

## X. CONFLICT OF INTEREST

Amended February 2008

### A. General Provisions

1. The provisions of this By-Law apply to all: (i) members of the Executive (ii) members of the Board of Governors, including associate members; (iii) members of committees or sub-committees of the Board of Governors; (iv) senior employees.

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2. For the purposes of this By-Law the following terms shall have the meanings set forth below:

- (a) "Member" – any of the members or senior employees referred to in Section 1.
- (b) "Interested Member" – a Member who has, or has an expectancy of, a material link to JAFI.
- (c) "Immediate family" – child, spouse, parent, grandparent, brother, or sister, and their respective descendants and in-laws.
- (d) "Material link to JAFI" – an interest, or immediate family interest, of a financial nature, in a transaction or arrangement with, or being negotiated with, JAFI, or in an entity with which JAFI is negotiating, a transaction or arrangement. This would include the granting of funds or other benefits to an entity in which the Member is an officer. The receipt of emolument or expenses from JAFI by a Member, by virtue of his position or office in JAFI, shall not constitute a material link.
- (e) "Interest in an entity" – holding, or one's immediate family holding, 5% or more of any of the securities of the entity or being a member, or principal officer of the entity or having the power to appoint a member, or principal officer of the entity.
- (f) "Conflict of interest" – where a Member possesses, or acts to create, a material link to JAFI, from which he, or his immediate family, or an entity in which he holds an "interest in an entity", could reasonably be expected to derive financial or other benefit.
- (g) "Senior Employees" – an employee of JAFI who is a senior staff member as that term is defined in Article V. A. 2 above and any senior appointments immediately under the Chairperson of the Executive, the Deputy Chairperson of the Executive, the JAFI Director General, and JAFI senior staff.

Amended February 2011

### B. Primary Rules with Respect to Conflict of Interest

1. A Member shall function in his position faithfully and devoid of conflict of interest. The Member shall conduct himself in carrying out his role in an impartial manner, and shall not have any personal interest in his decisions or his actions nor even the appearance thereof. Voluntary membership of other public institutions shall not constitute, per se, a conflict of interest. Similarly, a Member shall not be held as being in a conflict of interests merely by virtue of the fact that he takes into consideration the interests of a public institution that he represents: a JAFI constituent organization (WZO, UIA or Keren Hayesod), or an international organization on account of his position therein he was selected to serve as a Member on behalf of a JAFI constituent organization.
2. A Member is prohibited from receiving perquisites. He shall not accept, directly or indirectly, for himself or for his immediate family, or for an entity where he has an interest in an entity, benefits in connection with the holding of his position, with the exception of emoluments or expenses to which he is entitled by virtue of his position.
3. A Member is prohibited from using insider information. He shall not carry out a transaction, whether directly or indirectly, while making use of advance knowledge, confidential knowledge or any other knowledge which has come into his possession in consequence of holding his position, save where the knowledge is in the public domain.
4. A Member is prohibited from acquiring or receiving JAFI assets, directly or indirectly, save when the acquisition or receipt of such assets is where they are sold or granted to the public pursuant to pre-determined standard rules and with respect to which the public has an equal opportunity to acquire or obtain the assets.
5. A Member shall not make use of JAFI property, whether directly or indirectly, save in connection with the administration of his office.

6. A Member shall refrain from representation vis-à-vis JAFI. He shall not represent immediate family or an entity, where he has an interest in an entity, or when he is an employee of that entity, or maintains a monetarily substantial business relationship with that entity or immediate family member, and shall not act on behalf thereof, in relation to establishing a material link to JAFI.
7. A Member may not contract with the Jewish Agency. A Member may not be a party to a contract or transaction with the Jewish Agency, whether directly or indirectly.
8. For the purposes of sections 6 and 7 hereof, the Chairperson of the Board of Governors, the Chairperson of the Executive and the Chairperson and Deputy Chairperson of the Ethics, Standards and Governance Committee or whoever they may appoint for this purpose, may approve in writing exceptions to these rules, and determine the conditions for such exceptions, according to the measure of conflict of interest.

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### **C. Procedures**

1. A Member must report on any case of conflict of interest, existing or potential conflict of interest of which he is aware, and disclose its existence and nature or report the absence of a conflict of interest (hereinafter: "conflict of interest statement"). The conflict of interest statements will be submitted to the Secretary General as follows:
  - Each Member shall submit, within 90 days of appointment, or beginning of employment, as the case may be, an initial conflict of interest statement.
  - Each Member shall submit an annual conflict of interest statement upon receipt from the Secretary General.
  - Each Member shall submit an updated conflict of interest statement when a concern arises of an existing or potential conflict of interest.

