



**National Fenestration Rating Council (NFRC)**  
**CODE OF ETHICS**  
*Board of Directors*

**I. PREAMBLE**

The NFRC Board of Directors aspires to live up to the ideals of ethical and good governance; professional behavior and responsibility; and the application of selflessness, integrity, objectivity and accountability as outlined in this code.

**II. RULES AND PRINCIPLES**

The National Fenestration Rating Council applies the following framework of responsibilities to its Board of Directors. These responsibilities are applicable to both voting and non-voting members of the Board.

**Accountability** – NFRC Board members are accountable to the public for their decisions and actions and must submit themselves to whatever scrutiny is appropriate for their responsibilities. The NFRC Board shall prepare job descriptions and commissions that list board responsibilities; and shall conduct self-evaluations on a regular basis to assist in maintaining accountability.

**Objectivity** – In carrying out NFRC business, NFRC shall provide due diligence and make choices based upon the merits of the situation. The NFRC mission statement shall be the guiding principle for carrying out business.

**Honesty** – NFRC Board Members have the duty and responsibility to declare any private interest relating to their public duties and to take steps to resolve any conflicts of interest that may arise when making determinations. The Board shall approve an official Conflict of Interest Policy to ensure good governance and that policy shall address recusal of Board members in instances of a conflict of interest on an issue.

**Selflessness** – All decisions made by the Board of Directors shall be made in terms of what is best for the public interest and for the well-being of the organization. No decisions shall be made in order to achieve personal gain; or financial gain for themselves, their families, friends, colleagues or employers.

**Integrity** – NFRC Board members shall not allow any obligation (financial or otherwise) that they may have to outside individuals or organizations to interfere with the performance of their fiduciary duties to NFRC. NFRC Board members shall follow the policies of confidentiality adopted by the Board and not disclose information about NFRC confidential information except as permitted under those policies.

Leadership – NFRC Board members shall promote these rules and principles by example and through effective leadership.

### **III. CONFLICT OF INTEREST POLICY**

In their capacity as directors, the members of the Board of Directors must act at all times in the best interests of the National Fenestration Rating Council. The purpose of this policy is to help inform the Board about what constitutes a conflict of interest, assist the Board in identifying and disclosing actual and potential conflicts and help assure the avoidance of conflicts of interest when necessary. This policy shall be enforced as described below:

1. Board members have a fiduciary duty to conduct themselves without conflict of interest to NFRC. In their capacity as Board members, they must subordinate personal, individual business, third party, and other interest to the welfare and best interests of NFRC.
2. A conflict of interest is a transaction or relationship which presents or may present a conflict between the Board member's obligation to NFRC and the Board member's personal, business or other interests.
3. All conflicts of interest are not necessarily prohibited or harmful to NFRC. However, full disclosure of all actual and potential conflicts must be made and a determination by the disinterested members of the Board or the Governance Committee whether a conflict exists and how to address it are required. The interested Board members must be recused from participating in the discussion and vote on whether a conflict exists.
4. All actual and potential conflicts of interest shall be disclosed by Board members to the Board or the Governance Committee through annual disclosure forms and whenever a conflict arises. The disinterested members of the Board or the Governance Committee shall make a determination as to whether a conflict exists and what subsequent action is appropriate (if any). If the Governance Committee makes that determination, it shall inform the Board of that determination and the proposed action. The Board shall retain the right to modify or reverse that determination and action, and shall retain the ultimate enforcement authority with respect to the interpretation and application of this policy.
5. On an annual basis, all Board members shall be provided with a copy of this policy and shall be required to complete and sign the acknowledgement and disclosure form, as that form may be amended from time to time (The disclosure form is attached hereto as Exhibit A). All completed forms shall be reviewed by the Board or the

Governance Committee, as well as all other conflict information provided by Board members.

6. Attached as Exhibit B hereto is a conflict of interest policy for Board members and corporate officers that the Internal Revenue Service has recommended be adopted by 501(c)(3) tax exempt organizations and that has been modified to fit NFRC's needs. This policy specifically applies when NFRC is considering entering into a financial arrangement with an officer or director of the organization. NFRC has adopted this policy and the Board shall be responsible for administering the policy on behalf of the organization.

#### **IV. CONFIDENTIALITY POLICY**

Consistent with their fiduciary duties to NFRC, the Members of NFRC's Board of Directors must preserve in confidence certain sensitive, non-public information that they learn of in their capacity as Board members. The purpose of this policy is to provide some general guidance on what is protected NFRC confidential information and the rules relating to non-disclosure of that information.

1. Confidential Information. Members of the Board of Directors of NFRC will have access to written and oral information of a proprietary, secret or confidential nature that would not have been accessible to them but for their service on the Board and which have not yet been disclosed by NFRC to the public (the "Confidential Information"). Confidential Information includes matters not generally known outside NFRC such as Board and Board committee deliberations and actions, internal business and legal developments and issues relating to NFRC, NFRC financial and technical data, NFRC personnel matters, developments relating to existing or future products or services offered or used by NFRC, NFRC's strategic plans and objectives and pricing, contracting and technical information. Confidential Information does not include information generally known to the public or which is authorized for disclosure to the public by NFRC. Confidential Information includes the proprietary or other confidential information of third parties that is disclosed to NFRC in confidence, including NFRC members, NFRC program participants and other NFRC customers, business partners, vendors, and industry organizations
2. Non-Disclosure During and after the termination of their service on NFRC's Board, Board members will not disclose any Confidential Information to a third party or use the Confidential Information other than in the performance of their duties as Board members, without the prior written approval of NFRC, unless that disclosure is required by law pursuant to a subpoena or other compulsory legal process, in which case the Board Members shall give NFRC timely prior written

notice of that legal process before disclosing the Confidential Information.

