

Conflict of Interest and Ethics Policy

I. INTRODUCTION

The Board of Directors of ReSurge International, recognizing that it is entrusted with resources devoted to charitable purposes, has adopted this Conflict of Interest and Ethics Policy. ReSurge strives to avoid conflicts of interest and to ensure that it continues to operate in accordance with its philanthropic and humanitarian purpose.

The Conflict of Interest and Ethics Policy applies to actions undertaken by directors, management and staff of ReSurge.

II. EXPLANATION AND DEFINITION

A. **Mixture of Interests.** Conflicts of interest can place personal interests at odds with the “duty of loyalty” owed to ReSurge. The duty of loyalty requires that a director or officer refrain from using their position for personal gain, and avoid acting on issues in which his or her personal or financial interests could conflict with the interests of ReSurge.

B. **Definitions.** Conflicts of interest arise from personal circumstances or from a financial interest. Directors, managers and staff members are covered by this Policy (each a “Responsible Person”). Conflicts can arise either directly or indirectly. A direct conflict may arise where the Responsible Person has the personal or financial interest in any matter involving ReSurge or has a financial or agency relationship (i.e. is a director, officer, manager, partner, associate, trustee or has a similar agency relationship) with an entity involved in a transaction or other business with ReSurge. An indirect conflict arises where someone related to the Responsible Person by business affiliation, or a “Family Member” (i.e., brother, sister, ancestor, descendent, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law) of the Responsible Person has dealings with ReSurge.

C. **Potential and Actual Conflicts.** Acts that mix the personal or financial interests of a Responsible Person with the interests of ReSurge are demonstrative of a conflict of interest. Not every potential conflict is an actual conflict. However, acts that have the appearance of a conflict of interest can be damaging. Consequently, we want to avoid potential and actual conflicts of interest, as well as the appearance of conflicts. (See Attachment A for examples of potential conflicts.)

D. **Disclosure is Key.** The important thing is for the person who may be involved in a conflict situation to bring it to the attention of others so that the organization can make an appropriate decision. THE PERSON INVOLVED SHOULD NOT MAKE THE DECISION UNILATERALLY. THE BASIC OBLIGATION IS TO GIVE NOTICE OF THE POTENTIAL FOR CONFLICT.

III. STANDARDS

A. **Code of Ethics.** In conducting business and activities which are connected with ReSurge, Responsible Persons shall follow these guidelines:

1. **Ethical Conduct.** Be honest and ethical in their conduct, including ethical handling of actual or apparent conflicts of interest between personal and professional relationships. Responsible Persons should not engage in activities which have or may have the appearance of impropriety or conflict of interest, or that may call into question the actions or integrity of ReSurge, or of the Responsible Person as they relate to ReSurge.
2. **Legal Compliance.** Comply with applicable laws and regulations, including the California Nonprofit Integrity Act of 2004, and raise questions if it appears that anyone involved with the organization is not complying with respect to the organization's business.
3. **Confidentiality.** Maintain the confidentiality of **internal** information about ReSurge or its donors, hosts or beneficiaries, except when authorized or otherwise legally obligated to disclose.
4. **Fair Dealing.** Deal fairly with ReSurge staff, donors, volunteers, hosts, beneficiaries and suppliers.
5. **Protect Assets.** Protect and ensure the proper use of ReSurge assets, including especially its name, goodwill, donor community and reputation.
6. **Personal Influence.** Be mindful of the interaction between their relationships inside and outside of ReSurge, and not allow inappropriate personal influence over the affairs of ReSurge.
7. **Commitments.** Do not "speak for" ReSurge or make or imply commitments by the organization without proper **internal** authorization and communication.
8. **Loans.** ReSurge should not make loans to Responsible Persons except to induce persons who have been offered a position to join ReSurge, as approved by the Board of Directors.

B. **Activities Presenting a Conflict of Interest.** The following types of activities may present a conflict of interest and should be **disclosed**:

1. **Adverse Interest.** Participation by a Responsible Person in decisions or negotiations related to a contract, transaction or other matter between ReSurge and: (a) the Responsible Party; (b) an entity in which the Responsible Person or a Family Member has financial interest; or (c) an entity that the Responsible Party has an agency relationship with.
2. **Competing Interests.** Competition by a Responsible Person, either directly or indirectly, with ReSurge in the purchase or sale of property or property rights, interests, or services, or, in some instances, competition directly for the same donor or external resources.
3. **Use of Resources.** Use of the organization's resources (staff, contracts, donor lists, name) for personal purposes of the Responsible Person or a Family Member.

4. **Inside Information.** Disclosure or exploitation by a Responsible Person of information pertaining to ReSurge's business for the personal profit or advantage of that person or a Family Member or person/entity with whom the Responsible Person has an agency relationship.

IV. PROCEDURES

A. **Self-Disclosure.**

1. Responsible Persons shall make an appropriate disclosure any time that a specific conflict of interest or ethical question arises. Depending on the circumstances, this disclosure may be made to a manager, to the Board Chair, to the General Counsel or to the Audit Committee Chair.

2. In addition, Responsible Persons shall make an annual disclosure of ongoing relationships and interests that may present a conflict of interest. Disclosures should address current affiliations, as well as past affiliations for the prior two years. Conflict of interest disclosure forms will be submitted to the Chairperson of the Audit Committee annually, and when appropriate, at or prior to action on relevant business transactions.

B. **Disclosure of Conflicts of Others.** If a Responsible Person becomes aware of any potential conflict of interest involving a Responsible Person, it should be reported.

C. **Evaluation of Conflict.** The Audit Committee, will evaluate the disclosures by Responsible Persons, and will determine on a case-by-case basis whether the disclosed activities constitute a potential conflict, and if so, will recommend an appropriate course of action to protect the interests of the organization.

D. **Certain "Self Dealing" Transactions.**

1. Section 5233 of the California Corporations Code requires that certain procedures be followed in order for the Board to approve any specific "transaction" that involves "self dealing" on the part of a director. Section 5233 defines self dealing as a transaction in which a director has a material financial interest. In general, compliance with Section 5233 will require that the Board determine in good faith that (i) ReSurge is entering into the business transaction for its own benefit; (ii) that the transaction is fair and reasonable and (iii) that ReSurge could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.

2. Except in limited circumstances, a specific transaction involving an interested director must receive prior approval by a vote of a majority of the Directors in office, without counting the vote of any interested director, and with knowledge of the material facts of the transaction and the involved director's interest.

3. The following are exempt from the review and approval requirements of Section 5233: (i) approval of an action fixing Board or officer compensation; (ii) good faith approval, without unjustified favoritism, of a charitable program of which a director or a director's Family Member(s) are among the intended beneficiaries; and (iii) a transaction

involving less than \$100,000 per year, where the interested director has no actual knowledge of the transaction.

4. Section 5234 of the California Corporations Code permits transactions between corporations having common directors so long as all material facts regarding the transaction and the ReSurge director's other directorship are known to the board, and the matter is approved in good faith by a vote sufficient without counting the vote of the common director(s).

5. Any director who knows of the potential for a self-dealing transaction or transaction involving common directorship, either related to his or her interests, or those of another director, shall make an appropriate disclosure as described in Section III.1.

E. **Fundraising.** The following specific guidelines shall be followed with regard to fundraising activities:

1. No misrepresentation of endorsement status of ReSurge or any of its activities;

2. No representation that ReSurge will receive more revenue than is reasonably estimated;

3. No representation that any part of contributions solicited by ReSurge will be donated to another charitable organization, without prior permission by the other organization for use of its name; and

4. No representation that tickets to events will be donated for use by another person unless certain requirements are met to prevent abuse. (Cal. Gov. Code § 1599.6)

5. In contracting for services with commercial fundraisers, the contract must comply with requirements set forth in the California Nonprofit Integrity Act of 2004 and by the Office of the California Attorney General.

Attachment A

Examples of potential conflict of interest situations

- ReSurge is looking for a new accounting firm. Your spouse or significant other is a partner at a small accounting firm that does the type of work needed. His firm does excellent work, has a good reputation, and you believe that they would give ReSurge very favorable rates and be particularly responsive because of your relationship. You would like to recommend the firm for the job.
- ReSurge is meeting with an important donor in Boston to work out the details of a partnership. The CEO would like a few board members to attend the meeting as well, and you volunteer. You're paying your own airfare, but ReSurge is paying some other expenses such as hotel, taxis, etc. You want to help close the donation, but you also hope to call on one of your own company's major customers who is in Boston. Both reasons are important in your making the trip.
- You have a consulting arrangement with a medical device company that makes a product that ReSurge could use in some of its surgeries. Although the company is not willing to donate the product, they have offered to provide a substantial discount. You believe the product is better than a competing product available for a similar price; you're familiar with all the alternatives on the market. You would like to recommend that ReSurge purchase this product.