

## **SECTION 2 CODE OF BUSINESS CONDUCT**

### **Introduction**

The Saint Paul & Minnesota Community Foundations (the “Foundations”) are committed to maintaining the highest standards of conduct and ethics. This Code of Business Conduct Policy sets forth these standards and guidelines for upholding them. All Foundations employees, board and board committee members, and consultants (“representatives”) are expected to read, understand, and act in accordance with this policy.

### **Policy 2.1 Confidentiality**

The Foundations are ethically obliged to respect the privacy and maintain the confidentiality of information learned about customers, clients, and affiliated entities while serving them. As such, all Foundations records should be treated as confidential.

Records should never leave the office, except as necessary to accomplish the business of the Foundations. Moreover, no Foundations information, including copies of and excerpts from our records, should be used by, disclosed to, or discussed with anyone except:

- Coworkers authorized to access such information as part of their responsibilities
- That person’s supervisor
- The president and CEO of the Foundations
- Board and/or board committee members
- A person authorized by the customer, client or affiliated entity to access this information
- As ordered by a court or as otherwise required by law

Representatives must take reasonable steps to safeguard Foundations information, including storing and communicating it in a way that prevents unauthorized disclosure. When a representative’s relationship with the Foundations ends, all Foundations information must be returned to the Foundations.

Terms:

- Customer—Our prospects, donors, professional advisors, grantees, and applicants.
- Client—Our affiliated client Foundations, currently F. R. Bigelow Foundation and Mardag Foundation.
- Affiliated entities—The Foundations and funds with which we have a business relationship.
- Records—Both paper and electronic (voice and data) information.

### **Policy 2.2 Conflict of Interest**

#### **A. General Policy**

Decisions must be made in the best interests of the Foundations and/or our mission, be fair and reasonable, and not influenced by the financial or personal interests of individual representatives. This applies to all levels of decision-making, including organizational policy, contracting for goods and services, grant making, investment of Foundations funds, and other transactions.

The Foundations wish to avoid situations in which it might be concluded that a representative’s interests interfered with objective decision-making. Representatives must

fully disclose potential conflicts of interest to appropriate individuals according to this policy prior to any decision-making, and excuse themselves from decisions when a conflict of interest could interfere.

While this policy provides guidance for identifying and managing conflicts, it is not intended to be all-inclusive and should be interpreted in a way that furthers the goals described above.

### **B. Conflicts Defined**

A conflict of interest arises when a representative in a position to consider, influence and/or approve a Foundations transaction has a material interest that could affect his or her judgment. It may also arise when a representative considers a transaction in which another representative or related person\* has a material interest, defined as someone who:

- is directly transacting business with the Foundations; or
- has more than a de minimus financial interest in the transaction (e.g., an investment or ownership interest\*\* in, receiving compensation or gifts from, or being a significant creditor of Foundations, a third-party entity engaged in or significantly affected by a Foundations transaction); or
- has an organizational affiliation with a third-party entity engaged in or significantly affected by a Foundations transaction (e.g. when the representative is also a board or board committee member, officer, employee, fundraiser, or legal or other representative);
- is a significant contributor to or volunteer of the entity.

Generally, an ordinary friendship or other non-family relationship with a person transacting business with the Foundations will not be considered a material interest, except when it is likely that the interest could interfere with the representative's objective judgment.

We recognize there may be situations in which a conflicting interest is so far removed that it is unlikely to interfere with objective decision-making. Nevertheless, as part of our commitment to honoring the spirit and practice of conflict disclosure, the relationship should be disclosed and managed in a manner consistent with the standards outlined above.

\*A related person means a spouse, parent, child, spouse of a child, sibling, spouse of a sibling, domestic partner, and all members of the representative's household.

\*\*Ownership of less than 2% of a publicly traded organization will not be deemed a material interest.

**Examples:**

Circumstances that may cause a conflict of interest include but are not limited to:

1. Purchasing goods or services from vendors and consultants, or contracting for business with an entity in which a representative or related person has an interest (such as an ownership or investment interest) or is a director, officer, or employee;
2. Investing Foundations funds in a manner that could result in a gain for a representative or related person; or
3. Granting funds to an organization in which a representative or related person is an active participant (e.g., a board member, staff, significant volunteer, or participant on a fundraising committee or other fundraising effort).

**C. Specific Restrictions on Gifts and Favors**

Representatives are prohibited from accepting gifts or favors of any kind—including entertainment, travel, use of living quarters, etc.—from any donor (past, current, or prospective), grant applicant, grantee, supplier\*, or other person seeking to do business with the Foundations.

To ask for or accept a gift or favor, be it for themselves or another person or entity, is a violation of this policy and potentially of the law. Representatives offered a gift or favor related to Foundations business should immediately advise the board chair or president and CEO in writing.

The prohibition against gifts and favors does not apply to the following:

1. Reasonable meals, refreshments, or entertainment related to advancing Foundations business.
2. Advertising or promotional gifts such as pens, calendars, and the like valued at \$50 or less.
3. Non-monetary awards or plaques.
4. In some cases, staff may accept honoraria for a speaking engagement or other activity. The appropriate Foundations officer should assess these situations on a case-by-case basis prior to acceptance.

