

Maryland Food Bank
Statement of Policy with Respect to Conflicts of Interest

A. PURPOSE

Maryland Food Bank (“MFB”) is a non-profit charitable organization whose mission is feeding people, strengthening communities, and ending hunger for more Marylanders. Ultimate authority and responsibility for managing MFB’s affairs resides with our Board of Directors. The membership of the Board and all committees of the Board consists entirely of volunteers (“Volunteers”).

In view of the purposes of MFB and the nature of its activities, Volunteers or MFB employees (“Employees”) may find themselves in situations where their outside business, personal, or civic activities come into conflict with their fiduciary duties to MFB. The purpose of the conflict of interest policy is to protect the interest of MFB when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Volunteer or Employee. This policy is intended to supplement, but not replace, any applicable state or federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

B. DEFINITIONS

In addition to terms defined elsewhere in this policy, the following terms when used in this policy shall have the respective meanings set forth below.

1. An “Agreement or Transaction” is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, or the establishment of any other type of monetary relationship by MFB. The making of a gift to MFB is not an Agreement or Transaction within the meaning of this policy.

2. “Compliance Executive” refers to the Chair of the Governance Committee for Volunteers and Director of Human Resources for Employees.

3. “Conflict of Interest”, for the purposes of this policy, includes the following circumstances:

a. An Agreement or Transaction between MFB and a Covered Individual or Family Member;

b. An Agreement or Transaction between MFB and an entity in which a Covered Individual or Family Member has a Material Financial Interest or of which such person is a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative;

c. A Covered Individual or Family Member competing with MFB in the rendering of services or in any other Agreement or Transaction with a third party;

d. A Covered Individual or Family Member having a Material Financial Interest in, or serving as a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative of, or consultant to, any Person that competes with MFB in the provision of services or in any other Agreement or Transaction with a third party;

e. A Covered Individual or Family Member accepting gifts, entertainment, or other favors from any Person (i) that does or is seeking to do business with, or is a competitor of, MFB, (ii) that has received, is receiving, or is seeking to receive a loan or grant, or to secure other financial commitments from MFB, or (iii) under circumstances where it might be inferred that such action was intended to influence or possibly would influence a Covered Individual in the performance of his or her duties; and

f. Any other circumstance involving a Covered Individual which, when considered by a reasonably prudent person, has the potential to adversely affect or conflict with MFB's best interests.

4. "Covered Individual" means a Volunteer or Employee. It is not contemplated by this policy that Volunteer includes volunteers whom have no participation in committees or other venues where decisions are made regarding contracts and/or compensation arrangements on behalf of MFB.

5. "Disclosure Statement" refers to the Conflict of Interest Compliance Certification and Disclosure Statement contained in Appendix I hereto.

6. "Family Member" means, as to a Covered Individual: (i) a spouse or domestic partner, (ii) a child, grandchild, parent, grandparent, sibling, uncle, aunt, nephew, or niece, and the spouse or domestic partner of any such person, (iii) a person having a step-relationship with such person and the spouse or domestic partner of any such person, (iv) a parent-in-law, brother-in-law, or sister-in-law, and/or (v) any other natural person who resides in such person's household.

7. A "Material Financial Interest" in an entity is a financial interest of any kind that, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect a Covered Individual's or Family Member's judgment with respect to transactions to which the entity is a party. This includes all forms of compensation.

8. "Person" shall include natural persons, corporations, associations, limited liability companies, partnerships, joint ventures, trusts, governments and agencies and departments thereof, and every other entity of every kind.

9. "Responsible Person" means a Covered Individual who has a potential or actual Conflict of Interest.

C. REVIEW OF POLICY

1. Each new Covered Individual shall be required to review a copy of this policy and to acknowledge in writing that he or she has done so.

2. Each Covered Individual shall annually complete and submit to the Compliance Executive a Disclosure Statement. The Disclosure Statements shall be collected by the MFB and delivered to the Chair of the Governance Committee prior to the end of the first fiscal quarter.

