

SEANC CODE OF ETHICS AND CONFLICT OF INTEREST POLICY

INTRODUCTION

1. STATEMENT OF DEFINITION AND PURPOSE

SEANC is committed to protecting and enhancing the rights and benefits of current, retired, and future state employees. In order to achieve our mission, leaders will be fully trained and engaged at every level of SEANC who reflect the values of the organization.

The purpose of this document is to increase awareness and understanding of impermissible ethical conduct. This Code and Policy should be read together with the SEANC Bylaws, and the SEANC Non-Harassment Policy, which contain other important protections that are not contained or incorporated in this Code and Policy. These bylaws and policy provisions are enforceable under the Bylaws or the Non-Harassment Policy.

Contents of this Code and Policy shall be binding upon SEANC including all statewide elected or appointed officers and members of all statewide boards and committees, each of its districts, including all district officers and members of district executive committees and other district governing boards and committees, all delegates to SEANC conventions, and SEANC managerial employees.

This Code and Policy does not include or encompass complaints concerning alleged violations of the SEANC Bylaws unless such complaints involve an allegation of a violation of this Code and Policy.

1.1 OBJECTIVES AND GOALS

SEANC (“Association”) will establish systems of accountability for all elected leaders and management staff. These systems will include appropriate checks and balances and internal operating systems and procedures that minimize the opportunity for misuse or abuse, as well as the perception of either, in spending Association funds or exercising decision-making authority. The systems will include adequate provision for training on how to understand and implement this Code and Policy.

SEANC members to whom this Code and Policy are applicable as described above:

- Shall uphold the Bylaws regulating the activities of SEANC.
- Shall not condone, nor engage in any activity that would undermine SEANC’s goals and objectives, including, but not limited, to disclosure of confidential information obtained in an executive session meeting of SEANC.

- Shall not form alliances, make decisions or engage in activities [including harassment] in the performance of SEANC duties that would discriminate on the basis of race, color, sex, national origin, ancestry, marital status, political or religious beliefs, family, social or cultural background or sexual orientation, gender expression, age or disability.
- Shall not disclose information regarding SEANC business obtained in the course of service to the Association unless such disclosure is in the best interest of SEANC and its members.
- Members who have filed to run for or who hold an elected position as a member of the Council of State or the NC General Assembly shall not serve as an elected or appointed state-level officer of SEANC s, or be employed as SEANC's Executive Director, or any other senior management position or government affairs position on SEANC's staff

1.2 POLICY STATEMENT

Association members place tremendous trust in their leaders. SEANC elected officers and managers owe fiduciary obligations to the Association and, given the moral purpose of our mission, SEANC leaders owe members the highest level of ethical behavior in the exercise of all leadership decisions and financial dealings on members' behalf. Members have a right to have proper stewardship over Association resources and transparency in the expenditure of Association dues. Misuse of funds or leadership authority undermines and weakens the confidence members have in the Association. Corruption in all forms will not be tolerated in SEANC. This Code and Policy strengthens SEANC's ethics rules, practices and enforcement standards and thus enhances the Association 's ability to accomplish its important mission.

State and Federal laws and regulations govern many activities undertaken by SEANC officers and managers and must be complied with as part of our commitment to maintain high standards of conduct. Although these laws and regulations are not part of, or enforceable through this Code and Policy, their observance is part and parcel of creating the overall ethical culture for which we strive.

1.3 DEFINITIONS

For purposes of this Code and Policy, the following definitions apply:

Conflict of Interest may exist when a director, officer, staff member or SEANC member may be seen as having interests that do not adhere to the interest of SEANC and this policy.

"Relative" means parent, spouse, spousal equivalent or dependent child of that relationship, grandparent, grandchild, brother, sister, first or second cousin, corresponding in-law, "step" relation, foster parent, foster child, or any member of the employee's household. Domestic partner relatives are covered to the same extent as spousal relatives.

