

Women's Business Enterprise
National Council



Creating Opportunities...Recognizing Excellence

Code of Ethics

2009

Women’s Business Enterprise National Council

CODE OF ETHICS

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Welcome Letter from WBENC's President & CEO

Dear WBENC Stakeholder:

Since its founding in 1997, the Women's Business Enterprise National Council (WBENC) has always operated with the highest ethical standards. Public trust in our performance is a foundation of the organization's legitimacy. All of WBENC's Stakeholders – including the Board of Directors (Board), staff, WBENC corporate members, Regional Partner Organizations (RPO) members, WBE members, consultants, vendors, and volunteers – support WBENC because they trust the organization to carry out the organizational mission, to be good stewards of their resources, and to uphold rigorous standards of certification and conduct. Given these reasons, combined with WBENC's continued growth, it is appropriate to more specifically codify these standards of conduct in the form of a Code of Ethics.

While adherence to the law is the minimum standard of expected behavior, WBENC seeks to also embrace the spirit of the law, often going beyond legal requirements to ensure that transparency, openness, and responsiveness to public concerns are integral to the organization's behavior.

We are confident that providing a Code of Ethics will strengthen our mission, goals and values, and will also provide a number of other benefits, including:

- Consolidation of policies and unspoken "rules" into one document
- Drawing WBENC's various Stakeholders closer together
- Providing objective guidelines to all Stakeholders on what is expected and what is unacceptable
- Providing operational precepts and "instructions" for WBENC's Core Values
- Providing fair due process procedures for the investigation of complaints and a method for their impartial disposition
- Providing those who may be found to be operating outside of the Code's bounds clear guidelines on the discipline that might be imposed

I am confident that all of WBENC's Stakeholders are committed to maintaining the highest standards of ethical conduct that are essential to the continued success of the organization. To this end, we must be able to depend upon each other to support these standards for our mutual benefit and for the benefit of WBENC.

Thank you for your ongoing support of and commitment to WBENC and I look forward to having the opportunity to work together.

Sincerely,

Linda J. Denny
President & CEO
Women's Business Enterprise National Council

Introduction

Overview

Because the process by which a code of ethics is adopted is as important as the content and provisions of the code itself, a number of WBENC's Stakeholders have come together to develop and draft a WBENC code of ethics (the "Code of Ethics").

The Code of Ethics set forth below embodies WBENC's mission and values and is intended to provide standards by which WBENC's Stakeholders can judge their professional conduct. Like any code of ethics, the WBENC Code outlines a set of ethical principles and policies that can be applied to a variety of factual situations, including matters that may not be specifically addressed in the Code.

WBENC's Mission and Core Values

As the nation's premier third-party certification organization for women's business enterprises, WBENC makes a unique contribution to the public, which is captured in its mission statement below. Accordingly, as previously noted, the foundation for WBENC's Code of Ethics is the organization's mission and core values.

WBENC Mission Statement

WBENC's Mission Statement is as follows: *WBENC is dedicated to advancing the success of certified women's business enterprises (WBEs) and corporate members in partnership with its affiliated women's business organizations.*

WBENC's Core Values

In pursuit of its mission, WBENC has identified certain core values that guide the actions and decisions of its Stakeholders, including the Board of Directors (Board), staff, WBENC corporate members, Women's Business Organization Partner (WBOP) members, WBE members, consultants, vendors, and volunteers ("") and the programs and services they provide. An appreciation for these values in those who represent, support and work for WBENC in any capacity is essential to the organization's ongoing success.

1. Integrity and Honesty

- a. WBENC and its Stakeholders act with honesty, integrity and openness in all their dealings as representatives of the organization, both internally and externally.
- b. WBENC and its Stakeholders strive to maintain the integrity of the organization, its partner organizations, and the certification process.

2. Respect

- a. WBENC and its Stakeholders recognize and respect the worth and dignity of all individuals.

- b. The organization promotes a working environment that values respect, fairness, and integrity.

3. *Commitment to Excellence*

- a. WBENC strives for excellence in all that it does, including its programs, events, internal operations, and services (specifically certification).
- b. WBENC maintains the highest possible standards in all areas and regularly fine-tunes its programs, operations, etc. in order to maintain this level of excellence.

