

# DRUID HILLS CIVIC ASSOCIATION, INC.

## Code of Conduct

Adopted September 19, 2018

It is the goal of Druid Hills Civic Association, Inc. (“DHCA”) that its affairs be conducted in a manner that serves as a model of board conduct supporting the interests of the organization and its stakeholders. The purpose of this Code of Conduct is to identify the minimum standards under which the members of the Board of Directors (the “Board”) of DHCA will be expected to conduct themselves concerning DHCA. It is not intended to limit or replace other standards of conduct established under Georgia law or under DHCA’s articles of incorporation or bylaws. Nor is it intended to limit the authority of the Board to impose other standards or obligations concerning Board service so long as they don’t conflict with this Code of Conduct.

### Respect and Fairness

As an organization formed to advance the interests of the local community, it is the policy of DHCA to treat all people with dignity and respect. To that end, DHCA directors will strive to:

- create a safe and welcoming environment for interaction with DHCA and the Board,
- engage fairly, truthfully and respectfully with all stakeholders (including but not limited to other directors, members of the community, donors, volunteers, vendors, contractors, employees, collaborators and governmental and non-governmental partners), and
- continuously earn the public’s respect for DHCA, its goals and its operations.

It is also DHCA’s policy to conduct its affairs free of discrimination prohibited by law and free of discrimination for the following reasons whether or not prohibited by law: race, color, religion, gender or gender identity, sexual orientation, national or regional origin, ancestry, age, mental or physical disability, medical condition, pregnancy, military or veteran status, genetic information, citizenship status and/or marital status.

### A Director’s Fiduciary Duties

Georgia law imposes two different duties on directors, a “duty of care” and a “duty of loyalty.” These two duties are sometimes referred to as a director’s “fiduciary duties.”

*Duty of Care.* Georgia law states that a director shall discharge his or her duties with the care an ordinarily prudent person in a like position would exercise under similar circumstances. This “duty of care” requires directors to become informed about the affairs of DHCA, to participate actively in making decisions on behalf of DHCA and to exercise his or her best judgment while making those decisions. In meeting these responsibilities each director should:

- regularly attend Board and committee meetings;
- review background material in preparation for meetings, including reports, minutes and the bylaws;
- ask questions of and request information from officers and directors; and
- if appropriate, consult other sources of information outside of DHCA.

If a director concludes that he or she is prevented from adequately performing his or her duty of care, due to time or other restrictions, the director should resign from the Board so that the Board can consider adding another person to the Board. If the Board determines that a director cannot adequately perform his or her duty of care, the Board may remove the director from the Board in accordance with the bylaws or take other action the Board determines appropriate to enforce the director's duty of care.

*Duty of Loyalty and Conflicts of Interest.* Georgia law also states that a director shall discharge his or her duties as a director, including his or her duties as a member of a committee, in a manner the director believes in good faith to be in the best interests of the organization. This obligation is generally referred to as the "duty of loyalty."

An important consequence of the duty of loyalty is that every director must avoid conflicts of interests. For purposes of this Code of Conduct, a conflict of interests will exist if:

- The Board is considering a transaction in which DHCA has a direct or indirect financial interest, and a DHCA director has a direct or indirect<sup>1</sup> financial interest in the transaction that may prevent the director from acting in the best interests of DHCA (a "financial conflict"); or

<sup>1</sup> A director may have an indirect financial interest if the director has a relationship with another party to the transaction or with a person associated with the other party.

- Another matter is being considered by DHCA that may be brought before the Board or a committee of the Board, and the director's loyalty to DHCA is compromised by the director's loyalty to another person or organization or to a moral or another personal position held by the director (a "conflict of loyalties").

If a conflict of interests exists, the director shall fully disclose the conflict to the President and Secretary of DHCA. If the director has reported a conflict of interests, or if the Board independently determines the director has a conflict, the director shall:

- refrain from participating in and voting at any meeting of the Board or committee of the Board at which the proposed transaction or other matter is to be discussed and/or acted on,
- remove himself or herself from any such meeting if the Board so requests, and
- as an officer or director of DHCA, cease engaging in any other activity related to the proposed transaction or other matter.

If the director has reported a conflict of interests or if the Board determines that a conflict exists, and if the Board determines that the director has not observed the restrictions imposed above, the Board may remove the director from the Board in accordance with the bylaws or take other action the Board determines appropriate to insure the director's compliance with these restrictions.

## Confidentiality

A robust exchange of ideas is crucial to the effective management of any organization, and directors must feel free to express their views in a safe environment knowing that what is said in confidence at a meeting will remain confidential. In addition to fostering open discussions at meetings, it is important that such discussions and other information about DHCA not be disclosed outside of DHCA because such disclosure might harm DHCA or put it at a disadvantage. Therefore, each director must avoid disclosing to others:

- anything discussed in confidence at a Board or committee meeting, or
- any non-public DHCA document or information to which the director has gained access.

These obligations are referred to as the “duty of confidentiality” and can be considered as part of both the duty of care and the duty of loyalty. Two general guidelines will apply to this duty of confidentiality:

- A discussion will be deemed to be “in confidence” if it is held at (1) an executive session of the Board, or (2) a directors-only Board or committee meeting if the presiding person expressly states that the discussion is in confidence; and
- All DHCA-related documents and information should be considered non-public, and therefore to be held in confidence, unless the director has direct knowledge that the document or other information has been intentionally disclosed by the Board or by an DHCA officer to someone outside of DHCA.<sup>2</sup>

<sup>2</sup> If a confidential document or other confidential information is disclosed to someone with an obligation of confidentiality to DHCA, such as a lawyer, the duty of confidentiality will continue to apply.

If a director inadvertently violates this duty of confidentiality he or she should immediately disclose this to the President and the Secretary of DHCA. If the Board determines that a director has intentionally violated this duty of confidentiality the Board may remove the director from the Board in accordance with the bylaws or take other action the Board determines appropriate to enforce the director’s duty of confidentiality.

## Speaking with One Voice and Supporting Board Positions

In order to maintain its credibility, effectiveness and influence it is essential that DHCA speak with one voice and that all directors support DHCA positions. The Board determines DHCA’s policies and positions, and directors therefore are expected to support the Board’s decisions whether they voted for or against or abstained from voting. In that regard, a director:

- when speaking publicly, must endeavor to state the Board’s decision as accurately as possible;
- may not represent or imply to anyone that the Board has made a different decision; and
- must refrain from public advocacy or any other action that may undermine a Board decision or hamper its implementation.

If the Board has *not* taken a position on a particular issue, a director may not:

- represent or imply to anyone that DHCA has taken a position;
- publicly speculate on what DHCA's position might be if the Board were to take a position; or
- present his or her personal position in a way that may lead someone to conclude that such personal position is DHCA's position.

If a director concludes that he or she is routinely unable to support decisions of the Board, he or she should consider resigning from the Board. If the Board determines that a director has not observed the restrictions imposed above, the Board may remove the director from the Board in accordance with the bylaws or take other action the Board determines appropriate to insure the director's compliance with these restrictions.

#### Interpretation

The Board, or any officer(s) or other person(s) specifically designated by the Board, shall have the sole authority to:

- interpret this Code of Conduct,
- determine the facts underlying any circumstances called into question under this Code of Conduct, and
- take all reasonable steps, consistent with applicable law, DHCA's bylaws and this Code of Conduct, to enforce the restrictions stated above.