



<b>Policy TITLE:</b>	<b>Corporate Governance</b>
<b>Policy NO.:</b>	<b>1-124</b>
<b>REVISION NO:</b>	<b>1.0</b>
<b>Program</b>	<b>Administration</b>

<b>Policy Committee Approved Date:</b>	11/17/2017
<b>Policy Committee Reviewed Date:</b>	NA
<b>TNI Board of Directors Endorsed Date:</b>	4/13/2018
<b>Policy Effective Date:</b>	11/17/2017

I. PURPOSE AND APPLICABILITY

This policy describes the corporate governance of The NELAC Institute (TNI).

II. POLICY

This policy, together with the TNI Articles of Incorporation and Bylaws, provide the framework under which TNI's business affairs will be managed under the direction and oversight of the Board of Directors. Upon commencing service with TNI, each Director shall be provided a copy of this policy.

III. REFERENCES

Principles for Good Governance and Ethical Practice (Available at: <https://www.independentsector.org/>)  
*Statement of Values and Code of Ethics for Nonprofit and Philanthropic Organizations*  
<https://www.independentsector.org/resource/is-code-of-ethics>  
 SOP 1-108 Nominations to the TNI Board of Directors  
 Conflict of Interest POL 1-101  
 Ethical Conduct POL 1-102  
 Code of Ethics POL 1-107  
 TNI Code of Ethics

IV. GOOD GOVERNANCE PRINCIPLES

1. Role of Board and Management

TNI's business is conducted by its staff under the direction of the Executive Director, with the oversight of the Board, to enhance the long-term value of the organization for its stakeholders. This responsibility includes a need for active and thoughtful oversight of organizational activities and performance as well as exploring and developing long-term funding opportunities. Both the Board and management recognize that the long-term interests of funding agencies and TNI are advanced by responsibly addressing the concerns of all constituencies.

## 2. Functions of the Board

The Board has monthly meetings at which it reviews and discusses reports by management on TNI's performance, its plans and prospects, as well as immediate issues facing the organization. Directors are expected to attend all scheduled Board meetings. In addition to its general oversight of management, the Board also performs a number of specific functions including:

- a) Reviewing and monitoring financial and programmatic performance;
- b) Assessing major risks facing the organization and reviewing options for their mitigation;  
and
- c) Ensuring processes are in place for maintaining the integrity of the organization including the integrity of financial statements, the integrity of compliance with law and ethics, the integrity of relationships with funding agencies, stakeholders, suppliers and other constituents.

## 3. Director Qualifications

TNI seeks individuals who exhibit the highest personal and professional ethics, integrity, and values to serve as Directors. Directors must be willing and able to devote sufficient time to effectively carry out their duties and responsibilities, and should be committed to serve on the Board for the full term. In the event of a major change in a Director's position or responsibilities outside of TNI, the Director shall submit a written offer to resign.

## 4. Board Meeting Agenda

A proposed agenda, drafted by the Executive Director in consultation with the Chair, will be sent to the Directors in advance of each meeting. Each Director is urged to suggest subjects for the agenda. Directors are free to raise subjects that are not on the agenda. Information and data that are important to the Board's understanding of the business to be conducted must be distributed in writing to the Directors prior to the meeting. Directors should review these materials in advance of the meeting.

## 5. Reporting Concerns

Anyone who has a concern about TNI's governance may communicate that concern directly to the Chair, to the Executive Director or the Board Secretary. TNI's Complaint Procedure (Policy 1-108) will, to the extent possible, ensure that confidentiality is maintained.

## 6. Director Expenses

TNI may cover costs associated with Directors' travel to and from Board Meetings for Board-related business. These expenses include roundtrip airfare, hotel accommodations, ground transportation, per diem, and other miscellaneous travel expenses directly associated with Board business.

## 7. Director Orientation

The Chair and the Executive Director shall be responsible for providing orientation for new Directors, and for periodically providing materials or briefing sessions for all Directors on subjects that would assist them in discharging their duties. Each new Director will be briefed on the organization's history and objectives, accounting and compliance issues, and TNI Code of Ethics.

## 8. Duties

While the Directors are not involved in the day-to-day operations of TNI, they are responsible for its oversight, reviewing new programs, and ensuring continued funding. Directors shall read and understand

---

Corporate Governance

---

these governance guidelines, articles of incorporation, bylaws, corporate policies, and financial statements of TNI. Directors shall fully prepare for and participate in Board meetings. Directors shall be cautious and protective of the assets of TNI and insure that they are used in the pursuit of the mission of TNI. In carrying out those responsibilities, the Directors must fulfill fiduciary duties that include duties of care and loyalty.

