

1 **COLUMBIA ASSOCIATION, INC.**

2
3 **CONFLICTS OF INTEREST POLICY**

4
5 **Introduction**

6
7 Columbia Association, Inc. (“CA”) demands the highest possible ethical conduct from
8 individuals serving as officers or members of ~~the Senior Management Leadership Team~~ (each, a
9 “*Senior Management Member*” and collectively, the “*Senior Management Members*”). For
10 purposes of this Conflicts of Interest Policy (this “Policy”), Senior Management consists of the
11 President/CEO, Department Directors, General Counsel, Legal Assistant, Human Resources
12 Director, Chief Information Officer, members of the Office of Internal Audit, Treasurer,
13 Controller, members of Purchasing Division, Division Directors and Assistant Division
14 Directors.

15
16 As set forth in the *Special Requirements for Members of the Board of Directors*, this
17 Policy also governs the conduct of CA’s Board of Directors. For the purposes of this Policy,
18 references below to Senior Management Members are intended to include Board members.

19
20 The purpose of this Policy is to set forth procedures for monitoring, reporting, review and
21 oversight of, and review, approval or ratification of any action taken in connection with, conflicts
22 of interest and related party transactions. Full compliance with this Policy is mandatory.

23
24 **1. Construction and Implementation**

25
26 The provisions of this Policy are intended to be broadly construed in accordance with the
27 purpose of this Policy. With respect to Senior Management Members, CA’s principal ethics
28 officer (the “*PEO*”), who is currently CA’s General Counsel, shall be the person responsible for
29 implementing these provisions and advising persons as to their application.

30
31 **2. Compliance**

32
33 Senior Management Members are expected to comply with this Policy, CA’s *Code of*
34 *Business Conduct and Ethics*, CA’s *Policy for Reporting Violations of the Code of Business*
35 *Conduct and Ethics*, and CA’s *Financial Disclosure Requirements*, as well as both the letter
36 and spirit of all applicable governmental laws, rules, and regulations.

37
38 If a Senior Management Member fails to comply with this Policy, CA’s *Code of*
39 *Business Conduct and Ethics*, CA’s *Policy for Reporting Violations of the Code of Business*
40 *Conduct and Ethics*, any other relevant CA policies or with any applicable laws, such person
41 will be subject to disciplinary measures, up to and including immediate discharge.

42
43 **3. Conflicts of Interest**

44
45 Section 3 of CA’s *Code of Business Conduct and Ethics* provides that: “A conflict of
46 interest exists when a person’s private activities, agreements, business investments or interests or

1 other situations, whether paid or unpaid, could reasonably be expected to interfere with the
2 person's objectivity, job performance, judgment or diligence in protecting and promoting the
3 interests of CA to the extent that such person would place his or her personal interests, or those
4 of another, above the interests of CA." In addition to the provisions of Section 3 of CA's *Code of*
5 *Business Conduct and Ethics*, all Senior Management Members must comply with this Policy.
6 Specifically, all Interested Persons (as defined below – i.e., any Senior Management Member)
7 must use reasonable efforts to avoid Conflicts of Interest (as defined below), but where such
8 Conflicts of Interest arise, disclose them in accordance with the procedures described in Section
9 3(c) below. Disclosures should be made in advance, before any action is taken on the matter that
10 is the subject of a Conflict of Interest (as defined below). Conflict identification and analysis can
11 be difficult and, therefore, Interested Persons are expected to err on the side of caution and
12 disclose all instances where a Conflict of Interest or the appearance of same might be present. In
13 this regard, CA acknowledges the importance of having a comprehensive policy for identifying
14 and effectively handling potential Conflicts of Interest that may arise between CA and Interested
15 Persons. The adoption of this Policy is an important measure to assure that Senior Management
16 Members act in accordance with their fiduciary duties under Maryland law, that rules applicable
17 to tax-exempt organizations are not violated, and that Senior Management Members avoid
18 sanctions for "excess benefit transactions" under Section 4958 of the Internal Revenue Code. For
19 the same reason, Senior Management Members are required to submit to the PEO at least once
20 per year (and updated as appropriate) a questionnaire substantially in the form of CA's
21 *Confidential Financial Disclosure Report* attached as Exhibit A to this Policy. The PEO shall
22 provide copies of all completed Confidential Financial Disclosure Reports to the Chair of the
23 Audit Committee.
24

