Habitat for Humanity of Georgia
POLICIES AND PROCEDURES

SUBJECT: Conflict of Interest Policy

RESPONSIBLE COMMITTEE: Executive

PURPOSE:

> To establish SSO policy as it relates to potential conflict of interests applicable to directors and employees of the corporation.

POLICY:

1. Because a director and employee must act in the best interest of the corporation, it is necessary to disclose any facts that may cause the director or employee to be unable or appear to be unable to fully fulfill his or her duty of loyalty to the corporation.

2. An actual or potential conflict of interest occurs when a director or employee is in a position to influence a decision that may result in a direct or indirect personal gain for the director or employee or his/her immediate family. Immediate family is defined as spouse, parent, legal guardian, child, sibling, mother-in-law, father-in-law, son-in-law., daughter-in-law, spouse's child or sibling, grandparents and grandchildren.

Common examples of conflicts of interest are:

a. *Financial interest by board member*. A conflict of interest could occur if a board member votes for example on a contract for the sale of land to the SSO by an entity that is owned by the board member or provides services to a SSO in exchange for payment. Conflicts of interest can also arise when establishing compensation or benefits for officers, directors, or trustees.
b. *SSO employees.* Certain employees have duties of care and loyalty to the SSO. These would be employees that are responsible for making decisions regarding the operations of the SSO. Such people may include the Executive Director of the SSO, committee members who are not also board members and any staff of the SSO who may make decisions for the SSO. These employees should be included in the conflict of interest policy. This means that they should be required to report any conflicts to the board as they may arise.
c. *Private benefit, private inurement, and self-dealing.* This happens when an individual enters into an arrangement with the nonprofit and receives benefits greater than what he or she provides in return. Such individuals may be high-level managers, board members, founders, major donors, highest paid employees, family members of any of the aforementioned, and a business where the listed persons own more than a 35 percent interest. The IRS refers to such individuals as referred to as "disqualified persons." Private benefit, private inurement, and self-dealing are defined by the IRS as unacceptable practices for nonprofit tax-exempt organizations. The underlying principle is if a nonprofit organization is organized to benefit an individual, even while fulfilling its tax-exempt purpose, it cannot be a tax-exempt organization. Violation of these rules could lead to sanctions (significant excise taxes) and loss of

an organization's non-profit status. The most common example of private inurement is excessive compensation for board members.

d. *Gifts*. Gifts to a board member from a third party vendor who also does business with the board member's company, e.g. a roofing company that a board member's company sub-contracts on a regular basis sends the board member a gift.

e. *Nepotism*. Nepotism may arise in several situations. These include:
    1. The board wants to elect the spouse or child of a director to the board;
    2. A director wants to apply for a job with the SSO;
    3. A director or a close relative of a director wants to apply for a Habitat house;
    4. A director wants to get a job with the SSO for his or her child or spouse; or
    5. The SSO wants to hire the relative of a current employee.

f. *Corporate Opportunity*. It is also a potential conflict of interest if a director takes advantage of a business opportunity that rightfully belongs to the SSO.

g. *Outside employment*. It would be a conflict of interest for a key employee of the SSO to take a job with another entity if whereby the interests of one job contradict another. For example, an executive director or development director works with two nonprofits that have competing interests.

3. Any director or employee must disclose any actual or potential conflict of interest when the corporation considers a transaction. Once identified, the affected director or employee will recuse themselves from the issue at hand.

4. Director's and employees will disclose annually at each annual board meeting any potential conflicts of interest using the attached disclosure form.

BOARD APPROVED:
REVISED:

Conflict of Interest Disclosure Form

This Conflict of Interest Disclosure Form is intended to assist directors and employees in satisfying ethical considerations of operating the corporation.

All directors and employees are required to disclose potential conflicts below and agree to recuse themselves from discussion and/or voting on a potential conflict of interest matter. This also applies to situations which could cause or create an *appearance* of impropriety.

An actual or potential conflict of interest occurs when a director or employee is in a position to influence a decision that may result in a direct or indirect personal gain for the director or employee or his/her immediate family. Immediate family is defined as spouse, parent, legal guardian, child, sibling, mother-in-law, father-in-law, son-in-law., daughter-in-law, spouse's child or sibling, grandparents and grandchildren.

Disclosure

I, ____________________________ disclose the following potential conflicts of interest. If none, so state and sign below:

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Signature   Date