

# Rules, Guidelines, and Practices

The following items describe important Rules, Guidelines, and Practices of the Council on Foreign Relations, with which members and staff should familiarize themselves.

## *RULE ON FOREIGN POLICY POSITIONS*

The following has been the policy of the Council since its origin, reconfirmed by resolution of the Board of Directors on September 11, 1973:

The Council shall not take any position on questions of foreign policy, and no person is authorized to speak, or purport to speak, for the Council on such matters.

## *RULE ON NON-ATTRIBUTION*

The Council is a research and educational institution. Everyone who participates in a Council meeting is encouraged to use and disseminate ideas and information developed in the meeting. It is recognized, at the same time, that many Council guests and members are, by reason of their governmental or other institutional affiliations, subject to inevitable constraints upon their latitude to express opinions, take positions, or offer tentative judgments on public affairs issues if they are speaking in a public forum or if their statements will be later attributed to them in public media or a public forum.

Full freedom of expression is encouraged at Council meetings. Participants are assured that they may speak openly, as it is the tradition of the Council that others will not attribute or characterize their statements in public media or forums or knowingly transmit them to persons who will. All participants are expected to honor that commitment.

An appropriate officer of the Council may, however, by advance announcement declare this Rule inapplicable in whole or in part to any particular Council meeting, and the meeting may be recorded and broadcast on electronic media and/or covered in the print media with the agreement of the speaker and advance announcement to other participants.

Notwithstanding the above Rule, the Board of Directors may, from time to time, prescribe rules governing the subsequent release of any Council records.

While the substance of the above Rule has been in effect since the formation of the Council, its present formulation was adopted by the Board of Directors on June 6, 1977, on the recommendation of a special Advisory Panel on the Non-Attribution Rule, and subsequently amended in 1994 and 2015. The minutes of the June 1977 meeting contain the following explanatory comments about the Rule:

The report recognizes that “media” and “public forum” are vague terms. But they can nevertheless be rationally interpreted in the light of the purpose of the Rule. For example, the reformulation would make it legitimate for a U.S. governmental official to report by memo to his colleagues and superiors what he learned at a Council meeting. Similarly, the reformulation recognizes that a lawyer may give such a memo to his partners, or a corporate officer to other corporate officers. It would not be in compliance with the reformulated Rule, however, for any meeting participant (i) to publish a speaker’s statement in attributed form in a newspaper; (ii) to repeat it on television or radio, or on a speaker’s platform, or in a classroom; or (iii) to go beyond a memo of limited circulation, by distributing the attributed statement in a company or government agency newsletter. The language of the Rule also goes out of its way to make it clear that a meeting participant is forbidden knowingly to transmit the attributed statement to a newspaper reporter or other such person who is likely to publish it in a public medium. The essence of the Rule as reformulated is simple enough: participants in Council meetings should not pass along an attributed statement in circumstances where there is substantial risk that it will promptly be widely circulated or published.

## *GUIDELINES ON MEETINGS*

By resolution adopted on February 28, 1972, as subsequently amended, the Board of Directors has prescribed the following Guidelines governing Council meetings:

The purpose of meetings sponsored by the Council on Foreign Relations is to promote understanding of international affairs through the free interchange of ideas among participants.

In order to encourage to the fullest a free, frank, and open exchange of ideas in Council meetings, the Board of Directors has prescribed, in addition to the Non-Attribution Rule, the following Guidelines. All participants in Council meetings are expected to be familiar with and adhere to these Guidelines.

1. Since the Council invites guests representing many different viewpoints, since it selects topics regardless of, or because of, their controversiality, and since there is a wide divergence of viewpoints among members, it is to be expected that Council meetings will sometimes be marked by sharp dispute.
2. Meetings chairmen are expected to stimulate open expression of opinion by all participants and should not attempt to mute controversy or stifle differences of viewpoint where they exist. To this end, it is the responsibility of chairmen to see to it that all viewpoints expressed are treated with respect and that parliamentary decorum is maintained.
3. Principal speakers should expect to be questioned vigorously on any point relevant to their intellectual interest, experience, or expertise in international affairs. It is recognized, however, that some speakers, particularly those holding official positions, may not feel free to answer some questions, and, in such case, their declination will be respected.