25 (a) Financial Conflict of Interest Defined. As set forth above and defined in section 3
26 of CA's *Code of Business Conduct and Ethics*, a conflict may be of a personal or financial
27 nature. A "*Financial Conflict of Interest*" exists in the case of (i) any proposed contract or
28 business dealings between CA and (A) an Interested Person or (B) a party with which an
29 Interested Person has a direct or indirect family or social relationship, and (ii) any other contract
30 or business dealing of CA in which an Interested Person has a Financial Interest. The term
31 "Interested Person" shall mean any Senior Management Member. For purposes of this Policy, a
32 person is deemed to have a "*Financial Interest*" in a contract or business dealing if he or she is a
33 director, trustee, officer, employee or agent of, or has a financial interest in, or an ability to
34 control or otherwise direct the actions of, the Entity contracting or dealing with CA (other than
35 the ten Columbia Village Community Associations and Friends of Columbia, Inc.). The term
36 "Entity" includes any entity whether private, public or governmental and regardless of form.
37 While it is not possible to describe or anticipate all the circumstances that might involve a
38 Conflict of Interest, a Conflict of Interest is likely to arise whenever an Interested Person has
39 (directly or indirectly): (1) a compensation arrangement or other interest in a transaction with
40 CA; (2) a compensation arrangement or other interest in or affiliation with any entity or
41 individual that: (x) sells goods or services to, or purchases goods or services from, CA, (y)
42 competes with CA, or (z) CA has, or is negotiating, or contemplating negotiating, any other
43 transaction or arrangement with; (3) the ability to use his or her position, or confidential
44 information or the assets of CA, to his or her (or an affiliated party's) personal advantage or for
45 an improper or illegal purpose; (4) acquired any property or other rights in which CA has, or the
46 Interested Person knows or has reason to believe at the time of acquisition that CA is likely to

1 have, an interest; (5) an opportunity related to the activities of CA that is available to CA or to
2 the Interested Person, unless the Board of Directors has made an informed decision that CA will
3 not pursue that opportunity; or (6) been indebted to CA, other than for amounts due for ordinary
4 travel and expense advances. Notwithstanding the foregoing, mere service without compensation
5 as a director or officer of a non-profit 501(c)(3) charitable corporation or volunteer service as a
6 member of a governmental task force or committee does not constitute a Financial Interest
7 engendering a Conflict of Interest for purposes of this Policy.

8 (b) General Policy. All Interested Persons shall exercise good faith in all transactions
9 relating to their duties to CA and shall not use their positions in any manner that is contrary to
10 the best interests of CA or to promote their own business interests or those of family, friends or
11 business partners. Any doubts on the part of any Interested Person as to the existence of, or
12 proper conduct in light of, any perceived Conflict of Interest should be directed to the PEO and
13 the Chair of the Board of Directors for resolution.

14
15 (c) Procedure Regarding Disclosure, Review, and Approval of Conflicts of Interest.

16
17 (i) Each Interested Person shall (A) promptly and fully disclose all known
18 and potential Conflicts of Interest to the PEO and the Board of Directors
19 who will consider the contract, transaction or arrangement to which a
20 known or potential Conflict of Interest relates (a “*Contract*”), including
21 any relevant facts known to such Interested Person regarding said existing
22 or potential Conflict of Interest, (B) refrain from influencing, participating
23 in, or acting on, the decision on any matter in which a Conflict of Interest,
24 or the appearance of a Conflict of Interest, is present with respect to such
25 Interested Person, and (C) remove himself or herself from any meeting or
26 deliberations on said matter.

