

# Rotary International District 5030

## Policy on Conflicts of Interest and Code of Ethics

### Section 1: Applicability

This Policy on Conflicts of Interest and Code of Ethics shall apply to all Rotarians who serve as a District officer or on any District committee, and to any employee of the District. As used hereinafter, the term "Member" or "Members" refers to any such person or persons. The term "District" shall be understood to include the clubs of this District and the individual Rotarians who belong to those clubs.

### Section 2: Statement of Policy

1. The Members shall review the Conflicts of Interest policy annually at their first meeting of the year.
2. No Member shall use his or her position, or the knowledge gained therefrom, in such a manner that a conflict arises between the Member's personal interests and the interests of this District (which term is meant to include its clubs and the Rotarians who belong to those clubs, Rotary International, or The Rotary Foundation).
3. Each Member has a duty to place the interest of the District foremost in any dealings with the organization and has a continuing responsibility to comply with the requirements of this policy.
4. The conduct of personal business between a Member and the District is permitted only after full disclosure has been made and other Members involved agree that no conflict exists.
5. Loans or indirect extensions of credit by the District to a Member are prohibited.
6. If a Member has a financial interest in a proposed transaction with the District, the Member must make full disclosure of such interest to the District Governor or to the relevant committee chair before any discussion or negotiation of such transaction. If a Member is aware that another Member has an undisclosed potential conflict of interest in a proposed transaction with the District, he or she must inform the District Governor or to the relevant committee chair as soon as possible.
7. A proposed transaction covered by this conflicts of interest policy shall include any proposed decision by the Members, which if adopted, could affect the financial interests of a Member or a member of the Member's family, or an organization in which the Member is a trustee, director, owner, or officer.

8. Any Member who is aware of a potential conflict of interest with respect to any matter coming before the District or any of its committees may be excused by the District Governor or by the relevant committee chair and, if so excused, shall not be present for any discussion of or vote in connection with the matter. Any Member who is aware of a potential conflict of interest with respect to any matter coming before the District or any of its committees shall not cast a vote in connection with the matter. The existence and nature of the potential conflict of interest shall be recorded in the minutes of the meeting.
9. Each Member must disclose any family or business relationship that he or she has with another Member or employees of the District.

### **Section 3: Code of Ethics**

1. Members will adhere to applicable laws and regulations in the conduct of the District as well as in their personal lives. As a corporate business entity, the District is subject to the laws of the various jurisdictions in which it conducts business. The Members should adhere to applicable law in order to protect the assets and mission of the District. In addition, in conducting their private lives, Members should adhere to applicable laws in order to preserve and protect the positive image of Rotary.
2. Members will adhere to the provisions of the District's articles of incorporation and bylaws. Members have a legal obligation to follow the provisions of the District's articles of incorporation and bylaws. Adherence to the terms of these documents garners the trust of the Rotarians and assures that actions are taken consistent with Rotarians' expectations.
3. Members will adhere to the policies established by the District as stated in the District Policy Manual and the Policies of The Finance Committee. Such policies and procedures were adopted to further the aims of the District and to protect its mission. Many of these provisions are designed to assure good governance and promote an ethical image. Adhering to these policies demonstrates a commitment to these ideals while protecting the District.
4. Members will serve for the benefit of the District and its charitable purposes, as well as supporting the Object of Rotary. Members will follow the requirements of the Policy on Conflicts of Interest. Members have a duty of loyalty to the District, putting its interests first. The Conflicts of Interest Policy is designed to preclude even the appearance of any impropriety as to Member action, thus assuring continued confidence by Rotarians.
5. Members will not utilize their office for personal prestige and/or benefit. With the authority inherent in an office of importance comes access to special privileges not available to other Rotarians. Taking advantage of such privilege distracts from critical responsibilities and calls into question the commitment to the Objects of Rotary.
6. Members will exercise due care in the diligent performance of their obligations to the District. Members should perform their responsibilities with such care, including reasonable inquiry, as ordinarily prudent persons in like positions would use under similar circumstances.

