**COVENANT HOUSE U.S. SITES**

**CONFLICT OF INTEREST POLICY AND DISCLOSURES**

**FOR THE CALENDAR YEAR 2017**

**Introduction and Overview**

Directors, board and committee members, officers and employees of Covenant House owe a duty of loyalty to Covenant House. The duty of loyalty requires that, while serving Covenant House, such persons must act not in their personal interests or in the interests of others, but solely in the interests of Covenant House.

Directors, board and committee members, officers, key staff\* and candidates for any such position must have an undivided allegiance to Covenant House’s mission and may not use their position, information they have about Covenant House or Covenant House’s property in a manner that allows them, directly or indirectly, to secure a pecuniary or other material benefit for themselves or their immediate families at the expense of Covenant House, its mission or its reputation.

*\* NOTE: “key staff” includes senior managers, program, finance and purchasing directors, and any staff members who make significant purchases or have significant relationships with vendors.*

The **Conflict of Interest Policy and Procedures** (the “Policy”) set forth below is designed to assure that whenever a matter is discussed or a decision is made by a Covenant House governing board or committee, board and committee members first are made aware of the existence of any actual or potential conflict of interests. The Policy also requires Covenant House to gather information about such conflicts.

This is done by requiring (a) each director, board or committee member, officer and key staff of Covenant House International and each Covenant House site, as well as any other person who regularly attends Covenant House board and/or committee meetings, and candidates for any such positions (each such person, a “Covered Person”), to complete and file locally this Conflict of Interest Disclosure Statement (the “Disclosure Statement”), with the details in EXHIBIT A and EXHIBIT B completed to reflect the applicable local site’s circumstances, and (b) each Covenant House site to file a final **SUMMARY REPORT** with the Covenant House International board by April 30th of each calendar year, accompanied by the actual signed disclosure statements of the local Executive Director and the officers of the local corporation, including Board Chair, Vice Chair (if such exists), Secretary and Treasurer. It should also be noted that every nominee to the Covenant House International and local boards of directors (prior to the submission of their nomination to the corporate board) must likewise submit a Disclosure Statement.

The Disclosure Statement requires each Covered Person to disclose any business or personal interests, direct or indirect, that such Covered Person may have in an organization that competes with or does business with Covenant House or any other organization / business / agency affiliated with Covenant House. The Policy and the Disclosure Statement, listed here, contain the information and definitions each Covered Person will need to properly complete his or her personal Disclosure Statement and to avoid the possibility of an interested individual receiving an inappropriate benefit.

**I. Policy (as it applies across all CH sites)**

[*NOTE: A translated and suitably-modified Conflict of Interest policy has been prepared for use in the Latin American sites.*]

1. ***Consistent with the CHI bylaws Article V, Section 3:*** Unless specifically authorized by a two-thirds majority of the appropriate Board of Directors (excluding the vote of the director involved in or related to the matter, as applicable), no director, officer or employee of Covenant House International or any of its subsidiaries, affiliates or related entities (each, a “Covenant House Entity”), or any member of the immediate family of such person, shall share, participate or benefit, directly or indirectly, in the proceeds from any contract or transaction entered into between a Covenant House Entity and any third party.

2. Unless specifically authorized by a two-thirds majority of the appropriate Board of Directors (excluding the vote of the director involved in or related to the matter, as applicable), no director, officer or employee of any Covenant House Entity, or any member of the immediate family of such person, shall enter into any contract or transaction with any Covenant House Entity.

3. Unless specifically authorized by a two-thirds majority of the appropriate Board of Directors (excluding the vote of the director involved in or related to the matter, as applicable), no firm or entity owned or controlled by a director, officer or employee of any Covenant House Entity, or any member of the immediate family of such person, or any firm in which such a person or a member of his or her immediate family has a substantial financial interest (any such ownership or control or financial interest is referred to herein as a “Significant Interest”), shall enter into any contract or transaction with any Covenant House Entity.

4. For purposes of paragraphs 1-3 above, the “appropriate Board of Directors” is the Board of Directors for the entity in which the applicable director, officer, employee or immediate family member involved in the potential contract or transaction serves.

5. Each director and officer of a Covenant House Entity shall promptly notify the Chairperson of the Board, the Finance Committee or the Audit Committee upon becoming aware that a Covenant House Entity does business, or is considering doing business, with a firm or business in which such director or officer or employee has a Significant Interest.

