

## APPENDIX A

# Board of Directors Code of Ethics and Confidentiality Policy

### **Code of Ethics and Confidentiality:**

In order to encourage and foster open and candid discussion at its meetings, the Board of Directors of Hudson Area Swim Association, Inc. dba Mako Aquatics (“MAKO”) believe confidentiality must be maintained. Therefore, it is the policy of the Board of Directors of MAKO that each director and staff member shall keep confidential any and all information relating to discussions at its meetings unless compelled by legal process to disclose such information, or as otherwise agreed by the Board. While Board members are free to discuss the result of Board action items, disclosing any information concerning the discussion of such items during the Board meeting is prohibited. Board members acknowledge that any violation of this policy could cause harm to MAKO and frustrate Board deliberations. Therefore, any Board member who violates this policy shall be subject to termination of his/her Board position and possible termination as a member of MAKO. In order to ensure compliance with applicable laws and to protect MAKO, its members, officers, directors, and staff from potential legal problems regarding conflicts of interest and violation of fiduciary obligations, MAKO endorses and adopts the following statement of policy:

### **I. Duty of Loyalty**

Among the fiduciary obligations of an officer, director, or staff member, or committee member of a non-profit corporation is a duty of loyalty to the non-profit corporation. This includes supporting, and not opposing directly or indirectly or taking any other stance against, the policies and positions duly adopted by MAKO’s Board of Directors. As representatives of MAKO, officers, directors, staff, and committee members are obligated to maintain this duty of loyalty in all manner of activities during their terms of office. This duty of loyalty is not intended to, nor should it; discourage debate within Board or committee meetings. Such debate is encouraged and is part of the individual's responsibility in the deliberation process.

### **II. Confidentiality of Board Discussions and Board Documents**

In order to encourage and foster open and candid discussion at its meetings, the Board of Directors of MAKO believes confidentiality must be maintained. Therefore, it is the policy of the Board of Directors of MAKO that each director and staff member shall keep confidential any and all information relating to discussions at its meetings, including any and all materials, e.g., correspondence, reports, etc., unless compelled by legal process to disclose such information, or as otherwise agreed by the Board. While Board and staff members are free to discuss actions adopted by the Board, disclosing or distributing any information concerning the discussion of such items during the Board meeting is prohibited.

### **III. Conflicts of Interest**

Another fiduciary obligation of a non-profit corporation officer, director, staff, and committee member is to avoid "conflicts of interest". A "conflict of interest" is generally defined as a transaction in which, because the individual is, either directly or indirectly, a party to the transaction or possible beneficiary of the transaction, there is or may be a conflict between the individual's fiduciary obligations to the non-profit corporation and the individual's personal or business interests. To avoid potential conflict of interest problems, MAKO implements the following procedures:

1. In any transaction involving MAKO and a MAKO officer, director, staff, or committee member, and any corporation, partnership or other entity in which an individual is an officer, director, staff, or committee member has or expects or intends to have a financial or other beneficial interest, such individual, prior to any discussion or decision concerning the transaction, shall fully disclose to the MAKO Board the material facts of the transaction and the individual's interest or relationship.

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2. Upon such disclosure, the individual shall take no further part in the meeting during which time the proposal is considered and voted upon.
3. After receiving such disclosure, prior to approving the transaction, the Board or must conclude that the transaction is "fair to MAKO" and must approve the transaction without the participation or the vote of the interested individual.
4. The interested individual's presence at the meeting may be counted in determining whether a quorum of the Board is present, but that individual shall not vote on the transaction.

### **IV. Fiduciary Obligations as to MAKO Opportunities**

Another fiduciary obligation prohibits an officer or director of a non-profit corporation from seizing a "corporate opportunity" for his or her company's benefit or his or her personal benefit.

This means that such an individual may not take advantage of a business opportunity in which the officer or director knows MAKO has a genuine interest and where such an opportunity would be consistent with MAKO's purposes, mission and goals as a non-profit corporation. Further, if the officer or director becomes aware of such an opportunity, he or she is obliged to so inform MAKO and allow MAKO to act first.

### **V. Participation in Deliberations and Actions**

In any case in which there is a question of loyalty, conflict of interest, or corporate opportunity raised, the officer, director or staff member shall not participate in the meeting for the entire time the matter is discussed and voted upon.

I have read and understand the above expectations for the position of Director for Hudson Area Swim Association, Inc. dba Mako Aquatics and agree to abide by this Code of Ethics and duty of confidentiality.