"Personal Relationship" means an ongoing romantic or intimate connection than can include, but is not limited to, dating, living together in an intimate way, or being a significant other. This definition applies equally to heterosexual, gay and lesbian relationships.

"Employee" includes any individual on SEANC's payroll on a permanent part-time, full-time or temporary basis.

"Officer" includes any of the following: President, First Vice President, Second Vice President, Treasurer, members of the Board of Governors, members of the State Executive Committee, District Chairs, and District Treasurers.

"Retaliation" punishment of an employee or applicant for asserting their rights to be free from employment discrimination

"Whistleblower" an employee or member of SEANC who reports any activity that the employee considers to be illegal or dishonest to one or more of the parties specified in the Whistleblower policy.

2. CONFLICTS OF INTEREST

General Duty to Protect Members' Funds. The assets and funds of SEANC are held in trust for the benefit of the membership. The membership is entitled to assurance that those assets and funds are not dissipated and are spent for proper purposes. SEANC shall conduct its proprietary functions, including all contracts for purchase or sale or for the provision of significant services, in a manner consistent with the provisions of this Code and Policy. All officers and managerial employees of SEANC, whether elected or appointed, have a trust and high fiduciary duty to honestly and faithfully serve the best interests of the membership. The following are prohibited;

1. No officer or managerial employee of SEANC shall, to the best of his/her knowledge, have an ownership or other substantial financial interest which conflicts with his/her fiduciary duty. In particular, it shall not be permissible for any officer or managerial employee to:
 - make or attempt to influence, or participate in any way in, a decision concerning the interactions of SEANC or a district with a firm in which the officer or managerial employee, or his or her relative or business partner, has a substantial ownership or financial interest.
 - engage in any self-dealing transactions with SEANC or any of its districts, such as buying property from or selling property to SEANC, without the informed approval of the Executive Committee obtained after full disclosure, including an independent appraisal of the fair market value of the property to be bought or sold.
 - For purposes of these rules, a "substantial ownership or financial interest" is one which either contributes significantly to the individual's financial well-being or which enables the individual to significantly affect or influence the course of the business entity's decision making. A "substantial ownership or financial interest" does not include stock in a purchase plan, profit-sharing plan or Employee Stock Ownership Plan (ESOP).
2. No officer or managerial employee of SEANC shall convert or divert any funds or other property belonging to SEANC to such individual's direct or indirect personal use or advantage.
3. No officer or managerial employee of SEANC shall receive compensation of any kind from a fund established for the provision of health, welfare, or retirement benefits for serving as an

employee representative or labor-designated trustee on such employee benefit fund or plan, except for reimbursement of reasonable expenses properly and actually incurred and provided uniformly to such representatives or trustees. It is not a violation of this provision for an officer who is not a full-time employee of SEANC to be a lawfully paid employee of a retirement, health or welfare fund, provided such employment is consistent with applicable legal restrictions, and fully disclosed through appropriate available reports.

In the event an actual or potential conflict of interest is disclosed by a SEANC officer or managerial employee, or has been alleged to exist by way of a written, signed submission to the Ethics Officer, the conflict or potential conflict shall be resolved as follows:

1. The SEANC officer or managerial employee may elect to refrain from taking any actions, participating in discussion, or voting concerning matters in which the conflict of interest is implicated.
2. In the event the SEANC officer or managerial employee contends that no conflict or potential conflict of interest exists, or otherwise does not elect to recuse or refrain from taking action regarding the actual, potential, or alleged conflict, the matter shall be referred to the Ethics Officer. The Ethics Officer, in consultation with SEANC General Counsel, shall consider the nature and degree of the actual or potential conflict, and shall determine whether the SEANC officer or employee must recuse or refrain from taking action concerning the conflict. Such determination must be rendered in writing and is not appealable.

