POLICIES REFLECTING DIRECTOR, COMMITTEE MEMBER AND OFFICER DUTIES OF CARE, LOYALTY, CONFIDENTIALITY AND CONFLICT OF INTEREST

Duty of Care. It is a general principle of law that Directors, Members of Committees established by Directors and Officers are to discharge their respective duties (1) in good faith, (2) with the care an ordinary prudent person in a like position would exercise under similar circumstances and (3) in a manner reasonably believed to be in the best interests of the Foundation. This principle is known as the Duty of Care and is set forth in Article IV, Section 15 of the Foundation's By-laws. In addition to observing the Duty of Care, Directors, Committee Members and Officers of the Foundation are expected to fully observe Duties of Loyalty, Confidentiality and Conflicts of Interest.

Duty of Loyalty. When a person is acting as a Director, Committee Member or Officer of the Foundation, such person must act in good faith in a manner reasonably believed to be in the best interests of the Foundation. It is what is best for the Foundation, not, for example, for some other entity with which such person may be involved. This duty constitutes a prohibition on Directors, Committee Members and Officers from unfairly profiting, personally or indirectly through other persons or entities, from the Foundation. Self-dealing and interested party transactions between the Foundation and its Directors, Committee Members and Officers must not only be carefully reviewed by the Board, but may also be subject to strict review by the courts to ensure that they are fair and at arms’ length. In determining whether a person has acted in good faith in a manner reasonably believed to be in the best interests of the Foundation, a court is likely to look to objective data, such as Board minutes, to determine whether, because a person failed to disclose a conflict of interest, such person’s faithful performance of the duties of care and loyalty should be questioned. In aid of this requirement, Article III, Section 3 of the Foundation’s By-laws provides, in part, that a Director (or Committee person) shall not “be chosen to represent any other person or group of persons nor any special interest except only the broad interest of the Foundation and the communities and constituencies it serves.”
If a Director, Committee Member or Officer of the Foundation believes that an action to be taken by such Director, Committee Member or Officer, or any other Director, Committee Member or Officer, including but, not limited to, a grant making decision, may result, or appear to result, in a violation of the Duty of Loyalty, that Director, Committee Member or Officer shall promptly bring the matter to the attention of the Foundation's Chief Executive Officer, the Chairman of the Board of Directors or the Chair of the Committee considering the matter that involves the possible violation. After disclosure of the possible violation and all material facts, and after discussion with the Board or Committee, the Director, Committee Member or Officer in question shall leave the Board or Committee meeting while the determination of a violation is discussed and voted upon. The remaining Board or Committee members shall decide whether, under the circumstances, the situation could reasonably be expected to influence the Director's or Member’s action or create the appearance of a duality of loyalty. If the remaining Board or Committee members respond in the affirmative, the Director, Committee Member or Officer in question shall abstain from voting or taking any other action on the matter. As with a Conflict of Interest, the Director, Committee Member or Officer shall be allowed to briefly state his or her position on the matter and answer pertinent questions from the other Board or Committee members.

**Duty of Confidentiality.** At meetings of the Board and of its Committees, each member is expected to contribute toward the full understanding by all present of the matters considered. Thus, it is important there be a free and open exchange among those in attendance without fear that what is said will be disclosed to others or will be used to the private gain of any in attendance. Candor, with the knowledge that all in attendance will observe the confidential nature of the discussion, is mandatory and necessary for the Foundation to carry out its goals and objectives. While the Foundation's By-laws do not contain an explicit provision relating to the duty of confidentiality, the Board by adopting these policies has recognized the importance and requirement of confidentiality. Until there has been general public disclosure, information regarding the Foundation and its activities should be disclosed only to those with a "need to know", that is, to those who need to have the information in order for them to fulfill their duties to the Foundation.