27
28 (ii) In the context of approval of a Contract, the Board of Directors shall
29 determine, after receiving a disclosure, whether a Conflict of Interest
30 exists or can reasonably be construed to exist. If a Conflict of Interest is
31 known or deemed to exist after disclosure, the Board of Directors shall not
32 approve the Contract with the Interested Person unless it is determined
33 that (A) entering into such Contract is in the best interests of CA and
34 consistent with the mission and resources of CA, (B) the Contract is fair
35 and reasonable to CA, (C) the Contract would not result in creating an
36 appearance of impropriety that might impair the confidence in, or the
37 reputation of, CA, and (D) a more advantageous Contract cannot be
38 obtained under the circumstances. Additionally, the Board of Directors
39 shall take any action required or prudent to avoid imposition of an excise
40 tax under Internal Revenue Code Section 4958 in connection with
41 considering such Contract. A determination by the Board of Directors
42 regarding a Conflict of Interest shall be made by majority vote in
43 accordance with the voting procedure stated in the Bylaws of CA.

44
45 (iii) Meetings of the Board of Directors pursuant to this Policy shall be held in
46 closed session in accordance with the provisions of the Maryland

1 Homeowners Association Act, all other applicable laws and CA's Charter
2 and Bylaws. Information, documents and records obtained by the Board of
3 Directors shall be withheld from public disclosure in accordance with the
4 Maryland Homeowners Association Act and all applicable laws. The PEO
5 shall participate as an advisor in meetings of the Board of Directors under
6 this Policy, unless the PEO is the subject of such meeting. The Board of
7 Directors may also retain outside counsel to attend such meetings.
8

9 (d) Record Keeping. The Board of Directors considering a known or potential
10 Conflict of Interest matter shall maintain detailed minutes and records regarding the matter. Such
11 minutes shall reflect the name of the Interested Person and any disclosure made, the vote on
12 whether a Conflict of Interest is present, the names of the persons participating in any
13 discussions and deliberations with regard to approving or rejecting a Contract involving the
14 Interested Person, the substance of such discussions and deliberations, adherence with the
15 procedures described above, the abstention from voting and participation by the Interested
16 Person, and that a quorum was present. The PEO or President considering a complaint alleging a
17 violation of this Policy and/or a request for an advisory opinion regarding interpretation of the
18 provisions of this Policy and its application also shall maintain detailed records regarding the
19 matter.
20

21 (e) Corrective Action. In the event an Interested Person fails to act in accordance with
22 this Policy, the PEO may recommend corrective action to the President. The Board of Directors
23 may take corrective action if the Interested Person is the President. In the event that a formal
24 reprimand, or in an extreme case, the removal of such Interested Person from his or her
25 position(s), is proposed, such recommendation must be presented with supporting
26 documentation. The Interested Person involved shall be given an opportunity to be heard prior to
27 the final decision on the matter.
28

29 **4. Special Circumstances; Amendments and Waivers of the Policy**

30

31 CA's President or the Board of Directors may waive application of the policies set forth
32 in this Policy only when special circumstances warrant granting a waiver, and then only in
33 conjunction with any appropriate monitoring of the particular situation. Any waivers of this
34 Policy may be made only by CA's President or the Board of Directors, must be in a writing
35 stating the rationale for the waiver and will be promptly disclosed as required by law. Any
36 amendments to this Policy may be made only by a majority vote of the Board of Directors.
37
38
39

40 **Approved by the CA Board of Directors on February 22, 2007**
41 **Revised and Approved by the CA Board of Directors on July 7, 2011**
42 **Revised and Approved by the CA Board of Directors on December 12, 2013**
43 **Revised and Approved by the CA Board of Directors on May 8, 2014**
44 **Revised and Approved by the CA Board of Directors on [_____,] 2016**

ACKNOWLEDGEMENT OF RECEIPT

COLUMBIA ASSOCIATION, INC.

CONFLICTS OF INTEREST POLICY

I, _____, acknowledge and confirm that I have received a copy of the Columbia Association, Inc. Conflicts of Interest Policy for Directors, Officers and Senior Leadership Team, as revised and approved by the CA Board of Directors on [_____,] 2016, and have read and understand those standards. I agree that I will conduct myself in accordance with those standards.

