



# ORGANIZATIONAL OPERATING PROCEDURES

## CODE OF CONDUCT, ETHICS AND CONFLICTS OF INTEREST

Amended and Approved by the HAB Board 03/22/2017

Approved by USDA 05/12/2017

### I. INTRODUCTION AND GENERAL POLICY

This Code of Conduct, Ethics, & Conflicts of Interest (Code) applies to all Associates, which includes all Board members and alternates, officers, committee members, employees, agents and contractors (Associates) of the Hass Avocado Board (HAB). The purpose of this Code is to promote as well as to provide guidance with regard to ethical conduct, integrity, standards, and practices expected of the HAB Associates. Ethical conduct and loyalty are inherent obligations and Associates are expected to act in the best interests of HAB and to comply with the Hass Avocado Promotion, Research, and Information Act (7 U.S.C. 7801-7813), and with the Hass Avocado Promotion, Research, and Information Order (7 CFR 1219). Consequently, this policy is created to sustain a strong ethical culture on which HAB is built and is to be used as a foundation for conducting its business.

This Code does not cover every issue that may arise, but is intended to provide a basic summary of the legal, ethical and regulatory principles that should guide the conduct of all our Associates. We expect every person at every level to conduct themselves in strict compliance with all legal and ethical obligations, and to avoid even the appearance of improper behavior. Our philosophy can be implemented only if our Associates recognize their responsibilities and treat everyone in an honest and fair manner.

We expect each of our Associates to read and become familiar with HAB's policies and the ethical standards described in this Code. Compliance with this Code and the high standards of ethical business conduct is mandatory for every Associate. We require each person to affirm his or her agreement to adhere to these standards by annually signing the Acknowledgement of Receipt, Disclosure and Conflict of Interest Statement which has been provided.

This Code requires at a minimum:

- Honest, prudent and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between professional and personal relationships;
- Compliance with HAB's policies and with applicable governmental laws, rules and regulations;
- The prompt reporting of violations of this Code, including any illegal activity, to the appropriate person or persons identified in this Code;
- Full, fair, accurate, timely and understandable disclosures in reports and documents; and
- Accountability and enforceability for adherence to this Code.

## **II. RESPONSIBILITIES TO HAB**

### **CODE OF CONDUCT**

HAB expects all Associates to promote and exercise exemplary standards and good judgment in all aspects of carrying out their duties and responsibilities. It is important to maintain a cooperative, productive and professional work environment and business organization, complying at all times with all applicable laws and regulations. These standards apply while working on our premises, at offsite locations where HAB business is being conducted, at HAB sponsored business and social events, or at any other place where Associates represent HAB. All business conduct and behavior should be well above the minimum standards required by law. Accordingly, everyone must ensure that his or her actions cannot be interpreted as being, in any way, in contravention of the laws and regulations governing HAB or its operations. Associates who engage in misconduct or whose performance is unsatisfactory may be subject to corrective action, up to and including termination, or, in the case of Board members or alternates, the Board will recommend to the Secretary removal for dishonest or willful misconduct.

### **ETHICS**

Associates must conduct their affairs with uncompromising honesty and integrity. Each person is expected to be honest and ethical in dealing with each other, with producers, importers, customers, vendors and all other third parties. Associates are prohibited from giving preferential treatment to any private organization or individual. Actions must be free from discrimination, libel, slander or harassment. Each person must be accorded civil rights and equal opportunity, regardless of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, protected genetic information, parental status, and marital or family status or other basis protected by law. Consequently, each Associate must treat everyone in an honest and fair manner.

HAB has adopted and maintains strict enforcement of a policy against harassment to which all Associates must adhere. Harassment is any behavior which creates an environment that is hostile, offensive or intimidating and is made that way on the basis of gender (including pregnancy, childbirth and related conditions), race, color, ancestry, religious creed, national origin, physical and mental disability, medical condition, age, marital status, military or veteran status, sexual orientation or genetic characteristic. The types of actions that may be considered harassment include: verbal abuse, including making or using derogatory comments or slurs; suggestive or degrading words, comments or suggestions; obscene letters, notes or invitations; unwelcome physical contact, unwanted touching, assault or impeding or blocking of movement; threats of retaliation; unwanted advances or propositions; visual conduct, including sexual gestures, leering, suggestive objects, pictures, posters, calendars, etc.; and graphic verbal commentaries about an individual's body.