**D. Disclosure of Conflicts and Procedure**

The Foundations are committed to openly identifying and dealing with conflicts of interest by following the procedures described below.

**1. Annual Disclosures:**

A disclosure form will be completed annually by all board and board committee members, officers, and other representatives required to complete the form.

\* “Supplier” includes but is not limited to a current or prospective vendor of goods or services, including investment managers, bankers, auditors, and attorneys.

At minimum, individuals asked to complete the form will include those who review and/or make recommendations regarding grants and investments. Representatives must fully disclose all conflicts of interest that involve them or a related person, including affiliations with community boards, corporations, or other organizations that might engage in Foundations transactions.

## **2. Transaction Disclosures and Procedures:**

The following guidelines apply to transactions in which a conflict of interest exists:

### **a. Transactions not involving board or board committee decision-making**

- i. The material facts of the transaction and the conflicting interest must be fully disclosed to the appropriate level of leadership; and
- ii. The appropriate level of leadership will determine a procedure for deliberating on the transaction. Any person with a conflict will be excluded from the deliberations and approval of that transaction but may, if requested, provide information to those involved in that process.
- iii. If the president and CEO has the conflict, the material facts and conflicting interest must be fully disclosed to the board chair, who will notify the board or a board committee.

### **b. Transactions involving decision-making by the board and board committees**

- i. The material facts of the transaction and the conflict of interest will be fully disclosed at the board or committee meeting before any discussion, vote, or other action on the transaction. If a member is not going to attend a meeting but has reason to believe a transaction in which he or she has a conflict will be considered, that member will disclose the conflict to the chair in advance, who will report this at the meeting.
- ii. If requested, the member who has a conflict may provide information to the board or committee, but may not exert influence regarding the matter during or outside the meeting.
- iii. The board or board committee member who has a conflict will be ineligible to vote on the transaction. If the matter requires discussion, that member may choose to leave the room, or the board chair or committee chair may ask the member to leave prior to deliberations and voting. The transaction will require approval by a majority of those entitled to vote, not counting the person with a conflict in determining a quorum. If a person ineligible to vote is part of the quorum, the transaction may only be approved by two-thirds of the members entitled to vote, or as otherwise permitted by law.
- iv. If the chair of the meeting has a conflict of interest, the vice chair or designee will preside over the deliberations and vote on the issue.
- v. The disclosure and ineligibility of any member to vote will be noted in the meeting minutes.

If a board or board committee member is unsure if a conflict of interest exists, he/she will disclose the matter to the chair or the chair's designee, who can determine if a conflict exists or submit the matter to the board or board committee for determination.

While the chair is responsible for assuring that this policy is adhered to, all board and board committee members are responsible for their actions related to the policy.

**c. Additional Procedures Involving Grants**

If a conflict of interest involves a grant proposal, the following procedures apply:

- i. Once a formal grant application is submitted, a board or board committee member will not participate in the review process unless asked by staff to provide specific information.
- ii. Staff will disclose the member's conflict of interest in the written grant review.
- iii. If the member has information relevant to a grant request, he or she may communicate it to the chair prior to the meeting at which the request will be considered.
- iv. The remaining procedures will be governed by the procedures outlined above under the heading "board and board committee members."

**Policy 2.3 Ethics – Ethical Principles**

**A. Personal and Professional Integrity**

All representatives will conduct themselves in an honest and ethical manner, including the handling of actual or apparent conflicts of interest between Foundations interests and the personal or financial interests of a representative.

**B. Compliance with the Law**

It is our policy to be knowledgeable of and comply with all applicable laws and regulations of the United States and the states in which we operate in a manner that reflects a high standard of ethics.

**C. Professional Standards**

Representatives are expected to be knowledgeable of emerging issues and standards in our field and conduct themselves professionally, fairly, efficiently, and effectively.

**D. Fundraising and Donor Relations**

Fundraising efforts should respect the needs and interests of the donor or potential donor. The Foundations will take steps to assure that gifts are used for the purposes for which they were given, and respect the privacy and rights of donors and funds per the guidelines provided in the Donor Bill of Rights, available at [afpnet.org](http://afpnet.org).

**E. Grantmaking**

As a member of the Minnesota Council on Foundations, we recognize that the Foundations play an important role in the community, that our role is sustained by the public trust, and that certain obligations follow from that trust. As such, we subscribe to the Principles for Grantmakers set forth by the Minnesota Council on Foundations, available at [mcf.org](http://mcf.org).

## **F. Public Accountability**

It is our policy to provide comprehensive and timely information to the public, including Form 990 and audited financial statements, and to be responsive to reasonable requests for information about the Foundations.

## **G. Accuracy and Retention of Records**

The Foundations will create and maintain records that satisfy operational and legal requirements, including federal, state, and local laws. Employees may not destroy or alter documents with the intent to impair a document's integrity, or to obstruct or influence the investigation or proper administration of any matter within the jurisdiction of a federal agency. Specific guidelines regarding records are provided in our Records Retention Policy section of the compendium.