7. Members will take actions based on essential fairness to all concerned. To maintain the confidence of Rotarians that Members act fairly and in the best interests the District, Members, in a manner consistent with the 4-Way Test, should weigh the potential impact of their decisions and treat equally all persons who will be affected.
8. Members will promote transparency of financial information. Members are the stewards of the District fund, acting on behalf of Rotary clubs and Rotarians. Rotarians have a right to access accurate information regarding the financial condition of the District. Transparency in financial operations encourages ethical behavior.
9. Members will prohibit and restrict the disclosure, communication, and utilization of confidential information. As part of their duty of loyalty, Members should utilize this information only for intended purposes, never for personal ones, and take precautions against accidental disclosure.
10. Members will comply with expense reimbursement policies. Following these procedures ensures compliance with applicable laws and avoid the appearance of impropriety.
11. Members will interact with other Members and all Rotarians in a professional and respectful manner. Members shall understand and abide by the District's and Rotary International's non-harassment policy.
12. Members will adhere to this Code of Ethics, encourage other Members to do so as well, and report any suspected or potential violations to an appropriate Member. The efficacy of this Code of Ethics is dependent on compliance of the Members. By self-monitoring and encouraging other Members to comply with the Policy, the Members can assure that the goals of the Policy will be accomplished.

#### **Section 4: Whistleblower Policy**

1. This Code of Ethics requires Members to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. All representatives of this District must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations
2. It is the responsibility of all Members to comply with the Code of Ethics and to report violations or suspected violations in accordance with this Whistleblower Policy.
3. No Member who in good faith reports a violation of the Code shall suffer harassment, retaliation, or adverse appointment or employment consequence. Any Member who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of appointment or employment. This Whistleblower Policy is intended to encourage and enable Members to raise serious concerns within the District.

4. The Code of Ethics encourages and suggests that Members share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, the District Governor is in the best position to address an area of concern. However, if a Member is not comfortable speaking with the District Governor or if the Member is not satisfied with the District Governor's response, such Member is encouraged to speak with either the Chair of the Council of Governors or the Chair of the Finance Committee.
5. Any Member filing a complaint concerning violations or suspected violations of the Code Ethics must act in good faith and have reasonable grounds for believing the information disclosed indicates violations of the Code. Any allegations that prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.
6. Violations or suspected violations may be submitted on a confidential basis by a Member. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.
7. The person receiving the report of violations or suspected violations shall acknowledge receipt of the reported violation or suspected violations to the reporting Member within ten business days.
8. The person receiving the report of violations or suspected violations, including the District Governor, the Chair of the Council of Governors, or the Chair of the Finance Committee, shall obtain all relevant information and take such corrective action as he or she deems appropriate, including providing counsel to the alleged violator and providing recommendations to the Members for corrective action.

## **Section 5: Implementation**

This Policy on Conflicts of Interest and Code of Ethics shall be distributed to and reviewed by Members at least annually. Each Member will annually acknowledge that he or she has read the Policy, understands it, and will comply with it.

This Policy on Conflicts of Interest and Code of Ethics will be made available to all District Rotarians upon request and will be published on the District web site.

# **Rotary International District 5030**

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### **Appendix 1: Stewardship of District Funds**

The District hereby adopts the following specific policies regarding stewardship of District funds:

1. Members recognize that the funds received from clubs and Rotarians reflect their hard work and dedicated support. These Rotarians have entrusted such funds to the Members with the faith and understanding that they will be used effectively and for the purposes for which they were given.
2. Therefore, the Members, acting in their capacity as stewards of these funds, stress the importance of proper fiscal management in any activities using such funds.
3. Members shall conduct all financial transactions with at least the level of standard business practice and always in consonance with the "Declaration of Rotarians in Business and Professions," in the full spirit of the Four Way Test, and with full adherence to the policies of the District Finance Committee.
4. Members shall demonstrate transparency in business transactions related to District funds by operating in a manner that avoids any actual or perceived conflict of interest.
5. District Governors shall create district fund budgets and district conference budgets following the principles of the 4-Way Test, meaning such budgets shall reflect the best estimates of revenues and expenses.
6. District Governors shall plan district conferences with budgets that have revenues equal to or greater than expenses. Such budgeting shall be conservative, meaning that revenues shall not include monies whose collection is not reasonably assured and expenses shall not exclude reasonably expected expenses.

