

## Board of Directors Conflict-of-Interest Policy

**Purpose of policy.** The purpose of this policy is to ensure that all board/committee (hereinafter referred to as board/committee) and officer decisions of Girl Scouts of the Desert Southwest – Southern New Mexico & West Texas, Inc. (GSDSW) are impartial and do not compete—or give the appearance of competing—with the interests or concerns of GSDSW.<sup>1</sup> Further, this policy is intended to assist in protecting the tax-exempt status and interest of GSDSW regarding new or existing arrangements (see below) that might benefit the private interest of a board/committee member or officer of GSDSW or that might result in a possible excess benefit transaction (within the meaning of the Internal Revenue Code and the regulations there under). This conflict-of-interest policy is intended to supplement but not replace any applicable law.

**Duty of loyalty.** Board/committee members and officers owe a duty of loyalty to GSDSW which requires all board/committee members and officers to act solely in the interest of GSDSW rather than in their own personal interest, the interest of other board members, or the interest of others. Board/committee members and officers must have an undivided allegiance to the Girl Scout mission and may not use their position as board/committee members or officers or information they have about GSDSW or GSDSW assets, in a manner that allows them to secure a financial or any other benefit for themselves, their relatives,<sup>2</sup> or another board/committee member (family or business). Accordingly, no director or officer may use her or his position at GSDSW for personal gain or to benefit another at the expense of GSDSW, its mission, or its reputation.

**Conflict of interest.** A conflict of interest may arise when a person has an existing or potential financial interest or any other interest that impairs, or might appear to impair, her or his independence or objectivity in the discharge of responsibilities and duties to GSDSW.

This policy is meant to aid board/committee members and officers of GSDSW in performing the duties imposed upon them by the law with respect to their oversight responsibilities and fiduciary obligations to GSDSW. GSDSW is committed to transparency and openness in its operations.

**Duty of care.** Every board/committee member and officer must discharge her or his duties in good faith with the degree of care that an ordinarily prudent person in a like position would exercise under similar circumstances. This requires using common sense, being diligent and attentive to GSDSW's needs, and making thoughtful decisions in the best interest of the organization. No director or officer may take personal advantage of a business opportunity that is offered to GSDSW unless the board of directors of GSDSW first determines not to pursue such opportunity. Under the duty of care, the board provides oversight and decision following the disclosure of a conflict of interest.

**Confidentiality.** Each board/committee member and officer must protect the confidential and proprietary information of GSDSW and must not use confidential information for her or his personal benefit, or use such confidential information or her or his position as a board/committee member or an officer to the detriment of the organization. Confidential information is defined as

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<sup>1</sup> This policy also applies to the key employees identified in Number 9.

<sup>2</sup> For the purpose of this policy, relative or family member means spouse or significant other living in the same household ("life partner"), brothers or sisters (by whole or half blood), life partners of brothers or sisters (by whole or half blood), ancestors, children, grandchildren, great-grandchildren, and life partners of children, grandchildren, and great-grandchildren.

information obtained through the board/committee member's or officer's position that has not become public information.

**Interested person.** Any board/committee member or officer with authority delegated by the governing board who has a direct or indirect financial interest, as set out below, is an interested person.

A direct or indirect financial interest or other interest is not necessarily a conflict of interest. **A person who has a financial interest or any other interest has a conflict of interest only if the GSDSW board decides that a conflict exists.**

1. **Contracts, transactions, or arrangements of GSDSW in which a board/committee member or officer has a direct or indirect financial or other material interest** shall not be prohibited, but they shall be subject to scrutiny by the GSDSW board of directors. Any such proposed contract, transaction, or arrangement (collectively, "Arrangement") is to be reviewed to determine that it is in the best interests of GSDSW.
2. **For the purpose of this policy, a board/committee member or officer has a direct or indirect financial or other material interest** in a proposed or existing Arrangement if she or he, or one of her or his relatives:<sup>3</sup>
  - (a) has a substantial financial interest directly in the proposed or existing Arrangement; or
  - (b) has a substantial financial interest in any other organization that i) is a party to the proposed or existing Arrangement; or ii) is in any way involved in the proposed or existing Arrangement, including through the provision of services in connection therewith (an "involved organization"); or
  - (c) holds a position as a trustee, director, officer, member, partner, employee, or family member in any such party or involved organization.

