

COLUMBIA ASSOCIATION, INC.

CODE OF ETHICS AND CONFLICTS OF INTEREST POLICY FOR DIRECTORS, OFFICERS AND SENIOR TEAM LEADERS

The Columbia Association, Inc. (“CA”) demands the highest possible ethical conduct from individuals serving on its board of directors (“Board members”) or as officers or senior service bureau team leaders (“Senior Management members”). Full compliance with this Code and with CA’s *Code of Business Conduct and Ethics* is mandatory, and you are expected to foster a culture of transparency, integrity and honesty.

Construction and Implementation

The provisions of this Code are intended to be broadly construed in accordance with the purpose of this Code. The CA Board of Directors shall be the body responsible for implementing these provisions and advising persons as to their application. Any Board member or Senior Management member may file with CA’s Designated Ethics Official (“DEO”), the President, the Chair of the Board or the Chair of the Audit Committee (collectively, the “Recipient”) a complaint alleging a violation of this Code and/or request an advisory opinion regarding interpretation of the provisions of this Code and its application. The Recipient shall refer any complaint or request for an opinion as follows: (a) concerning a member of Senior Management (other than the DEO or President), to the DEO; (b) concerning the DEO, to the President; (c) concerning the President or a Board member (other than the Chair) to the Board Chair; and (d) concerning the Board Chair, to the Audit Committee Chair. The complaint and/or request shall set forth the facts upon which the complaint and/or request is based. The Recipient responsible for making a determination and/or rendering an opinion in accordance with the procedures contained in this Code (the “Decision maker”) shall do so within sixty (60) days of the request or complaint. The person who is the subject of a complaint or request may not participate in determining whether he/she has a conflict or appearance of a conflict on any matter subject to this Code.

This Code of Conduct has several goals:

- It is an ethical document defining what CA means when it holds Board members and Senior Management members to the highest ethical standards – it details the fundamental maxim – do the right thing, by defining right and wrong in some detail.
- It has official standing, in that the standards articulated here become concrete evidence of CA’s expectations and intentions, with respect to the behavior of Board members and Senior Management members.
- It is pragmatic in that it provides an agreed-to description of both organizational values and the behaviors that those values prescribe.
- It is intended to remind Board members and Senior Management members that although their primary duty is to CA itself, the vested interest of the residents and businesses of Columbia and its environs are impacted by the decisions of CA.

Accurate Periodic Reports and Public Disclosures

Public disclosure of certain CA information is part of CA’s policies. It is CA’s policy to make full, fair, accurate, timely and understandable disclosures in its periodic reports, and in public statements, such as press releases. Board members and Senior Management members must exercise the highest standard of care in preparing such reports and making public disclosures in accordance with the following guidelines:

- All accounting records, as well as reports produced from these records, must be in accordance with applicable law.
- All records must fairly and accurately reflect the transactions or occurrences to which they relate.
- All records must fairly and accurately reflect, in reasonable detail, CA's assets, liabilities, revenues and expenses.
- CA's accounting records must not contain any false or intentionally misleading entries.
- No transactions should be intentionally misclassified as to accounts, departments or accounting periods.
- All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period.
- No information should be concealed from the internal auditors or the independent auditors.
- Compliance with CA's system of internal controls is required.

Compliance

Board members and Senior Management members are expected to comply with both the letter and spirit of all applicable governmental laws, rules and regulations.

If a Senior Management member fails to comply with this Code, with CA's *Code of Business Conduct and Ethics*, CA's *Policy for Reporting Violations of the Code of Business Conduct and Ethics*, any other relevant CA policies or with any applicable laws, such person will be subject to disciplinary measures, up to and including immediate discharge. If a Board member fails to comply with any of the foregoing codes, policies or applicable law, the Board member will be subject to reprimand or removal consistent with CA's Charter and By-Laws.

Conflicts of Interest

All Board members and Senior Management members must avoid any conflict of interest as defined below. In this regard, CA acknowledges the importance of having a comprehensive policy for identifying and effectively handling potential "Conflicts of Interest" (defined below) that may arise between CA and "Interested Persons" (defined below). The adoption of a Conflicts of Interest policy as part of this Code is an important measure to assure that Board members and members of Senior Management act in accordance with their fiduciary duties under Maryland law, that rules applicable to tax-exempt organizations are not violated, and that Board members and Senior Management members avoid sanctions for "excess benefit transactions" under Section 4958 of the Internal Revenue Code. For the same reason, Board members and Senior Management members are required to file CA's Confidential Financial Disclosure Report.