2.1 FIDUCIARY

No SEANC officer or managerial employee who serves in a fiduciary position with respect to SEANC, or who otherwise exercises responsibilities or influence in the administration of, a retirement, health or welfare benefit fund or plan, or other organization related to SEANC, shall:

- have any substantial financial interest in, or any compromising personal ties to, any investment manager, insurance carrier, broker, consultant or other firm doing or seeking to do business with the fund or plan; or
- accept any personal payment or gift from any business or professional firm that does business or seeks to do business with, the fund, plan or organization other than contractual payment for work performed; or
- cause funds of SEANC and the related organization to be commingled; or
- cause obligations of SEANC to be paid for by the related organization, or obligations of the related organization to be paid for by SEANC, unless approved by the organization making the payment.

For purposes of these rules, (i) a benefit "fund" or "plan" means a fund or plan sponsored by SEANC, or in which SEANC participates; and (ii) an organization "related to" SEANC means an organization with a governing board at least 25% of whose membership consists of SEANC officers or employees, or at least 50% of whose funding is provided by SEANC.

This provision does not cover authorized contributions from and by SEANC to a related organization.

2.2 GIFTS AND ENTERTAINMENT

- SEANC shall not make loans to any officer or employee, or to any of their family members, except that the Executive Director may, in accordance with the most recent version of the personnel manual, approve salary advances to any SEANC employee.
- No officer or managerial employee of SEANC shall knowingly accept any non-de *minimis* personal payment or gift from any business or professional firm that does business or seeks to do business with SEANC or any of its districts, other than regular pay and benefits for work performed. With respect to an item that cannot be returned, such as holiday perishables, it shall be considered compliance with this Section to discard such an item or place it in a common area for the office staff to enjoy. Further, this Section does not cover participation in events hosted by public officials involving discussion of public policy matters.
- No SEANC staff member, or officer, shall knowingly, directly or indirectly, ask, accept, demand, exact, solicit, seek, assign, receive, or agree to receive anything of value for themselves, or for another person, in return for being influenced in the discharge of their official responsibilities, other than that which is received by the individual from SEANC for acting in their official capacity.
- No member of SEANC management or SEANC officer may solicit for a charitable purpose anything of monetary value from any subordinate SEANC employee. This subsection shall not apply to generic solicitations available to all SEANC staff members (e.g. girl scout cookies).

This section shall not apply to any of the following:

1. Food and beverages for immediate consumption provided to all SEANC employees.
2. Gifts from the covered person's extended family, or a member of the same household of the covered person.
3. Food, beverage, or transportation provided during a conference, meeting, or similar event that is available to all attendees of the same class as the recipient.

Any prohibited gift received by a covered person shall be promptly declined, returned, paid for at fair market value, or donated to charity.

3. COMPLIANCE

- Each SEANC officer and managerial employee shall annually acknowledge receipt, understanding and compliance of this Code and Policy after reading the Code and Policy.
- Each officer and managerial employee shall disclose to the SEANC Ethics Officer those interests, transactions, or relationships that give rise to a potential conflict of interest at the time that such potential conflict occurs.
- The Ethics Officer shall also conduct periodic reviews for purposes of monitoring compliance with, and enforcement of, this Code and Policy. Such reviews may consider, among other things, whether partnerships, joint ventures, and arrangements with

management organizations conform to this Code and Policy, are properly recorded, reflect reasonable investment or payments for goods and services, further SEANC's tax-exempt purposes and do not result in inurement, in impermissible private benefit, or in an excess benefit transaction.

- A copy of the Code and Policy shall be provided to each District Officer, SEANC Officer and employee of SEANC. It is the duty and obligation of every person covered by the Code and Policy to read and abide by its provisions.

