

**INTEGRITY, CONFLICT OF INTEREST,
DISCLOSURE AND CERTIFICATION POLICY
AND
CODE OF CONDUCT AND CIVILITY POLICY
FOR ALL C.A.R. DIRECTORS AND COMMITTEE MEMBERS
2018**

OVERVIEW. Thank you for agreeing to serve as a C.A.R. Director or Committee member! We assume that you have accepted these positions with the intention of serving California REALTORS® to the best of your ability and we appreciate your time and service. Since membership in C.A.R. is voluntary, maintaining good will and the reputation of C.A.R. is of utmost importance, as are the legal duties of Directors and Committee members. Of course, C.A.R. Directors and Committee members must honor their fiduciary duties and adhere to appropriate conflict of interest and disclosure rules. As REALTORS®, we operate under a Code of Ethics, and the conduct of our Board of Directors and Committee members must similarly be not only compliant with good corporate governance, but avoid even the appearance of impropriety. Because Directors and Committee members are involved in so many policy, business and other activities, potential conflicts are not always intuitive. This policy clarifies the expectations of disclosure, abstaining from voting, handling of non-public information, and in some cases, removing oneself from the room during discussions.

POLICY COMPONENTS. The policy has six components:

1. Integrity Policy & Fiduciary Duties including Loyalty
2. Disclosure of Ownership and Business Interests
3. Disclosure of Policy/Organization Affiliations
4. Conflicts of Interest Requiring Abstention or Exclusion
5. Code of Conduct and Civility Policy
6. Certification of Compliance and Written Disclosures (online)

ACTIONS AND CHECKLIST.

- Read the policies.
- Be aware of your fiduciary duty which includes loyalty to and acting in the best interests of C.A.R.
- Be aware of potential conflicts, both in business and affiliations with other entities, with each issue being discussed at Committees, Forums and at the Directors meetings.
- Disclose potential conflicts to the Chair and other appropriate persons.
- Before speaking to an issue, or prompting others to speak on your behalf, disclose potential conflicts and affiliations to the body.
- Remove yourself from the room in instances in which is it inappropriate for you to be present for the debate; look to the Chair and legal counsel if there is a question.

- Abstain from voting if your financial or organizational interests create a conflict of interest. It may be appropriate to have the Chair or other designated person put the abstention on the record.
- Complete the Compliance and Disclosure Certification Form online. (All C.A.R. Directors and Committee members are sent instructions through e-mail. If you have not received instructions, please contact governance@car.org).

INTEGRITY.

Members serving as C.A.R. Officers, Liaisons, Directors, Committee or Forum Chairs, Vice Chairs and Committee members (“C.A.R. Leaders”) shall vote in a manner that is in the best interests of the members. If you are also a member of another board of directors, or serve in any other decision-making capacity with another entity, your duties do not change as it relates to your duty as a Director or Committee member of C.A.R.

Members serving as C.A.R. Leaders shall **NOT**:

1. Engage in any undisclosed conflicts of interest;
2. Take inappropriate advantage of their positions; or
3. Abuse their positions of trust and responsibility.
4. Act in a manner that is adverse to C.A.R. adopted policy positions.

For example, C.A.R. Leaders shall **NOT**:

- A. Use non-public information made known to them as a result of their position to benefit personally or to benefit another entity in which they are involved.
- B. Use information derived from the Committee or Directors meetings to the detriment of C.A.R. (or its members) or use the information in a manner inconsistent with the fiduciary duty of a C.A.R. Director or Committee member.
- C. Disclose C.A.R.’s strategic or confidential information to any other entity.
- D. Make or maintain an investment in any entity or business with which C.A.R., its subsidiaries or affiliated entities have a business relationship if the investment is of such a character (whether because of the size or value of the investment or for any other reason) as might create, or give the appearance of creating, a conflict of interest.
- E. Advocate for a public policy position for another policy organization without first fully disclosing the relationship with that organization (i.e., officer, director, member, consultant, attorney, etc.) which relates in any way to the matter being discussed before the C.A.R. Committee or the Board of Directors.
- F. Use their name or allow use of their name with their Committee, Leadership or C.A.R. Director position on political or other materials in a manner that implies C.A.R. support of a candidate or position when C.A.R. or its sponsored PACs has either not taken a position or supports a different position on the issue or candidate. Undermine a C.A.R. Board of Directors’ approved position by public or private statements or activities.

