

Hawaii Forest Industry Association
Conflict of Interest Policy
11-08-08

Approved at the November 21, 2008 Board of Directors meeting.

As our industry and organization grows, so does our need to recognize and address potential conflicts of interest among our members, our employees, and the entities with which we interact.

Purpose

The purpose of this policy is to describe conflict of interest standards for directors, officers, and staff of the Hawaii Forest Industry Association (HFIA) to help create an ethical working environment within HFIA.

Policy

HFIA expects all directors, officers, and staff to maintain the highest standards of integrity and ethics and to declare all potential and actual conflicts of interest that may result from a close relation, a substantial financial interest, or an influential position, as defined below.

Delegated Authority

The Conflict of Interest (COI) Committee is delegated authority for the development, administration and implementation of this policy. Said committee shall consist of all officers elected by HFIA's Board of Directors. The President shall be the Chair of the COI committee. In the event of a potential or actual conflict of interest by one or more of the COI committee members, non-conflicting COI members shall appoint an equal number of HFIA Directors to temporarily serve in place of those declaring conflict.

Procedure for Managing Potential Conflicts of Interest

General Procedure:

Full disclosure and consultation regarding potential conflicts of interest is in the best interest of both HFIA and its directors, officers, and staff. However, HFIA respects the privacy of its associates and staff and does not wish them to disclose financial or personal information that does not relate to a potential conflict of interest. Any member of the COI committee who receives such financial or personal information in the process of disclosure is responsible to take reasonable steps to maintain the confidentiality of such information.

Disclosure:

If an director, officer, or staff believes that a conflict of interest may exist, it should be disclosed to the Chair of the COI committee. In the event that the COI Chair is associated with the disclosure, the chairmanship shall temporarily pass to another COI member in the order that follows; HFIA Vice President(s), HFIA Secretary, HFIA Treasurer, replacement committee members in the order they are designated for replacement.

Review and Management:

Upon receiving all relevant facts concerning the potential or actual conflict of interest, the COI committee shall discuss and evaluate the significance of the

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situation and determine any appropriate course of action that may be needed to remedy the conflict.

Many conflicts can be managed, after an appropriate evaluation, in the following manners. Situations will be found to be:

- Permitted as is because the disclosed information does not represent an apparent or actual conflict of interest or other possible source of unreasonable bias or inappropriate activity, or
- Permitted contingent upon the implementation of one or more recommendations to manage an apparent or actual conflict of interest or otherwise preclude unreasonable levels of bias or inappropriate activities, or
- Unacceptable, and thus prohibited.

Management of an actual or apparent conflict could include, among other things:

- Appropriate disclosure of the conflict to parties involved;
- Recusal by those involved from participating in certain negotiations, decisions, or transactions;
- Recusal by those involved from managing or supervising particular staff
- Recusal by those involved from managing or overseeing certain business transactions;
- Severance by those involved of outside relationships that pose conflicts;
- Appropriate monitoring and oversight by those involved by HFIA's COI committee;

Conflicts that cannot be managed appropriately are unacceptable, and thus prohibited under this policy.

Reporting:

The COI committee reports to the Board of Directors on an as needed basis.

Remedial Action For Non-Compliance

Failure by any director or officer to disclose and/or manage actual or apparent conflicts of interest under this policy may be cause for disciplinary action as determined by the COI committee, which may include removal, as defined in Article V, Section 5.5 of HFIA's Bylaws.

Failure by any staff to disclose and manage actual or apparent conflicts of interest under this policy may be cause for disciplinary action, which may include termination.

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Definitions

Conflict of Interest:

The term “conflict of interest” includes situations in which financial or other personal considerations compromise, or have the appearance of compromising, an individual’s professional judgment and ability to perform his or her responsibilities to HFIA.

Such compromised situations would result in questionable ethics, would not be in the best interest of HFIA, or would result in personal profit or advantage to the individual or their close relations.

One should consider not only situations that are unacceptable, but gray areas that might involve the appearance of conflict. The mere appearance of conflict may be as seriously damaging as an actual bias in professional judgment.

Close Relation:

A close relation is defined as a spouse, mutual financial dependent, significant other, or person in an intimate relationship; a child, parent, sibling (including in-laws and step-relations), grandparent or grandchild, niece or nephew, aunt, uncle, or cousin.

Substantial Financial Interest:

The ownership of an interest of more than 5% in a company is considered a substantial financial interest. Any management role in a company, e.g. officer, creates an appearance of conflict of interest equivalent to owning a substantial financial interest,

Influential Position:

Positions which: a) may be influential in terms of the direction of HFIA business matters, b) may be influential in determining HFIA policy, and/or, c) are high profile within the forest industry.

Staff:

Individuals employed or contracted by HFIA to perform work for HFIA.