

Environmental Charter Schools

CONFLICT OF INTEREST POLICY (CODE OF CONDUCT)

STATEMENT OF INTENT

The purpose of this policy is to provide practical guidance for conducting the affairs of Environmental Charter Schools (“ECS”), and as a basis for activities, decisions and relationships on the part of ECS Board of Directors (“Board”), Officers of ECS (“Officers”) and staff that are marked by integrity and propriety. The Board is committed to open and candid disclosure of all facts bearing upon the organization, its operations, and its finances; and to the assurance that ECS will be operated in a manner that would appear reasonable to “an ordinary, prudent person in a like position,” a standard often used by state attorneys general in judging the actions of Board members.

The Board, Officers and staff members of ECS schools are encouraged to play active roles in their communities by serving as board members or otherwise being involved with a wide spectrum of nonprofit organizations. This means that from time to time, potential conflicts of interest or the appearance of such conflicts will inevitably arise. The potential for conflict of interest arises when members of the Board, Officers or staff might find themselves in a position to benefit themselves, family members, or other organizations with which they are associated by virtue of their position within the nonprofit organization. Actions taken by the Board, Officers or staff, or decisions not to act, should be defensible as having been based upon the best, unbiased judgment of the individuals involved. Moreover, because ECS is required by law to avoid transactions that provide or result in private benefit to individuals, it is important that all actions of ECS be scrutinized carefully to avoid violation of such rules and the concomitant penalties associated with such violation.

The Board, subject to the provisions of the By-Laws may modify this Conflict of Interest Policy.

DEFINITIONS

There are two types of conflict of interest situations:

1. Where a Board member, Officer or staff member or relative has a financial interest, or appears to have a financial interest in a decision; and
2. Where a Board member, Officer or staff member or relative has an affiliation or other conflict of loyalties that may lead to or suggest influence in a decision, but no personal financial interest.

The duty of loyalty requires the Board members, Officers, staff members, founders and their relatives to put the interests of ECS before their personal interests. For public charities, this duty has been enforced through a series of intricate rules, the violation of which result in excise taxes being levied on the person violating this duty of loyalty as well as the nonprofit. Therefore,

compliance with this conflict of interest policy can safeguard ECS from inadvertently running afoul of these rules.

Examples of conflict of interest include acts where the individual who is the founder of ECS, a family member, entities owned by any of the foregoing, engage in transactions with ECS that produce an excess benefit to the individual. Such transactions include buying or selling property to ECS, leasing property to ECS and receiving unreasonable compensation or fees for services performed for ECS.

BOARD MEMBERS

Board members must maintain high professional and ethical standards for the conduct of all activities within and outside the organization. Board members shall respect the confidential nature of the content and matters of concern discussed within board meetings. It is the desire of the entire Board that confidence be maintained in the Board's ability to lead the organization and all Board decisions, once accepted by the Board, shall be respected and supported by each board member whether or not they agree with them.

DISCLOSURE AND ABSTENTION

Each Board member, Officer and staff member shall inform ECS and its Board members of any position held, presently or in the past; of any investment and of any business or avocational activity that may result in a possible conflict of interest or bias for or against a particular action or policy at the time such grant, action, or policy is under consideration by ECS Board. Additionally, each Board member, Officer and the Executive Director shall disclose each year, all offices and Trusteeships held in other charitable and business organizations.

It is expected that Board members, Officers and staff will disclose any potential conflict prior to making any decisions. Once such a disclosure is made, the remaining Board members will determine whether or not there is a potential conflict of interest. Any individual with a conflict will fully disclose his or her relationship to the individual or organization benefiting from a given decision or action. In the case of voting individuals, the other Board members will then determine, appropriate to each decision or action, whether the conflicted individual will, 1) not participate in a vote, 2) not enter into discussions prior to a vote, or 3) absent himself or herself from the room during the discussion and the vote.

More specifically, it is incumbent on each of the members of the Board to abstain from voting on any action that may provide a direct or indirect financial interest.

ADVISORY COMMITTEES

This *Conflict of Interest Policy* and the same level of expectation for disclosure will apply to all members of any advisory committees that might be formed on behalf of the Board and/or ECS.

The membership of an advisory committee should include a majority of members who are not affiliated with organizations that are eligible for ECS funds.

Should it develop that a member of an advisory committee has an interest in a provider of services, the member shall, 1) in no way participate in the consideration of such provider's proposal by the committee, 2) not communicate with other members of the committee regarding the proposal, and 3) not communicate with ECS's Executive Director regarding the proposal. If it

is determined by the remaining members of the advisory committee that the proposal is to be presented to ECS Board for consideration, they shall clearly inform the Board of the nature of the relationship between the organization and the disqualified member of the advisory committee at the time ECS Board is presented with the proposal for consideration.

DUTIES OF THE EXECUTIVE DIRECTOR

The Executive Director shall be responsible for the application and interpretation of the above principles relating to staff. All staff members shall inform the executive director of any compensated or volunteer work being performed for any other charitable organizations and of any offices held, including Trusteeships, for such organizations. The Executive Director shall report to the Board any case that might involve a violation of the principles herein, to seek the guidance of the board or executive committee.

The Executive Director shall see that the Board is informed of any current or past connection between any and all Officers, members of ECS schools staff and any proposal to be considered by the Board.

OFFICERS AND STAFF MEMBERS

Officers and staff are responsible, in all cases, for informing the Executive Director of any relationship Officers and staff may have with any charitable organization or governmental body, whether that involvement be as a consultant, officer, or director, and the amount of time spent working for any such organization. In addition, the Executive Director also should be informed of any Officer's or staff member's long-standing past connections with a charitable organization, even if the Officer or staff member is no longer serving that organization and of any personal or immediate family investments or of any business or avocational activity that may result in a possible conflict of interest relating to an action or policy under consideration by the Officer or staff or by the board of Directors.