Conflict of Interest Defined. A Conflict of Interest exists in the case of any proposed contract or business dealings between CA and an Interested Person or a party with which an Interested Person has a direct or indirect family, social, business or employment relationship or financial interest in such contract. For purposes of this Conflicts of Interest policy, a person is deemed to have an "interest" in a contract or business dealing if he or she is a director, trustee, officer, employee or agent of, or has a significant financial interest in, or an influential position with, the entity contracting or dealing with CA (other than another entity owned, controlled, or managed by CA). Entities include any entity whether private, public

or governmental (with the exception of the ten Columbia Village Community Associations and Friends of Columbia, Inc.) and regardless of form. Mere service without compensation as a director or officer of a non-profit 501(c)(3) charitable corporation or volunteer service as a member of a governmental task force or committee does not constitute an “interest” engendering a conflict of interest for purposes of this policy. A conflict of interest also exists when an Interested Person’s private activities or involvement would reasonably be expected, if not disclosed, to interfere in any way with the Interested Person’s objectivity or judgment in protecting and promoting the interests of CA, or when an Interested Person or his/her family members receive improper personal benefits as a result of the Interested Person’s position with CA.

Interested Person Defined. An Interested Person is any person that is a director, officer or senior service bureau team leader of CA.

General Policy. All Interested Persons shall exercise good faith in all transactions relating to their duties to CA and shall not use their positions in any manner that is contrary to the best interests of CA or to promote their own business interests or those of family, friends or business partners. Moreover, each Interested Person shall (i) promptly and fully disclose all known and potential Conflicts of Interest to the DEO and the Board or a committee of the Board that will consider a contract, transaction or arrangement to which a known or potential Conflict of Interest relates (a “Contract”), including any relevant facts known to such person regarding a potential Conflict of Interest, (ii) refrain from participating in, or acting on, the decision on any matter in which a Conflict of Interest, or the appearance of a Conflict of Interest, is present with respect to such Interested Person, and (iii) remove himself or herself from any meeting or deliberations on the matter. Any doubts on the part of any Interested Person as to the existence of, or proper conduct in light of, any perceived Conflict of Interest should be directed to the DEO and the Chair of the Board for resolution.

Procedure Upon Filing of a Request/Complaint Regarding Potential Conflict of Interest. The Recipient shall make sure that the complaint or request is before the appropriate Decision maker, who shall review the information set forth in the request and/or complaint and other reasonably obtainable relevant information and consult with legal counsel. The individual(s) whose conduct is the subject of the request and/or complaint as well as the individual(s) making the request and/or complaint are entitled to present information to the Decision maker to assist in making its determination. Other persons with information that is relevant and of value may be allowed to present such information to the Decision maker. The review or consideration of the complaint or request shall not be bound by the technical rules of evidence. A determination by the Board or Audit Committee regarding a Conflict of Interest shall be made by majority vote in accordance with the voting procedure stated in the Bylaws of CA.

Meetings of the Board or its committees under this Code shall be held in closed session in accordance with the provisions of the Maryland Homeowners Association Act, all other applicable laws and CA’s Charter and By-Laws. Information, documents and records obtained by the Decision maker shall be withheld from public disclosure in accordance with the Maryland Homeowners Association Act and all applicable laws. The DEO shall participate as an advisor in meetings of the Board or its committees under this Code. The Board and its committees may also retain outside counsel to attend such meetings.

Conflicts of Interest Regarding Contracts. In the context of approval of a Contract, the Board, DEO or President, as applicable, shall determine, after receiving a disclosure, whether a Conflict of Interest exists or can reasonably be construed to exist. If a Conflict of Interest is known or deemed to exist after disclosure, the Board or President, as applicable, shall not approve the Contract with the Interested Person unless it is determined that (a) entering into such Contract is in the best interests of CA, (b) the Contract is fair and reasonable to CA, and (c) a more advantageous Contract cannot be obtained

under the circumstances. Additionally, the Board or President, as applicable, shall take any action required or prudent to avoid imposition of an excise tax under Internal Revenue Code Section 4958 in connection with considering such Contract.

Record Keeping. The Board or the Committee considering a known or potential Conflict of Interest matter shall maintain detailed minutes and records regarding the matter. Such minutes shall reflect the name of the Interested Person and any disclosure made, the vote on whether a Conflict of Interest is present, the names of the persons participating in any discussions and deliberations with regard to approving or rejecting the Contract involving the Interested Person, the substance of such discussions and deliberations, adherence with the procedures described above, the abstention from voting and participation by the Interested Person, and that a quorum was present. The DEO or President considering a known or potential Conflict of Interest also shall maintain detailed records regarding the matter.

Corrective Action. In the event an Interested Person fails to act in accordance with this Conflicts of Interest policy, the DEO may recommend corrective action to the President in the case of a Senior Management member or the Board may recommend action to the members of the Corporation in the case of a Board member. The Board may take corrective action if the Interested Person is the President. In the event that a formal reprimand, or in an extreme case, the removal of such Person from his or her position(s), is proposed, such recommendation must be presented with supporting documentation. The Interested Person involved shall be given an opportunity to be heard prior to the final decision on the matter.

