

Conflict of Interest Policy

Adopted: September 2006

Last Revised: February 2013

1. Purpose

The purpose of this policy is to establish and confirm the standards for the management of actual or potential conflicts of interest for all Wilkes Habitat for Humanity operations in order to protect the reputation, operations, and resources of Wilkes Habitat for Humanity (WHFH).

2. Background

Members of the board of directors, officers, and employees of WHFH have a duty to act in the best interest of WHFH. Actual or potential conflicts of interest and related-party transactions can create reputational, financial, and legal risks for WHFH and must be avoided or managed in an effective way to ensure good governance and avoid even the appearance of impropriety.

3. Related HFHI Documents

HFHI Ethics Covenant, HFHI Fraud Policy, HFHI Procurement Policy, HFHI Legal Advisory re: Conflicts of Interest (2009), HFHI Governance and Legal Advisory: Conflicts of Interest Advisory for National Organizations (2015), U.S. Affiliated Organization Policy Handbook, U.S. HFHI Employee Handbook, HFH Standards of Excellence

4. Definitions

- a) Conflict of Interest – There is an actual or potential conflict of interest when WHFH board members, officers or employees may receive a direct or indirect personal gain to themselves or to a related party as a result of an WHFH transaction.
- b) Related Party – An individual, group or business that is related in some way to an WHFH board member or employee involved in a WHFH -related transaction. The related party could include an immediate family member, business partner, related business entity of the WHFH board member or employee, or personal friend.

5. Policy

- a) This policy applies to all WHFH employees, officers and board members.
- b) A WHFH board member, officer or employee has an actual or potential conflict of interest if he or she is in a position to influence a decision regarding an WHFH transaction and:
 - 1) is an immediate family member of a person transacting business with WHFH, including:
 - i. A spouse,
 - ii. Parent,

- iii. Sibling,
 - iv. In-law,
 - v. Child,
 - vi. Grandchild, or
 - vii. Any other individual sharing the same home as the WHFH board member or employee;
- 2) is a director, officer, general partner, agent or employee of an entity (other than WHFH) transacting business with WHFH;
 - 3) owns 5% or more of the voting stock or controlling interest in an organization or has any other substantial interest or dealings with any organization transacting business with WHFH;
 - 4) has a business relationship (i.e. general partner, principal, or employer) with a person transacting business with WHFH;
 - 5) is otherwise a principal officer, decision-maker or financial beneficiary of an entity transacting business with WHFH; Or
 - 6) is a close personal friend where the relationship exerts undue influence on either party.
- c) Any WHFH employee, officer or board member who has an actual or potential conflict of interest involving any WHFH transaction, including but not limited to purchases, contracts, awards, leases, hiring, board appointments, family selection or other transactions (including the administration of any of them) involving the WHFH organization, must do the following to manage the conflict of interest and protect the interests of all parties to the transaction:
- 1) Board Members and Officers
 - 2) He or she must disclose the existence of the conflict of interest and a description of its nature in writing to the full board as soon as possible after the conflict of interest arises.
 - 3) The disclosure shall identify all the material facts, and circumstances surrounding the conflict of interest that would be necessary for the board to make an informed decision with respect to the transaction.
 - 4) The director or officer shall not participate in any discussion of the transaction, shall abstain from voting on the matter, and make sure that his or her absence from the meeting and discussion and his or her abstention from the vote are recorded in the minutes.
 - 5) WHFH Employees
- d) The employee must disclose the existence of the conflict of interest to his or her immediate supervisor.
- e) The employee must not engage or participate in any business transaction on behalf of WHFH when he or she has an actual or potential conflict of interest.
- f) The employee's supervisor must acknowledge receipt of the information and ensure that adequate safeguards are put in place to protect the interests of all parties involved in the given situation.

g) Upon disclosure of a conflict of interest of a director, officer or employee, the board may take action despite the conflict pursuant to a vote by a majority of the disinterested directors (with a quorum present).

h) Areas where actual or potential conflicts of interest may arise include but are not limited to the following and should be managed in accordance with this policy:

1) Nepotism

- i. Nepotism may arise in several situations, including but not limited to, employment, board appointments, and family selection. WHFH does not prohibit the employment of or the volunteering of relatives or persons with close personal relationships to current board members or employees. However, to ensure a fair and impartial hiring process and work environment, the following steps should be taken:
- ii. The hiring process should be open and transparent. Family members should disclose their relationships with any prospective candidate and excuse themselves from the decision making process (including establishing the position description and employment benefits) involving another family member as set forth in Section 5c above.
- iii. Immediate family members cannot report to each other to minimize the likelihood of conflict, discomfort or mistrust by other staff.
- iv. Immediate family members cannot be in positions where they are making decisions that affect their own family members (i.e. salary setting, hiring, promotions, time off).
- v. To ensure effective stewardship of funds, immediate family members cannot be in positions where opportunities exist to approve financial transactions of other family members (i.e. purchases, travel advances, reimbursements).
- vi. Staff members who are related should not be in significant management positions within the same department.
- vii. There may be some specific jobs which, by their nature, should not be filled by anyone with family members working for WHFH.
- viii. In addition, decisions regarding board appointments, family selection, and other transactions involving immediate family members and personal friends may present a conflict of interest and should be conducted in accordance with Section 5c.