3. Prior to the end of the second fiscal quarter of each year, the Governance Committee shall review the Disclosure Statements for the purpose of identifying whether any potential Conflict of Interest has been identified. Upon identifying any potential Conflict of Interest, the Governance Committee shall follow the procedures provided below.

D. PROCEDURE

1. Disclosure. A Covered Individual is under a continuing obligation to disclose any actual or potential Conflict of Interest as soon as it is known, or reasonably should be known. If a Covered Individual has reasonable cause to believe that a Conflict of Interest may exist, such Covered Individual shall promptly notify the Compliance Executive. In the event a Volunteer becomes aware of a potential Conflict of Interest during a committee meeting or a meeting of the Board of Directors, the Volunteer shall immediately notify those present of the potential Conflict of Interest. If one of the Compliance Executives is the Responsible Person, he or she shall make the disclosure required by this paragraph to the other, and if both are Responsible Persons, the disclosure shall be provided to all of the disinterested members of the Executive Committee.

2. Review of Potential Conflicts of Interest. After disclosure of a potential Conflict of Interest, the Compliance Executive shall present the potential Conflict of Interest to the Governance Committee for review. After any presentation by or discussion with the Responsible Person, he or she shall leave the meeting while the determination of the existence of an actual Conflict of Interest is discussed and voted upon. The remaining members shall decide if an actual Conflict of Interest exists and/or, at its discretion, take other action deemed necessary. If the Governance Committee is unable to determine if a Conflict of Interest exists or if a potential Conflict of Interest involves a member of the Board of Directors, the matter shall be referred to the Executive Committee, who shall review the matter following the same procedure.

3. Procedures for Addressing Conflicts of Interest. In the event it is determined that a Conflict of Interest exists, the following procedures shall apply:

a. A Responsible Person who has a Conflict of Interest with respect to a proposed Agreement or Transaction shall not participate in any way in, or be present during, the deliberations and decision making of MFB with respect to such Agreement or Transaction. The Responsible Person may, upon request, be available to answer questions or provide material factual information about the proposed Agreement or Transaction.

b. The disinterested members of the relevant committee or Board of Directors shall consider whether the terms of the proposed Agreement or Transaction are fair and reasonable to MFB and whether it would be possible, with reasonable effort, to find a more advantageous arrangement that would not give rise to a Conflict of Interest. If such a more advantageous transaction or arrangement is not reasonably possible under the circumstances, the disinterested members of the relevant committee or Board of Directors may, by a majority vote of the disinterested members present, approve the proposed Agreement or Transaction upon finding that it is in the best interests of MFB.

c. The minutes of the meeting shall reflect that the disclosure of the Conflict of Interest was made, describe the circumstances creating the Conflict of Interest, describe the above findings and conclusions, the vote taken and, where applicable, the abstention from voting and participation by the Responsible Person.

d. A board member who is interested in pursuing paid employment with MFB must tender his/her resignation to the board chair immediately and must receive acceptance of such from the board before pursuing employment. The board member may be re-instated as a board member at a future date when/if not employed by MFB.

E. VIOLATIONS OF CONFLICT OF INTEREST POLICY

If the Board of Directors has reasonable cause to believe a Covered Individual has failed to disclose an actual or possible Conflict of Interest, the Board of Directors shall inform the

Covered Individual of the basis for such belief and afford the Covered Individual an opportunity to explain the alleged failure to disclose. If, after hearing the Covered Individual's response and after making further investigation as warranted by the circumstances, the Board of Directors determines the Covered Individual has failed to disclose an actual or possible conflict of interest, the Board of Directors shall take appropriate disciplinary and corrective action.

F. COMPENSATION

1. A voting member of the Board of Directors who receives compensation, directly or indirectly, from MFB for services is precluded from voting on matters pertaining to that director's compensation.

2. A voting member of any committee whose authority includes compensation matters and who receives compensation, directly or indirectly, from MFB for services is precluded from voting on matters pertaining to that committee member's compensation.