4. *Commitment to Advancing the Success of WBEs Through Traditional and Innovative Strategies*

- a. WBENC works with corporate and government representatives to encourage the utilization and expansion of supplier/vendor diversity programs, especially as they relate to WBEs.
- b. WBENC and its Stakeholders strive to reach beyond the status quo and to challenge traditional and stereotypical perceptions of women entrepreneurs in order to expand opportunities and eliminate barriers in the marketplace for women business owners.

5. *Commitment to Diversity and Inclusiveness*

- a. WBENC and its Stakeholders welcome into the WBENC community all individuals dedicated to achieving parity for WBEs in the marketplace regardless of their race or ethnic background, gender, sexual orientation or political persuasion.
- b. WBENC and its Stakeholders are committed to employment and procurement diversity, including an active approach to identifying diverse employees and vendors.

6. *Commitment to the Responsible Stewardship of Resources*

- a. WBENC and its affiliates are committed to managing their financial and non-financial resources responsibly and prudently.

Basics of WBENC's Code of Ethics

Goals and Intentions

While WBENC's Core Values reflect the essence of the organization, its Code of Ethics is the way these values are put into action. The Code is aspirational in nature, represents the objectives towards which every Stakeholder should strive, and is intended to provide the standards by which WBENC's Stakeholders can measure and judge their professional conduct. To this end, and in order to maintain the confidence of the general public and our Stakeholders (broadly defined), WBENC will affirmatively endeavor to act with integrity and to conduct its operations according to the highest ethical standards.

Applicability

The Code that follows does not and cannot cover every circumstance in which a Stakeholder may be faced with ethical questions. Moreover, because questions may arise concerning interpretation, intent and application of the Code, Stakeholders are advised to discuss these questions with a member of WBENC's leadership and/or a member of the Ethics Subcommittee.

WBENC's Code of Ethics uniformly applies to all its Stakeholders. Although this Code of Ethics (and the policy statements appended hereto) may frequently exceed legal expectations, this Code or any communication by any WBENC representative, whether oral or written, is not intended in any way to create a contractual right.

WBENC's Code of Ethics (The Code)

The mission and core values of WBENC, together with a general consensus within the organization on desirable and acceptable behavior, obligate all Stakeholders to observe the following standards of conduct in the performance of their work for the organization:

Obedience to the Law

- WBENC, its Board members, staff and all other Stakeholders will endeavor to be knowledgeable of, and fully comply with, all laws and regulations in the performance of their work on behalf of the organization and when necessary will seek appropriate counsel.
- All solicitations on behalf of the organization will be undertaken in full compliance with the relevant laws and tax regulations.
- WBENC's financial activity will be reported in full compliance with all required laws and regulations.

Honesty and Fairness in all Business Dealings

- WBENC's staff, Board members and other Stakeholders will act with honesty, integrity, and openness in all their dealings as representatives of the organization, both internally and externally.
- No WBENC Stakeholder will take unfair advantage of anyone (internal or external to the organization) through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair-dealing practice.
- No individual will use his or her position with WBENC for personal gain or to benefit another person or group at the expense of the organization, its mission, its reputation, and the constituents it serves.

Professional Conduct

- WBENC's Board members, staff, and all other Stakeholders will, at all times, set an example for high standards of personal, professional and business conduct, and behavior.
- WBENC will maintain an environment for all of its Stakeholders that is free from ethnic, religious, racial, sexual or any other type of harassment. This type of behavior,

whether verbal, written, pictorial or physical in nature, is strictly forbidden by any Stakeholder.

- WBENC's Stakeholders are expected to exercise a duty of loyalty to the organization, meaning that they will exercise their powers in the interest of the corporation, not in their own interest of another entity or person. Additionally, WBENC's Stakeholders will not engage in conduct that adversely affects the mission, ideals or reputation of WBENC or any of its Stakeholders. Any action or communication of an internal or external nature that may be reasonably considered to be detrimental to the best interest of WBENC will not be condoned.
- WBENC will maintain a culture where individuals feel free to express their opinions, and engage in open, honest debate in order to build consensus.

