

UUA GOVERNANCE MANUAL, SECTION 2
LEADERSHIP COVENANT AND EXPECTATIONS [EXECUTIVE LIMITS]

NOTE: As amended 18Jan2010. Revision History is found at the end of this document.

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SECTION 2: Leadership Covenant and Expectations

Note: First we present here an overview of the policies in this section, to aid you in finding what you need. The details of each policy then follow.

2.0 POLICY TITLE: GLOBAL LEADERSHIP COVENANT AND EXPECTATIONS

(The full text of each Policy will appear later in this document)

The President of the Unitarian Universalist Association of Congregations shall minister to and lead the Association, in all its full and rich diversity, in order to implement the shared vision of the covenanted community as adopted by the Board of Trustees in collaboration with the President, hereinafter known as the *Shared Vision (ENDS)*.

Furthermore, and in all instances, the President shall not cause nor allow any practice, activity, decision, or operation which is in violation of the Bylaws of the Association, commonly accepted business practices, professional ethics or which is imprudent or unlawful, except where Unitarian Universalist principles, as set forth in the Bylaws, are at risk.

2.1 Treatment of People: With respect to interactions with people, the President shall not cause or allow conditions, procedures, or decisions that are unsafe, undignified, disrespectful, unnecessarily intrusive, or oppressive.

2.2 Treatment of Congregations: With respect to member congregations or those congregations seeking membership, the President shall not cause or allow conditions, procedures, decisions or services that are untimely, disrespectful, inequitable, discriminatory or not transparent.

2.3 Treatment of Staff: With respect to the treatment of paid and volunteer staff, the President may not cause or allow conditions that are inequitable, undignified, disrespectful, disorganized, unclear, or discriminatory.

2.4 Compensation and Benefits for UUA Staff: With respect to employment, compensation, and benefits for Association staff, the President shall not cause or allow:

- A. An unfair or inhumane benefit structure
- B. Conditions which jeopardize the fiscal integrity of the Association.

2.5 Compensation of Religious Professional and Church Staff: With respect to religious professionals throughout the Association and our congregations, and to all program and administrative staff employed by our congregations, the President shall not

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fail to provide information necessary to help our congregations remunerate all staff with fair, equitable, and geographically consistent compensation packages.

2.6 Availability of Benefits for Related Organizations: The President shall not fail to establish and communicate practices that will allow and support the participation of related organizations in the Association's benefits and insurance plans.

2.7 Financial Planning/Budgeting: Financial planning shall not:

- A. Deviate materially from the Shared Vision (Ends),
- B. Compromise fiscal prudence or integrity, or
- C. Fail to reflect a multi-year plan that reflects both the financial and spiritual dimensions of our stewardship.

2.8 Financial Condition and Activities: The President shall not cause or allow situations that would jeopardize the Association's fiscal health or alignment with the Shared Vision (ENDS).

2.9 Grants, Contracts or Partnerships: With respect to grants, contracts or partnerships, the President may not enter into any arrangement which is inconsistent with the Shared Vision (ENDS).

2.10 Asset Protection: The President shall not allow the Association's tangible, intangible or intellectual assets to be unprotected from undue risk or to be inadequately maintained.

2.11 External Relations: The President shall not fail to take advantage of appropriate opportunities for collaboration with other religious and/or secular organizations, guided by considerations of our UUA Principles and Purposes, our International Vision Statement, and staff practice regarding the focusing of our justice work based on grounding, fit, and opportunity.

2.12 Emergency Presidential Incapacity: In order to protect the Association from a sudden temporary loss of the President's ministry and leadership, the President shall not have fewer than two other senior executives who are familiar with the work and structure of the Board and the President's ministry and work.

2.13 Election Practices: In order to provide wide dissemination of information about UUA elections, and to make it possible for all qualified candidates to seek national office without undue financial and time burdens, the President shall not fail to establish appropriate policies, practices and communications systems to support the election process.

2.14 Communication and Support to the Board: The President shall not permit the Board to be uninformed or unsupported in its work, nor perform tasks or take

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responsibility for areas that are the Board's responsibility.

Details of each policy follow below.

2.1 POLICY TITLE: *TREATMENT OF PEOPLE*

With respect to interactions with people, the President shall not cause or allow conditions, procedures, or decisions that are unsafe, undignified, disrespectful, unnecessarily intrusive, or oppressive.

Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

1. Fail to promote the full participation of persons in all UUA activities, UUA employment, and in the full range of human endeavor without regard to race, color, sex, disability, affectional or sexual orientation, gender identity, age, or national origin and without requiring adherence to any particular interpretation of religion or to any particular religious belief or creed.
2. Fail to ensure that inclusive language be used in all publications, presentations and events of the UUA.
3. Fail to avoid cultural misappropriation in all UUA events.
4. Fail to provide for appropriate confidentiality and adequate personal safety and privacy during UUA activities.
5. Fail to institutionalize an ongoing system to acknowledge and respond to sexual, discriminatory or other misconduct by persons employed as paid staff, by members of our professional ministry, or by volunteers of the Association.
6. Fail to inform people of this policy and to provide a way for persons to be heard who believe they have not been accorded a reasonable interpretation of their protections under this policy.
7. Operate without a whistleblower policy that prevents retaliation against any person who in good faith reports a concern about an action of paid or volunteer staff.