In accordance with these civil rights and equal opportunity policies, HAB will maintain a work environment where:

- Associates are treated with respect and in a professional manner.
- Conflicts and complaints are resolved quickly.
- Associates are able to discuss concerns openly without fear, reprisal, or retaliation.
- Associates demonstrate a commitment to civil rights and equal opportunity for everyone through their work and actions.

Violations can be reported to AMS or to USDA's Office of the Inspector General at (800) 424-9121.

USDA/AMS has responsibility to investigate and address all allegations of civil rights or equal opportunity violations, sexual harassment, violence, and other misconduct associated with HAB and HAB staff.

### **CONFLICTS OF INTEREST**

Associates must not be involved in any activity that creates or gives the appearance of a conflict of interest or of impropriety. HAB expects each person to perform his/her duties conscientiously, honestly, and in accordance with the best interests of HAB. No one is to use his/her position or the knowledge gained as a result of his/her position for private or personal advantage. Regardless of the circumstances, if anyone believes that a course of action he/she has pursued, is presently pursuing, or is contemplating pursuing may involve him/her in a conflict of interest with HAB; he/she should immediately communicate all the facts to the appropriate person(s).

### **III. DISCLOSURE & FINANCIAL INTEGRITY**

HAB requires honest and accurate recording and reporting of information. HAB's policy is to provide full, fair, accurate, timely and understandable disclosure in reports and documents. All of HAB's books, records, accounts and financial statements must be maintained in reasonable detail, accurately and fairly reflect transactions, not contain false or misleading entries, comply with generally accepted accounting principles, be audited in accordance with generally accepted government auditing standards, and conform to applicable legal requirements and to HAB's system of internal accounting controls. HAB's internal accounting controls have been developed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for internal and external purposes. These internal controls require HAB to:

- Maintain records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets;
- Properly record transactions to permit the preparation of financial statements in accordance with generally accepted accounting principles, and make receipts and expenditures only in accordance with authorizations of management and the Members of the Board; and,
- Prevent or detect in a timely manner the unauthorized acquisition, use or disposition of assets.

HAB expects Associates to comply with the disclosure controls and procedures and report any (1) material information or unreported transactions that affect the disclosures made in the financial statements; (2) information concerning significant deficiencies and material weaknesses in the design or operation of HAB's internal control over financial reporting which are reasonably likely to adversely affect the ability to record, process, summarize and report financial information; and (3) fraud, whether or not material, that involves Associates who have a significant role in internal control or financial reporting.

### **IV. USE OF HAB ASSETS**

#### **GENERAL**

Protecting HAB's assets is a key fiduciary responsibility of every Associate. Care should be taken to ensure that assets are not misappropriated. All Associates are responsible for the proper use of HAB's assets, and must safeguard such assets against loss, damage, misuse or theft. Associates must not use HAB identification, stationery, supplies, or equipment for personal or political matters.

Associates who violate any aspect of this policy or who demonstrate poor judgment in the manner in which they use any asset may be subject to disciplinary action, up to and including termination. HAB equipment and assets are to be used for HAB's business purposes only and may not be used for personal use.

## **HAB FUNDS**

Associates are personally responsible for all HAB funds over which they exercise control. HAB funds must be used only for HAB business purposes and not for personal benefit. Associates who have access to HAB funds in any form must follow the prescribed procedures for recording, handling, and protecting money as detailed in HAB's policies. When an Associate's position requires spending HAB funds or incurring any reimbursable personal expenses, that individual must use good judgment on HAB's behalf to ensure that good value is received for every expenditure and that expense reports and invoices are accurate and submitted in a timely manner.

HAB imposes strict standards to prevent fraud and dishonesty. If anyone becomes aware of any evidence of fraud or dishonesty, that person should immediately advise the appropriate person so that HAB can promptly investigate further. Any violations may be reported directly to USDA's Office of the Inspector General at (800) 424-9121.

