

CONFLICT-OF-INTEREST POLICY

The Capital Area Food Bank (CAFB), as a non-profit, tax-exempt organization, depends on the public trust for its effectiveness and financial stability. It also depends on maintaining its tax-exempt status. Therefore, CAFB's operations must fulfill all legal requirements, and meet the government's and public's expectations, regarding actual or potential conflicts of interest.

Consequently, there exists between CAFB and its Board of Directors, officers, and employees a fiduciary duty that carries with it a broad and unbending duty of loyalty and fidelity. The Board, officers, and employees are responsible for administering the affairs of CAFB honestly and prudently, and for exercising their best care, skill, and judgment for CAFB's sole benefit. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with CAFB or knowledge gained therefrom for their personal benefit. The organization's interests must have the first priority in all decisions and actions related to it.

I. HIGH-LEVEL STATEMENT OF POLICY

The CAFB's policy is that anyone who may have a potential conflict of interest must disclose that conflict to the appropriate CAFB authority. If the authority determines that there is an actual conflict of interest, the conflicted person must recuse him or herself from any deliberations or decisions about any transactions or arrangements that may be tainted by the conflict. The Executive Committee in its capacity to act for the Board of Directors will make the final determination whether to proceed with a conflicted transaction or arrangement.

This document contains detailed procedures that apply to the Board of Directors, officers, and Key Management Personnel (as defined below). The Employee Handbook contains a separate policy that applies to other employees.

II. RELEVANT PERSONS

This policy applies to members of the Board of Directors, officers, and Key Management Personnel. "Key Management Personnel" includes any manager who reports directly to the Chief Executive Officer and any other employee who is in a position to exercise substantial influence over CAFB's affairs at any time. Key Management Personnel includes (without limitation) the Chief Executive Officer, the Chief Financial Officer, the Controller, and other personnel designated by the Executive Committee after consultation with the Chief Executive Officer.

III. GENERAL AREAS IN WHICH AN ACTUAL OR POTENTIAL CONFLICT OF INTEREST MIGHT ARISE

A. Conflicts of interest may arise in the relations of directors, officers, and Key Management Personnel with any of the following third parties (and regardless of whether remuneration of any kind is paid or received):

- Persons and firms supplying goods and services to CAFB;
- Persons and firms from whom CAFB leases property and equipment;
- Persons and firms with whom CAFB is dealing or planning to deal in connection with the gift, purchase, or sale of real estate, securities, money or other property;
- Competing or affinity organizations;
- Donors of goods, services, or money and others supporting CAFB;
- Recipients of grants of goods, services, or money from CAFB; and
- Agencies, organizations, and associations that affect CAFB's operations.

B. A material, conflicting interest may be defined as an interest, direct or indirect, with any persons and firms mentioned in Paragraph III.A. Such an interest might arise, for example, through:

- Owning stock or holding debt or other proprietary interests in any third party dealing with CAFB;
- Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) by any third party dealing with CAFB;
- Receiving remuneration for services with respect to any transaction involving CAFB;
- Using CAFB's time, personnel, equipment, supplies, or good will other than for approved CAFB activities, programs, and purposes; or
- Receiving personal gifts or loans from third parties dealing with CAFB. Receipt of any gift is disapproved except gifts of nominal value that could not be refused without discourtesy. No personal gift of money should ever be accepted.

C. Interpretation of This Section III

The areas and relationships of conflicting interest listed in this Section III are not exhaustive. Conceivably, conflicts might arise in other areas or through other relations. It is assumed that the Board of Directors, officers, and Key Management Personnel will recognize such areas and relation by analogy.

The fact that one of the interests described in this Section III exists does not mean necessarily that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances that it is necessarily adverse to CAFB's interests.

However, it is the policy of the Board of Directors that the existence of any of the interests described in this Section III shall be disclosed on a timely basis and always before any transaction is consummated. It shall be the continuing responsibility of the Board of Directors, officers, and Key Management Personnel to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

IV. SPECIFIC, POTENTIAL CONFLICTS OF INTEREST

There are three specific, potential conflicts of interest that the Board of Directors has evaluated and for which it has established specific guidelines: (1) Board members who are employed by, or sit on the board of, a CAFB partner agency; (2) Board members who are employed by food retailers or wholesalers that provide food, services, or other support to CAFB; and (3) Board members who are owners, officers, partners, or employees of organizations that donate goods, services, or money to CAFB.