Witness

Signature

Title/Position

Date

EXHIBIT A

Form of Confidential Financial Disclosure Report

(See Attached)

**INSTRUCTIONS FOR
COLUMBIA ASSOCIATION
CONFIDENTIAL FINANCIAL
DISCLOSURE REPORT**

A. Why You Must File

This report is a safeguard for you as well as the Columbia Association (“CA”). It provides a mechanism for determining actual or potential conflicts between your CA responsibilities and your private interests and activities. This allows you and CA to fashion appropriate protections against such conflicts and to ensure compliance with CA’s ethics policies.

B. Who Must File

The following persons must file this report:

- Members of CA’s Board of Directors
- [President/CEO](#)
- [Department Directors](#)
- General Counsel/Principal Ethics Officer
- [Legal Assistant](#)
- Director of Human Resources
- [Chief Information Officer](#) ~~Senior Leadership Team Members~~
- Division Directors
- Assistant Division Directors
- Members of Purchasing Division
- Members of Office of Internal Audit
- [Treasurer](#)
- [Controller](#)

C. When To File

New entrant reports: Due within 30 days of assuming a position listed in section B above.

Annual reports: Due not later than June 30th each year.

D. Reporting Periods

The reporting period covers the preceding twelve months from the date of filing.

E. Where To File

With the Office of the General Counsel.

F. Definitions

Dependent Child - means your son, daughter, stepson, or stepdaughter if such person is either:

- (1) unmarried, under age 21, and living in your household;
or
- (2) a “dependent” of yours for Federal income tax purposes.

Honoraria - means payments (direct or indirect) of money or anything of value to you or your spouse for an appearance, speech or article, excluding necessary travel expenses.

G. General Instructions

1. Provide sufficient information about outside interests and activities so that the applicable ethics official under CA’s ethics policies can make an informed judgment as to compliance with those policies.
2. This form consists of four parts, which require identification of certain specific financial interests and activities. **NO DISCLOSURE OF AMOUNTS OR VALUES IS REQUESTED OR REQUIRED.** Complete each part and sign the report. If you have no

information to report in any part or do not meet the threshold values for reporting, check the “None” box for that part.

3. Include information applicable to yourself, your spouse, and dependent children. This is required because their financial interests are attributed to you under ethics rules in determining conflicts of interest. Information about your spouse is not required in the case of divorce, permanent separation, or temporary separation with the intention of terminating the marriage or permanently separating.

4. You may distinguish any entry for a family member by preceding it with S for spouse, C for dependent child, or J for jointly held.

Part I: Assets and Income

Investment Income:

1. Report all investments or partnership interests in any **non-public** entity held by **you, your spouse, and dependent children**, with a value greater than \$1,000 at the end of the reporting period or which produced more than \$200 in income during the reporting period.
2. Report any financial interest that would give rise to a potential conflict of interest such as investments in or business transactions with entities that you are aware do business with CA or entities that compete directly with CA.

Salary and Earned Income:

1. **For yourself:** report all sources of salary and earned income greater than \$200 during the reporting period.
2. **For your spouse and dependent children:** report all sources of salary and earned income greater than \$1,000 during the reporting period.

Notes:

1. Investment income includes profit shares, rents, royalties, and interest.
2. Earned income includes fees, salaries, commissions, and honoraria.
3. For each entity, report its name, location, and description of activity.

Do Not Report:

1. Your personal residence, unless you rent it out;
2. Social Security or disability benefits or retirement investment accounts; and
3. Money owed to you, your spouse, or dependent child by a spouse, parent, sibling or child.

Part II: Liabilities

Report:

1. Liabilities over \$10,000 owed to any person or non-publicly traded entity at any time during the reporting period.

Do Not Report:

1. Mortgages on your personal residence unless you rent it out;
2. Personal liabilities owed to a spouse, or the parent, sibling, or child of you, your spouse, or dependent child;
3. Loans for personal automobiles, household furnishings, or appliances;
4. Revolving charge accounts; and

5. Loans taken on personal retirement accounts such as 401(k)s.

Part III: Outside Positions

Report:

1. All positions held at any time during the reporting period (including positions no longer held), whether or not paid.

Positions include an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any of the following:

1. A corporation, company, firm, partnership, trust, or other business enterprise;
2. A non-profit organization; and
3. An educational or other institution.