Apart from the traditional meetings for spouses and for sons and daughters of the members, occasional meetings are also open to guests of members. Guest privileges are for those who have special expertise or experience that relates directly to the meeting, as well as the general qualifications of potential candidates for Council membership. Members bringing guests should secure the permission of the Council department organizing the meeting and acquaint their guests with the Council's Non-Attribution Rule governing what is said at meetings.

## *POLICY ON CONFLICTS OF INTEREST*

By resolution of the Council's Board of Directors, adopted February 19, 2015, the following policy concerning actual or potential conflicts of interest was approved:

### *PURPOSE*

The purpose of this policy (the "Policy") is to protect the interests of the Council when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Director or Key Employee of the Council. The Council will not enter into any such transaction or arrangement unless it is determined by the Board in the manner described below to be fair, reasonable, and in the best interests of the Council at the time of such determination. This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

### *ARTICLE 1: RELATED PARTY TRANSACTIONS AND A DUTY TO DISCLOSE*

A Related Party Transaction is not necessarily a prohibited transaction. Under this Policy, if the Council contemplates entering into a Related Party Transaction, the Independent Directors of the Board or the Audit Committee must determine if the transaction is fair, reasonable, and in the best interests of the Council at the time of such determination.

If a Related Party acquires any Financial Interest or when any matter for decision or approval comes before the Board in which a Related Party has a Financial Interest, that Financial Interest must be promptly disclosed. The Disclosure should be made in writing by the Director or Key Employee involved (or aware of the potential Related Party Transaction) to the Chair of the Audit Committee and the Secretary of the Corporation together with all material facts. Key Employees are also required to provide notice to the Vice President, Human Resources.

ARTICLE 2: DEFINITIONS

**Financial Interest.** A person has a Financial Interest if such person would receive an economic benefit, directly or indirectly, from any transaction, agreement, and/or compensation agreement, including direct or indirect remuneration, as well as gifts or favors that are not insubstantial or other arrangements involving the Council.

**Independent Director.** A member of the Board who:

- has not been an employee of the Council within the past three years;
- does not have a Relative who has been a Key Employee of the Council within the past three years;
- has not received, and does not have a Relative who has received, more than \$10,000 in compensation directly from the Council in any of the past three years; and
- does not have a substantial Financial Interest in and has not been an employee of, and does not have a Relative who has a substantial Financial Interest in or was an Officer of, any entity that has made payments to (payment does not include charitable contribution) or received payments from the Council for property or services in excess of \$25,000.

**Key Employee.** A Key Employee is a person who is, or has within the last five years, been in a position to exercise substantial influence over the affairs of the Council. For the Council, this includes, but is not limited to the following job titles:

- President
- Vice President
- Treasurer
- Secretary
- Chief Financial Officer
- Editor, *Foreign Affairs*
- Other employees at the discretion of the President

**Related Party.** Persons who may be considered a Related Party of the Council under this Policy include the following:

- Directors or Key Employees of the Council
- Relatives of Directors or of Key Employees
- Any entity in which a Director or Key Employee of the Council, or their Relative, has a 35 percent or greater ownership or beneficial interest or, in the case of a partnership, a direct or indirect ownership interest in excess of 5 percent
- Substantial contributors to the Council (within the current fiscal year or the past five fiscal years)
- Any non-stock entity controlled by one or more Key Employees

**Related Party Transaction.** Any transaction, agreement, or other arrangement with the Council in which a Related Party has a Financial Interest. Any Related Party Transaction will be considered a potential conflict of interest for purposes of this Policy.

**Relative.** A Relative is a spouse or domestic partner, parent or grandparent, parent of a spouse or domestic partner, child, grandchild, great grandchild, or sibling, or the spouse of a child, grandchild, great grandchild, or sibling.

ARTICLE 3: DISCLOSURE AND VOTING

**Disclosure.** Any Related Party shall disclose in good faith all material facts of his or her Financial Interest to the Chair of the Audit Committee. The Disclosure should be made in writing by the Director or Key Employee involved (or aware of the potential Related Party Transaction) to the Chair of the Audit Committee and the Secretary of the Corporation together with all material facts. Key Employees are also required to provide notice to the Vice President, Human Resources.