**Duty as to Conflicts of Interest.** Article X of the Foundation’s By-laws provides in part: “6. Conflicts of Interest – The Board shall adopt a written conflict of interest policy, which it shall review and publish annually. Any duality of interest or possible conflict of interest of the part of any member of the Board of Directors, or any member of any committee of the Board of Directors, shall be disclosed to the other members of the Board, or committee of the Board, as the case may be, and made a matter of record at the time of election to the Board or to a Board committee through an annual procedure, and also when the interest becomes a matter of Board or committee action. Any member of the Board, or member of a committee of the Board, having a duality of interest or possible conflict of interest in any matter shall not (i) be counted in determining the quorum for the meeting, even where permitted by law; (ii) use personal
influence on the matter; (iii) vote on any aspect of the matter; or (iv) be present when the matter is being discussed or voted upon by the Board or committee. The minutes of the meeting shall reflect that the disclosure was made, that the member abstained and was not present during the discussion and vote, and that a quorum existed not counting such member. The foregoing requirements shall not be construed as preventing such member of the Board or of a committee from briefly stating a position in the matter, nor from answering pertinent questions of other Board or committee members, because such member’s knowledge may be of great assistance to the Board or committee.”

In compliance with this By-law requirement, the Board has adopted the following as its written conflict of interest policy.

An “Interested Person” is a Director, Committee Member or Officer of the Foundation, and any of their spouses, parents or children. A “Conflict” is any of the following circumstances involving an Interested Person: (a) to hold an employment, managerial or directorship position with, or have a material financial or ownership interest in, or receive a direct benefit from, any outside concern from which the Foundation secures goods or services or to which the Foundation makes grants; (b) to accept gifts, compensation, or other material or personal benefits from any outside concern that does, or is seeking to do, business with the Foundation, under circumstances from which it might be inferred that such action could reasonably be expected to influence a Director, Committee Member or Officer in the performance of his or her duties for the Foundation; or (c) to solicit business or grants from the Foundation on behalf of any outside concern in which an Interested Person holds an employment, managerial or directorship position or has a material financial or ownership interest. If a Director, Committee Member or Officer of the Foundation believes that the Foundation is considering entering into any arrangement or taking any action, including but not limited to a grantmaking decision, that may potentially involve a Conflict, that Director, Committee Member or Officer shall promptly bring the matter to the attention of the Foundation's Chief Executive Officer, the Chairman of the Board of Directors or the Chair of the Committee considering the matter that involves the potential Conflict, whereupon the provisions of Article X, Section 6 of the By-laws shall apply to the consideration of the Conflict by the Board or Committee. After disclosure of the possible Conflict and all material facts, and after discussion with the Board or Committee, the Interested Person shall leave the Board or Committee meeting while the determination of a Conflict is discussed and voted upon. The remaining Board or Committee members shall decide if a Conflict exists. Further, each person upon becoming a Director, Committee Member or Officer of the Foundation, shall execute and deliver to the Foundation a written statement to the effect that such person is familiar with the Foundation's policies on care, loyalty, confidentiality and conflict of interest, and shall indicate any and all entities and persons with whom such Director, Committee Member or Officer may have a Conflict. Such statement shall be reviewed and executed anew in January of each calendar year thereafter while the Director, Committee Member or Officer shall continue as such with the Foundation.
The Health Foundation of Central Massachusetts, Inc.

Director, Committee Member, Officer, Duties of Care, Loyalty,
Confidentiality and Conflicts of Interest Policy
Statement of Compliance and Annual Disclosure

My current service to other non-profit organizations, or ownership of or employment by other for-profit organizations, includes:

Although I am no longer actively involved, I continue to have concern for and commitment to these non-profit organizations:

I or members of my immediate family currently serve as board members or employees or do business with these non-profit organizations:

I or members of my immediate family derive financial benefit from The Health Foundation of Central Massachusetts, from the provision of services through the following businesses:

I or members of my immediate family have business or personal relationships with these Directors or staff of The Health Foundation of Central Massachusetts:

I have read and hereby agree to comply with The Health Foundation of Central Massachusetts, Inc., “Duties of Care, Loyalty, Confidentiality and Conflict of Interest” Policy.

______________________________
Print Name

______________________________
Date

______________________________
Signature