

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.4

POLICY TITLE: BOARD MEMBERS' CODE OF CONDUCT

Application of Policy

This Policy 4.4 applies to all voting members of the Board. It does not apply, therefore, to *ex officio* members.

Definitions

As used throughout this Policy 4.4:

1. The terms “Employment,” “Employ,” and “Employee” refer to ordinary employment as a W-2 employee, whether full- or part-time.
2. The term “Family Member” in reference to an individual means the individual’s spouse and children and any person who lives in the individual’s household.

Standards of Conduct

The Board commits itself and its members to ethical, professional, and lawful conduct.

Accordingly:

1. Board members must dedicate themselves to the interests of NHF (the “Organization”) and of the community the Organization serves. Board members bear a fiduciary duty to protect the Organization’s integrity, trustworthiness in the eyes of the public, financial health, and fidelity to its mission.
2. Board members shall discharge their duties honestly and in good faith. They shall exercise the degree of care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.
3. A Board member aware of credible information that suggests that a Board policy has been violated by another Board member or by the CEO has an affirmative obligation to bring the concern to the Board Chair or the Board as a whole, as appropriate.
4. In the performance of their responsibilities, Board members shall treat each other, staff, and community members with respect and professionalism, and will uphold the dignity of the Organization.

5. Board members must refrain from abusing their positions or authority. In particular, but without limitation –

- A. Board members may not engage in business (including but not limited to the provision of compensated professional or consulting services) with the Organization on behalf of themselves or outside entities in which they or a Family Member have a financial interest. In extraordinary circumstances, the Board may vote to waive this restriction but only if (a) the terms of the arrangement are fully disclosed, and (b) no comparable alternative vendor is reasonably available.
- B. Neither a Board member nor a Family Member may, during a period of Board service, (1) be an Employee of the Organization, or (2) seek or secure Employment with the Organization.
- C. Board members may not appropriate for their personal use or exploitation, or for use or exploitation by any unauthorized person or entity, any resource, opportunity, or advantage that belongs to the Organization. In the course of their Board activities, Board members may become privy to nonpublic information belonging to the Organization or another entity. Board members must refrain from using such information for personal profit or advantage or enabling any unauthorized persons or entities to use such information for their profit or advantage.

6. Board members shall support the legitimacy and authority of the Board’s final determination on any matter. They shall not hold themselves out to the media or the public as having the authority to speak on behalf of the Organization or the CEO unless in fact so authorized.

7. Board members should maintain the confidentiality of any nonpublic Organization communications or information (for example, matters taken up in executive session, internal evaluations of staff, donor information, vendor negotiations, and proposals for funding).

Conflicts of Interest

Board members should at all times be attentive to their ability to carry out their responsibilities in a manner unaffected by outside influences or interests.

A conflict of interest exists when a Board member has or is subject to an outside interest that compromises, or could reasonably appear to an outside observer to compromise, the Board member’s ability to exercise independent and objective judgement in the performance of organizational duties. Outside interests of concern can be financial or non-financial. For example, they may involve business transactions, investment interests, fiduciary duties owed to other organizations, offers of employment, family relationships, or friendships.

Board members should be transparent and forthcoming about outside interests that could give rise to conflicts of interest. Accordingly –

- Board members shall submit to the Organization annual written disclosures of any such interests of which they are aware.
- Board members shall promptly supplement or update their annual filings whenever they acquire or become aware of having additional interests that could give rise to conflicts of interest.
- Whenever a Board member has an outside interest that poses a conflict of interest with respect to a specific matter that is before the Board for discussion or a vote, regardless of whether the outside interest has previously been disclosed in a written disclosure, the Board member shall expressly bring the conflict of interest to the attention of the Board or its presiding officer in advance of the Board discussion or vote. If a Board member is uncertain whether an interest poses a conflict of interest or could appear to a reasonable observer to pose a conflict of interest, he or she should seek guidance from the Board Chair in advance of the meeting or submit the issue to the Board's judgement at the meeting.
- If a Board member has a reasonable basis to believe that another Board member has a conflict of interest with respect to a specific matter that is before the Board for discussion or a vote, he or she should bring the potential conflict of interest to the attention of the Board or its presiding officer in advance of the Board discussion or vote.