Disagreements are inevitable and a healthy part of debate, but as a C.A.R. director, the way to address differences is through debate and vote of the Board of Directors, not to impair its implementation.

DISCLOSURE OF OWNERSHIP AND BUSINESS INTERESTS.

- 1. Business (current or potential) with C.A.R.** All C.A.R. Leaders must disclose any direct or indirect ownership and financial interest in any entity that C.A.R, its subsidiaries or affiliated entities are doing business with or that are being considered as potential providers to C.A.R., its subsidiaries or affiliated entities.
- 2. Competing Businesses and Services.** If a C.A.R. Leader has any direct or indirect ownership or financial interest in, or serves in a decision-making capacity with any entity, that competes with products and services offered by C.A.R, its subsidiaries or affiliated entities, then the C.A.R. Leader must disclose that interest prior to speaking to a decision-making body about an issue involving those competing products or services.

Results of Disclosure: After the necessary disclosure, including disclosure to the body when debating the issue involving the interest, the C.A.R. Leader may still be able to debate the issue, depending on the issue and whether the conflict is significant enough to warrant abstention from voting, such as one that creates a conflict of interest (see policy on conflicts of interest).

DISCLOSURE OF POLICY/ORGANIZATION AFFILIATIONS.

- 1. Use of Position; Confidentiality.** C.A.R.'s Directors, Officers or Committee members may not use their position with C.A.R. in order to achieve a financial, strategic or political benefit for themselves or a third party to the detriment of C.A.R., its subsidiaries or affiliated entities, nor may C.A.R. Leaders disclose strategic or confidential information regarding C.A.R. and its policies, business, or organizational objectives.
- 2. Positions in Other Entities.** If a C.A.R. Leader serves in a decision-making capacity with, or has any direct or indirect ownership or financial interest in an entity that advocates public policies that are being considered by C.A.R, or that is doing business with entities that are advocating policies that are being considered by C.A.R., including any affiliated PACs, HAF or other entities, that C.A.R. Leader should disclose such position or business relationship prior to speaking to the related issue under consideration.

Results of Disclosure: After the necessary disclosure, including disclosure to the body when debating the issue involving the interest, the C.A.R. Leader may still be able to debate the issue, depending on the issue and whether the conflict is significant enough to warrant abstention from voting, such as one that creates a conflict of interest.

CONFLICTS OF INTEREST THAT REQUIRE ABSTENTION OR EXCLUSION.

When you are a Director or Committee member of the California Association of REALTORS®, you should vote in a manner that is in the best interest of the members and C.A.R. If you are a member of a board of directors of another entity, or have a role in that other entity which interests conflict with this duty, it does not change your duty to C.A.R. and through it, its members, and you may have to abstain from voting. In some instances it is inappropriate for you to have confidential information, given your other organizational role, ownership or financial interest, in which case you should not be present to receive the information or listen to the debate.

Personal Financial Benefit. Directors and Committee members should not participate in the debate when the Director or Committee member has a direct or indirect interest in an entity involved in an issue or when the C.A.R. Leader stands to financially benefit, either personally or through family*, without full disclosure of such interest and its extent. In some instances, such Directors or Committee members should not be present for the debate. The financial interests must be material and do not include minor passive interests in investments (mutual funds, for example) or minor financial interests of less than 10% ownership or control.

Organizational Benefit; Local Associations. It is inappropriate for another organization in which you are a director to instruct you to vote in a manner which would violate your duties as a C.A.R. Director or Committee member. Rather than do so, you should recuse yourself from voting. Most C.A.R. Directors and Committee members are selected by Local Associations and it is anticipated they express the view from that area so that when the entire Board of Directors votes, it expresses the will of REALTORS® across the state. Disclosure of the fact that you are in a leadership position with a Local Association is not required unless there is something specific about the interest or activity of the Local Association involving the issue under discussion that does not apply to all Local Associations generally.

