

CONFLICT OF INTEREST POLICY

OF THE CALYX FOUNDATION

1. Purpose

The purpose of this Conflict-of-Interest Policy is to protect the integrity, independence, and reputation of the Calyx Foundation and to help ensure that decisions are made solely in the best interest of the organization and the communities it serves. A written conflict-of-interest policy is a core governance best practice for charitable organizations and is strongly encouraged for section 501(c)(3) public charities. This policy also supports directors' duty of loyalty under Washington nonprofit law by establishing clear procedures to prevent a director or officer from personally benefiting from decisions they help make.

2. Scope

This policy applies to:

- Members of the Board of Directors
- Officers of the Calyx Foundation
- Key employees and senior staff
- Any person serving on a committee with Board-delegated authority

These individuals are collectively referred to as "Covered Persons."

3. Guiding Principles

Covered Persons owe Calyx a duty of loyalty. In fulfilling their responsibilities, they must:

- Act in good faith and in the best interest of the Foundation
- Place the interests of the Foundation above personal or financial interests
- Avoid situations where personal interests conflict with, or reasonably appear to conflict with, the interests of the Foundation
- Disclose potential conflicts promptly and fully so they can be addressed transparently

4. Definitions

Conflict of Interest

A conflict of interest exists when a Covered Person's personal, financial, professional, or other interests could reasonably be seen as interfering with their duty to act solely in the best interests of the Foundation. Conflicts can be actual, potential, or perceived and may arise even if no improper act has occurred.

Financial Interest

A Covered Person has a financial interest if the person, directly or indirectly through business, investment, or family:

- Has an ownership or investment interest in any entity with which the Foundation has, or is considering, a transaction or arrangement
- Has a compensation arrangement with any entity or individual with which the Foundation has, or is considering, a transaction or arrangement.
- Is negotiating, or has an arrangement for, prospective employment or compensation with an entity doing business with the Foundation

A financial interest is not automatically a conflict, but it must be disclosed and reviewed to determine whether a conflict of interest exists.

Family Members

For purposes of this policy, "family members" include a spouse or domestic partner, parents, children, siblings, and any other person who resides in the Covered Person's household.

5. Duty to Disclose

Covered Persons must disclose any actual, potential, or perceived conflict of interest as soon as they become aware of it. Disclosure must be made:

- In writing to the Board Chair or the Chair's designee, and
- On the annual Conflict-of-Interest Disclosure Form required under this policy

Examples include, but are not limited to:

- Personal or family financial interests in organizations seeking contracts, grants, or partnerships with the Foundation
- Service as an officer, director, employee, or contractor of another organization that may receive funding from, compete with, or transact business with the Foundation

- Any situation where the Covered Person might personally benefit from confidential information or decisions of the Foundation

6. Procedures for Addressing Conflicts

Step 1 – Disclose

- The Covered Person discloses the situation in writing and provides all relevant facts.

Step 2 – Determination

- The Board Chair, or a designated committee (such as a Governance or Executive Committee), reviews the disclosure and may request additional information.
- The Board Chair or Committee determines whether an actual, potential, or perceived conflict of interest exists.
- If the disclosure concerns the Board Chair, the Vice Chair or another officer designated by the Board will lead the review.

Step 3 – Recusal

- If a conflict is found or reasonably perceived, the Covered Person must:
- Refrain from attempting to influence, lobbying on, or participating in the Board or committee's discussion of the matter, and
- Leave the meeting during deliberation and vote on the matter, except when providing factual information at the request of the Board or committee.
- The conflict and recusal will be recorded in the minutes.

Step 4 – Evaluation of Alternatives

- The Board or appropriate committee will consider whether the proposed transaction or arrangement is fair, reasonable, and in the best interest of the Foundation.
- Where appropriate, the Board or committee may obtain comparable data, competitive bids, or alternative proposals to ensure that the Foundation is receiving the most advantageous terms under the circumstances.

Step 5 – Decision

- After considering relevant information, the Board or committee will decide whether to approve the transaction or arrangement and may impose conditions to protect the Foundation's interests.
- Transactions involving a conflict will be approved only when a majority of disinterested directors determine that the transaction is in the best interest of the Foundation.

7. Compensation and Business Transaction

A voting member of the Board who receives compensation, directly or indirectly, from the Foundation for services is considered to have a financial interest when matters of that compensation are discussed.

Such individuals may provide information but must not be present for, or vote on, their own compensation.

The Board will rely on comparability data, independent review where appropriate, and proper documentation to help avoid any "excess benefit" transactions or unreasonable compensation decisions.

8. Gifts, Favors, and Hospitality

Covered Persons must not accept gifts, favors, payments, or hospitality from any person or entity that does, or seeks to do, business with the Foundation when such acceptance could influence, or reasonably appear to influence, their decision-making.

Modest, customary tokens (such as small items of nominal value or light refreshments at meetings) are generally acceptable.

Any gift, benefit, or entertainment that is more than nominal in value must be disclosed and may need to be refused, returned, or donated, as determined by the Board Chair or designee.

9. Loans

The Foundation will not make loans to directors or officers except in circumstances clearly permitted by law and approved by the Board after careful review. Loans to board members are strongly discouraged and may create personal liability for officers and directors who approve such loans if they are not repaid. Any proposed loan must be reviewed in advance by legal council and approved by disinterested directors.

10. Outside Positions and Opportunities

Covered Persons may serve on boards or hold positions in other organizations, but must disclose roles with entities that:

- Do business with the Foundation
- Compete with the Foundation for funding, contracts, or similar opportunities
- Operate in the same field or in close programmatic partnership with the Foundation
- Covered Persons must not use their position at the Foundation to secure personal benefit, employment, contracts, or preferential treatment for themselves, their family members, or organizations with which they are affiliated.

11. Confidentiality

Information learned through service to the Foundation that is not publicly available must be treated as confidential. Covered Persons must not use confidential information for personal gain or to the detriment of the Foundation or those it serves.

12. Annual Disclosure and Updates

Each Covered Person must complete and sign a Conflict-of-Interest Disclosure Form at least once every year, listing any relationships, position, or interests that could give rise to a conflict.

Covered Persons must promptly update their disclosure if new potential conflicts arise during the year.

Signed forms will be retained in accordance with the Foundation's document retention policy.

13. Records and Minutes

The minutes of the Board and any committees with Board-delegated powers will document:

- The names of persons who disclosed or were found to have a conflict
- The nature of the conflict
- The content of the discussion and any alternatives considered
- The decision reached and any conditions imposed

Conflict-of-interest disclosure forms and related correspondence will be maintained as governance records.

14. Administration and Training

The Board Governance Committee, or another committee designated by the Board, is responsible for overseeing this policy, reviewing disclosures, and recommending any needed updates.

New Board members and key staff will receive an orientation that includes this policy. Periodic refreshers may be provided to reinforce expectations and to keep current with changes in law, regulation, and best practices for Washington nonprofits.

15. Violations of the Policy

If the Board or its designee has reason to believe a Covered Person has failed to disclose an actual or potential conflict, it will inform the person and provide an opportunity for explanation.

After review, if the Board determines that a violation has occurred, it may take appropriate corrective action, which may include:

- Counseling or written warning
- Removal from a specific decision, committee, or officer role
- Recommendation for removal from the Board or termination of employment, consistent with applicable law and internal policies

16. Legal Review

This policy is intended as a governance tool and does not constitute legal advice. Legal information is not the same as legal advice, and the application of law depends on specific facts. The Calyx Foundation should consult with qualified legal counsel to ensure that this policy, and any related procedures, comply with all applicable federal and Washington State laws and funder requirements.