A. Board Members Who Are Employed By a CAFB Partner Agency

CAFB's Board of Directors recognizes the important contribution that employees of partner agencies can make to the Board of Directors and CAFB. Consequently, the Board of Directors has determined that, so long as the relations between CAFB and the partner agency whose employee sits on CAFB's Board of Directors are typical of those between CAFB and partner agencies who have no employees sitting on CAFB's Board of Directors, the business dealings between CAFB and the partner agency whose employee sits on CAFB's Board of Directors need not be subject to Board scrutiny.

If CAFB and the partner agency whose employee sits on CAFB's Board of Directors wish to enter into an atypical arrangement, such arrangement must be submitted for consideration to the Executive Committee in accordance with Section V below.

B. Board Members Who Are Employed By Food Retailers or Wholesalers That Provide Food, Services, or Other Support to CAFB

CAFB's Board of Directors recognizes the important contribution that employees of food retailers or wholesalers can make to the Board of Directors and CAFB. Consequently, the Board of Directors has determined that, so long as the relations between CAFB and the food retailer or wholesaler whose employee sits on CAFB's Board of Directors are typical of those between CAFB and food retailers or wholesalers who have no employees sitting on CAFB's Board of Directors, the business dealings between CAFB and the food retailer or wholesaler whose employee sits on CAFB's Board of Directors need not be subject to Board scrutiny.

If CAFB and the retailer or wholesaler whose employee sits on CAFB's board wish to enter into an atypical arrangement, such arrangement must be submitted for consideration to the Executive Committee in accordance with Section V below.

C. Board Members Who Are Owners, Officers, Partners, or Employees of Organizations That Donate Goods, Services, or Money to CAFB.

CAFB's Board of Directors recognizes that organizations with which Board members are affiliated through ownership or employment donate goods, services, and money to CAFB. These contributions are important to CAFB and can be part of a Board member's overall contribution to CAFB. Consequently, the Board of Directors has determined that, so long as (1) the contributions to CAFB from organizations with which Board members are affiliated through ownership or employment, and (2) CAFB's treatment of such organizations as a result of such contributions, are typical of those between CAFB and other donors of goods, services, or money, the contributions between CAFB and such organizations (and CAFB's treatment of such organizations as a result of such contributions) need not be subject to Board scrutiny.

If CAFB and an organization with which a Board member is affiliated through ownership or employment wish to enter into an atypical arrangement, such arrangement must be submitted for consideration to the Executive Committee in accordance with Section V below.

V. PROCEDURES

A. Duty To Disclose

Any person covered by this policy must disclose the existence of a potential conflict of interest along with material facts to the Chairman of the Board or the CEO as soon as the person becomes aware of the potential conflict. It is especially

important that any potential conflicts be disclosed before CAFB enters into any transaction or arrangement that could be tainted by the conflict.

B. Determining Whether a Conflict of Interest Exists

The CEO and Chairman shall jointly determine whether a potential conflict of interest represents a true conflict of interest for further evaluation by the Executive Committee. They will report all disclosed conflicts of interest and their determinations to the Executive Committee and the Executive Committee may accept or reject such determinations. The CEO and Chairman may consult with legal counsel as they deem appropriate or necessary.

C. Procedures for Addressing the Conflict of Interest

- (1) General Procedure: Decisions regarding transactions or arrangements that present conflicts of interest shall follow the normal process to make such a decision EXCEPT THAT the final decision shall be made by the Executive Committee.
- (2) When the Executive Committee meets to make a decision regarding a conflict of interest, an interested person may make a presentation to the Executive Committee regarding the proposed transaction or arrangement that gives rise to a conflict of interest. However, the interested person shall leave the Executive Committee meeting before discussion of the transaction or arrangement, including any vote related thereto.
- (3) In its deliberations, the Executive Committee shall determine whether CAFB 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. If appropriate, the Executive Committee may appoint, or designate the Chairman to appoint, one or more non-conflicted individuals to investigate alternatives to the proposed transaction or arrangement. These individuals may be Board members, staff members, or qualified outsiders.
- (4) If a more advantageous transaction or arrangement is not reasonably possible under circumstances without a conflict of interest, the Executive Committee shall determine whether the transaction or arrangement is in CAFB's best interest and whether it is fair and reasonable to CAFB. In conformity with the above determination, the Executive Committee shall make its decision as to whether to authorize CAFB to enter into the transaction or arrangement. Per paragraph (2) above, the

interested person shall not be present when these determinations are made.