Governance

- WBENC will have an active governing body (Board of Directors or Board).
- WBENC will operate in accordance with its governing instruments, including its articles of incorporation, by-laws and, where applicable, designation agreements, which establish the organization's basic goals and purposes, which define the organizational structure.
- In accordance with the WBENC articles of incorporation and by-laws, the major policies and strategic direction of the organization will be determined and overseen by an active Board of Directors and implementation of WBENC policies and the day-to-day management of the organization will be supervised by the WBENC officers.
- Persons serving as a WBENC Board member, as an officer or as a staff member assume legal duties, also known as "fiduciary obligations," that require that their actions are aligned with, and represent the best interests of the organization and its Stakeholders. Paramount among their obligations are the duties of care and of loyalty (for a further discussion of these fiduciary obligations (see the document titled "Standards of Conduct for Nonprofit Directors" found in *Appendix A*).

In general, WBENC's officers and Board members will:

- Faithfully abide by the organization's Articles of Incorporation, by-laws, policies, and other governance instruments.
- Exercise reasonable care, good faith, and due diligence in organizational affairs.
- Fully disclose, at the earliest opportunity, information that may result in a perceived or actual conflict of interest. Where conflicts of interest arise (actual, potential or perceived), the duty of loyalty must not be compromised (see *Appendix A*). Such disclosure does not preclude or imply ethical impropriety.
- Fully disclose, at the earliest opportunity, information of fact that would have significance in Board decision-making.
- Remain accountable for prudent fiscal management to WBENC and its Stakeholders, and where applicable, to government and funding bodies.
- Ensure that processes are in place for maintaining the integrity of: the organization, its financial statements, compliance with laws and ethics, and relationships with other Stakeholders.

- Be responsible for the hiring, firing, and regular review of the performance of the chief executive officer, and ensure that the compensation of the chief executive officer is reasonable and appropriate.
 - Ensure that the organization promotes working relationships with Board members, staff, volunteers, and program beneficiaries that are based on mutual respect, fairness and openness.
 - Ensure that the organization has the capacity to carry out its programs effectively.
- Board members (as well as WBENC officers and staff members), after impartial fact-finding and determination, may be removed or terminated for dereliction of duty, for continued poor performance, for serious breach of law or ethics or because of irreconcilable personality conflicts with other members that interfere with their governance duties.

Fiscal Management and Accountability

- WBENC will ensure proper stewardship of contributions/donations, including: careful investment of funds, timely reports on the use and management of funds, and explicit consent by the donor before altering the conditions of a donation/gift.
- WBENC will ensure open and transparent reporting and fiscal accountability and will ensure that all financial reports are factually accurate and complete in all material respects and fully disclose the financial condition of the organization.
- WBENC and its Stakeholders will refrain from using organizational resources for non-WBENC purposes.
- WBENC will spend an adequate amount of its budget on administrative expenses to ensure that effective accounting systems, internal controls, competent staff, and other expenditures critical to professional management are in place.
- WBENC will ensure that its fundraising costs are reasonable.
- WBENC will spend a reasonable percentage of its annual budget on programs in pursuit of its mission.

Commitment to Diversity

- WBENC will promote the inclusiveness of its staff, Board, members, volunteers, and all other Stakeholders to reflect diversity in order to enrich its programmatic effectiveness and achieve its mission.
- WBENC will take significant steps to promote fairness and inclusiveness in its hiring, retention, promotion, Board recruitment, and constituencies served.
- WBENC will not discriminate on the basis of race or ethnic origin, gender, sexual orientation, political persuasion, or any other basis provided in applicable federal, state, or local law.

Public Information/Communication

- WBENC will strive to inform and educate the general public regarding the value and success of women's business enterprises, corporations, and other public entities on the value of these businesses in their supply chains. WBENC's Board of Directors will adopt policy statements that express its values and convictions on issues that are considered critical to the fulfillment of its mission. All of WBENC's marketing,

collateral and solicitation materials will accurately represent the organization's mission and policies.

- WBENC Board members, officers, and staff will endeavor to ensure that in the performance of their respective responsibilities all confidential, privileged or nonpublic information given to them is not disclosed inappropriately. WBENC will adopt policies and procedures designed to protect confidential and/or proprietary information and to respect the privacy rights of all individuals.
- No WBENC Stakeholder will endorse the application for WBENC Board membership of a person known by that Stakeholder to be unqualified in respect to character, education, length of service, or some other relevant factor.