A board/committee member's or officer's financial interest will be considered substantial if it involves:

- (a) an ownership or investment interest representing more than one percent of the outstanding shares of a publicly traded company or five percent of the outstanding shares or comparable interest of a privately owned company or other business with which GSDSW has or is negotiating an Arrangement or which is an involved organization with respect to the Arrangement; or
- (b) an ownership or investment interest that produces a significant amount of income for or constitutes a significant part of the net worth of the board/committee member, or a relative of the board/committee member, in any entity with which GSDSW has or is negotiating an Arrangement or which is an involved organization with respect to the Arrangement; or

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<sup>3</sup> *ibid*

- (c) a compensation Arrangement of any kind with any entity or individual with which GSDSW has or is negotiating an Arrangement or with any involved organization with respect to the Arrangement.
3. **Gifts, other relationships, and benefits.** Board/committee members or officers or any of their relatives<sup>4</sup> shall not directly or indirectly:
- (a) Accept any gift, entertainment, services, loans, or promises of future benefits from any person who might personally benefit, or whose company, organization, or employees might benefit or appear to benefit because of the board/committee members' or officers' connection with the council, unless the facts of such gifts, entertainment, services, or loans are disclosed in writing to the board chair. This does not apply to gifts or similar entertainment of nominal value.
  - (b) Utilize their positions for personal, professional, political, or monetary gain by acting individually on behalf of any group, organization, or business to which they have allegiance.
4. **Disclosure of interest.** Each board/committee member and officer of GSDSW shall promptly disclose any direct or indirect financial or other interest that she or he has or reasonably expects to have in any proposed or existing Arrangement with GSDSW prior to the start of any negotiations with respect to such matter. A direct or indirect financial interest or any other interest required to be disclosed under this policy **shall be disclosed in writing to the chair of the board**; such disclosure shall include all material facts and supply any reason why the Arrangement might be or not be in the best interest of GSDSW. The chair of the board shall refer the issue to the full board, the executive committee, or other board committee having decision-making authority over the substantive matter in question. For each interest disclosed, the board will determine whether to:
- (a) take no action;
  - (b) ensure full disclosure to the board of directors and other individuals covered by this policy;
  - (c) ask the person to recuse herself or himself from participation in related discussions or decisions within the organization;
  - (d) ask the person to resign from her or his position; or, if the person refuses to resign, become subject to possible removal in accordance with the board's removal procedures.
5. **Participation in meeting.** The board/committee member or officer who discloses a direct or indirect financial or other material interest in a proposed or existing Arrangement may make a presentation and respond to questions by the board or committee, but after such presentation she or he shall leave the meeting during the discussion of, and vote on, the Arrangement that results in the conflict of interest. The board or committee, after exercising due diligence, shall determine by majority vote of the disinterested members of the board or committee whether the Arrangement is in GSDSW's best interest and whether it is fair and reasonable to GSDSW and shall make its decision as to whether to enter into an Arrangement in conformity with such determination.
6. **Minutes of meeting.** The names of the board/committee members and officers who disclosed or otherwise were found to have a direct or indirect financial or other material interest in a proposed or existing Arrangement of GSDSW, the nature of the interest, and the

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<sup>4</sup> *Ibid*

extent of the director's or officer's participation in the relevant board or committee meeting on matters related to the financial or other material interest shall be recorded in the minutes for that meeting. A conflicted board/committee member or officer may not be counted in determining a quorum for the meeting in connection with the Arrangement. The minutes shall include the board's decision as to whether a conflict of interest in fact existed.

7. **Co-investment interest.** Each board/committee member and officer of GSDSW also shall disclose whether she or he, or one of her or his relatives, has personal funds invested with an investment manager providing, or expected to provide, investment management services to GSDSW or in a professionally managed investment fund in which GSDSW is invested or is considering investing (a "co-investment interest"). For the purposes of this conflict-of-interest policy, a "professionally managed investment fund" shall not include mutual funds or other similar investment vehicles generally available to the investing public on essentially the same terms.
8. **Failure to disclose.** If the board or committee has reasonable cause to believe that a board/committee member or officer has failed to disclose a direct or indirect financial interest or any other interest or co-investment interest subject to this policy, it shall inform the board/committee member or officer of the basis for such belief and afford the board/committee member or officer an opportunity to explain the alleged failure to disclose. If, after hearing the response of such individual and making such further investigation as may be warranted by the circumstances, the board/committee determines that the board/committee member or officer has in fact failed to disclose a direct or indirect financial or other material interest or co-investment interest subject to this policy, it shall take appropriate disciplinary and corrective action.
9. **Employees covered by this policy.** This policy shall apply to the Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Development Officer and Director of Human Resources and Information Technology of GSDSW.
10. **Annual disclosure statement.** Each board/committee member and officer has a duty to place the interest of GSDSW foremost in any dealing with GSDSW and has a continuing responsibility to comply with the requirement of this policy. Promptly following the adoption of this policy, and thereafter not later than the first day of October of each year, each board/committee member and officer shall acknowledge her or his familiarity with this policy and shall disclose in writing to the chair of the board any existing financial or other material interests or co-investment interests subject to this policy by completing a Conflict-of-Interest Disclosure Statement. The Conflict-of-Interest Disclosure Statement shall also be reviewed by the chair of the board. Any issues not previously disclosed shall be referred by her or him to the board or appropriate committee. The Conflict-of-Interest Disclosure Statements shall be retained in the confidential files of the office of the board of GSDSW.