4. FAMILY AND PERSONAL RELATIONSHIPS

SEANC does not prohibit the employment of qualified relatives of current officers or employees, or of individuals with whom an employee is having a romantic or intimate personal relationship ("personal relationship"). SEANC also does not prohibit the retention of qualified vendors that employ relatives of current SEANC officers or employees, or individuals with whom an employee is having a personal relationship, or of qualified vendors in which such officers, employees or individuals have a financial interest. However, the existence of such relationships can lead to problems, including favoritism or the appearance of favoritism toward relatives or those who are involved in a personal relationship. Giving these individuals special treatment - or creating the impression that they receive special treatment - is inconsistent with our principles and our duty to responsibly conduct the business of SEANC. The provisions of this Part are designed to ensure that family or personal relationships do not influence professional interactions between the employees involved, with other employees, or with vendors or potential vendors. The following standards shall apply,

- Applications for employment by relatives and those who have a personal relationship with an employee of SEANC or a SEANC vendor will be evaluated based on the same qualification standards used to assess other applicants.
- Officers, managers and supervisors will not make hiring decisions about their relatives or a person with whom they have a personal relationship or attempt to influence hiring decisions made by others.
- A supervisory employee will not supervise a relative or a person with whom he or she has a personal relationship. Unless there are particular operational difficulties, relatives or employees who have a personal relationship generally are permitted to work in the same department, provided no direct reporting or supervisor-to-subordinate relationship exists.
- No employee, including officers, managers and supervisors, will make work-related decisions, or provide input into work-related decisions made by others, involving his or her relative or employee with whom he or she has a personal relationship, even if he or she does not directly supervise that person. This includes, but is not limited to, decisions about hiring, wages, hours, benefits, assignments, evaluations, training, discipline, promotions, and transfers.
- No person shall serve as an officer or managerial employee of SEANC who has been convicted of any felony involving the infliction of grievous bodily injury or any felony involving abuse or misuse of such person's position or employment in a labor organization or employee benefit plan to seek or obtain an illegal gain at the expense of the members or the beneficiaries of the employee benefit plan, except for the limited exceptions as may be set forth in applicable federal law.

- Any exceptions to the provisions of this Section (four) must be approved in writing by the Department/Program Head and the SEANC Executive Director, or in the case of a relative of the Executive Director, the SEANC Executive Committee.

5. NON-HARASSMENT

SEANC's policy is to maintain a work environment that is free of discrimination, reprisal and harassment in day-to-day programs, practices, and services. SEANC prohibits intentional and unintentional harassment and has a zero tolerance against discrimination. Harassment is a form of employment discrimination that violates Title VII of the Civil Rights Act of 1964.

In addition to Title VII of the Civil Rights Act of 1964, this policy also takes into consideration the following anti-discrimination statutes with employees, SEANC Members/Officers, and applicants seeking employment: the Age Discrimination in Employment Act of 1967, (ADEA), and the Americans with Disabilities Act of 1990, (ADA), the Equal Pay Act of 1963, the Rehabilitation Act of 1973, the Genetic Information Nondiscrimination Act of 2008, the Pregnancy Act Discrimination of 1978 and the Pregnant Workers Fairness Act of 2022. This policy is also applicable but not limited to the following,

- contractors
- volunteers
- vendors
- visitors

Harassment Defined

Harassment is unwelcomed verbal, visual, physical or sexual conduct that denigrates or shows hostility or aversion towards an individual because of any actual or perceived protected characteristic. Harassment has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Verbal Harassment

Verbal harassment consists of expressing words such as sexual and non-sexual slurs, jokes, insults, epithets, gestures, threats, intimidation or teasing to abuse a protected characteristic. It is a form of psychological/mental abuse because it is aimed at causing emotional or psychological harm.

Visual Harassment

Visual harassment is the use of visual materials to create a hostile work environment. It can be sexual or non-sexual, and includes but is not limited to offensive posters, symbols, cartoons, drawings, computer displays, text messages, social media posts or e-mails.

Physical Harassment

Physical Harassment is any unwelcomed sexual or non-sexual physical contact to make someone feel unsafe or intimidated. Physical harassment includes but is not limited to

including physically threatening another, blocking someone's way, touching hair, clothing, or skin without consent, punching, kicking, clapping, or throwing objects at someone, etc.