Additional Conflicts Provisions for Board Members. Board members may not:

- Within one year following termination of their term on the Board assist or represent another party for compensation in a case, contract or other specific matter involving CA if that matter is one in which the member participated while affiliated with CA.
- Solicit or accept any gift for personal benefit of greater than \$25.00 in value or a series of gifts totaling \$100.00 in value in one year from any entity or person who has an interest in an entity which would be affected by the Board member's vote on a proposed matter or that has or is negotiating a contract with CA.
- Disclose or use confidential information acquired by reason of their position as a Board member for their own gain or that of another, or for purposes which are inconsistent with the Board member's fiduciary duty to CA.
- While serving on the Board and within one year following termination of their Board service be employed by or enter into any contract for compensation in excess of \$2500 with CA either personally or in a manner from which they would so benefit directly.

A member of the Board sworn into partisan public office shall resign from the Board and the Columbia Council.

Any action by the Board to provide for or increase the compensation for Board members for expenses incurred for attendance at Board meetings or for other expenses associated with the performance of the duties of a Board member shall not become effective until one (1) year after the date of the public meeting at which such action was approved. Board members are entitled, however, to receive without such passage of time such indirect benefits as attendance at relevant conferences and meetings, travel in CA's Sister City program to accompany youth participants, and other such benefits as are reasonably

related to the conduct of CA's affairs and activities as shall be approved in a public meeting in accordance with federal and state laws and regulations.

Persons in the family of a member of the Board may not receive any remuneration for any work performed for CA with the exception of dependent children employed on a part time or seasonal basis.

Code of Conduct

This Code of Conduct is intended to be used in concert with CA's governing documents including its charter, by-laws and such policies as the Board may adopt as well as applicable Maryland law. It outlines a set of fundamental principles, whether or not they are the basis for certain operational or legal requirements or prohibitions.

These principles are intended to help Board members and Senior Management members understand why CA's documents direct behavior in certain ways, why the laws require or prohibit certain actions and what is to be done when the governing documents and legal strictures are ambiguous or subject to interpretation.

This Code of Conduct addresses the values of CA and how they reflect the values of the larger society. It is intended to help Board members and Senior Management members define what is right, fair, just and good in those cases where it may be less than obvious which path constitutes the high road.

Personal Ethics. Board members and Senior Management members are expected to behave morally according to general expectations of any person in any society, acting in any capacity. The principles of personal ethics include:

- Concern for the well-being of others.
- Respect for the autonomy of others.
- Trustworthiness and honesty.
- Compliance with the law.
- Basic justice: being fair.
- Refusal to take unfair advantage.
- Benevolence: doing good.
- Prevention of harm.

Professional Ethics. An individual acting as a Board member or Senior Management member takes on an additional burden of ethical responsibility. This Code provides rules of conduct and standards of behavior based on the principles of professional ethics, which include:

- Impartiality.
- Openness and full disclosure.
- Confidentiality.
- Due diligence and duty of care.
- Fidelity to professional responsibilities.
- Avoiding potential or apparent conflict of interest.

Rights of Board Members and Senior Management Members. Each Board or Senior Management member has a right to:

- Be reliably informed about CA's finances and operations; and
- Be treated at all times with respect by CA's team members, Board members and members of Senior Management.

Each Board member also has a right to:

- Speak publicly as an individual board member on issues that affect those the Board member serves;
- State publicly that the Board has or has not taken action on a matter and to state individual disagreement with such action or inaction as long as such disagreement does not interfere with the execution of the action.

Political Activity. A Board member or Senior Management member is free to engage in political activity, including endorsement of candidates for political office, when the member is acting in his/her individual capacity. In no way, however, should the activities of a Board member or Senior Management member be performed in such a manner as to indicate that CA supports a specific candidate. All political activities must be carried out on a strictly personal basis and supported only by personal, not CA, resources. A Board member or member of senior management may not endorse candidates for political office while the member is acting as a representative of CA and shall not use his or her CA title in connection with any political endorsement. A Board member or Senior Management member will be considered to be acting as a representative of CA when he/she is:

- Carrying out work or volunteer duties on behalf of CA,
- Attending a CA meeting or event sponsored by CA,
- Attending a meeting as a representative of CA, or
- Wearing a name badge or clothing designating him/her as a representative of CA.

Reporting Violations

The conduct of Board members and members of Senior Management can reinforce an ethical atmosphere and positively influence the conduct of others. If a Board member or Senior Management member is powerless to stop suspected illegal or unethical conduct or discovers it after it has occurred, he or she must report it to the DEO, President, Chair of the Board or Chair of the Audit Committee, as appropriate. Reference is made to CA's *Policy for Reporting Violations of the Code of Business Conduct and Ethics*.

If a Board member or Senior Management member is still concerned after speaking with the DEO, President, Chair of the Board or Chair of the Audit Committee, or feels uncomfortable speaking with any of them (for whatever reason – including the involvement of any of them in the conduct being reported), the Board member or Senior Management member must (anonymously, if so desired) send a detailed note, with relevant documents, addressed to the Board. Senior Management may also make an anonymous report by contacting the MySafeWorkplace ethics hotline at 800-461-9330 or at www.MySafeWorkplace.com.

Calls, detailed notes and/or emails will be dealt with confidentially. It is the commitment of CA and of the Board that the reporting person will be protected from retaliation. Reference is made to CA's *Policy for Reporting Violations of the Code of Business Conduct and Ethics*.

Special Circumstances

CA may waive application of the policies set forth in this Code only when special circumstances warrant granting a waiver, and then only in conjunction with any appropriate monitoring of the particular situation. Changes in and waivers of this Code may be made only by the President or the Board and will be disclosed as required under applicable law and regulations.

Additional Provisions for Members of the Board

In addition to the personal and professional ethical responsibilities for Board members and Senior Management members stated above, members of the Board are expected to understand and comply with the following legal strictures governing their behavior.

The Standard of Care

Compliance with a standard of care is required by the Annotated Code of Maryland, Corporation and Associations Article, Section 2-405.1. The standard of care encompasses two principal elements—a Duty of Care and a Duty of Loyalty.

The Duty of Care. The satisfaction of the duty of care requires:

- Reasonable and prudent care, informing oneself and acting in good faith.
- Regular attendance at meetings of the Board, sharing equally in the work of the Board, and exercising independent and informed judgment on all corporate decisions.
- Acting in reliance on information and reports received from regular sources that the Board member reasonably regards as trustworthy.

The Duty of Loyalty. The duty of loyalty requires directors to exercise their powers in good faith and in the best interests of CA rather than in their own interest or the interest of another entity or person. The duty of loyalty primarily relates to:

- Conflicts of Interest – A director must act with candor and care in dealing with situations which have the potential for a conflict of interest.
- Corporate Opportunity – Before a director engages in a business transaction that may be of interest to CA, the director must disclose the transaction to the Board to enable the Board to act or decline to act with regard to the transaction.
- Confidentiality -- A director shall not disclose information about CA unless that information is a matter of public record under the Maryland Homeowners Association Act or already known to the public.

The Best Interests of CA. Members of the Board shall bear in mind the purposes in CA's governing documents. When determining the best interests of CA each Board member must consider the following:

- The purpose of CA to operate exclusively for the common good and social welfare of the people of Columbia and its environs.
- The CA mission to enhance the quality of life for those living or working in Columbia and to remain an open, integrated and caring community.
- CA's financial ability to remain viable and to continue to achieve its purpose and mission.

Each member of the Board must act in the interest of the whole community of Columbia and not simply as a representative of a particular village or constituency. Once all constituent perspectives are

established and acknowledged, they must be considered in relation to the perspective of the entire community of Columbia.

In accordance with the foregoing Code of Conduct, and in addition to the requirements of this Code, no member of the Board shall:

- Engage in any writing, publishing or speech-making that defames any other Board member or Senior Management member.
- Discuss the confidential proceedings of the Board outside the boardroom or release confidential information not previously available to the public by order of the Board.
- Act in a way which is intended to intimidate another person in the conduct of their office or which a reasonable person would conclude had such intent and which, in fact, did intimidate.
- Undermine the authority of the Board, its Chair or the CA President to perform his/her duties, or interfere with the duties of CA's management and staff or treat CA's management and staff with disrespect.
- Commit an act which a person would reasonably expect to cause harm to the reputation of CA or the Board.
- Speak for or act on behalf of CA unless specifically authorized to do so by the Board.
- Conduct themselves in a manner that assumes any greater rights and privileges than any other resident in the Columbia community.

Approved by CA Board of Directors February 22, 2007

Revised and approved by CA Board of Directors July 7, 2011

Revised and Approved by CA Board of Directors December 12, 2013

Revised and Approved by CA Board of Directors May 8, 2014

ACKNOWLEDGEMENT OF RECEIPT

COLUMBIA ASSOCIATION, INC.

**CODE OF ETHICS AND CONFLICTS OF INTEREST POLICY
FOR DIRECTORS, OFFICERS AND SENIOR TEAM LEADERS**

I, _____, acknowledge and confirm that I have received a copy of the Columbia Association, Inc. Code of Ethics and Conflicts of Interest Policy for Directors, Officers and Senior Team Leaders, dated May 8, 2014, and have read those standards and do agree that while I hold a position with the Columbia Association, Inc., I will conduct myself in accordance with those standards.

Witness

Signature

Title/Position

Date