Commitment to Advancing the Success of Certified WBEs, Corporate Members and RPO Members

- WBENC will have a clearly stated mission and purpose, approved by the Board of Directors, in pursuit of advancing the success of certified women's business enterprises (WBEs) and corporate members in partnership with its regional partner organizations.
- All of WBENC's programs will support this mission and all who work for, or on behalf of, the organization understand and are loyal to that mission and purpose.
- WBENC's Stakeholders will promote the interests of WBENC and perform their share of work in support of the concepts and ideals of WBENC.

Enforcing WBENC's Code of Ethics

Interpretation of the Code of Ethics

WBENC's Board of Directors and the Ethics Subcommittee of the Board will be responsible for interpreting WBENC's Code of Ethics, subject to all provisions of the organization's governance documents, including WBENC's by-laws.

Departure from WBENC's Code of Ethics by a Stakeholder, or from any policies or procedures officially adopted by the Board of Directors, or any action by a Stakeholder that, pursuant to the procedures set forth below, is found to be in violation of the Code or otherwise materially detrimental to the best interest of WBENC, will be considered unethical conduct. Any person either alleging a violation of this Code or accused of unethical conduct (including a non-natural person) will be accorded due process with respect to the organization's investigation of the matter including reasonable notice, information regarding investigation procedures, and the right to present evidence. The investigation of the matter will be performed by the WBENC Ethics Subcommittee (the "Subcommittee"). Any person who, after an impartial fact-finding process, is found to be in violation of the WBENC Code of Ethics may be subject to disciplinary action.

While the precise consequences to a Stakeholder who is found to be in violation of the Code will be determined by the nature of the offense and the particular circumstances surrounding the offense, the Code does provide a number of recommendations about how to proceed when the Subcommittee determines that there is a violation of the Code. These recommendations are included in "Disciplinary Procedures" below.

The Ethics Subcommittee: An Overview

The Ethics Subcommittee (Subcommittee) will be nominated by the Executive Committee of the Board and selected by a vote of the full Board. The Subcommittee will consist of (5) five members, and will proportionately reflect the composition of WBENC's board with respect to its constituencies, that is: (3) three corporate member representatives and (1) one member from the Women's Enterprise Leadership Forum (Forum), and (1) one from the Leadership Council. There will be (2) two Subcommittee alternates selected in the event a Subcommittee member must recuse him or herself from an investigation. The responsibility of the Subcommittee is to: (1) undertake a preliminary review of all complaints referred to it and determine whether there is sufficient evidence to warrant further inquiry, and (2) in cases that warrant a full inquiry, to investigate the facts and circumstances with respect to the matter, to compile a record of the evidence and to make findings of fact with respect thereto, and to make a recommendation(s) to the WBENC Executive Committee regarding the disposition of the matter. During the course of its investigation, the Subcommittee will consult with WBENC's legal counsel when necessary or appropriate. A Chair of the Subcommittee shall be selected by the Executive Committee. The WBENC Chief Operating Officer (COO) will provide staff support to the Subcommittee.

Filing and Investigating an Ethics Violation

All complaints alleging a violation of WBENC's Code of Ethics must be made in writing and sent to the attention of the Chair of the Ethics Subcommittee. Complaints received by any other person (e.g.- another Subcommittee member or a WBENC officer) will be promptly forwarded to the Subcommittee Chair. All complaints received by the Subcommittee Chair will be date-stamped.

The complaint should specify the alleged conduct, should summarize information to support the complaint, including the names of witnesses, if any. The complaint should include the complainant's contact information and be signed by the complainant. However, all complaints submitted will be reviewed according to the procedures laid out in this Code of Ethics including complaints submitted anonymously. The names and addresses of the members of WBENC's Ethics Subcommittee will be provided to the complainant upon request to the WBENC COO or the Chair of the WBENC Board of Directors, in care of the WBENC's corporate headquarters and marked "**Confidential**". Headquarters address is as follows:

WBENC
1120 Connecticut Ave., NW Suite 1000
Washington, DC 20036

A claim of an ethics violation should be made in a timely manner and, in general, must be made within 12 months of the alleged violation or, within 12 months of the complainant's knowledge of the alleged violation. However, based on the nature of the complaint, WBENC reserves the right to review any complaint beyond this 12-month period.