Sexual Harassment

Sexual harassment includes all the actions defined in harassment but extends to unwelcomed or unsolicited sexual advances, requests for sexual favors whereas,

- submission to that conduct or those advances or requests is made either explicitly or implicitly a term or condition of an individual's employment; or
- submission to or rejection of the conduct or advances or requests by an individual is used as the basis for employment decisions affecting the individual; or
- the conduct or advances or requests have the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

6. REPORTING/INVESTIGATORY PROCESS

Any SEANC member may file a written complaint concerning alleged violations of the Code and Policy. Complaints of alleged violation of the Code and Policy shall be submitted to the SEANC Ethics Officer. Verbal complaints shall be reduced to writing for further processing. Complaints shall be signed or contain the name of the complainant(s) and shall be kept confidential. SEANC shall provide an address to which written complaints may be submitted and shall post that address on its website.

The Ethics Officer shall review the complaint to determine whether it alleges a violation of the Code and Policy and, **if so**,

- refer complaint to the SEANC Executive Director if the subject of the complaint is a staff member;
- refer complaint to the SEANC President if the subject of the complaint is a member;
- refer complaint to the President if the Executive Director is the subject of the complaint,
- refer complaint to the Executive Committee if the President is the subject of the complaint

If the complaint received by the Ethics Officer does not allege a violation of the Code and Policy, the Ethics Officer shall notify the complainant of the status of the complaint following the review. The complainant shall have the right to appeal the Ethics Officer's decision within seven (7) calendar days of receiving notification. If the complainant appeals, the Ethics Officer/Liaison shall, within seven (7) calendar days of receiving the notice of appeal, transmit the complaint and a written explanation of why the complaint was determined not to state a violation of the Code and Policy to the next level in this process. If the complainant does not make a timely appeal, the original decision will be upheld without further review.

Upon request, the Ethics Officer shall advise any person involved in the complaint handling process concerning matters related to the investigation and processing of complaints and charges alleging violation of the Code and Policy.

If the Ethics Officer concludes, after review of the allegations in a complaint that the claim or claims of Code and Policy violations are frivolous or without merit, or that further investigation is not necessary, he or she shall advise all relevant parties of his or her findings.

Board of Governors Procedures for Discipline. The process for termination of SEANC membership or removal from office pursuant to the SEANC Bylaws for a violation of this Code and Policy shall be as follows:

- a) The charged member or officer shall be given a hearing before the Board of Governors and will be permitted to explain and defend the action requested.
- b) Charges and specifications shall be given in writing to the charged member or officer at least seven (7) calendar days in advance of the hearing on the charges.
- c) Termination of membership and removal from office shall require a finding of just cause by a two-thirds vote of the Board of Governors after which written notice shall be given to all parties involved.
- d) If the Board of Governors determines the conduct of the member or officer violates the standards of the SEANC Code and Policy but does not arise to the level of requiring termination of membership or removal from office, the Board of Governors may impose a lesser corrective action including, but not limited to, an oral or written warning or reprimand, or a probationary period.

Ethics Officer - Review and Advice. The SEANC Executive Director, President, Executive Committee or Board of Governor may refer matters concerning the Code and Policy to the Ethics Officer/Liaison for review and/or advice.

Review of Claims by Ethics Officer. If the Ethics Officer/Liaison concludes, after review of the allegations in a complaint, that the claim or claims of Code and Policy violations are frivolous or without merit, or that further investigation is not necessary, he or she shall advise all relevant parties of his or her findings.

Ethics Program Annual Report. The Ethics Officer/Liaison will issue an Ethics Program Annual Report summarizing Code and Policy enforcement actions, training, compliance, and related activities and statistics concerning the SEANC ethics program and may make recommendations for such revisions to the program as he or she believes would enhance the program's effectiveness.