**Non-Participation and Review.** All transactions, agreements, or other arrangements between the Council and a Related Party, and any other transactions which may involve a potential conflict of interest, shall be reviewed by the Independent Directors of the Board

or the Audit Committee. All Related Parties with a Financial Interest shall leave the room in which such deliberations are conducted. The Independent Directors of the Board or the Audit Committee will then determine whether the contemplated Related Party Transaction is fair, reasonable, and in the best interests of the Council at the time of such determination. The Council will not enter into any Related Party Transaction unless it is determined to be fair, reasonable, and in the best interests of the Council at the time of such determination.

**Consideration of Alternative Transactions and Comparability Data.** If the contemplated Related Party Transaction pertains to compensation for services or the transfer of property or other economic benefit to a Related Party, the Independent Directors of the Board or the Audit Committee must determine that the value of the economic benefit provided by the Council to the Related Party does not exceed the value of the consideration received in exchange by obtaining and reviewing appropriate comparable data prior to entering the transaction. In those instances where the contemplated Related Party Transaction does not involve compensation or transfer of property or benefits to a Related Party, the Independent Directors of the Board or the Audit Committee must consider alternative transactions to the extent possible, prior to entering into such a transaction.

**Comparability Data.** When considering the comparability of compensation, for example, the types of relevant Comparability Data that the Independent Directors of Board or 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.

**Voting.** The Independent Directors of Board or the Audit Committee shall, after considering alternative transactions and/or comparability data, determine in good faith by majority vote whether the transaction or arrangement is fair, reasonable, and in the best interest of the Council at the time of such decision.

**Deliberations.** Related Parties with a Financial Interest must not be present for deliberations and voting on the transaction or arrangement in which he or she has a Financial Interest. However, Related Parties are not prohibited from providing information regarding the transaction to the Board prior to the Board's deliberations. No Director shall vote, act, or attempt to influence improperly the deliberations on any matter in which he or she has been determined by the Board to have a Financial Interest.

#### *ARTICLE 4: AUDIT COMMITTEE*

The Independent Directors of the Audit Committee are charged with the implementation of and compliance with this policy. At the discretion of the Independent Directors of the Audit Committee, the Related Party Transaction may be referred to the Board for consideration and deliberation.

#### *ARTICLE 5: RECORDS OF PROCEEDINGS*

The minutes of all meetings of the Board or Audit Committee meetings at which a Related Party Transaction is considered shall be documented contemporaneously and contain the following:

- the names of the persons who disclosed or otherwise were determined to have a potential or actual Financial Interest and/or conflict of interest, the nature of the potential or actual Financial Interest and/or conflict of interest, any action taken to determine whether a Financial Interest or conflict of interest exists, and the Board's decision as to whether a Financial Interest and/or conflict of interest exists; and
- the names of the persons who were present for discussions and votes relating to any determinations under this Policy, including whether the Related Party and any Directors not

considered to be Independent Directors left the room during any such discussions, the content of such discussions, including discussion of alternative transactions, and whether or not the transaction with the Related Party was approved by the Board or Audit Committee.

*ARTICLE 6: INITIAL AND ANNUAL DISCLOSURES*

Prior to a Director joining the Board, or a Key Employee's employment at the Council, and thereafter on an annual basis, each Director and Key Employee shall annually sign and submit to the Secretary of the Council a statement that affirms such person: (a) has received a copy of this Policy, (b) has read and understands the Policy, and (c) has agreed to comply with the Policy.

*ARCHIVAL PRACTICE*

By resolution of the Council's Board of Directors, adopted June 3, 1999, all substantive records of the Council more than twenty-five years old are open for reference use during library hours at the Seeley G. Mudd Manuscript Library at Princeton University, subject to the following proviso:

As a condition of use, the Officers of the Council shall require each user of Council records to execute a prior written commitment that he or she will not directly or indirectly attribute to any living person any assertion of fact or opinion based upon any Council record without first obtaining from such person his or her written consent thereto.