## **H. Political Activities**

The Foundations are a tax-exempt charity prohibited from participating or funding political candidates. Directors, officers, and employees, volunteers, advisors, and independent contractors must not use their position with the Foundations or use the Foundations' names to create an appearance that they are speaking in support of or in opposition to a political candidate on behalf of the Foundations. We do, however, encourage Foundations employees and board and board committee members to participate in civic activities on their own behalf.

### **Policy 2.4 Encouraging Open Communication**

#### **A. General Guidelines for Reporting Wrongdoing**

The Foundations encourage all representatives to report fraudulent, dishonest, illegal conduct, or conduct that violates the guidelines set forth in this policy. We will investigate possible wrongdoing by representatives and take appropriate action against anyone found to have engaged in wrongdoing, including disciplinary action or civil or criminal prosecution when warranted.

Representatives are encouraged to report suspected wrongdoing. In addition, managers should implement and maintain management control systems to detect and deter wrongdoing. The vice president of finance can assist managers with establishing such systems in their departments.

#### **B. Definition**

"Wrongdoing" refers to fraudulent, dishonest, or illegal conduct, or conduct that violates this policy. Examples include but are not limited to:

- 1) Forgery or unauthorized alteration or manipulation of documents or computer files;
- 2) Fraudulent financial reporting;
- 3) Actions, including pursuit of a benefit or advantage, in violation of our conflict of interest policy;
- 4) Misappropriation or misuse of Foundations resources, such as funds, supplies, or other assets;
- 5) Authorizing or receiving compensation for goods not received or services not performed; and
- 6) Authorizing or receiving compensation for hours not worked.

### **C. How to Report**

Concerns about possible wrongdoing should be reported immediately. When someone becomes aware of suspected wrongdoing, he or she should:

- 1) Immediately report the matter to a member of the executive leadership team or directly to the director of human resources, the president and CEO, or the chair of the board. Names and contact information for these individuals can be found at [spmcf.org](http://spmcf.org). Wrongdoing may also be filed anonymously by calling our 24/7 hotline at 1-877-767-7781.
- 2) Anyone receiving such a report should immediately notify the director of human resources, who will promptly notify the audit committee chair of any report of financial wrongdoing;
- 3) Not discuss the matter with anyone other than the officials listed above or law enforcement as appropriate;
- 4) Not contact the person suspected, be it to conduct their own investigation and/or demand restitution;
- 5) Have a member of the executive leadership team inform corporate counsel when law enforcement or other persons outside the Foundations are involved or informed;
- 6) Direct all inquiries from any attorney to the president and CEO, director of human resources, or board chair, who will work with corporate counsel as appropriate; and
- 7) Direct all inquiries from the media to the head of marketing and communications.

Reports can be made verbally or in writing. If the former, the person receiving the concern may ask clarifying questions to ensure the concern is fully understood. If the concern is communicated in writing, care should be taken to describe it in detail, as a less-than-thorough description may impair an investigation. A person may elect to send an anonymous written report to any of the persons listed above by mail or other delivery method.

The Foundations will take precautions to avoid disclosing the identity of the person making a report, although some disclosure may be needed to investigate a matter.

### **D. Investigation and Resolution Guidelines**

The director of human resources will work with appropriate persons to coordinate an investigation of a report. Those reporting and/or investigating reports of wrongdoing should provide prompt, detailed, and accurate information, but at the same time avoid:

- 1) Premature notice to persons suspected of wrongdoing and/or disclosure of suspected wrongdoing to those not involved with the investigation;
- 2) Violation of a person's rights under the law; or
- 3) False allegations made with the knowledge that they are false or with reckless disregard to their truth or falsity.

Generally, reports will only be shared with those who need to know, enabling the

Foundations to conduct an effective investigation and determine what actions to take based on results, including involving law enforcement.

When a report of wrongdoing has been resolved, the Foundations will make reasonable efforts to disclose that fact to the reporting party. Information disclosed will depend on the circumstances, including the nature of the resolution, confidentiality considerations, protection of those who may have been involved in the investigation, and ongoing civil or criminal investigations.

The director of human resources will provide a summary of the resolution of any financial wrongdoing to the audit committee. A summary report of all reported wrongdoing will also be provided to the board chair and president and CEO.

#### **E. Reporting Protection**

Retaliation against someone for reporting wrongdoing to the those listed above or to law enforcement is prohibited. This includes acts negative to a person (such as threats of physical harm, loss of job, or punitive work assignments) or acts that could have a negative impact on salary, wages, or other terms or conditions of employment.

The Foundations protect representatives who report suspected wrongdoing to the best of our abilities. Anyone making a report who believes they have been retaliated against may file a written complaint with the director of human resources. If those allegations are substantiated, complaints will be promptly investigated and appropriate corrective measures taken.

Protection from retaliation is not meant to deter managers from following the normal course of action when employees fail to meet established performance standards.

#### **F. Contacts**

Questions regarding the interpretation of this policy should be directed to the vice president of finance.