

## Habitat for Humanity of the Middle Keys, Inc. Conflict of Interest Policy

Adopted: February 21, 2022

Last Revised: February 2022

### **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 Habitat for Humanity of the Middle Keys' operations in order to protect the reputation, operations, and resources of Habitat for Humanity of the Middle Keys. This policy applies to all Habitat for Humanity of the Middle Keys representatives, such as members of the board of directors, officers, employees, interns, AmeriCorps members, contractors and volunteers. Habitat for Humanity of the Middle Keys therefore adopts the following policy to address the actual or potential conflicts of interest that may arise.

### **Background**

Habitat for Humanity of the Middle Keys representatives have a duty to act in the best interest of Habitat for Humanity of the Middle Keys. Actual or potential conflicts of interest and related-party transactions can create reputational, financial, and legal risks Habitat for Humanity of the Middle Keys and must be avoided or managed in an effective way to ensure good governance and avoid even the appearance of impropriety.

### **Section 1: Habitat for Humanity of the Middle Keys' Expectations Related to Conflicts of Interest**

A Habitat for Humanity of the Middle Keys representative has an actual or potential conflict of interest if they are in a position to influence a decision where they also have the potential for personal benefit in the Habitat for Humanity of the Middle Keys transaction because of the existence of a Related Party relationship (as described below in Section 1, Part A). Common examples of instances where Related Party relationships may lead to potential conflicts of interest are described in Section 2.

#### **A. Defining Related Parties and Personal Benefit**

When evaluating whether an actual or potential conflict of interest may exist, a Habitat for Humanity of the Middle Keys representative is considered to have the potential for personal benefit in a transaction when it impacts them directly or indirectly through a related party involving family, close friends, business, or investments. An individual, group or business that is related (in some way) to a Habitat for Humanity of the Middle Keys representative is considered a "Related Party." Common examples of Related Parties that may lead to personal benefit include:

1. A close family member of a Habitat for Humanity of the Middle Keys representative, such as a:
  - a. Spouse.
  - b. Parent.
  - c. Sibling.
  - d. In-law
  - e. Child.
  - f. Grandchild.
  - g. Other family members, such as aunts, uncles, nieces, and nephews.
  - h. Any other individual sharing the same home as the Habitat for Humanity of the Middle Keys representative.
2. A close personal friend of a Habitat for Humanity of the Middle Keys representative where the relationship could exert undue influence on either party.
3. An entity where a Habitat for Humanity of the Middle Keys representative (or their family member or close personal friend) is a director, officer, general partner, agent or staff member.
4. An individual with whom a Habitat for Humanity of the Middle Keys representative or family member has a business relationship (i.e., general partner, principal, or employer).

5. An entity where a **Habitat for Humanity of the Middle Keys** representative (or their family member or close personal friend) is a principal officer, decision-maker or financial beneficiary.
6. An entity where a **Habitat for Humanity of the Middle Keys** representative (or their family member or close personal friend) owns at least 5% of the voting stock or controlling interest (or has any other substantial interest or dealings).

## **B. Duty to Disclose Conflicts of Interest**

Any **Habitat for Humanity of the Middle Keys** representative who has an actual or potential conflict of interest involving any **Habitat for Humanity of the Middle Keys** transaction, including but not limited to purchases, contracts, awards, leases, hiring, board appointments, homeowner selection or other transactions (including the administration of any of them) involving the **Habitat for Humanity of the Middle Keys** organization, must do the following to manage the conflict of interest and protect the interests of all parties:

1. **Habitat for Humanity of the Middle Keys Board Members and Officers:**
  - a. You 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.
  - b. 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 regarding whether to proceed with the transaction.
  - c. After disclosure, you must not participate in any discussion of the transaction and must abstain from voting on the matter. You should also ensure that your absence from the meeting and discussion (as well as your abstention from the vote) are recorded in the board minutes.
2. **Habitat for Humanity of the Middle Keys Employees and Key Volunteers:**
  - a. You must disclose the existence of the conflict of interest to your immediate supervisor as soon as possible after the conflict arises.
  - b. You must not participate or engage in any business transaction on behalf of **Habitat for Humanity of the Middle Keys** when you have an actual or potential conflict of interest.

## **C. Protocols to Manage Conflicts of Interest**

Each actual or potential conflict of interest should be individually evaluated so that **Habitat for Humanity of the Middle Keys** makes an informed decision regarding whether to proceed with the transaction, by weighing any benefits of the transaction against possible reputational risks to the organization.