## **V. BOARD ATTENDANCE POLICY,**

### **Purpose**

Effective service on NFRC's Board of Directors requires regular attendance at Board meetings and conference calls. NFRC's Bylaws provide that a Board member's unexcused absence from three consecutive Board meetings can be deemed a resignation from the Board. This Board attendance policy is intended to set out a procedure for identifying and addressing Board attendance problems.

### **1. Definition of a Board Attendance Problem**

A board-attendance problem merits attention from the Chairperson and the Board in the following circumstances, as well as in other circumstances the Board identifies in its reasonable judgment: (The Chairperson of the Board has the authority to allow excused absences from Board meetings.)

- The Board member has three un-excused absences in a row from Board meetings or conference calls.
- The Board member misses one third of the total number of Board meetings and conference calls in a twelve-month period.

### **2. Suggested Response to a Board-Attendance Problem**

If a Board member has an attendance problem as referenced above, the Board Chairperson will contact the member to discuss the problem. The member's response may be shared by the Chairperson with the Board and the Chairperson may recommend to the Board how to resolve the attendance problem. The Board may notify the Board member that if attendance problems continue, the Board may request the member's resignation or terminate the member from the Board. In addition, if applicable, the Board may notify the member of the Board's intention to invoke the automatic resignation rule under the Bylaws. If the Board decides to terminate the Board member's service on the Board, termination will be conducted in accordance with the requirements of the Bylaws and any other process NFRC has adopted for that purpose.

## **VI. GUIDELINES ON MEDIA INQUIRIES FOR BOARD MEMBERS**

As expressed in the Roles and Responsibilities for Board Members NFRC Board members do not serve as public spokespersons for the organization. Except as

expressly authorized by the Board, Board members are not authorized to speak on behalf of the organization. The Chairperson of the Board generally serves as the spokesperson for the Board. Board members generally should not express their personal views or opinions about matters considered by the Board. Board members must also not discuss matters that are confidential or proprietary to the organization.

### **Most inquiries are to be directed to staff/leadership**

If you are requested by the media to discuss NFRC matters as an NFRC Board member, you should contact NFRC staff. In particular, Board members should not respond to the following without guidance from staff:

- Any request that a board member is not comfortable addressing
- Inquiries into pending legislation
- Inquiries that may involve a conflict of interest (i.e. requests to speak on behalf of the NFRC in regards to outside business ventures, other associations, etc.)
- All Staff and/or Personnel inquiries should be directed to the Executive Director
- Any inquiries into legal matters involving the organization

### **Training**

It is the responsibility of the Executive Director and PR Manager, working with other staff members to field media inquiries and, where appropriate, ensure that board members are adequately prepared to address media inquiries. Activities to facilitate this training may include: annual media training events, general talking points, advance notification of pending inquiries, talking points specific to inquiry, sharing of current events related to NFRC business, other items as deemed beneficial. If a board member is contacted by the media, please contact the Executive Director.

### **Important Items to Remember:**

- Don't feel pressured into addressing media inquiries - it is perfectly acceptable to either defer to another person or schedule a time that allows you ample time to prepare with input from NFRC staff.
- Always keep in mind that you are not speaking on behalf of the organization. Any views expressed are your own. Refer to the talking points to ensure you are well informed on the issues.
- It is always acceptable to say "I don't know but I'll get back to you."
- The Executive Director and PR Manager will make every attempt to schedule interviews in advance and at the convenience of the board member. However, many media inquiries require immediate response and the turn around time may be quite short.

***I have read the NFRC Code of Ethics Policy set forth above and will use good faith efforts to comply with its terms and conditions in my capacity as a member of NFRC's Board of Directors.***

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Board Member Signature

Date

**EXHIBIT A**

**Board of Directors' Acknowledgement and Conflict of Interest Disclosure  
Form**

**TO BE INSERTED**

## EXHIBIT B

### IRS Tax Exempt Organization Conflict of Interest Policy

#### Article I Purpose

The purpose of the conflict of interest policy is to protect NFRC's tax-exempt status when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of NFRC; 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.

#### Article II 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 NFRC has a transaction or arrangement,
  - b. A compensation arrangement with NFRC or with any entity or individual with which NFRC has a transaction or arrangement, or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which NFRC 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. Under Article, III, Section 2, a person who has a financial interest may have a conflict of interest only if the Board of Directors or a committee of the Board decides that a conflict of interest exists.



### **Article III** **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 Board or Board committee delegated powers to consider 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 recuse himself from the board or committee meeting while the determination of a conflict of interest is discussed and voted upon and shall not participate in that vote.

3. **Procedures for Addressing the Conflict of Interest.**

a. An interested person may make a presentation at the Board of Directors 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 Board of Directors 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 Board or committee shall determine whether NFRC 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 Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in NFRC'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 Conflicts of Interest Policy.**

a. If the 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 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.

#### **Article IV** **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.

#### **Article V** **Compensation**

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

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

#### **Article VI** **Annual Statements**

Each director, principal officer and member of a committee with 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 that NFRC is a charitable organization 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.

### **Article VII** **Periodic Reviews**

To ensure NFRC 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 periodic 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 NFRC'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.

### **Article VIII** **Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, NFRC 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.