The Subcommittee Chair (or a Subcommittee member designated by the Chair) will provide a written acknowledgment of receipt of the complaint in a timely manner. The acknowledgement will include information advising the complainant of the Subcommittee's review procedures, including procedures concerning notice to all concerned parties. The complainant may withdraw the complaint at this time, or within 10 days of this communication, thus closing the matter. In order to formally withdraw the complaint, the complainant must communicate this request in writing to any member of the Ethics Subcommittee within this timeframe.

Confidentiality of Complaints and Investigation

The Ethics Subcommittee will notify the complainant and the subject of the complaint that the matter and the work of the Subcommittee is confidential. Further, to protect the privacy rights of the parties involved and to insure accuracy and impartiality, the Subcommittee shall notify the parties that a violation of this confidentiality may, in and of itself, be considered an ethics violation. While the Ethics Subcommittee will do its best to investigate all allegations of ethics violations within 90 days of receiving a complaint, certain allegations may take longer to thoroughly and fairly investigate.

Investigation Procedures

The key objective of an investigation is, after thorough and impartial review, to establish the relevant facts of the matter. In furtherance of this objective, Subcommittee investigations will generally follow the procedures below.

Receipt and Distribution of the Complaint

The Chair of the Ethics Subcommittee will distribute copies of all ethics complaints to all members of the Ethics Subcommittee. The Chair of the Subcommittee will determine if it is appropriate for WBENC's COO and/or President & CEO to receive a copy of the complaint and, if so, will distribute a copy to each. If the Chair determines that it is *not* appropriate for the COO and/or President & CEO to receive a copy of the complaint, the Chair will distribute a copy to Subcommittee members only by the 15th day, but not before the 10th day, of receiving the complaint.

Confidentiality

All correspondence pertaining to the case will be marked "Confidential" and will not be shared outside of WBENC's Ethics Subcommittee and WBENC's President & CEO and COO.

Selection of the Investigatory Task Force

The Chair of the Subcommittee will select three members of the Subcommittee to form an Investigatory Task Force. In addition, the Chair will select one of these three members to be the Lead Investigator of the Task Force.

Duties of the Investigatory Task Force

The Investigatory Task Force will review the complaint and conduct a *preliminary fact finding investigation* (within a reasonable deadline established by the Subcommittee Chair) to determine if there is sufficient information to warrant a full investigation of the

complaint. In making this preliminary determination, the task force will apply the following standards:

1. If true, the conduct involved would constitute a violation of WBENC's Code of Ethics;
2. There is sufficient information either asserted by the complainant or otherwise determined by the Task Force to warrant a full investigation.

Upon completion of its preliminary review, the task force will present its preliminary findings and recommendation to the Subcommittee for action.

Insufficient Information to Warrant an Investigation

The Subcommittee, based on their review of the facts and input from the Investigatory Task Force, may dismiss any complaint for which it reasonably believes there is insufficient information or justification to warrant a further investigation. The Subcommittee shall notify the complainant, and the person(s) named in the complaint, and WBENC's President & CEO and COO of the disposition of the matter, from which there is no appeal.

Sufficient Information to Warrant an Investigation

If the Subcommittee determines that the complaint warrants further investigation, the Chair will notify the complainant and person named in the complaint that a full investigation will be conducted and that the Subcommittee will endeavor to render a final decision regarding the case within 90 days of the date of the receipt of the complaint or whatever period of time is needed to ensure a thorough and fair investigation.

Conducting the Investigation

The Chair of the Subcommittee will work with the Lead Investigator, the Investigatory Task Force members and appropriate WBENC staff to conduct a thorough and fair investigation of the complaint. These individuals, and any others involved in the investigation, will abide by the following when conducting the investigation:

1. The Chair and the Lead Investigator will ensure that all information relevant to the case is gathered and that all relevant parties are interviewed.
2. The Chair and the Lead Investigator will ensure that all interviews are appropriately documented and that all documentation remains strictly confidential, to be shared only with other Subcommittee members and legal counsel when appropriate.
3. The Chair and/or Lead Subcommittee member may decide to consult with legal counsel on any aspect of the case at any time during the investigation.
4. Once the investigation is completed, the Investigatory Task Force will prepare a written draft report that will be reviewed by the entire Subcommittee. The draft report should include:
 - a. All allegations and any Code of Conduct violations uncovered during the investigation.

