

Conflict of Interest Policy - Fast Rural Development Program (FRDP)

Fast Rural Development Program – FRDP

Conflict of Interest and Related Party Policy

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Conflict of Interest Policy

Purpose

This Policy establishes rules to ensure all decisions, in particular decisions involving related parties or other situations potentially involving conflicts of interests, are taken in line with the interests of FRDP and its shareholders. This Policy applies to all member of Board of Directors (BoD), officers and collaborators of the FRDP.

All the staff members, employees, and committee members of FRDP owe a duty of loyalty to FRDP and have an obligation to ensure that their outside activities and interests are not unreasonably in conflict with their duties and actions with respect to FRDP. The officers, employees, Board members and Board committee members, because of their varied interests and backgrounds, may be presented with situations involving a dual interest that might be interpreted as an improperly conflicting interest.

It is the policy of FRDP to avoid improper conflicts of interest in conducting its operations and activities so that the property and other assets of FRDP will be used in full compliance with the laws, regulations, and policies applicable to the environment in which FRDP works. This policy is intended to supplement, but not replace, any applicable state laws governing conflicts of interest applicable to nonprofit organizations.

Related party business transactions

- a. FRDP and its employees are prohibited from entering into any “transactions” with any “related party” without authorization, approval of members of the Board who are not “related parties” with respect to, and will not have a financial interest in, the “transaction.”
- b. Any existing or proposed “business transaction” with any “related party” shall be fully disclosed by the related party in writing to the Board at a Board meeting. The disclosure shall include, at a minimum, the name of the related party, the nature of the relationship, the nature of each transaction, copies of any contracts or agreements and the amount and nature of consideration paid or to be paid by FRDP and its affiliates to the related party or by the related party to FRDP or its affiliates. The Board may authorize, approve or ratify the “business transaction” with respect to, and will not have a financial interest in, the “business transaction.” FRDP and its affiliates shall diligently seek to expeditiously terminate any existing unauthorized “transaction” with any “related party,” while mitigating any potential adverse financial or legal impact.
- c. Transactions being considered between FRDP or its affiliates and any person or entity that constituted a related party during the five-year period immediately preceding the date of consideration (where such former relationship has been identified by any Board member and brought to the attention of the Board) must also be approved by the Board in the manner set forth in paragraph above. In considering such transactions for approval, the Board shall evaluate the relevant facts as well as the disclosures which may be required on federal information returns and other regulatory or public documents.

Definitions

Related parties

The following persons are “related parties” for purposes of this policy:

1. Any person who is a director, officer, member of a committee with board delegated powers, management-level employee (above department-head level) of FRDP or its affiliates, or any other person who is in a position to exercise significant influence over the affairs of FRDP or its affiliates.
2. The relative or spouse of any person listed in (1) above, or any relative of such spouse, who has the same home as such person.

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3. Any entity wherein any person listed in (1) or (2) above would have a financial interest if a "transaction" were carried out, regardless of the person's role with the entity.

Business Transaction

The term "business transaction" includes any transaction in which FRDP or its affiliates is required to make payment of any amount of consideration, whether in money, services, or property, to another party in exchange for goods, services, or intangible property or rights, regardless of the relationship of the value of such consideration given to the value of goods, services, or intangible property or rights received. The term "business transaction" also includes any transaction in which another party is required to make payment of any amount of consideration, whether in money, services, or property, to FRDP or any of its affiliates in exchange for goods, services, or intangible property or rights, regardless of the relationship of the value of such consideration given to the value of goods, services, or intangible property or rights received.

Conflict of Interest

A conflict of interest is considered to arise at any time a business transaction is entered into, or is being considered, which involves a related party.

Procedures

Duty to disclose

Prior to commencing the duties that would cause an individual to be covered by this policy, and at least annually thereafter, every person who is a staff members, director, of a committee with board-delegated powers, or management-level employee (above department-head level) of FRDP or its affiliates shall submit in writing to the FBC Board of Directors a statement of the type described in paragraph 9 of this policy. Each such person shall have the continuing duty to update such disclosures in the event of a change of facts or knowledge. No party covered by this policy shall knowingly permit a business transaction to be entered into with a related party in violation of this policy, and parties covered by this policy shall take affirmative steps to disclose in writing to the Board Chair relevant facts if he/she believes a proposed transaction is under consideration that may violate this policy.

Determination of transaction

In the event that any person covered by this policy is unsure as to whether an existing or proposed arrangement constitutes or would constitute a business transaction with a related party, such person(s) may request the Board of Directors to make a determination of the matter.

Violations

Upon determination by the Board of Directors that a party covered by this policy has violated this policy, the Board shall take appropriate disciplinary and corrective action.

Records of proceedings

The minutes of the board and all committees with board authority shall be recorded and kept for any future reference.

Review of this Policy

This policy shall be reviewed on need basis.

Finalized on 10 December 2010