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#### **The wording of such conflict of interest statement is attached hereto as Appendix A.**

2. After disclosure of the material link as aforesaid, and all material facts, and after any discussion with the interested Member, the Chairperson of the Board of Governors, the Chairperson of the Executive, the Chairperson of the Ethics, Standards and Governance Committee and his Deputy after consultation with the Legal Adviser of JAFI, shall make a determination as to whether a conflict of interest exists. If they determine that an apparent conflict of interests exists they shall then rule in writing on the action to be taken with respect thereto in accordance with section 4 hereinbelow. Their rulings shall be binding.

Amended June 2009; July 2022

3. Where the disclosure of the material link to JAFI occurs during the course of a meeting of a forum within JAFI, where referring the issue to the Chairperson of the Board of Governors, the Chairperson of the Executive the Chairperson of the Ethics, Standards and Governance Committee and his Deputy would unreasonably delay the discussion of the forum, the chairperson of the forum shall rule as to the existence of a conflict of interest and the action to be taken with respect thereto in accordance with section 4 hereinbelow. In such a case the aggrieved Member may appeal to the Chairperson of the Board of Governors, the Chairperson of the Executive, the Chairperson the Ethics, Standards and Governance Committee and his Deputy, who may uphold or amend the decision, or any element thereof, of the chairperson of the forum in question, and may also determine whether the results of the appeal warrant reconvening the forum in question for reconsideration of the matter with respect to which the participation of the Member had been restricted.
4. The action to be taken, as determined by the Chairperson of the Board of Governors, the Chairperson of the Executive, and the Chairperson of the Ethics, Standards and Governance Committee and his Deputy, or the chairperson of the relevant forum under section 3 hereof, as the case may be, may include, but not be limited to, the following:
  - (i) Determining that the disclosure by the interested Member is sufficient action in and of itself, subject to the participants in the forum where the transaction or arrangement is to be discussed being notified of the disclosure that was made.

- (ii) Prohibiting the interested Member from voting in the forum where the transaction or arrangement is to be voted on.
  - (iii) In addition to clause (ii) – prohibiting the interested Member from participation in the discussion of the forum.
  - (iv) In addition to clause (iii) – prohibiting the interested Member from being present in the discussion of the transaction or arrangement by the forum.
5. Where involvement with the main matters under the purview of the forum causes a perpetual or substantive conflict or unsuitability between the membership of the interested Member in the relevant JAFI forum and his material link to JAFI, the Chairperson of the Board of Governors, the Chairperson of the Executive and the Chairperson of the Ethics, Standards and Governance Committee and his Deputy may disqualify the interested party from membership of that forum, where the conflict of interest cannot be prevented or neutralized by other means.
  6. If the Chairperson of the Board of Governors, the Chairperson of the Executive and the Chairperson of the Ethics, Standards and Governance Committee and his Deputy have reasonable cause to believe that a Member has acted in a conflict of interest, or has failed to disclose actual or probable potential conflicts of interest known to the Member, they shall inform the Member of the basis for such belief and afford the Member an opportunity to explain the alleged act or failure to disclose. If, after hearing the response of the Member and making such further investigation as may be warranted in the circumstances, the Chairperson of the Board of Governors, the Chairperson of the Executive and the Chairperson of the Ethics, Standards and Governance Committee and his Deputy determine that the Member has in fact acted in a conflict of interest, or failed to disclose an existing or potential conflict of interest, they may determine whether to prohibit continued membership of the Member on any or all of the committees or other forums of the Board or of the Jewish Agency, and may, in the case of a substantive conflict of interest or serious cases of failure to disclose, recommend to the Board of Governors to exercise its authority of removal from the Board or Executive for cause, in accordance with the provisions of Article II D. 13. of the Agreement for the Reconstitution of the Jewish Agency for Israel.

Amended July 2022

#### **D. Sanctions for Noncompliance**

Notwithstanding the provisions of Section C6. above, should a Member fail to comply with this Chapter, including but not limited to failing to timely submit conflict of interest statement, as determined in Section C1. above, such member may face dismissal from the Board of Governors or the Executive, subject to any applicable law.

Amended July 2022

#### **E. Reporting**

The Secretary General shall be responsible for collecting and reviewing the initial, annual and updated disclosure statements referred to in Section C1. above. The Secretary General shall submit at least annually, to: (i) the Chairperson of the Board of Governors; (ii) the Chairperson of the Executive; (iii) the Chairperson of the Ethics, Standards and Governance Committee and his Deputy (iv) the Chairperson of the Budget and Finance Committee; (v) the Deputy Chairperson of the Executive; (vi) the JAFI Director General; and (vii) the Comptroller, a written report listing the conflicts of interest disclosed in such statements, as well as conflicts of interest undisclosed and subsequently discovered, and the actions, if any, taken by JAFI in response hereto.

Amended June 2009; July 2022