

DUTY OF CARE AND BEST PRACTICES

(aka conflict of interest)

FOR DIRECTORS, EMPLOYEES, OFFICERS AND COMMITTEE MEMBERS

When elected to the board of directors, our responsibilities change from representing ourselves to representing The American Driving Society, Inc. (the “ADS”). As a director, employee, volunteer officer, board or committee member of the ADS our responsibility and duty shifts so that primary duty is to the ADS so that the best interests of the ADS are served.

Our personal goals and interests must take a back seat when we are working in our capacities for the ADS and all actions must conform to the highest ethical standards and principals.

When acting in any way on the behalf of the ADS we must adhere to our Bylaws that require us to:

1. Avoid conflicts of interest both real and perceived.

Conflicts of interest can be professional, financial or personal and must be avoided.

We can expect to have conflicts of interest because carriage driving is a small group and conflicts are unavoidable. There is no shame in having a conflict and it does not disqualify anyone from their position, SO LONG AS THE CONFLICT OR POTENTIAL CONFLICT IS REVEALED TO THE BOARD.

Conflicts often arise when there is a “Related Party” who is a director, officer or employee of the ADS or any such person’s relative. The related party could have a financial ownership interest or a profession or personal interest in an ADS transaction.

The ADS is a New York not for profit corporation and must comply with New York Law that permits the board of directors to authorize or ratify a related party that has been disclosed. This can only happen, though, if the board is aware of the situation. Under the current New York Law, *the presumption is that a related party transaction is invalid and unenforceable unless the ADS declares that it is fair, reasonable and in the best interest of the ADS.*

This process is normal and ordinary and we all should feel comfortable in presenting any potential conflicts to the board or to a committee chair before participating in discussions and decisions.

- 2. Conduct all dealings with Honesty and Fairness.**
- 3. Never use ADS assets or information for personal use or gain.**
- 4. Avoid the appearance of misconduct or impropriety and act accordingly.**
- 5. Comply with the ADS Policies and Procedures.**

Takeaway: All is OK if Disclosed. Disclosure is our friend. Please review the Disclosure Policy sent out and complete, sign and return the Disclosure Statement to the ADS Office. This process is a proactive attempt to protect the ADS and those on the board.