3. A voting member of the Board of Directors or any committee whose authority includes compensation matters and who receives compensation, directly or indirectly, from MFB, is precluded from providing information to any committee regarding that Board member's or committee member's compensation.

4. Any voting member of the Board of Directors or any committee who receives compensation, directly or indirectly, from MFB, either individually or collectively, is prohibited from voting on matters that come before the Board or any committee regarding compensation decisions for any individuals that were involved in approving a contract and/or compensation for that member of the Board of Directors or that member of a committee.

G. PERIODIC REVIEWS

To ensure MFB operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are (a) reasonable, (b) based on competent survey information, and (c) the result of arm's length bargaining.

2. Whether partnerships, joint ventures, and arrangements with management organizations (a) conform to MFB's written policies, (b) are properly recorded, (c) reflect reasonable investment or payments for goods and services, (d) further charitable purposes and (e) do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

When conducting the periodic reviews as provided for herein, MFB may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its fiduciary duties or responsibilities when considering an Agreement or Transaction that involves a Responsible Person, or for ensuring periodic reviews are conducted.

Appendix I

Maryland Food Bank

Conflict of Interest Compliance Certification and Disclosure Statement

I have received and carefully read MFB’s Statement of Policy with Respect to Conflicts of Interest (the “Policy”) and have considered not only the literal expression of the Policy, but also its intent. Any capitalized terms herein without definitions shall have the meanings assigned to those terms in the Policy. By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the Policy. I further understand that MFB is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Except as otherwise indicated in the Disclosure Statement and attachments, if any, below, I hereby state that, to the best of my knowledge, neither I, nor any Family Member, have any Conflict of Interest that may be seen as competing with the interests of MFB.

If any situation should arise in the future which I think may involve either me or any Family Member in a Conflict of Interest, I will promptly and fully disclose the circumstances to the appropriate Compliance Executive in accordance with the Policy.

I further certify that the information set forth in the Disclosure Statement and attachments, if any, is true and correct to the best of my knowledge, information, and belief.

Printed Name

Signature

Date

Disclosure Statement

Please complete the questionnaire below, indicating any actual or potential Conflicts of Interest. If you answer “yes” to any of the questions, please provide a written description of the details of the specific action or transaction in the space allowed. Attach additional sheets as needed.

Financial Interests - A conflict may exist where a Covered Individual or Family Member directly or indirectly benefits or profits as a result of a decision made or transaction entered into by MFB.

Please indicate, during the past twelve months:

Has MFB contracted to purchase or lease goods, services, or property from you or any Family Member?

Yes No

If yes, please describe:

Has MFB purchased an ownership interest in or invested in a business entity owned by you or any Family Member?

Yes No

If yes, please describe:

Has MFB offered employment to you or any Family Member, other than a person who was already employed by MFB?

Yes No

If yes, please describe:

Have you or any Family Member, been provided with a gift, gratuity, or favor, of a substantial nature, from a person or entity which does business, or seeks to do business, with MFB?

Yes No

If yes, please describe:

Have you or any Family Member, been gratuitously provided use of the facilities, property, or services of MFB?

Yes

No

If yes, please describe:

Other Interests - A conflict may also exist where a Covered Individual or Family Member obtains a non-financial benefit or advantage that he/she would not have obtained absent his/her relationship with MFB, or where his/her duty or responsibility owed to MFB conflicts with a duty or responsibility owed to some other organization.

Please indicate if at any time during the past twelve months:

Did you obtain preferential treatment by MFB for yourself or for any Family Member?

Yes

No

If yes, please describe:

Did you make use of confidential information obtained from MFB for your own benefit or for the benefit of a Family Member, business associate, or other organization?

Yes

No

If yes, please describe:

Did you take advantage of an opportunity, or enable a Family Member, business associate, or other organization to take advantage of an opportunity, which you had reason to believe would be of interest to MFB?

Yes

No

If yes, please describe:

Please describe any other potential Conflict of Interest not covered by the foregoing questions:
