

## Code of Ethics for Directors of Health for Humanity

*This Code of Ethics sets forth standards of behaviour for directors of Health for Humanity. It is intended to assist directors in fulfilling their duties under the law.*

### 1. Be Informed.

Directors owe Health for Humanity (H4H) a duty of care. The duty of care requires directors to exercise their authority to make decisions for H4H with the prudence that an ordinary person would exercise. To be able to fulfill this fiduciary duty of care, it is necessary that directors be well informed about the organization, its mission, its operations and the transactions in which it proposes to engage.

The directors should require that team leaders and project managers provide him or her with financial reports and information adequate for the director to understand the assets, liabilities, revenues, and expenses of the corporation. The information should be adequate to allow the director to make informed and prudent decisions about the budget, the operations and balancing the short term and long term needs of the organization.

The director should have access to a wide range of information about the organization and its operations. Team and project leaders should report regularly to the board and answer questions that directors may have. In most circumstances, it is difficult for the directors to satisfy their duty of care unless they review information provided to them prior to the meeting.

### 2. Participate.

To satisfy the duty of care, directors should regularly attend and participate in board meetings. In addition, the board must meet regularly. If the board is not meeting regularly, it is incumbent upon the directors to request such meetings.

Participation in board meetings can be in person or through a communications device (such as a conference telephone) that allows everyone at the meeting to hear the others. Proxies are not permitted at the board level.

### 3. Use independent judgment.

As directors vote on matters before the board, directors must exercise independent judgment on the matter at hand. The directors may seek advice and input from organization members, consultants and other directors; however, ultimately each director must decide independently based upon his or her understanding of the situation. A director should not vote on something he or she does not understand.

### 4. Act in best interests of the organization.

Directors also have a duty of loyalty to the organization i.e., directors should act in the best interests of the organization and not his or her own personal interest or even the

interest of some third party. A non-profit organization should maintain a conflict of interest policy to assist the directors in fulfilling this duty.

#### 5. Disclose conflicts.

Because directors must act in the best interest of the organization, it is necessary that directors disclose any facts that may cause directors to be unable or appear to be unable to fully fulfill their duty of loyalty. Normally, directors make an annual written disclosure of the relationships that might constitute a conflict, such as significant ownership interests, and other boards on which he or she may serve. In addition, as circumstances arise, directors should disclose any actual or potential conflict when the board (or committee) considers a transaction. The organization should have a policy to address those transactions that create a conflict so that “independent” directors or other appropriate body will have the responsibility for deciding whether to approve the conflicted transaction. The directors should be certain that the procedure designed to deal with any such transaction is fully implemented each time a conflict arises.

#### 6. Recuse.

After disclosing an actual or potential conflict of interest, the director should leave the room while the matter is discussed and should not vote on the matter. Notwithstanding the fact that some governing legislation may allow the conflicted director to be considered for purposes of ascertaining a quorum, the better practice is to assure that a quorum consisting of unconflicted directors is available. The conflicted director should not attempt to influence the decision in any way, but may provide information requested by the board.

#### 7. Maintain confidences.

Directors will frequently receive confidential information about the organization. For example, directors will be familiar with the organization’s strategic plan, growth plans, litigation, etc. Directors are obligated to keep such information confidential. Directors should not be discussing such information with non-directors unless specifically instructed by the board to do so. Directors should be alert to circumstances where confidentiality obligations may create a conflict. For example, directors employed by a body that funds the organization on whose board the directors serve may not share with their employer confidential information about the organization.

#### 8. Accept only reasonable compensation.

In many communities, directors of non-profit organizations are not compensated for their services, although they are sometimes reimbursed for out-of-pocket expenses associated with the board service. If, however, directors are being compensated, the amount of the compensation must be reasonable in light of the services provided. The board should seek out comparable information to assist it in determining whether the compensation is

reasonable. In addition, the compensation should be structured in a manner that will not adversely affect the organization's tax-exempt status.

#### 9. Support the organization.

Directors should support the organization they serve. The support should include financial support and, where applicable, public support of the mission of the organization.