- b. All relevant information pertaining to the matter.
- c. A brief analysis of the information and the facts as determined by the Investigatory Task Force.
- d. A recommendation concerning the disposition of the matter, including disciplinary action, if any.
- e. The Subcommittee Chair will convene a meeting or conference call of the Subcommittee to discuss the case, review the draft report and, by majority vote, determine whether the report should be adopted and forwarded to the Executive Committee.

Final Determination of a Code Violation

The authority to take any action with respect to a report and recommendation of the Ethics Subcommittee shall reside with WBENC's Executive Committee. The Lead Investigator, as well as the Subcommittee Chair, will present the report to the Executive Committee, and may participate in the Executive Committee's review by responding to questions and/or providing clarifying information.

After reviewing the Subcommittee's report and recommendations, the Executive Committee is authorized, by majority vote, to take any of the following actions:

1. Accept the Subcommittee's recommendation.
2. Request that the Subcommittee continue its investigation, providing specific areas for further review and/or clarification. The Subcommittee will continue its investigation using the same procedures outlined above.
3. Reject the report thereby dismissing the complaint.
4. Concur with the facts established by the Subcommittee, but determine that an alternative course of action or sanction is appropriate in light of all the facts and circumstances.

Disciplinary Action

When, through a majority vote, the Executive Committee determines that a violation of WBENC's Code of Ethics has occurred, it is authorized to apply an appropriate sanction. Sanctions may include, *but will not be limited to*, the following:

1. Letter of reprimand.
2. Suspension of membership privileges.
3. Expulsion from WBENC membership and/or activities.
4. Any other course of action that the Executive Committee considers appropriate.
5. If the person named in the complaint is a WBENC employee, WBENC will abide by the policies and procedures detailed in its Employee Manual.

Once the Executive Committee has chosen an appropriate sanction, the Chair of the Ethics Subcommittee will submit a report to WBENC's President & CEO, COO, Board Chair and legal counsel outlining the Subcommittee's findings and course of disciplinary action prior to notifying the complainant and the person named in the complaint. This information is considered **highly confidential** and no other individuals will be notified of

the Subcommittee's findings or the disciplinary action determined by the Executive Committee.

Notification of Findings

The Chair of the Ethics Subcommittee will advise the complainant and the person named in the complaint in writing of the findings and action or sanction to be imposed.

Records Maintenance

Immediately upon conclusion of the case, all physical records of the investigation (notes, recordings, correspondence, copies of emails, etc.) and a copy of the letter of findings and disciplinary action will be collected and submitted to the WBENC COO for the permanent file to be maintained in the WBENC office in secure filing cabinet or other secure location. All documents pertaining to the case will be stored for a period of no longer than (3) three years and the only individuals who will have access to these documents are: WBENC's President & CEO, WBENC's COO, the Chair of the Ethics Subcommittee and WBENC's legal counsel, at the discretion of the Chair of the Subcommittee. At the end of the retention period all paper records are to be destroyed in an appropriate manner, i.e. shredded or other means that are not easily reconstructed.

Appealing a Decision

The following procedures will be followed when either the complainant or the person named in the complaint chooses to appeal the determination of the Ethics Subcommittee.

Appeals Committee

WBENC's Executive Committee, plus four additional WBENC Committee Chairs selected by the Ethics Subcommittee Chair, will serve as the Appeals Committee.

Appeals Procedure

An appeal by the complainant or a person named in the complaint may be made **in writing** to WBENC's Executive Committee within thirty (30) days of notice to them of the action approved by the Executive Committee.

Appeals should be addressed to the Chair of the WBENC Board of Directors, c/o the COO and be addressed to: WBENC COO, Women's Business Enterprise National Council, 1120 Connecticut Avenue, N.W., Suite 1000, Washington, D.C., 20036.

The appeal must be made in writing and clearly state the reason for the appeal. In addition, the appeal may contain any clarifying information that the complainant/ the person named in the complaint would like to include. Any information that refers to actions/incidents that occurred *after* the date of the initial complaint will *not* be considered. However, a new complaint may be filed.

