



CASI DIRECTOR CODE OF CONDUCT

I, _____, am a director of the Chili Appreciation Society International (called "CASI"). In carrying out my duties as a director of the CASI organization during my term of office I declare that:

1. I will use the powers of my office and carry out my duties honestly, in good faith and in the best interests of the CASI. At all times, I will apply myself with care, skill, and diligence. And I will do so reasonably and prudently.
2. I will honor and observe CASI's:
By-Laws; Policies adopted and approved by the Board of Directors; and
Decisions taken by resolution of the membership.
3. I will publicly support the policies and positions of CASI as approved by the Board of Directors.
4. I will keep confidential all information I learn about matters specifically determined by board motion to be matters of confidence. Where I am uncertain in determining whether something is a matter of confidence, I will seek direction by way of a resolution of the Board of Directors.
5. I will publicly support actions taken by the board to implement programs and achieve the objectives contained in the CASI's approved plans and budgets.
6. I have received a copy of CASI's Conflict of Interest Policy and will comply with the stated policy as shown in Exhibit A, Conflict of Interest Policy.
7. I will conduct my relationship with the board members, society members, sponsors, and general public with respect and dignity; to avoid harm to any CASI member by participating in inappropriate comments or actions that may be construed as sexual harassment, physical intimidation, and/or threats.
8. I will abide by this code of conduct during the course of all CASI business meetings, CASI activities, and CASI events where I represent the organization as a member of the Board of Directors.
9. Where I do not abide by this Agreement or where I find that I am in a situation where my continued presence on the Board of Directors would cause embarrassment to CASI or would undermine member confidence:
I will immediately resign; or
I will ask the board to determine the matter and then resign if there is a determination not in my favor; or
I will resign where the board makes a determination not in my favor after the board raises the matter itself.
A board determination must be made by a vote of two-thirds of the directors after I have been given the opportunity to be heard by the other members of the board.
A resignation submitted under the above circumstances does not require a vote of acceptance by the Board. It is effective immediately.

Signature

Date

Witness

Date

Chili Appreciation Society International

Exhibit A – Code of Conduct / Conflict of Interest Policy

Conflict of Interest Policy

Purpose

The purpose of the Chili Appreciation Society International's conflict of interest policy is to protect this tax-exempt organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Definitions

1. **INTERESTED PERSON** – Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. **FINANCIAL INTEREST**– A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists. All financial interests will be reported to the President, Chili Appreciation Society International.

Procedures

1. DUTY TO DISCLOSE- In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS - After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST

a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a

more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. VIOLATIONS OF THE CONFLICT OF INTEREST POLICY

a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of

interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Compensation

a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The period reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Use of Outside Experts

When conducting the periodic reviews as provided for in Paragraph titled *Periodic Reviews*, the Organization, may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.