

Code of Conduct and Conflicts of Interest

(Note: This sample – adapted with permission – communicates the general responsibilities to board members and details the processes for identifying and handling conflicts of interest; be sure to rely on legal counsel in adopting policies.)

Board Code of Conduct¹

Members of the Board of Directors will abide by and conform to the following code of conduct:

1. Work for the betterment of the organization as a priority, including all participation in discussion and voting matters.
2. Obey the provisions of federal and state law, to abide by the organization's governing documents and to act in a manner that will bear the closest public scrutiny.
3. Conduct the business affairs in good faith and with honesty, integrity, due diligence and reasonable competence.
4. Exercise proper authority and good judgment in my dealings with Board and staff members, companies with whom the organization does business and the general public.
5. Not use information in any manner other than furtherance of my duties and responsibilities --- protecting the confidential information closely and not releasing or sharing it without approval from the Board Chair.
6. Not engage in any business activity or intercede in business relationships that would materially and adversely affect the organization, either directly or indirectly.
7. Not attempt to persuade staff members to leave the employ of the organization or to accept any other type of employment nor will I provide any comments regarding present or former staff members to their new or potential employer.
8. Not engage in - or facilitate - discriminatory or harassing behavior directed toward Board members, staff members or business associates of the organization.
9. Conduct myself with unconflicted loyalty to the interests of the organization. I realize that a personal conflict of interest may arise when other of my interests may compromise my ability to remain unbiased and impartial in organization affairs. When a conflict of interest situation is encountered, I will identify the conflict to the Board Chair.

Conflicting involvements include but are not limited to the following:

¹ Also applicable to Senior Staff

- a. Any incident of abuse or misuse of my position for personal or third-party gain or benefit.
- b. Engaging in outside activities that might be reasonably expected to adversely affect the organization either directly or indirectly.
- c. Being involved in situations in which my loyalty may be divided between personal interests - or the interest of another organization - and the best interest of the organization.
- d. Having an affiliation with an organization that is doing business with – or seeking grant support from the organization.
- e. Receiving a gift or an item of value as an inducement to provide special organization treatment to the donor.

Procedure for Board or Staff Conflicts

Not all conflicts of interest are necessarily prohibited and harmful. In order to address any potential conflict of interest, each Board and staff member is required to complete and submit to the Chair of the Board a “Disclosure Form” detailing actual and potential conflicts of interest. The disclosure form will be submitted at the beginning of a term of office (or employment) and annually thereafter. Further, whenever any potential conflict of interest arises, the affected Board or staff member will submit a written explanation of the potential conflict.

Not all conflicts of interest are necessarily prohibited and harmful.

All complaints concerning a possible Code of Conduct violation will be made in *writing* to the Chair, with a copy to the complainant.

The Chair is responsible for interpretation, application and enforcement of the Code of Conduct policy and will ensure that the implementation of this policy is fair, just and equitable in all situations.

Upon notification of a possible conflict of interest, the Chair may elect to:

- 1) Make an initial determination on the issue and attempt to resolve the problem; or
- 2) Appoint an Ethics Committee for action on the issue.

If the Chair is the subject of the conflict of interest issue, he/she will recuse² himself from further deliberation and action – and the Board of Directors will appoint the Ethics Committee.

Only disinterested Board members will serve on the Ethics Committee, which will make a recommendation to the Chair on the issue in a timely manner. The Chair will then render his/her written decision to the complainant, who will then have the right to appeal the decision to the full Board. Any appeal must be submitted in writing within 30 days of the date on which the affected Board or staff member is notified of the Chair's decision.

The Board will retain the right to modify or reverse such a decision and will retain authority for interpretation and application of this policy. Only disinterested members of the Board may participate in this appeal process.

If the Chair or Board of Directors identifies an actual or potential conflict of interest, it may take one of the following three actions to resolve such conflict:

- 1) Waive: Waive the conflict of interest issue as unlikely to affect the Board/staff member's ability to act in the best interests of the organization;
- 1) Recuse: Determine that the Board/staff member should be recused from all deliberation and Decision making related to the particular transaction or relationship that gives rise to the conflict of interest; or
- 2) Resign: Determine that the Board/staff member must resign from his or her service to the Foundation. This course of action will only apply when the conflict of interest is so pervasive that the Board/staff member would likely seldom, if ever, be able to act solely in the best interests of the organization.

Attachment: Acknowledgement and Disclosure Form – Return to Board Chair or Executive Director.

Closure: Be sure to rely on legal counsel when adopting policies.

Conflict of Interest - Code of Conduct 5-11.doc

² : to disqualify (oneself); *broadly* : to remove (oneself) from participation to avoid a conflict of interest

Acknowledgment and Disclosure Form

I have read the Code of Conduct and agree to comply fully with its terms and conditions at all times during my term of service.

I agree that any confidential information given to me with regard to my duties and responsibilities will be treated as such. I will not use or disclose such information except as authorized by the Chair and will make my best effort to prevent its unauthorized disclosure. Confidential information includes the areas of current and future operations, policies, plans, goals and objectives.

I acknowledge that as a Board member, I have a duty to put the interests of the organization above my own personal interests or those of any other entity with which I may be associated.

On this form I am also disclosing circumstances in my personal and professional life that might result in an actual or potential conflict of interest situations with my duty and responsibilities.

I invite further review by the organization of my circumstances in the areas below as might be deemed appropriate. I will take other steps, such as avoiding deliberation and resolution of certain issues or even withdrawing from my position, if it is determined that those steps are necessary. If at any time following the submission of this form, I become aware of any actual or potential personal conflicts of interest, I will promptly notify the Chair.

Disclosure of Actual or Potential Conflicts of Interest

Do you or a family member receive compensation or material financial benefit from the organization (excluding expense reimbursement)? ☐ Yes ☐ No

Do you or a family member have a relationship or affiliation with a third party providing (or offering to provide) - or receiving (or offering to receive) - goods or services to or from the organization? ☐ Yes ☐ No

Do you or a family member have a relationship or affiliation with a third party that has received - or is seeking - grant support from the organization? ☐ Yes ☐ No

Do you have a family relationship or business relationship with any current Board or staff member? ☐ Yes ☐ No

Do you have a relationship or affiliation with any other group or organization concerned with any issues or initiatives similar to our organization? ☐ Yes ☐ No

Have you engaged in any activity within the last 12 months that could be reasonably viewed as having the appearance of a divided interest or loyalty on your part? ☐ Yes ☐ No

If you answered "Yes" to any of the above, please provide a detailed explanation of all relevant facts on a separate sheet.

Name _____
Date _____

Signature _____
E-Mail _____