Appeals Committee Procedures

The Appeals Committee may request additional information from the complainant. The complainant has 15 days (including Saturday and Sunday) to provide this information or

it will not be considered during the appeals process. The named in the complaint may also provide details of actions that s/he has taken and which s/he believes has remediated and resolved the situation. The Appeals Committee may consider this information during the appeals process.

Appeals may be granted if a majority of the Appeals Committee concludes that the complainant or person named in the complaint has demonstrated that:

1. There are new facts, not known at the time of the Ethics Subcommittee's investigation, which the Appeals Committee believes if known may have changed the outcome, or
2. The Ethics Subcommittee did not follow relevant WBENC procedures, or
3. The penalty/sanction rendered by the Executive Committee was not appropriate under the circumstances.

The Appeals Committee will consider an appeal at a meeting designated for this purpose. At least one member of the Ethics Subcommittee must participate during consideration of the appeal, preferably the Chair and/or Lead Investigator member.

Final Determination

The decision of the Appeals Committee will be final and **may not be further appealed within WBENC.**

The Chair of the Ethics Subcommittee shall notify in writing the complainant and the person named in the complaint of the disposition of an appeal, with a copy to the WBENC COO for the permanent file.

Appendices

Appendix A: Standards of Conduct for Nonprofit Directors

Appendix B: Agreement to Comply with WBENC's Code of Ethics

Appendix A

STANDARDS OF CONDUCT FOR NON-PROFIT DIRECTORS

I. Introduction

Individuals accepting positions as corporate directors and officers assume certain legal obligations to the non-profit corporation they serve and to that corporation's shareholder-members. These legal or "fiduciary" obligations ensure that corporate managers' and directors' actions are aligned with, and represent the interest of the corporation and that of its shareholder-members. Paramount among their obligations are the *duty of care* and the *duty of loyalty*.

In general terms, the duty of care requires that directors and officers be competent and diligent and exercise good faith in their decision-making and supervisory functions. It requires generally, that directors and officers execute their corporate responsibilities with the care that *an ordinary person would exercise under similar circumstances*. The duty of loyalty prohibits corporate officers from serving their own interests at the expense of the corporation they serve. These separate duties are discussed in greater detail below.

II. Duty of Care

The *duty of care* requires a director (a) to be reasonably informed; (b) to participate in decisions; and (c) to do so in good faith and with the care, including reasonable inquiry, of an ordinarily prudent person under similar circumstances.

In discharging the duty of care, a director must act with *prudence* and with *diligence*. "*Prudence*" is the standard applicable to the quality of judgment used in reaching business decisions, particularly in risk assessment. "*Diligence*" is the expenditure of sufficient skill, time, and effort effective to uncover, examine and weigh the pertinent facts that must be assessed in order to make prudent decision; and to manage and supervise the conduct of the business of the corporation.

The duty of care requires that a director be informed and exercise independent judgment. In practical terms, being informed includes:

- Keeping generally informed about the areas of business in which the corporation is engaged;
- Being generally and currently informed about the principal policies and business of the corporation within the area of its operations;
- Being generally aware of any provisions of articles or bylaws pertinent to the management of the corporation; and
- Regularly attending meetings of the Board of Directors.

As each director shares in all responsibilities and powers of the directors, each director should exercise his or her independent judgment on all corporate decisions.

A. Duty of Inquiry

A subset of the duty of care, the director's obligation to make reasonable inquiry, the *duty of inquiry* arises only when the circumstances indicate that further inquiry is needed.

B. Reliance Upon Others Permitted

Directors may rely on information, opinions, reports or statements, including financial statements, prepared or presented by:

- One or more officers or employees of the corporation, whom the director believes to be reliable and competent in the matters presented;
- Legal counsel, independent accountants, and other persons as to matters that the director believes to be within such person's professional or expert competence; or
- A committee of the board upon which the director does not serve, as to matters within the committee's designated authority, which committee the director believes to merit confidence, so long as the director acts in good faith after reasonable inquiry (when the need to inquire is merited by the circumstances) and without any knowledge that would cause such reliance to be unwarranted.