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### Appendix 2: Conflict of Interest Policy for Rotary Foundation Program Participants

The following policies are adapted from Section 7.030 of the Rotary Foundation Code of Policies, and are hereby adopted as guidelines for this District.

#### General Statement of Policy

All individuals involved in a program grant and/or award shall conduct their activities in a way that avoids any actual or perceived conflict of interest. A conflict of interest is a relationship among individuals through which an individual involved in a program grant or award causes benefit, or could be perceived to cause benefit, for such individual or such individual's family, personal acquaintances, business colleagues, business interests, or an organization in which such individual is a trustee, director, or officer. This conflict of interest policy shall be applied in the following circumstances as specifically set forth below. The application of this conflict of interest policy shall not be limited to these circumstances.

#### Award Recipient Eligibility

1. Ineligible Persons, as defined below, shall not be candidates or award recipients or beneficiaries of any The Rotary Foundation (TRF) program, except for Group Study Exchange team leaders.
2. Ineligible Persons shall include Rotarians; honorary Rotarians; employees of clubs, districts, or other Rotary Entities (as defined in the *Rotary Code of Policies*) or of Rotary International (RI); spouses, lineal descendants (children or grandchildren by blood, legal adoption, or marriage without adoption), spouses of lineal descendants, or ancestors (parents or grandparents by blood) of persons in the foregoing categories; or employees of agencies, organizations, or institutions partnering with TRF or RI; and any other individual identified in TRF bylaws.
3. Former Rotarians and honorary Rotarians shall continue to be Ineligible Persons for a period of 36 months after termination of their membership. Persons who were Ineligible Persons based on their familial relationship to a former Rotarian or honorary Rotarian shall continue to be Ineligible Persons for a period of 36 months after termination of their family member's membership.

### **Impartiality of Selection Committees**

1. Rotarians who serve on a club or district-level selection committee for a TRF program are expected to exercise complete transparency in their familial, personal, or business relationships with an applicant and must notify the committee chair in advance of the selection process of any actual or potential perceived conflict of interest due to the committee member's association with a TRF program award candidate, for example, employees of the same firm or organization, members of the same Rotary club, or a member of the same club sponsoring an application, familial relationship, etc.
2. The selection committee chair will decide how and if that committee member should participate in the selection process for that one or all candidates with whom there is an actual or perceived conflict of interest. If the selection committee chair is the individual with an actual or perceived conflict of interest, the club board or the District Rotary Foundation Committee Chair, as appropriate, will decide how and if such chair should participate in the selection process for that one or all candidates with whom there is an actual or perceived conflict of interest.

### **Business Transactions with Vendors**

1. Before TRF, a Rotary district, a Rotary club, or a Rotarian conducts business transactions related to a TRF program award in which the vendor receives payment from a Rotary Entity, a fair, open and thorough request for proposals or bidding process must be conducted to ensure that the best services are secured at a reasonable cost, despite any connection between a vendor and a Rotary Entity. Possible conflicts of interest may arise when a Rotary Entity is considering business in which funds will be paid to a Rotarian; a goods and/or services provider owned or managed by a Rotarian, Honorary Rotarian, employee of a club, district, or other Rotary Entity or of Rotary International, Rotarian's spouse, lineal descendants (child or grandchild by blood, legal adoption, or marriage without adoption), spouses of lineal descendants, and ancestors (parent or grandparent by blood), or employees of agencies, organizations, or institutions partnering with TRF.
2. Examples of business relationships that may require further review to confirm that a Rotarian conflict of interest does not exist include business transactions with a partner nongovernmental organization, goods or services provider, insurance company, travel agency, shipping agency, study institution, language skills testing firm, etc.
3. Business transactions with individuals or entities with whom there is an actual or perceived conflict of interest can be completed upon approval of the District Governor if such transaction provides the best product or service at fair market value, as evidenced by a sales quote or offer obtained through a fair, open and thorough request for proposals or bidding process.
4. Any unresolved conflict of interest involving a program grant or award must be reported by a Rotarian or Rotary Entity involved to the District Governor, who is required to decide if a conflict of interest may exist for a particular case. If, upon review of the situation, the District Governor concludes that there is or has been a conflict of interest in the execution of a TRF program grant or award, the District Governor shall fashion an appropriate remedy.