## **COMPUTERS, EQUIPMENT & ELECTRONIC DEVICES**

HAB strives to furnish Associates, as appropriate, with the equipment necessary to efficiently and effectively manage their responsibilities and to do their jobs. Care must be taken to use HAB's equipment legally, ethically, responsibly and only for business purposes. This includes the fair and proper use of all electronic devices and systems within the organization, including but not limited to computers, email, internet, intranet, extranet, networks, voice mail, video conferencing, facsimiles, telephones and other such components. Associates should always take precautions to protect HAB's assets from theft or damage. The equipment will remain the sole and exclusive property of HAB and will be used entirely on HAB premises unless authorized to be taken offsite in the course of conducting HAB business.

Associates should not maintain any expectation of privacy with respect to HAB related information transmitted over, received by, or stored in any electronic communications device or system owned, leased, or operated in whole or in part by or on behalf of HAB. To the extent permitted by law, HAB retains the right to gain access to any HAB related information at any time, either with or without the knowledge, consent or approval of the Associate.

## **SOFTWARE**

All software used by Associates to conduct HAB business must be appropriately licensed. Associates should never make or use illegal or unauthorized copies of any software since doing so may constitute copyright infringement and may expose HAB to potential civil and criminal liability. In addition, use of illegal or unauthorized copies of software may subject the Associate to disciplinary action, up to and including termination. Computers may be periodically inspected to verify that only approved and licensed software has been installed. Any non-licensed software will be removed.

## **V. MANAGING HAB'S INFORMATION & RECORDS**

### **MAINTAINING & MANAGING RECORDS**

HAB has a business and legal requirement to manage its records and information, including all recorded information regardless of medium or characteristics. Records include but are not limited to paper documents, CDs, computer hard disks, email, floppy disks, microfiche, microfilm and all other media. HAB is required by laws, regulations, policies and guidelines to retain certain records and to follow specific guidelines in managing its records. Penalties may be incurred for failure to comply with such rules and disciplinary action may be taken by HAB to correct the situation. Associates are required to manage and maintain records consistent with this Code and HAB's records management policies.

### **PRIVACY AND CONFIDENTIALITY**

It is imperative that the financial, business, or personal information belonging to HAB be kept confidential and not disclosed unless required by applicable laws or regulations. Confidential information is to be retained only for as long as necessary or as required by law. Anyone handling proprietary data must protect the physical security of the information, and limit internal access to it to those with a legitimate business reason for seeking that information. Only use the information for the purposes for which it was originally obtained. Confidential information includes all non-public information that might be of use to competitors, others, or be harmful to HAB, its personnel, or its related parties if disclosed.

## **VI. PAYMENT PRACTICES**

### **ACCOUNTING PRACTICES**

HAB's responsibilities to its constituents and to the public require that all transactions be fully and accurately recorded in HAB's books and records in compliance with all applicable laws. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation and approval are strictly prohibited and violate HAB's policies and the law.

Additionally, all documentation supporting a transaction should fully and accurately describe the nature of the transaction and be processed in a timely manner.

### **POLITICAL CONTRIBUTIONS**

HAB funds or assets shall not under any circumstances be used for or contributed to political campaigns or political parties.

### **PROHIBITION OF INDUCEMENTS**

Under no circumstances may Associates offer to pay, make payment, promise to pay, or issue authorization to pay any money, gift, or anything of value to customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to improperly influence any business decision, any act or failure to act, or the commitment or commission of fraud. Inexpensive gifts and infrequent business meals, provided that they are not excessive or create an appearance of impropriety, do not violate this policy.

## **VII. RESPONSIBILITIES TO CUSTOMERS & SUPPLIERS**

### **RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS**

Associates must avoid investing in or acquiring a financial interest in any business that has a contractual relationship with HAB, and/or that provides goods or services where such investment or interest could influence or create the impression of influencing their decisions in the performance of their duties on behalf of HAB.

Further, Associates are prohibited from engaging in outside employment or activities, including seeking or negotiating for employment, that conflict with board duties and responsibilities. For employees, no such outside employment or activities are permitted; for board members, such employment or activities would be permitted provided board members recuse themselves from any conflicting board duties and responsibilities, including votes.

### **GIFTS, ENTERTAINMENT, AND FAVORS**

Associates must never accept entertainment, gifts or personal favors that would appear to undermine or influence good business judgment or decisions from the people with whom HAB does or may do business. Similarly, employees must not accept any other preferential treatment under these circumstances because their position with HAB might be inclined to, or be perceived to, place them under obligation. On occasion, Associates may accept novelties, promotional items of a nominal value, or modest gifts if:

- The gift complies with the giver's company's rules.
- This happens only occasionally.
- The gift was not solicited.
- Open disclosure of the gift would not embarrass HAB or the people involved.
- The value of the gift is \$50 (U.S.) or less.