C. Business Judgment Rule

The *business judgment rule* is the standard courts apply in deciding whether a director, acting without a financial interest in the decision, satisfied the requirements of careful conduct. In essence, this rule provides that, even where a corporate action has proven to be unwise or unsuccessful, a director will be protected from liability arising therefrom *if* he or she acted in good faith and in a manner reasonably believed to be in the best interest of the corporation, and with independent and informed judgment.

The justification for the business judgment rule is that directors should be given wide latitude in their handling of corporate affairs because the hindsight of judicial review is an imperfect device for evaluating business decisions. Note, however, that the business judgment rule is *not* applicable to interested-director transactions. If the director is an interested director, there is no presumption in favor of the director's compliance with the standards for careful conduct.

III. Duty of Loyalty

The *duty of loyalty* requires directors to exercise their powers in the interest of the corporation, not in their own interest or the interest of another entity or person. By assuming office, a director acknowledges that with regard to any corporate activity, the best interests of the corporation must prevail over the director's individual interests or the interests of the constituency selecting him or her. The basic legal principle to be observed here is a negative one: A director shall not use his or her position for his or her advantage or gain or that of a person or entity other than WBENC.

The duty of loyalty encompasses the *corporate opportunity doctrine* and *prohibits self-dealing transactions involving directors* (i.e., conflicts of interest).

A. Corporate Opportunity Doctrine

If the director becomes aware of an opportunity or a transaction that would be in the interest of or benefit to the corporation, the director must *disclose* the opportunity to the corporation and permit it to take advantage of the opportunity, if it so desires. If a full disclosure of the opportunity is made and the corporation declines to act, the director is free to pursue the transaction for his or her own advantage.

B. Self-Dealing Transactions Involving Directors

Directors of non-profit corporations may have interests in conflict with those of the corporation. The duty of loyalty requires that a director be conscious of the potential for such conflicts and to act with candor and care in dealing with such situations.

Conflicts of interest involving a director are not inherently illegal. It is the manner in which the director and board deals with a disclosed conflict which determines the propriety of the transaction. Self-dealing transactions are any transactions or contracts to which the corporation is a party and in which one or more of its directors has a material financial interest (either direct or indirect), unless the transaction (1) is specifically excluded from coverage by statute, or (2) although otherwise covered by the prohibition, is approved or validated. When a director has an interest in a transaction being considered by the board of directors, the interested director should disclose the conflict *before* the board of directors takes action on the matter. Upon disclosure of the matter by the interested director, the board should undertake a disinterested review.

IV. Directors' Liability, In General Terms

With the exception of liability for “self-dealing” transactions, directors who perform their duties in accordance with the standards of care described above will not be subject to personal liability for their actions in service to the corporation. This exemption from personal liability applies even when the director’s actions or omissions exceed or defeat the corporation’s charitable purpose.

The business judgment rule is no bar to individual director liability if a director, acting in his or her official capacity, participates in tortious conduct.

If a director were to use control of a nonprofit corporation to further his or her own interests, for private gain, or to conceal or divert assets to the damage of third parties, a court might “pierce the corporate veil” and find the director liable as though the corporation did not exist.

Appendix B: Agreement to Comply with WBENC’s Code of Ethics

ACKNOWLEDGMENT OF UNDERSTANDING AND RECEIPT

PLEASE READ THIS WOMEN’S BUSINESS ENTERPRISE NATIONAL COUNCIL (“WBENC”) CODE OF ETHICS (“CODE OF ETHICS”), AND COMPLETE AND RETURN THIS FORM TO:

**Lynn Quinn
WBENC Chief Operating Officer
Fax: 202-872-5505
lquinn@wbenc.org**

This will acknowledge that I have received a copy of the WBENC Code of Ethics, including Appendix A – Standards of Conduct for Non-Profit Directors (herein, the “Code of Ethics”). I understand that I am responsible for reading, becoming familiar with, and complying with the policies described in the Code of Ethics, and that I am also responsible for maintaining a current version of the Code of Ethics. I agree that if I have any questions regarding the policies in the Code of Ethics, I will direct these questions to the WBENC COO, Lynn Quinn. I further understand and agree that the statements contained in the Code of Ethics are not intended to create any contractual or other legal obligations between me and WBENC. I understand the Code of Ethics is a document proprietary to WBENC and as such can not be shared outside my company without authorization from WBENC.

Print Name: _____

Sign Name: _____

Company Name: _____

Date: _____