

## Board of Directors Code of Ethics

### Article I.

A Board Member has a duty of good faith and loyalty to NAHC. This means that:

- a) A Board Member owes allegiance to NAHC and must act in the best interests of NAHC while acting in his or her official capacity.
- b) A Board Member should be diligent to ensure that NAHC's interests are pursued during the meeting of the Board of Directors.
- c) A Board Member may not use the position for personal profit, gain or other personal advantage over NAHC members.
- d) A Board Member is accountable to NAHC members for his or her official actions and can be held personally liable for fraud or breach of fiduciary duty in the conduct of the Board's affairs.
- e) A Board Member who exercises honest and reasoned judgment and acts reasonably and in good faith for the best interests of the Board will not be held liable for violation of his or her fiduciary obligation to the Board. To carry out this duty, here are some guiding rules to follow:
  - i) A Board Member should not discuss personal business during a meeting of the Board of Directors to advance his or her personal interests while in official session at the expense of the Board.
  - ii) A Board Member should not make personal attacks on other Board Members, staff or NAHC members while performing official duties. Disagreements should be directed to the disagreement, not the person who raises an opposing point of view.
  - iii) A Board Member may not accept commissions or rebates that belong to the Board for his or her personal gain.
  - iv) A Board Member shall conduct his or her private life in a manner that befits the dignity of a Board Member.

### Article II.

A Board Member has a duty to use care, skill and diligence when carrying out official acts. This means that:

- a) A Board Member is required to act honestly and in good faith, in a manner reasonably believed to be in the best interests of the Board of Directors, and with the care that a prudent person in a similar position would use under similar circumstances.
- b) A Board Member should use his or her best efforts to keep apprised of legislation or regulation that may affect the Board.
- c) A Board Member should seek the advice of experts when making decisions on behalf of NAHC's members in areas of competence in which the Board has not been trained.
- d) A Board Member must serve the interests of all NAHC members impartially and without bias.
- e) A Board Member must advocate that NAHC comply with applicable laws, codes, contracts and agreements to which NAHC is bound.

To carry out this duty, here are some guiding rules to follow:

- i) A Board Member is expected to make a diligent effort to become trained and skilled in good governance practices.
- ii) A Board Member is expected to obtain a working knowledge of laws that regulate NAHC.

- iii) A Board Member is entitled to rely upon information and reports presented by officers or other Board Members whom the director reasonably believes to be reliable and competent.
- iv) A Board Member is entitled to rely upon legal opinions, financial statements, and other information relating to matters that the director reasonably believes to be within the expertise of the person preparing the information.

#### **Article III.**

A Board Member has a duty to act within the boundaries of his or her authority.

- a) The authority of a board of directors is defined in the charter and bylaws of NAHC.
- b) A Board Member's authority is limited to those acts that are transacted during the course of a duly called meeting of the board of directors with a quorum present.
- c) A Board Member may not act in an official capacity except in the context of a meeting of the board of directors unless specifically empowered to act by a majority of directors present and voting in the affirmative at a duly called meeting.
- d) A Board Member serving in official capacity may not violate government laws that regulate the operations of NAHC.

To carry out this duty, here are some guidelines to follow:

- i) The corporate charter received from the state of Delaware defines the business that the corporation can conduct. Its bylaws describe how NAHC will be operated.
- ii) The Board is obligated to comply with the bylaws of NAHC.

#### **Article IV.**

A Board Member has a duty to disclose every personal conflict of interest to the Board.

- a) A Board Member is required to make a prompt and full disclosure of any material personal interest, either direct or indirect, he or she may have in a transaction to which NAHC is a party.
- b) A Board Member shall not vote on or participate in discussions or deliberations on matters when a conflict is deemed to exist other than to present factual information or to respond to questions presented.
- c) A Board Member shall assure that the minutes properly record his or her abstention on any votes on matter for which a conflict may exist.

To carry out this duty, here are some guiding rules to follow:

- i) A Board Member who has disclosed a conflict should request that the disclosure be recorded in the official minutes of the meeting.
- ii) A Board Member may vote on an issue that benefits NAHC if the issue is one that is decided for the general good of NAHC and NAHC members.

#### **Article V.**

A Board Member may not divulge or profit from the confidential information learned while performing official duties.

- a) A Board Member may not divulge or otherwise use for personal gain any personal information learned during the performance of official duties as a Board Member.

- b) A Board Member must hold confidential all matters involving NAHC members until such time as there has been general disclosure of that information.

To carry out this duty, here are some guidelines to follow:

- i) A Board Member must not reveal confidential bidding information from contractors or provide unauthorized information to bidders about the review of bids.
- ii) A Board Member does not have the authority to peruse files that contain private information about individual NAHC members.

#### **Article VI.**

A Board Member has a duty to participate in the operation of NAHC only as authorized by the bylaws or by the full board of directors.

- a) A Board Member's primary obligation is to participate in the governance and policymaking process of NAHC and not its operations.
- b) A Board Member should not interfere with the enforcement of policies except during a meeting of the board of directors.

To carry out this duty, here are some guiding rules to follow:

- i) An individual Board Member is not empowered to provide day-to-day work instruction to staff unless clearly authorized to do so during a meeting of the board of directors.
- ii) An individual Board Member does not have authority to waive compliance with any policy of the entire board of directors.