

Habitat for Humanity Central Arizona Policy on Conflicts of Interest

A. Conflicts of interest:

A Conflict of Interest is a direct or indirect personal gain for you or for an immediate family member as a result of Habitat for Humanity's ministry. Habitat for Humanity Valley Central Arizona (HFHCAZ) defines "immediate family" as your spouse, parent, legal guardian, child or sibling; your mother-in-law or father-in-law; your spouse's child or sibling; your son-in-law or daughter-in-law; or your grandparents and grandchildren.

If you have any influence on, or interest in, transactions involving purchases, contracts or leases by HFHCAZ, you must disclose this conflict of interest as soon as possible to your immediate supervisor and the board of directors. This will ensure that safeguards can be established to protect all parties.

The possibility of direct or indirect personal gain occurs where you or your relative has a significant ownership in a firm with which HFHCAZ does business.

Under no circumstances may you, an immediate family member, your business partner or any business in which you have a financial interest solicit or receive any kickback, bribe, favors, anything with a monetary value in excess of \$25 or special consideration from any person having business dealings involving HFHCAZ without the express written consent of HFHCAZ.

If you, an immediate family member, your business partner or any business in which you have a financial interest receives an unsolicited gift with a monetary value in excess of \$25, you should contact your supervisor, the executive director or the president of the board immediately. Any such gift is the property of HFHCAZ.

You have an obligation to conduct business within guidelines that prevent actual or potential conflicts of interest. This policy establishes only the framework within which HFHCAZ wishes its ministry to operate. The purpose of these guidelines is to provide general direction so that you can seek further clarification on issues related to conflicts of interest.

B. Annual disclosure:

Directors, officers and staff shall disclose in writing to the board of Directors any person to whom they are closely related or any organization with which they are affiliated who or which presently transacts business with the corporation or a related entity or might reasonably be expected to do so in the future. Each disclosure shall be updated and resubmitted to the secretary of the board on an annual basis.

An affiliation with an organization will be considered to exist when a director, officer, staff person or a member of his or her immediate family or close relative is an officer, director, trustee, partner, employee or agent of the organization, or owns 5 percent of the voting stock or controlling interest in the organization, or has any other substantial interest or dealings with any organization transacting business with HFHCAZ).

C. Transactions with Habitat:

(i) Types of transactions.

A director, officer or staff person may have a conflict of interest when he or she or a related person (i.e. a relative by blood or marriage) has a direct or indirect financial or beneficial interest in a transaction involving HFHCAZ. The conflict arises when the direct or indirect interest would reasonably be expected to influence a director or officer's judgment in any matter concerning HFHCAZ.

A director, officer or staff person has a financial or beneficial interest when he or she or a related person:

- is a director, officer, general partner, agent or employee of an entity (other than HFHCAZ) transacting business with HFHCAZ;
- controls one or more entities described above; or
- has a business relationship (i.e. as a general partner, principal or employer) with a person transacting business with HFHCAZ.

(ii) Duties of directors.

In addition to the annual disclosure, a director or officer is required (as a matter of law and of policy) to disclose to the board of directors any actual or potential conflict of interest which the director or officer knows to exist. The disclosure shall identify the nature of the conflict and all the material facts and circumstances surrounding the conflict, which would be necessary for the board to make an informed decision with respect to the transaction.

The disclosure of a director or officer is not limited to his or her own conflicts, but shall include any conflict of any other officer, director or employee which is known to a director or officer.

(iii) Action of the directors.

Upon the disclosure of an actual or potential conflict of interest of a director, officer or staff person, the board of directors may take action despite the conflict:

- if the director, officer or staff person with the conflict provides the material information to the board and excuses himself or herself from the discussion and the vote on the transaction. (The director or officer is required to retire from the room for the final vote.);
- if a majority of the disinterested directors (with a quorum present) takes action with respect to the conflict and with all material information; and
- if the minutes of the meeting of the board of directors or committee indicate that a conflict was disclosed and that the interested director was not present during the final discussion and did not vote.