1. **Habitat for Humanity of the Middle Keys Board Members and Officers:**
  - a. The **Habitat for Humanity of the Middle Keys** representative may make a presentation at the board meeting about their actual or potential conflict of interest. After the presentation, they shall leave the meeting during the discussion of, and any votes or decisions on, the transaction involving the possible conflict of interest.
  - b. If appropriate, the chairperson of the board will appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - c. After exercising due diligence, the board shall determine whether **Habitat for Humanity of the Middle Keys** can obtain (with reasonable efforts) a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
  - d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board shall assess by a majority vote of the disinterested directors (with a quorum present) whether the transaction is:
    - i. In **Habitat for Humanity of the Middle Keys**' best interest.
    - ii. For its own benefit.
    - iii. Whether it is fair and reasonable.Based on the above assessment, the board it shall make its decision as to whether to enter into the transaction.
2. **Habitat for Humanity of the Middle Keys Employees and Key Volunteers:**

- a. The supervisor of employees and key volunteers with a potential or actual conflict of interest must acknowledge receipt of the disclosed conflict of interest in writing and then work with the board to ensure that adequate safeguards are put in place to protect the interests of all parties involved in the given situation.

#### **D. Consequences for Inappropriately Disclosed or Managed Conflicts of Interest**

Failure to appropriately disclose or manage actual or potential conflicts of interest can cause reputational damage to the Habitat for Humanity brand and can lead to fraud. Violation of this Conflict of Interest policy may result in disciplinary proceedings, up to and including termination of the individual's employment or relationship with Habitat for Humanity of the Middle Keys.

### **Section 2: Areas of Conflicts of Interest**

Common areas where actual or potential conflicts of interest arise in the Habitat network include hiring, board appointments, purchases, contracts, awards, selection of Habitat for Humanity of the Middle Keys homeowners or other beneficiaries and other Habitat for Humanity of the Middle Keys transactions. All potential and actual conflicts of interest should be managed in accordance with the protocols as described in Section 1 and the further details provided below.

#### **A. Corporate Opportunity**

Corporate Opportunity occurs if an opportunity comes to a Habitat for Humanity of the Middle Keys representative's attention because of their position with Habitat for Humanity of the Middle Keys. In such a case, it would be a clear violation of the duty of loyalty for the individual to take advantage of the transaction without first offering the opportunity to Habitat for Humanity of the Middle Keys.

1. There is a potential conflict of interest if a Habitat for Humanity of the Middle Keys representative takes advantage of a business opportunity that rightfully belongs to Habitat for Humanity of the Middle Keys. All such conflicts must be disclosed and managed in accordance with this policy.

#### **B. Private Inurement**

Private inurement, private benefit or self-dealing occurs when a Habitat for Humanity of the Middle Keys representative benefits financially, personally or in some other manner from Habitat for Humanity of the Middle Keys or Habitat for Humanity of the Middle Keys' work.

1. When an individual enters into an arrangement with Habitat for Humanity of the Middle Keys and receives benefits greater than what they provide in return creates a conflict of interest. Such individuals may be high-level managers, board members, founders, major donors, highest paid employees, or family members of the aforementioned and a business where the listed persons own more than a 5% interest.
2. 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.
3. The most common example of private inurement is excessive compensation for board members.

#### **C. Nepotism**

Nepotism occurs when an individual uses their power or influence in a particular situation to favor their relatives or friends. In the Habitat for Humanity context, the potential for nepotism arises in situations such as employment, board appointments, and selection of Habitat for Humanity of the Middle Keys homeowners or beneficiaries.

1. **Hiring:** Habitat for Humanity of the Middle Keys does not prohibit the employment of or the volunteering of relatives (as described above in Section 1, Part A) or other persons with close personal relationships to current Habitat for Humanity of the Middle Keys representatives. However, to guard against perceptions of favoritism and to ensure a fair and impartial hiring process and work environment, the following must occur:
  - a. 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.
  - b. Family members cannot report to each other to minimize the likelihood of conflict, discomfort or mistrust by other staff. This includes instances where family members would be in the same reporting line, such as when one family member's supervisor would report to another family member.
  - c. Family members cannot be in positions where they are making decisions that affect their own family members (e.g., salary setting, hiring, promotions, time off).
  - d. To ensure effective stewardship of funds, family members cannot be in positions where opportunities exist to approve financial transactions of other family members (e.g., purchases, travel advances, reimbursements).
  - e. Employees who are related should not be in significant management positions within the same department.

There may be some specific jobs which, by their nature, should not be filled by anyone with family members working for Habitat for Humanity of the Middle Keys.

In addition, any individual who is a Habitat for Humanity of the Middle Keys beneficiary or is related to a Habitat for Humanity of the Middle Keys beneficiary should disclose the relationship in writing prior to their employment with or service to Habitat for Humanity of the Middle Keys.