Reporting Procedures

Employees or SEANC members who have been subjected to or witnessed conduct which violates this policy should immediately report the matter to their director or any member of management. If the employee is unable for any reason to contact this person, or if the employee has not received an initial response within five (5) business days after reporting any incident of what the employee perceives to be harassment, the employee should contact the Director of Operations. If the person toward whom the complaint is directed is one of the individuals

indicated above, the employee should contact any higher-level manager in the reporting hierarchy.

Investigation Procedures

Every report of perceived harassment will be fully investigated, and corrective action will be taken where appropriate. All complaints will be kept confidential to the extent possible, but confidentiality cannot be guaranteed. All employees must cooperate with all investigations conducted pursuant to this policy.

Retaliation Prohibited

SEANC prohibits any form of retaliation against individuals who report unwelcome conduct to management or who cooperate in the investigations of such reports in accordance with this policy. If the employee has been subjected to any such retaliation, the employee should report it in the same manner in which the employee would report a claim of perceived harassment under this policy.

Violation of this policy including any improper retaliatory conduct will result in disciplinary action, up to and including separation.

7. PROTECTION OF WHISTLEBLOWERS

SEANC encourages all employees to bring to its attention, as set forth in this policy, any allegation that this Code and Policy has been violated. Such allegations shall be referred for appropriate action or investigation. If, after the conclusion of an investigation, a violation is found to have occurred, then appropriate disciplinary and/or corrective action shall be taken. Further, SEANC expressly prohibits retaliation against employees for making good faith complaints, reports or inquiries pursuant to this Code and Policy. Any act of alleged retaliation should be reported immediately and will be promptly investigated. SEANC reserves the right, however, to discipline persons who make bad faith, knowingly false, or harassing complaints, reports or inquiries.

SEANC will treat all reported claims in a confidential manner, except to the extent necessary 1) to conduct a complete and fair investigation, 2) for review of SEANC operations by SEANC's independent public accountants, and/or SEANC's legal counsel, or 3) as otherwise authorized for release or use by the reporting individual. Notwithstanding the exceptions in this section, SEANC will keep confidential the identity of any person(s) filing a complaint of violation of the Code and Policy, unless disclosure is authorized by the complainant(s) or required for SEANC to carry out its fiduciary or other legal duties.

The ultimate punishment for violation of this Code and Policy is removal from office and/or termination of membership. Membership in SEANC is a basic right of all current, retired and future state employees who meet the membership criteria contained in the SEANC Bylaws and should be terminated only for the most egregious conduct. The decision to terminate a member's membership or to remove a member from office shall be based on the degree of damage caused by the member to SEANC's reputation or its ability to operate effectively on its members behalf. Generally, removal from SEANC membership or office should require extreme misconduct such

as conviction of a felony or serious misdemeanor while a member or officer, or any serious violation of this Code and Policy.

Failure to Cooperate with Investigation. Unreasonable failure by a covered individual to fully cooperate with an investigation into, or a proceeding involving, an alleged violation of this Code and Policy, shall constitute an independent violation of this Code and Policy.

8. MISCELLANEOUS

Ownership of Certain Investment Vehicles Permitted. As long as there is compliance with the terms of the Code and Policy, this Code and Policy is not intended to preclude officers or managerial employees of SEANC from owning publicly traded shares of any employer that does business with SEANC or its districts, through a mutual fund or other similar investment vehicle, provided that all transactions affecting such interests are consistent with rates and terms established by the open market. Further, this Code and Policy does not apply to investments held in a blind trust.

Applicability to Third Parties. The principles of this Code and Policy apply to those investments and activities of third parties that amount to a subterfuge to conceal the financial interests of SEANC officers or managerial employees.

Duty to Safeguard SEANC Status. SEANC officers and managerial employees will assist SEANC in safeguarding its separate legal status with respect to related organizations.

Related Organization Code of Ethics. SEANC will condition contributions to a related organization on that organization's adoption and submission to SEANC of a code of ethics.