2) Business Gifts

- i. Business-related gifts to WHFH employees, officers and board members (including services, discounts, entertainment, travel, meals, promotional
- ii. materials or samples) must be examined individually and with a bias against the activity. A WHFH employee, officer or board member or their immediate family must not accept gifts from an actual or potential customer, supplier, vendor, business, or from professional persons with whom they carry out or to whom they may refer WHFH business, or from anyone acting on their behalf, unless the following conditions are met:
- iii. The gift is sent to the workplace, not home.

- iv. The gift is occasional and valued at no more than \$50; or, if valued at more than \$50, the gift is made available in a team space or common area for others to share (e.g., fruit baskets, boxes of candy).
- v. Meals and other business entertainment are subject to the same standard and should be modest, infrequent and, to the extent possible, on a reciprocal basis.
- vi. No board member, officer or employee should solicit any personal gifts or gratuities from existing or potential vendors.
- vii. If a board member, officer or employee has occasion to use WHFH suppliers or contractors for personal business, he/she is expected to personally pay full market value for services rendered and materials provided. Similarly, if a board member, officer or employee uses WHFH resources for personal business, he/she is expected to personally pay full market value to WHFH for those resources.
- viii. An employee or officer may not accept payment from another organization or individual for doing work that WHFH pays him/her to do in the course of his/her employment. Any fee or gift offered to an individual for the preparation or delivery of a presentation about WHFH or any aspect of its operation should either be declined or paid to WHFH.

3) Outside Financial Interests and Employment

- i. Any outside activity that interferes with or influences the performance of a board member, officer or employee's duties for WHFH, divides his/her loyalty, allows for a possible conflict of interest, or results in a situation involving double compensation is prohibited.
- ii. For WHFH employees, outside business activities such as simultaneous employment, financial interests (including business ownership) and service on public bodies may be acceptable provided that all of the following conditions are met:
 - The relationship between the business activity and work at WHFH is incidental.
 - Ownership and/or participation in the business is incidental.
 - No competitive or other commercial relationship exists between the outside business concern and WHFH.

4) Ownership of securities in a publicly traded company with which WHFH does business will not be a conflict of interest if the ownership interest is minimal.

5) An employee must obtain his/her supervisor's approval before agreeing to serve on WHFH's behalf on an outside board of directors. Approval must then be reported to the Chief Executive Officer or the Chief Operating Officer. Any fees for outside board service should either be declined or paid to WHFH.

i. Procurement

- Purchasing decisions must be managed in accordance with this policy and with the WHFH Procurement Policy.
- A WHFH employee, officer or board member who has any influence on, or interest in, transactions involving purchases,

contracts or leases by WHFH is required to disclose any possible conflict of interest to his immediate supervisor or the board of directors, as applicable, and remove himself from all decision-making related to the transaction in accordance with Section 5c of this policy.

- Any individual with procurement and purchasing commitment or payment authority under the WHFH delegation of authority matrix or who is involved in any way with the procurement and purchasing of goods and services: (i) must disclose to his or her supervisor any actual or potential conflict of interest with any of the Preferred Vendors (as defined in WHFH's Procurement Policy); and (ii) is prohibited from any involvement in the procurement process in which he/she has a conflict.
- Items or services must not be procured from a parent, affiliate or subsidiary organization if the WHFH entity is unable or appears to be unable to be impartial in conducting the procurement action.
- If further guidance is needed about conflicts or procurement actions, WHFH employees can submit a free and confidential or anonymous question via MySafeWorkplace. This resource can be accessed online or via telephone 24 hours a day, 7 days a week at the contact information shown in Section 7.a below.

6) Corporate Opportunity

- i. There is a potential conflict of interest if a WHFH board member or employee takes advantage of a business opportunity that rightfully belongs to WHFH. All such conflicts must be disclosed and managed in accordance with Section 5c of this policy.

7) WHFH Employment of Board Members

- i. There is a potential conflict of interest if a WHFH board member applies for an employment position with the WHFH entity on which he/she serves as board member. Any WHFH board member who wishes to be considered for employment by the WHFH entity must resign from the board prior to submitting an application for employment. In addition, a board member cannot apply for any position for which he/she helped design the position description, joined in recruitment activities, or participated in discussions related to establishing the compensation and benefits.

6. Annual Disclosure

- a) All board members and officers must complete and sign an annual Conflict of Interest Disclosure Questionnaire to confirm that they have no conflicts of interest that would affect their role and/or to disclose any actual or potential conflicts.
- b) In connection with any federal award, or to the extent otherwise required by an awarding agency, WHFH will disclose in writing to the awarding agency, in accordance

with its awarding agency policy, any potential conflict of interest that may impact the funding received from the awarding agency.

7. Other Considerations

- a) This policy is intended to supplement and provide further context to the policies, handbooks, and WHFH Ethics Covenant referenced in Section 3 above and does not supersede or replace those materials. Any suspected violations of this policy may be reported through the procedures outlined in the WHFH Ethics Covenant or through the MySafeWorkplace® anonymous hotline: * Online at www.mysafeworkplace.com. Inside the United States, call 1-800-461-9330.
- b) Violation of this Conflict of Interest Policy may result in disciplinary proceedings, including without limitation, dismissal.