

SR. 2.2.5: Conflicts of Interest

(a) Preamble. Every person elected or appointed to a position of authority in an organization has a duty of loyalty to, and must act in the interests of, that organization. A conflict of interest is a situation that exists when someone's loyalty may be divided between the first organization and a second person or organization. No one should be faulted merely because a conflict of interest situation exists. A problem arises only when someone takes action related to the conflict. A person in a conflict of interest situation may act appropriately by respecting his/her duty of loyalty, or may act inappropriately by violating it. It is the action – the behavior – that is or is not appropriate.

(b) General Policy. As part of their duty of loyalty to the Club, volunteers and staff have an obligation and responsibility (i) to disclose any conflict or potential conflict of interest on any issue promptly as such conflict arises, (ii) to abstain from participation in FINAL deliberations and decisions concerning that issue, and (iii) to abstain from public comment upon that issue.

(c) Definition.

(i) A conflict of interest situation exists when any volunteer or staff member, or said person's immediate family, or any party, group or organization to which said person has allegiance, has a direct or indirect financial or other material interest in a proposed contract, transaction, or arrangement with the Club, or in a policy or position of in the Club.

(ii) An interest in holding an elected or appointed Club volunteer leadership position does not constitute or create the appearance of a conflict of interest. A person seeking appointment or election to such a position may properly deliberate and vote on the setting of rules of general application for the appointment or election process, endorsements for the position, and on the appointment or election itself.

(iii) Club volunteer leaders are responsible for self-identifying those individuals that the volunteer considers to be "immediate family members" in this policy.

(d) Applicability. This policy applies to all volunteers, including volunteer leaders who are authorized to vote in the decision of any Club entity at the group, chapter, committee or national level, to all volunteers who are authorized to speak on behalf of the Club, and to all staff, including staff of chapters, groups or committees, and including all independent contractors.

(e) Existence of a Conflict of Interest Situation.

(i) When there is a doubt as to whether a conflict of interest situation exists, the matter shall be resolved by a vote of the authorized voting members of the Club entity involved, with the person concerning whose situation the doubt has arisen present, but not voting or, in the case of any staff member, by the Executive Director. The Board of Directors is the final arbiter on all matters involving conflict of interest situations.

(ii) When there is disagreement on whether a conflict of interest exists, the Club entity involved in the decision making process resolves that question by a separate vote on each matter and each individual who is argued to have a conflict. If more than one individual is argued to have a factually indistinguishable conflict of interest, the Club entity may resolve the question by a single vote on whether a conflict exists as to all such individuals. A conflict of interest will be found to exist only if a majority of the members of the Club entity who were present at the meeting when the disagreement arose votes that such a conflict exists.

(f) **Obligation to Disclose.** Disclosure shall be to the Club entity (group or chapter executive committee, internal or issue committee, or Board or other national entity) most directly involved or, in the case of staff, to the Executive Director. At least annually, or at the time the situation arises, all volunteer leaders and staff shall disclose any conflict of interest situation. At least annually, all volunteer leaders and staff members shall disclose any direct or indirect benefits that they are receiving or will receive as a result of agreements between the Club and any outside party. However, existence of a minor interest in pension fund investments and third party-managed funds shall not constitute a conflict of interest.

(g) **Obligation to Abstain from Deliberations.** When any such conflict of interest situation is relevant to a matter requiring action by any Club entity within which, or over which, the person concerned has any authority, decision-making role, or voice, the interested person shall call it to the attention of that entity and shall retire from the room in which the Club entity is meeting and shall not participate in the final deliberations regarding the matter. However, that person has the right to, and should, upon request, provide the Club entity with any and all relevant information they may have concerning the matter. Final deliberation means a discussion on the merits of a matter pending by motion before a Club entity.

(h) **Obligation to Abstain from Decision.** In any conflict of interest situation, the person concerned shall not vote or otherwise participate in any decision concerning that matter.

(i) **Documentation.** The minutes of the meeting of the Club entity shall reflect

that the conflict of interest was disclosed and that the interested person was not present during the final deliberation or vote and did not vote.

(j) **Obligation to Abstain from Public Statement.** No volunteer or staff member shall make any public statement, as a Club spokesperson, on any issue (internal or external) regarding which they may have a possible conflict of interest. All volunteers and staff shall refrain from public comment, as a Club spokesperson, about conflict of interest issues except as authorized by the President.

(k) **Notice and Review of Policy.** A copy of this conflict of interest policy shall be furnished to each volunteer leader and staff member who is presently serving the Club, or who may hereafter become associated with it. This policy shall be reviewed annually as a part of a meeting of each Club entity for the information and guidance of volunteer leaders, and any new volunteer leaders shall be advised of the policy upon undertaking the duties of their office. This policy shall be prominently included in the employment manual for all existing and new staff members.

[Note: This Standing Rule does not apply to concerns arising from attendance and participation at meetings by Club members who are not voting members of the Club entity at issue. For information on that topic, see Bylaw 5.14 and chapter and group bylaws regarding open meetings.]

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