



American Orchid Society Conflict of Interest / Conflict of Loyalty Policy

The standard of behavior at the American Orchid Society (AOS) is that all staff, volunteers, and board members scrupulously avoid conflicts of interest or conflicts of loyalty between the interests of the AOS on one hand, and personal, professional, and business interests on the other. This includes avoiding potential and actual conflicts of interest or loyalty, as well as perceptions of conflicts of interest or loyalty.

I understand that the purposes of this policy are to protect the integrity of the AOS' decision-making process, to enable our members to have confidence in our integrity, and to protect the integrity and reputations of volunteers, staff, and board members. Upon or before election, hiring, or appointment, I will make a full, written disclosure of significant relationships, interests, and holdings that could create or be perceived to create a potential conflict of interest with my service within the AOS. Significant relationships include those with persons, organizations or commercial interests whom the AOS may hire, collaborate, contract or compete with, or make purchases from. The disclosure will include other boards with interests similar to the AOS. The existence of a relationship does not necessarily constitute a conflict of interest but these relationships should be made known to the leadership of AOS and disclosed where pertinent. This written disclosure will be included with my biographical information and available to the members as well as the board, and I will update it annually.

In the course of meetings or activities, I will disclose any interests in a transaction or decision where I, (including my business or other nonprofit affiliations), my family, and/or my significant other, employer, or close associates will receive a benefit or gain, or where a conflict of loyalty might exist. After disclosure, I understand that I will be asked to leave the room for the discussion and will not be permitted to vote on the question.

I understand that this policy is meant to supplement good judgment, and I will respect its spirit as well as its wording.

Name: _____ Date _____

Position: (Employee, Volunteer, Trustee): _____

Please describe below any relationships, transactions, positions you hold (volunteer or otherwise), or circumstances that you believe or could be perceived to contribute to a conflict of interest or a conflict of loyalty between the American Orchid Society and your personal interests, financial or otherwise (this should include other not for profit

boards that you or your spouse sit on, as well as business relationships that might contribute to a conflict of interest.

Business relationships with companies that might do business with the AOS:

Not for profit boards that have similar interests as AOS

I have no significant relationships to report_____

I certify....and agree to abide by the conflict of interest policies of the AOS.

Rationale for this policy: (From the Blue Avocado and Board Source websites)

Board service in the nonprofit sector carries with it important ethical obligations. Nonprofits serve the broad public good, and when board members fail to exercise reasonable care in their oversight of the organization they are not living up to their public trust. In addition, board members have a legal responsibility to assure the prudent management of an organization's resources. In fact, they may be held liable for the organization's actions. A 1974 court decision known as the "Sibley Hospital case" set a precedent by confirming that board members can be held legally liable for conflict of interest because it constitutes a breach of their fiduciary responsibility.

Conflict of interest relates broadly to ethical behavior, which includes not just legal issues but considerations in every aspect of governance. A statement by Independent Sector describes three levels of ethical behavior: obeying the law; decisions where the right action is clear, but one is tempted to take a different course; and decisions that require a choice among competing options

Most nonprofit discussions about conflicts of interest are similar to those in the for-profit sector: they focus on financial benefit to board members or staff to the detriment of the nonprofit organization. The classic examples: the nonprofit buys something unnecessary or overpriced from a board member's business, or the nonprofit hires an unqualified, overpaid family member of the executive director.

But nonprofit conflicts of interest are often more subtle, more multi-dimensional, and more unexpected than these classic examples. Nonprofit board members are likely to be affiliated with many organizations in their communities, both on a professional and a personal basis, so it is not unusual for actual or potential conflict of interest to arise.

None of these situations fits the classic conflict-of-interest model that is firmly anchored in financial benefit. Such a view tends to be two-dimensional: conflict of interest is either bad, or something to overrule if, for instance, the item is not overpriced or the relative is well qualified. But since so many nonprofit interactions are non-financial in nature, we need to understand the gray areas beyond simple financial benefit; in other words, we need a three-dimensional look.

Four simple safeguards can go a long way towards appropriate management of conflicts of interest.

First, establish a policy related to conflict of interest, which is signed by all board members when they join the board. Include questions about the board members' significant affiliations which are not financially based, such as membership on the boards of other organizations, or membership in professional societies.

Second, rather than keep these statements confidential to the board chair and the executive director (which is a common practice), put the information into the roster of board members. Doing so will encourage others to turn such relationships into benefits for the organization, as well as knowing that the potential for conflict exists in certain circumstances.

Third, establish disclosure as a normal practice. Such disclosures should be recorded in the meeting's minutes.

Fourth, if major purchases (for either goods or services) are involved, obtain competitive written bids to ensure that prices and product are comparable if a board member stands to benefit (financially) from a particular decision. A board member of an environmental organization proposed having her bank offer an affinity card to members. Before making any decisions, the staff invited two other banks to submit proposals for such an arrangement.

Approved 6/21/2012 at the Board of Trustees meeting