Do Not Report:

1. Positions held in any religious, social, fraternal, or political entity; and
2. Positions solely of an honorary nature.

Part IV: Agreements and Arrangements

Report Agreements or Arrangements for:

1. Current or future employment; and
2. Continuation of payment by a former employer (including severance payments).

Confidentiality

The primary use of the information on this form is to determine compliance with the conflict of interest provisions of CA’s ethics policies. Additional disclosures of the information on this report may be made: (1) to a Federal, State or local law enforcement agency if CA becomes aware of a violation or potential violation of law or regulation; (2) to a court or party in a court proceeding in order to comply with a judge-issued subpoena; (3) to a source when necessary to obtain information relevant to a conflict of interest investigation or decision; (4) in a judicial or administrative proceeding, if the information is relevant to the subject matter or (5) as required by the Maryland Homeowners Association Act, Annotated Code of Maryland, Real Property Article, Section 11B – 101, et seq. This confidential report will not otherwise be disclosed to any requesting person unless authorized by law.

Penalties

Falsification of information or failure to file or report information required to be reported may subject you to disciplinary action by CA.

If you need assistance in completing this form, contact the General Counsel/Principal Ethics Officer at 410-715-3115.

COLUMBIA ASSOCIATION CONFIDENTIAL FINANCIAL DISCLOSURE REPORT

| | | |
|---|--------------------------------|--|
| <i>(Last, first, middle initial)</i> | Position/Title | Reporting Status: New entrant Annual |
| Work Phone | If New Entrant, Date Joined CA | |
| <i>I certify that the statements I have made on this form and all attached statements are true, complete and correct to the best of my knowledge.</i> | Signature | Date |

Part I: Assets and Income

None

Identify for you, your spouse, and dependent children: 1) non-public investments with a fair market value greater than \$1,000 at the end of the reporting period or producing investment income over \$200; and 2) sources of earned income such as salaries, fees, commissions or honoraria, which generated over \$200 in income for you or \$1,000 in income for your spouse or dependent child during the reporting period (see instructions).

| Income Sources (<i>Identify employer or business.</i>) | | (X) if no longer held | Nature of Income (<i>Rent, interest, salary, etc.</i>) |
|--|---|-----------------------|--|
| Examples | Bob Jones Construction, Pretty City, MD | | Profit Share |
| | Dee, Jones & Smith, Hometown, MD | X | Salary |
| | (S) Doe Medical Clinic, Beachburg, MD | | Salary |
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Last, first, middle initial)

Phone

Part II: Liabilities

None

Liabilities over \$10,000 owed at any time during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans for autos, household furniture or appliances; revolving charge accounts; liabilities owed to certain family members; and loans on retirement accounts. (see instructions)

| Creditors (<i>Name and address</i>) | | Type of Liability (<i>Mortgage on rental property, promissory note, etc.</i>) |
|---------------------------------------|----------------------------|---|
| Example | Bob Jones, Pretty City, MD | Promissory note |
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Part III: Outside Positions

None

Report any positions, whether or not compensated, held during the reporting period. Positions include an employee, officer, director, trustee, partner, proprietor, representative, or consultant for a business, non-profit, or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

| Organization (<i>Name and address</i>) | | Type of Organization | Position | (X) If no longer held |
|--|----------------------------------|----------------------|----------|-----------------------|
| Example | Dee, Jones & Smith, Hometown, MD | Realtor | Agent | X |
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|------------------------------------|-------|
| <i>Last, first, middle initial</i> | Phone |
|------------------------------------|-------|

Part IV: Agreements and Arrangements

None

Report agreements or arrangements for current or future employment, and continuation of payment by a former employer (including severance payments).

| Terms of Any Agreement or Arrangement | | Parties |
|---------------------------------------|----------------------|----------------------------------|
| Example | Separation agreement | Dee, Jones & Smith, Hometown, MD |
| 1 | | |
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Use a blank page, if necessary, to continue the list in any part.