**a. Duty of Care.** The duty of care requires a Director to be familiar with TNI's activities and to participate in its governance. In carrying out this duty, Directors must act in "good faith" using the "degree of diligence, care, and skill" which prudent people would use in similar positions and under similar circumstances. In exercising the duty of care, responsible Directors should, among other things, do the following:

- Attend all Board meetings and actively participate in the discussions and decision-making processes and carefully read the provided materials.
- Read the minutes of prior meetings and other provided documents, including financial reports and reports by staff. Do not hesitate to suggest corrections, clarifications, and additions to any provided document.
- Read any literature produced as part of TNI's programs.
- Participate in strategic planning discussions for the future of TNI.

**b. Duty of Loyalty.** The duty of loyalty requires that any conflict of interest, real or possible, is always disclosed in advanced of joining the Board or when they arise. All Directors should be aware of the types of transactions that may prohibit them from serving on the Board. This policy provides for written disclosure of potential, anticipated, or actual conflicts. Directors are charged with the duty to act in the best interest of TNI. All members of the Board shall conduct Board matters in confidence.

## 9. Confidential Information

TNI discloses certain of its confidential and proprietary information (Confidential Information) to its Directors. Confidential Information may include data, materials, products/services, technology, computer programs, specifications, manuals, business plans, software, financial information, and other information disclosed or submitted, orally, in writing, or by any other media.

Confidential Information will be identified as such and is considered confidential and proprietary to TNI. The Directors shall hold the same in confidence, shall not use the Confidential Information other than for the purposes of its business with TNI, and shall disclose it only to its officers, Directors, contractors, or staff with a specific need to know. The Directors shall not disclose, publish or otherwise reveal any of the Confidential Information received from TNI to any other Party whatsoever except with the specific prior written authorization of TNI. Exceptions may be federal or state freedom of information laws.

Confidential Information furnished in tangible form shall not be duplicated by the Director. Upon the request of TNI, the Director shall return all Confidential Information received in written or tangible form, including copies, or reproductions or other media containing such Confidential Information, within five (5) days of such request.

The Director shall have no obligation with respect to Confidential Information which is or becomes publicly available.

## 10. Fiduciary Responsibility

All Directors and its Executive Director shall scrupulously avoid any conflict between their own respective individual interests and the interests of TNI, in any and all actions taken by them on behalf of TNI in their respective capacities. The Board of Directors and the Executive Director understand the importance of

Corporate Governance

---

serving TNI to the best of their ability and with the highest degree of undivided duty, loyalty, and care. Accordingly, the Board agrees to the following policy for all Directors and its Executive Director:

- a. Directors and the Executive Director are committed to furthering the best interests of TNI and shall avoid conflicts of interest with TNI. Directors shall not favor the interests of themselves, relatives, friends, supporters or other affiliated organizations over the interests of or bring their interests into conflict or competition with the interests of TNI. "Conflicts of interest" include direct, indirect, actual, apparent, and potential conflicts of interest.
- b. Whenever a Director shall discover an opportunity of material business advantage which is relevant to the activities of TNI and in which TNI has a reasonable expectancy, the opportunity belongs to TNI and the Board member shall present such an opportunity to the Board. Only at such time as the Board by recorded vote determines not to pursue the matter and relinquish such an opportunity may the individual consider it a matter of possible personal benefit.
- c. Whenever the Board of Directors and/or the Executive Director is considering a matter that presents an actual or apparent material conflict of interest for any member of the Board and requests that TNI forego a corporate opportunity that he or she wishes to take for personal benefit or for the benefit of another organization, the individual shall fully disclose his or her interest in the matter. The disclosure shall be recorded promptly in writing and shall be recorded in the minutes of the Board of Directors. The Director shall either: (i) abstain from voting and be disqualified from participation in all deliberation and voting on all Board actions relating to the conflict or corporate opportunity, or (ii) ask the Board to determine whether an apparent conflict of interest is considered by the Board to be an actual material conflict of interest. With respect to Board consideration of the conflict, the Director shall abstain from and be disqualified from participating in and voting on the determination of whether the issue presents a material conflict of interest for, with, or to TNI. The vote shall be recorded in the minutes. Upon each situation in which the Board determines that an actual conflict of interest exists, the interested Director shall abstain and be disqualified from voting on the matter.

**Policy Approved Changes**

<b>Rev No.</b>	<b>Date of Change</b>	<b>Description of Change</b>
0	5/17/10	New Document
1.0	11/17/17	Updated to the latest guidance from The Independent Sector.