***Direct or Indirect Family and Other Relationships.** Sometimes the Director or Committee member is related to, or in a business relationship with, a person with a conflict of interest. To assure the highest level of integrity, these also must be disclosed. Financial or other conflicts of interest may be direct or indirect. Direct and indirect interests include any interest of any family member or significant person, and any organization in which the Director or Committee member, or a family member or significant person, is a director or officer, has any ownership interest, financial interest, contract, employment or stands to benefit from the issue considered. For purposes of this policy, family members include an individual's spouse, registered domestic partner, his/her siblings and their spouses, his/her ancestors, and his/her descendants and their spouses.

CODE OF CONDUCT AND CIVILITY POLICY.

Directors, volunteers, local association staff and C.A.R. staff gather to debate, discuss, vote, and share information at its events. Directors have a fiduciary duty to C.A.R. and as such should fulfill that duty with the utmost care which includes treating those attending the meetings with courtesy, respect and in a manner appropriate under the law. While it goes without saying, and is actually welcome, there will be disagreements – sometimes passionate ones – as well as social interaction. These must be kept within civil bounds and respect.

To that end, C.A.R. is committed to providing an environment for all those attending the C.A.R. events including directors' meetings as directors, committee members, members, volunteers, and association staff that is free of discrimination, intimidation, retaliation or harassment. In keeping with this commitment, C.A.R. does not condone, nor tolerate any form of unlawful harassment, including harassment based on race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical conditions, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status, pregnancy or pregnancy related condition or any other characteristic protected by state or federal law.

Improper conduct can include, but is not limited to, harassment that is verbal, physical, visual or through other means, (i.e., by email, voicemail or any other electronic devices). Examples of harassment may include, but are not limited to derogatory comments, slurs, jokes, statements, gestures, pictures, drawings, cartoons, assault, impeding or blocking another's movement, unwelcome physical contact, such as hugging, kissing, patting, pinching or brushing against another's body or otherwise physically interfering with a person's normal activities or attendance based upon the person's sex or other protected characteristic. Sexual harassment includes, but is not limited to, making unwanted sexual advances and requests for sexual favors where either 1) submission to such conduct is made an explicit or implicit term or condition of advancing in the organization; 2) submission to or rejection of such conduct by an individual is used as the basis for appointments affecting such individual or the association affiliated with it; or 3) such conduct has the purpose or effect substantially interfering with an individual's performance within the C.A.R. structure, attending an event or creating an intimidating, hostile or offensive environment including at the meetings. Sexual harassment conduct can be by a person of either the same or opposite sex.

Occasional appropriate compliments or voluntary relationships between members and staff are not covered by this policy but all parties should be clear with one another when conduct is unwelcome. Conduct that is insulting or demeaning to the recipient is not appropriate at C.A.R. events. All members and staff are expected to behave accordingly and take appropriate measures to ensure that such unwelcome or inappropriate conduct does not occur.

If you believe that you are being, or have been, harassed in any way, please report the facts of the incident or incidents to the Senior Vice President of Operations Rick Shumacher. To protect victims and the accused alike, efforts will be made to use the utmost confidentiality, to the extent possible, regarding complaints. All claims will be thoroughly and promptly investigated, in a manner that treats all parties fairly, and will reach an appropriate conclusion and recommended action based on the evidence collected. Upon conclusion, appropriate action will be taken against the offender. Directors and those attending the meetings may be subject to removal from events and/or removal from the positions over which C.A.R. has authority and not allowed to attend future meetings. The matter may also be referred to the Association if a local Association employee or an elected officer from that association is involved.

Of course retaliation by directors, committee members, volunteers and association staff against any person for either reporting an incident or cooperating in an investigation is not consistent with this policy. If you have any questions concerning this Policy, please feel free to contact Rick Shumacher.

Matters involving C.A.R. employees (as either the accused or the accuser) will be governed by the C.A.R. Employee Handbook and should be referred to the Chief Executive Officer or Senior VP of Operations.

VIOLATION OF POLICY.

The violation of these policies are a serious matter and may constitute cause for removal or termination as a C.A.R. Director, Officer or Committee member, or the termination of any contractual relationship with the impacted entity. Any violation may be reported to the C.A.R. Officers and consideration of a ban for a period of time from all appointments may also be considered.