- (5) The Executive Committee may consult with legal counsel as it deems appropriate or necessary.

D. Conflicts Regarding Compensation

- (1) A voting member of the Board of Directors or of a Committee who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to that member's own compensation. In addition, any such member shall exit any meeting before a discussion of that member's compensation.
- (2) Voting members of the Board or a Committee who are precluded from voting on their own compensation per paragraph V.D.(1) above are permitted to provide information to the Board or Committee about their compensation before exiting the meeting and are permitted to participate in discussions regarding compensation of other members. Notwithstanding the foregoing, the Board Chairman or relevant Committee chairman may determine that a member may not participate in the discussion or vote on the compensation of other members whose compensation is subject to very similar considerations.

E. Violations of the Conflicts-of-Interest Policy

- (1) If the Chairman or CEO has reasonable cause to believe a member of the Board of Directors, an officer, or a member of Key Management Personnel has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford that person an opportunity to explain the alleged failure to disclose.
- (2) If, after hearing that person's response and after making further investigation as warranted by the circumstances, the Chairman or CEO determines the person has failed to disclose an actual or possible conflict of interest, it shall recommend appropriate corrective action to the Executive Committee, which will then determine what, if any, action to take, including disciplinary action. The Executive Committee shall inform the full Board of Directors of any action taken. In certain instances, the Executive Committee's recommended action may require

the Board's approval, in which case the recommended action shall be submitted to the Board for its consideration and approval.

- (3) The Chairman, CEO, and Executive Committee may consult with legal counsel as each deems appropriate or necessary.

F. Records of Proceedings

The Board of Directors and its committees shall include in their minutes names of individuals who disclosed potential conflicts of interest, the determination of whether it was an actual conflict, and any actions taken to address an actual conflict of interest, including clear records of who was present for discussions and votes.

VI. ANNUAL STATEMENTS

Each Board member, officer, and member of Key Management Personnel shall annually sign the statement attached hereto as **Exhibit A**.

Adopted by the Board of Directors: October 27, 2015

**EXHIBIT A:
CONFLICT-OF-INTEREST DISCLOSURE STATEMENT**

Please (1) initial in the space at the end of Item A or Item B, whichever is appropriate; (2) if you initialed the space at the end of Item B, you must complete the balance of the form (attach additional pages if necessary); (3) regardless of whether you initialed Item A or Item B, sign and date the statement and return it to the Chairman of the Board of Directors or the CEO.

A. I have read the Conflict-of-Interest Policy, understand it, and agree to comply with it. I am not aware of any relationship or interest or situation involving my family* or myself that might result in, or give the appearance of being, a conflict of interest between such family member or me on the one hand and the Capital Area Food Bank on the other.

Initials: _____

B. I have read the Conflict of Interest Policy, understand it, and agree to comply with it. The following are relationships, interests, or situations involving me or a member of my family that might result in or give the appearance of being an actual, apparent, or potential conflict of interest between such family members or myself on the one hand and the Capital Area Food Bank on the other.

Initials: _____

* Family is defined as parents, siblings, spouse or domestic partner, children (biological or adopted), grandchildren, in-laws and any other member of the household

Corporate (either nonprofit or for-profit) directorships, positions, and employment:

Memberships in the following organizations:

Contracts, business activities, and investments with or in the following organizations:

Other relationships and activities:

My primary business or occupation at this time:

I have read and understand the Capital Area Food Bank's conflict-of-interest policy and agree to be bound by it. I will promptly inform the Chairman of the Board of Directors of the Capital Area Food Bank of any material change that develops in the information contained in the foregoing statement.

Name: _____

Signature: _____

Date: _____