2. **Homeowner or Other Beneficiary Selection and Board Appointment:** A conflict of interest may exist where the family member or close personal friend of a Habitat for Humanity of the Middle Keys representative is being considered for selection as a Habitat for Humanity of the Middle Keys homeowner or other beneficiary or to be appointed to the Habitat for Humanity of the Middle Keys board. Such potential conflicts of interest should be managed in accordance with the protocols described in Section 1, Part C.

#### **D. Business Gifts and Entertainment**

Business-related gifts to Habitat for Humanity of the Middle Keys representatives (including services, discounts, entertainment, travel, meals, promotional materials or samples) must be examined individually and with a bias against the activity. A Habitat for Humanity of the Middle Keys representative or their family must not accept gifts from an actual or potential supplier, vendor, donor, beneficiary, business, or from professional persons with whom they carry out or to whom they may refer Habitat for Humanity of the Middle Keys business, or from anyone acting on their behalf, unless the following conditions are met:

1. The gift is sent to the workplace, not home.
2. The gift is occasional and valued at no more than \$50; If valued at more than \$50, the gift must be made available in a team space or common area for others to share (e.g., fruit baskets, boxes of candy).
3. Meals and other business entertainment (such as attending an event with a current or potential Habitat for Humanity of the Middle Keys donor) are subject to the same standard and should be modest, infrequent and, to the extent possible, on a reciprocal basis. Any meals or entertainment which have the potential to exceed these conditions must be disclosed in advance and evaluated for appropriateness according to the protocols described in Section 1, Part B.

No Habitat for Humanity of the Middle Keys representative should solicit any personal gifts, gratuities or favors (such as employment of a family member) from existing or potential vendors.

## **E. Outside Personal Business Interests and Employment**

Any outside personal activity that interferes with or influences the performance of a Habitat for Humanity of the Middle Keys representative's duties for Habitat for Humanity of the Middle Keys, divides their loyalty, allows for a possible conflict of interest, or results in a situation involving double compensation is prohibited.

A Habitat for Humanity of the Middle Keys representative must not accept payment from another organization or individual for doing work that Habitat for Humanity of the Middle Keys pays them to do in the course of their service. For example, if a fee or gift is offered to a Habitat for Humanity of the Middle Keys representative for the preparation or delivery of a presentation about Habitat for Humanity of the Middle Keys (or any aspect of its operations), the fee or gift should either be declined or transferred directly to Habitat for Humanity of the Middle Keys.

For Habitat for Humanity of the Middle Keys employees, outside business activities such as simultaneous employment, financial interests (such as those described in the scenarios detailed in Section 1, Part A) and personal service on public bodies (other than outside Board service described in Section I ) may be acceptable provided that all of the following conditions are met:

1. The business activity is disclosed to Habitat for Humanity of the Middle Keys.
2. The Habitat for Humanity of the Middle Keys employee's ownership and/or participation in the business is minimal and does not interfere with their Habitat for Humanity of the Middle Keys responsibilities.
3. No competitive or other commercial relationship exists between the Habitat for Humanity of the Middle Keys employee's outside business activity and Habitat for Humanity of the Middle Keys.

Ownership of securities in a publicly traded company with which Habitat for Humanity of the Middle Keys does business will not be a conflict of interest if the ownership interest is minimal.

## **F. Procurement**

Purchasing decisions must be managed in accordance with this policy and with the Habitat for Humanity of the Middle Keys Procurement Policy.

1. A Habitat for Humanity of the Middle Keys employee, officer or board member who has any influence on, or interest in, transactions involving purchases, contracts or leases by Habitat for Humanity of the Middle Keys is required to disclose any possible conflict of interest to their immediate supervisor or the board of directors, as applicable, and remove themselves from all decision-making related to the transaction using the protocols described in Section 1 of this policy.
2. Any individual with procurement and purchasing commitment or payment authority under the Habitat for Humanity of the Middle Keys delegation of authority matrix or who is involved in any way with the procurement and purchasing of goods and services: (i) must disclose to their supervisor any actual or potential conflict of interest with any of the Preferred Vendors (as defined in Habitat for Humanity of the Middle Keys' Procurement Policy); and (ii) is prohibited from any involvement in the procurement process in which they have a conflict.
3. Items or services must not be procured from a parent, affiliated organization or subsidiary organization if the Habitat for Humanity of the Middle Keys entity is unable or appears to be unable to be impartial in conducting the procurement action.
4. If further guidance is needed about conflicts or procurement actions, Habitat for Humanity of the Middle Keys employees can submit a free and confidential or anonymous question via the Habitat Ethics and Accountability Line. This resource can be accessed online or via telephone 24 hours a day, seven days a week at the contact information shown below in Section 4.