6. When there is a doubt as to whether a conflict of interest exists, the matter shall be resolved by a vote of the appropriate Board of Directors or its Executive Committee. Each director directly involved in or related to the matter shall abstain during such vote.

# **II. Purpose**

The purpose of this Policy is to protect Covenant House’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, board or committee member, officer or key employee of Covenant House and to ensure objectivity in decision-making by and on behalf of Covenant House and to avoid any conflict of interest or the appearance of such a conflict.

A conflict of interest may exist when the interests of any director, officer, key staff member or manager, or any member of the immediate family of such person, or any party, group or organization to which said person has allegiance, may be seen as competing with the interests of Covenant House.

# **III. Procedure**

1. All contracts or purchases of more than $100,000 will be disclosed to the local Board, via its Executive Committee or Finance Committee, prior to execution. Board members, officers and key staff will disclose any Significant Interest in any firm or business with which a Covenant House Entity is considering doing business.

2. After full disclosure is made, the Board, or its Executive Committee or Finance Committee, has the discretion to authorize the agency to do business with the contractor or vendor, but only after first approving the terms and conditions of the contract or fee. Any interested director shall abstain during such vote. Any Committee decision will be reported to the Board at its next meeting.

1. Moreover, the director or any other person having a conflict, and attending said meeting,

shall retire from the room in which the Board or Committee is meeting and shall not participate in the final deliberations or decision regarding the matter under consideration. However, that person must provide any and all relevant information pertaining to the matter under consideration to the Board or Committee before withdrawing from the meeting.

4. The Minutes of the meeting of the Board or Committee shall reflect a description of the transaction that would result, or would potentially result, in the conflict of interest, the nature of the conflict of interest, that the conflict of interest was disclosed and that the interested person was not present during the final discussion or vote and did not vote on such matter. The Minutes of the meeting of the Board or Committee shall also reflect the content of the discussion of the voting directors, including consideration of any alternatives to the transaction that would result, or would potentially result, in the conflict of interest.

5. In addition to the advance disclosure and approval procedure set forth above, a Conflict of Interest Disclosure Statement (substantially in the form attached hereto) shall be furnished annually by each Covered Person and at the time any such person assumes his or her position. The Audit Committee will review the disclosure statements and advise the Board of relevant information that may guide the Board’s action and any revisions in this Policy that the Board determines may be necessary.

6. A copy of this policy shall be furnished to each new Covered Person. This policy shall also be published (and updated) in the *Employee Manual* and the *Board Manual.*

7. The CHI Board and Audit Committee will review this policy annually.

8. By **April 30th** of each calendar year, each Covenant House site shall submit to the Audit Committee of the CHI Board of Directors a **Summary Report** that reflects the site’s Conflict of Interest disclosures for the past calendar year (January through December), as well as the actual signed disclosure statements submitted by the local Executive Director and officers of the local corporation, including Board Chair, Vice Chair (if such exists), Secretary and Treasurer. *(Procedures for this annual reporting will be established through the VP of Child and Youth Protection of the corporate office. It is not required that sites send the actual disclosures of every relevant person; just those of the local ED and officers.)*

9. **Violations of the Conflict of Interest Policy**

a) If the governing board or the Audit Committee has reasonable cause to believe an individual has failed to disclose actual or possible conflicts of interest, it shall inform that individual of the basis for such belief and afford that individual an opportunity to explain the alleged failure to disclose.

b) If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the governing board, the Audit Committee or the appointed disinterested person or committee determines the individual has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Below are additional CHI policies which relate to conflicts of interest

### **CHI POLICY ON GIFTS FROM VENDORS**

No employee, officer or director of the Corporation shall accept in his or her capacity as an employee, officer or director any loan or gift of money or property having a value in excess of $100 from any contractor or vendor to the Corporation unless authorized by this Board or the Executive or Finance Committee, and any such interested director shall abstain during such vote.

- *Approved at the corporate Board meeting of March 19, 1991*

### **CHI POLICY ON CHARITABLE CONTRIBUTIONS**

No charitable contribution shall be made by the Corporation to any charity of which an officer or director of the corporation is an officer or director or a member of senior management (other than a corporation which is a subsidiary or affiliate of the Corporation) unless approved by this Board or the Executive or Finance Committee, and any such interested director shall abstain during such vote.

- *Approved at the corporate Board meeting of March 19, 1991*