### **DONATIONS**

HAB is prohibited from making financial and gift contributions to any organizations, even in honor or memory of an individual. However, HAB may expend up to \$100 per person per event for cards, flowers, plants, or similar tokens, including gifts for outgoing board members or officers. HAB may only expend funds for board members, not for staff or contractors.

HAB may make donations of commodity, product or funds (e.g., to food banks or disaster relief efforts) provided the donation is tied to a public relations or promotional effort promoting the commodity and/or the image of the industry.

HAB may provide monetary gifts, gifts that function as money, or other gifts as part of a research or promotion project (e.g., financial restitution to subjects of a research study, gift cards to survey participants) because such restitution is common practice and doing so benefits HAB's collection of information or extends the reach of a promotion.

Nothing in this section prohibits HAB from providing funds to an organization if the funds are for a direct allowable expense. As an example, HAB shall not make a contribution to the American Heart Association in memory of an individual, but it may provide funds to the American Heart Association as part of a HAB promotion to cover exhibiting or symposium costs. This also does not prohibit HAB from paying membership or sponsorship fees to industry associations or other groups, but the association or group must certify that those funds were not used for the purpose of influencing government policy or action (e.g., in an agreement, letter, or other documentation).

## **KICKBACKS AND SECRET COMMISSIONS**

Regarding HAB's business activities, Associates may not receive payment or compensation of any kind, except as authorized under HAB's policies. In particular, HAB strictly prohibits the acceptance of kickbacks and secret commissions from suppliers or others. Any breach of this rule will result in immediate termination or, in the case of Board members, the Board will recommend removal to the Secretary of Agriculture. Associates who violate this practice will be prosecuted to the fullest extent of the law.

## **VIII. GOVERNMENT RELATIONS**

It is HAB's policy to comply fully with all applicable laws and regulations governing contact and dealings with government employees and public officials, and to adhere to high ethical, moral and legal standards of business conduct. This policy includes strict compliance with all local, state, federal, and other applicable laws, rules and regulations.

## **IX. LOBBYING**

Associates are prohibited from using funds collected by HAB for the purpose of influencing legislation or governmental policy or action, by local, national, and foreign governments, except to develop and make recommendations to the Secretary of Agriculture as provided for in the Hass Avocado Promotion, Research, and Information Act and Hass Avocado Promotion, Research, and Information Order. However, there are no restrictions on individual Associates, except when acting in an official capacity for HAB, to lobby with non-assessed funds. Important definitions to be aware of are as follows:

"Influencing legislation" is defined as:

1. Any attempt to influence any legislation or any attempt to affect the opinions of the general public or any segment thereof concerning legislation; or
2. Any attempt to influence any legislation through communication with any member or employee of a legislative body or with any government official who may participate in the formulation of legislation.

"Influencing of governmental policy or action" is defined as:

1. Any action the principal purpose of which is to bring about a change in existing policy or regulation or affect the outcome of proposed policy or regulation, except those actions which are specifically provided for in the Act, Order and/or rules and regulations.

## **X. WAIVERS**

This Code applies to all Associates. There shall be no waiver of any part of the Code, except by a vote of the members of the Board, which will ascertain whether a waiver is appropriate and ensure that the waiver is accompanied by appropriate controls designed to protect HAB. Factors the Board may consider in granting a waiver to any part of this Code may include an Associate's unique qualifications for performing his or her duties to the Board, the difficulty of assigning particular functions to another person, and the Board's interest in efficient and effective programs and projects.

## **XI. REPORTING VIOLATIONS**

All Associates are individually responsible for carrying out and monitoring compliance with this Code. Associates shall report all evidence of a violation of the Code to the appropriate person as follows:

- Board Members, Alternates, Committee Members & Officers – refer the issue to the Board
- Executive Director – refer the issue to the HAB Chairperson
- Agents & Contractors – refer the issue to the Executive Director

Reports of suspected violations will be taken seriously and investigated promptly and thoroughly. All reports will be treated confidentially to every extent possible, except where disclosure is required to investigate a report or by applicable law or legal process. Associates will be protected from retaliation of any kind by maintaining confidentiality.