Board members who declare themselves to have, or are determined by the Board to have, a conflict of interest with respect to a matter before the Board shall be recused from participating in the discussion of or vote upon the matter. The recusal and the reason for the recusal shall be recorded in any minutes of the meeting duly kept or produced. In any instance, the Board may vote to waive recusal with respect to participation in discussion, in which case the minutes shall record such waiver. Where the Board deems it appropriate, the Board may require a Board member with a conflict of interest with respect to a matter to physically (or telephonically, if applicable) absent himself or herself from the Board discussion or vote.

Interests Ordinarily Not Permitted

Certain outside interests conflict so significantly or pervasively with the duty of loyalty a Board member owes the organization that they are not ordinarily permitted. If an individual has any of the interests specified below, the individual will ordinarily be ineligible to serve or continue serving as a Board member. (Note that an interest of lesser magnitude or consequence than specified below – for example, an ownership interest below \$25,000 – can still constitute a conflict of interest with respect to a particular matter before the Board and may still require disclosure and management through the procedures discussed in the preceding section.)

1. The individual or any Family Member is Employed by an entity that manufactures drugs, medical devices, or biological products intended primarily for use by patients with a bleeding disorder.

2. The individual or any Family Member is Employed by a for-profit entity that offers or provides as a substantial line of business medical services (*e.g.*, home health care, specialty pharmacy services, infusion support) to patients with bleeding disorders, if the individual or family member works in or with the division of the entity offering or providing such medical services.
3. The individual or any Family Member receives non-Employment consulting income, advisory committee fees, or other service compensation (monetary or in-kind) from an entity described in paragraph 1 or 2 above, and such remuneration from any single entity exceeds \$5000 per year.
4. The individual or any Family Member has an ownership interest currently valued at more than \$25,000 in an entity described in paragraph 1 or 2 above. An “ownership interest” includes, but is not limited to, stock, stock options, and the like, but does not include stock held through a mutual fund, pension fund, or other investment vehicle over which the individual exercises no investment decision-making control.
5. The individual or any Family Member is Employed by, or serves on the board of, an advocacy organization, including a member chapter of NHF, concerned primarily with serving the needs or advancing the welfare of persons with bleeding disorders.
6. The individual or any Family Member receives from an entity described in paragraph 1 or 2 above non-negligible gifts, gratuities, or other benefits not available as a general matter to other members of the community at large.

In certain circumstances, the Board may vote to permit a prospective or sitting Board member to serve or continue serving on the Board while also having one or more of the interests listed above. *Such waivers should be granted only on compelling grounds and when the need for the individual’s expertise or qualifications outweighs the risk of biased judgement.* Unless further limited by the Board, a waiver shall be good for the calendar year in which it is granted and continuing until the first regular meeting of the Board in the next calendar year, at which time it shall lapse unless renewed by the Board as then constituted.

Example 1:

Dr. X is a hematologist widely recognized for her expertise on von Willebrand Disease. Dr. X is appointed to an advisory committee of a manufacturer of clotting factors and is compensated at the market rate for her services. The Board votes to allow Dr. X to remain on the Board, because she is the only physician member and is needed, among other things, for her ability to evaluate MASAC recommendations and because NHF is undertaking a major new VWD awareness campaign.

Example 2:

Professor Y is a geneticist with a bleeding disorder. He works at a prominent university and writes and consults on the creation of DNA biorepositories. His clients include many companies that manufacture drugs for orphan diseases, including biologics manufacturers focused on bleeding disorders. The Board votes to permit Professor Y to serve on the Board in light of his perspectives as a consumer and his knowledge of biobanking and because his services to industry do not relate to the development or promotion of particular products.

Waivers of the principles stated in paragraphs 1 through 6 above should be limited in duration to only as long as is necessary. Where feasible, waivers may be conditioned upon compliance with measures designed to manage or mitigate the risks posed by the Board member's outside interests.

Failures to Comply with Code of Conduct

If the Board becomes aware of a possible violation of this policy by a Board member, then the Board – acting as a whole or through an officer, committee, or other delegatee – shall make such inquiry or investigation as it deems warranted. If the Board determines that the policy was violated, the Board shall take appropriate remedial or disciplinary action, including but not limited to removal of the Board member as an officer, committee member, or director.