## **G. Use of Habitat for Humanity of the Middle Keys Suppliers or Resources**

If a Habitat for Humanity of the Middle Keys representative has occasion to use Habitat for Humanity of the Middle Keys suppliers or contractors for personal business, they are expected to personally pay full market value for services rendered and materials provided. Similarly, if a Habitat for Humanity of the Middle Keys representative uses Habitat for Humanity of the Middle Keys' resources for personal business or other personal purposes, they are expected to reimburse Habitat for Humanity of the Middle Keys for the full market value of those resources. *(Note: Occasional personal use of certain Habitat for Humanity of the Middle Keys resources – such as computers or printers - may occur without triggering the need for such reimbursement.)*

## **H. Hiring of Habitat for Humanity of the Middle Keys Board Members**

1. There is a potential conflict of interest if a Habitat for Humanity of the Middle Keys board member applies for an employment position with the Habitat for Humanity of the Middle Keys entity on which they serve as board member. All open Habitat for Humanity of the Middle Keys job positions should be publicly advertised in compliance with applicable labor laws (such as those related to equal employment opportunities). As part of the external recruiting process, any Habitat for Humanity of the Middle Keys board member who wishes to be considered for employment must resign from the board prior to submitting an application for employment, which should be considered as part of the broader pool of qualified applicants.
2. In addition, a board member cannot apply for any position for which they helped design the position description, joined in recruitment activities, or participated in discussions related to establishing the compensation and benefits.

## **I. Outside Board Service**

In certain instances, a Habitat for Humanity of the Middle Keys representative may be asked by Habitat for Humanity of the Middle Keys to serve on the board of another organization (either another Habitat organization or an unrelated organization) as part of their scope of Habitat for Humanity of the Middle Keys job responsibilities. In such instances, where a Habitat for Humanity of the Middle Keys representative is specifically designated to serve on Habitat for Humanity of the Middle Keys' behalf, their duty of loyalty is divided between the board and Habitat for Humanity of the Middle Keys. Guidance for how to manage such a situation is available on MyHabitat and/or through legal counsel.

An employee must obtain their supervisor's approval before agreeing to serve on Habitat for Humanity of the Middle Keys' behalf on an outside board of directors. Approval must then be reported to the Chief Executive Officer/Executive Director. Any fees for outside board service should either be declined or paid to Habitat for Humanity of the Middle Keys.

## **Section 3: Annual and Additional Disclosures**

1. In addition to the transaction-specific disclosures described in Section 1, all Habitat for Humanity of the Middle Keys board members, officers, and key members of management must complete and sign an annual Conflict of Interest Disclosure Questionnaire to disclose any actual or potential conflicts that would affect their role and/or to reaffirm that they have no conflicts of interest. Although board members, officers, and key members of management must sign the annual disclosures, you may consider requiring additional affiliate representatives to also sign annually. Refer to Appendix A.
2. In connection with any federal award (or where otherwise required by a grantor or an awarding agency), Habitat for Humanity of the Middle Keys will disclose in writing to the same entity any potential conflict of interest that may impact the funding received from that awarding agency, in accordance with its

awarding agency policy or the relevant grant agreement.

**Section 4: Other Considerations**

1. Any suspected violations of this policy may be reported through the procedures outlined in the **Habitat for Humanity of the Middle Keys** Employee Handbook or through the anonymous Habitat Ethics and Accountability Line at 1-800-461-9330 or online at [heal.habitat.org](http://heal.habitat.org). When making the report online, click the Get Started button under the Report an Incident section.
2. Violation of this Conflict of Interest policy may result in disciplinary proceedings, including without limitation, dismissal.

This Habitat for Humanity of the Middle Keys Conflict of Interest policy has been reviewed and approved by the Board of Directors at its regular board meeting on FEBRUARY 21, 2022.

**REVISION/REVIEW HISTORY**

DATE	EXPLANATION
February 21, 2022	Reviewed by Executive Director and Approved by Board of Directors on this day.
January 2022	Executive Director updated Conflict of Interest Policy to align with Template provided by Habitat for Humanity International which was modified October 20, 2021 (located in My.Habitat.org)
September 2021	Renamed the MySafeWorkplace® Ethics and Compliance Portal to Habitat Ethics and Accountability Line.
January 12, 2012	Reviewed by Executive Director and Approved by 2012 Board of Directors on this day.

2.21.2022 signed by Board of Director Secretary: Dianne Weitz *Dianne Weitz*