## **XII. DISCIPLINARY ACTIONS**

The matters covered in this Code are of the utmost importance to HAB and are essential to the ability to conduct its business in accordance with its stated values. Associates are expected to adhere to these rules in carrying out their duties for HAB. Accordingly, a failure to fulfill one's responsibility under this Code may result in disciplinary action, up to and including immediate termination.

Appropriate action will be taken against anyone whose actions are found to violate these policies or any other policies of HAB. Where HAB has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, HAB will cooperate fully with the appropriate authorities.

Reprisal, threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code or other HAB policies, or against any person who is assisting in any investigation or process with respect to such a violation, are prohibited.

## **XIII. INDEPENDENT ELECTIONS AND REFERENDA**

HAB is committed to maintaining a free and fair election process for board members. Board members are not to contact HAB staff regarding the annual election except to discuss how to participate as a candidate or questions about the election process in general, and questions on election forms. Board members are not to contact HAB staff in regard to any information about potential board candidates.

Referenda to determine whether eligible producers and importers of Hass avocados favor the issuance, amendment, suspension, or termination of the Hass Avocado Promotion, Research, and Information Order shall be conducted by a referendum agent designated by the USDA in accordance with the Referendum Procedures outlined in the Hass Avocado Promotion, Research, and Information Order. Associates shall not in any way obstruct referendum procedures, and Associates agree to refrain from activity that would be perceived as coercion or unequal treatment of eligible voting producers and importers.

HAB and all board members, when they are acting in their official capacities, are prohibited from attempting to influence the result of the election or referendum, and no board funds may be expended for that purpose. HAB and all board members may only publicize referenda and the issues on the ballot, explain their programs, and provide information about the voting process.



## **CODE OF CONDUCT, ETHICS & CONFLICT OF INTEREST**

### **ACKNOWLEDGMENT OF RECEIPT, DISCLOSURE, CONFLICT OF INTEREST STATEMENTS & CERTIFICATION REGARDING LOBBYING**

I acknowledge that I have received a copy of the Hass Avocado Board (HAB) Code of Conduct, Ethics & Conflict of Interest (Code). I have read and familiarized myself with the contents and I understand that I will be responsible for adhering to this Code. I agree to abide by the rules and procedures as outlined in the Code and understand that violations are subject to disciplinary action, up to and including termination.

Pursuant to §1219.42(a) of the Hass Avocado Promotion, Research, and Information Order (Order), I certify that I will not engage in any action that would be a conflict of interest. As defined in §1219.3 of the Order, “conflict of interest” means a situation in which a Board member or employee has a direct or indirect financial interest in a person who performs a service for, or enters into a contract with, the Board for anything of economic value.

I understand that I am prohibited from:

1. Using board time facilities, equipment, or supplies for private purposes.
2. Using confidential information acquired by virtue of Board activities.
3. Receiving or accepting money or any other consideration from anyone or any organization other than the Board-not including salary derived from one’s primary employment-for the performance of duties as a Board member, unless approved by AMS.
4. Receiving or accepting anything of value from anyone who is doing or seeking to do business with the Board concerned under circumstances from which it reasonably could be inferred that the item was intended to influence me in an official action as an officer of the government.
5. Making unauthorized commitments or promises of any kind purporting to bind the Board.
6. Giving preferential treatment to any private organization or individual.
7. Engaging in outside employment or activities, including seeking or negotiating for employment, that conflict with Board duties and responsibilities. For employees, no such outside employment or activities are permitted; for Board members, such employment or activities would be permitted provided Board members recuse themselves from any conflicting Board duties and responsibilities, including votes.

The undersigned has read and certifies his or her intent to comply with the prohibition on lobbying as set forth in §7804(k) of the Hass Avocado Promotion, Research, and Information Act of 2000 (Act), §1219.42 of the Order, and the Guidelines for AMS Oversight of Commodity Research and Promotion Programs and acknowledges that no assessment funds shall in any manner be used for the purpose of influencing legislation, government policy, or action, except for making recommendations to the Secretary of Agriculture as specified in the Act and the Order.

Name: \_\_\_\_\_  
(Print)

Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_