf of the NBER are not considered Related Party Transactions or Conflicts of Interest, unless that individual is otherwise a Related Party or a Conflict of Interest otherwise exists based on some other status, such as being a Relative of another Related Party. However, such transactions must be reasonable and commensurate with services performed.

Article VII
Annual Statements

Each director, officer, or key person shall, prior to such individual's appointment or election and annually thereafter, sign a statement which affirms such individual:

1. Has received a copy of the Policy;
2. Has read and understands the Policy;
3. Has agreed to comply with the Policy; and
4. Understands the NBER is charitable, and that, in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Each director, officer, and key person shall additionally, prior to such individual's appointment or election and annually thereafter, sign and submit a statement to the Corporate Secretary identifying, to the best of the individual's knowledge, any entity of which such individual is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee and with which the NBER has or is negotiating a relationship, and any transaction in which the NBER is or will be a participant and in which the individual might have a conflicting interest. Each such individual shall annually update and resubmit such written statement. After their submission, the Corporate Secretary (or designee) shall provide copies of all completed statements to the Chair of the Audit Committee.

Article VIII
Periodic Reviews

To ensure that the NBER operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining; and
2. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to the NBER's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in private inurement, impermissible private benefit, or an excess benefit transaction.

Article IX
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VIII, the NBER may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring periodic reviews are conducted.