2.2 POLICY TITLE: *TREATMENT OF CONGREGATIONS*

With respect to member congregations or those congregations seeking membership, the President shall not cause or allow conditions, procedures, decisions or services that are untimely, disrespectful, inequitable, discriminatory or not transparent.

Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

1. Fail to establish an effective and seamless response system to communications from congregations.
2. Fail to provide a process for dealing with congregational complaints.
3. Fail to establish open and transparent communications related to decisions that affect

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congregations.

4. Fail to operate in accordance with the current Board policy regarding loans to congregations, as documented in "Appendix 2.A: Congregational Properties and Loan Commission (CPLC) Loan Program".
5. Fail to provide information necessary to help our congregations remunerate all staff with fair, equitable, and geographically consistent compensation packages.

2.3 POLICY TITLE: *TREATMENT OF STAFF*

With respect to the treatment of paid and volunteer staff, the President may not cause or allow conditions that are inequitable, undignified, disrespectful, disorganized, unclear, or discriminatory.

Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

1. Operate without written personnel rules which include:
 - A. Confidentiality requirements
 - B. Prohibition of disclosure about the Association's internal affairs
 - C. Guidelines for internet, email and computer use
 - D. Provision for effective handling of grievances, and
 - E. Protection against unethical conditions, real or perceived, such as nepotism and preferential treatment for personal reasons.
 - F. Procedures to implement the Association's Conflict of Interest policies (Appendix 2J).
 - G. Procedures to implement the Association's Whistleblower policies (Appendix 2K).
2. Fail to permit, and provide emotional space for, the non-disruptive expression of dissent by any staff member.
3. Fail to acquaint staff with the President's interpretation of their protections under this policy.
4. Fail to consider geographic diversity in appointments to staff committees and task forces.
5. Allow staff to work under unsafe conditions.
6. Require or coerce staff to work unreasonable hours.

2.4 POLICY TITLE: *COMPENSATION and BENEFITS for UUA STAFF*

With respect to employment, compensation, and benefits for Association staff, the President shall not cause or allow:

- A. An unfair or inhumane benefit structure.
- B. Conditions that jeopardize the fiscal integrity of the Association.

Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

1. Promise or imply permanent or guaranteed employment.

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2. Establish compensation and benefits that deviate materially from the geographic or professional market for the skills employed.
3. Provide less than a reasonable level of compensation (including a living wage) to all employees.
4. Establish or change benefits so as to cause unpredictable or inequitable situations, including those that:
 - A. Incur unfunded liabilities.
 - B. Provide less than a reasonable level of benefits to all employees.
 - C. Allow any employee to lose benefits already accrued or promised.
 - D. Differentiate among classes of employees with regard to retirement contributions.

2.5 POLICY TITLE: *COMPENSATION OF RELIGIOUS PROFESSIONALS AND CHURCH STAFF*

With respect to religious professionals throughout the Association and our congregations, and to all program and administrative staff employed by our congregations, the President shall not fail to provide information necessary to help our congregations remunerate all staff with fair, equitable, and geographically consistent compensation packages.

2.6 POLICY TITLE: *AVAILABILITY OF BENEFITS for RELATED ORGANIZATIONS*

The President shall not fail to establish and communicate practices that will allow and support the participation of related organizations (defined below) in the Association's benefits and insurance plans.

1. Eligibility for participation in these plans shall be subject to the benefit plan policies (e.g. Pension Plan) as documented in Appendix 2.I BENEFIT PLAN POLICIES.
2. Organizations in the following categories will be eligible for UUA benefit and insurance programs:
 - A. UU congregations in good standing.
 - B. UUA districts.
 - C. UU related organizations, specifically Associate Member Organizations, Sponsored Organizations, Professional Organizations, Theological Schools, and Independent Affiliate Organizations (and their member organizations).
 - D. Other UU organizations as approved by the Board of Trustees after recommendation of the Treasurer.

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2.7 POLICY TITLE: *FINANCIAL PLANNING and BUDGETING*

Financial planning shall not:

- A. Deviate materially from the Shared Vision (ENDS),
- B. Compromise fiscal prudence or integrity, or
- C. Fail to reflect a multi-year plan that reflects both the financial and spiritual dimensions of our stewardship

Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

- 1. Fail to present at the Board of Trustees' April meeting:
 - A. A balanced operating budget for each of the Association's business segments based on reasonable planning assumptions, including projections of revenue and expenses for the fiscal year beginning on July 1, for approval by the Board. (revised 19April2009).
 - B. A capital budget for the fiscal year beginning on July 1, based on reasonable financing and depreciation assumptions.
 - C. A proposed budget for the following fiscal year, which will be received by the Board as information.
- 2. Commit the Association to any initiative that lacks a clear and comprehensive funding plan.
- 3. Provide less for the Board's budget than the amount determined pursuant to policies on "Cost of Governance" in "Section 3 Governance Process".

2.8 POLICY TITLE: *FINANCIAL CONDITION AND ACTIVITIES*

The President shall not cause or allow situations that would jeopardize the Association's fiscal health or alignment with the Shared Vision (ENDS).

Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

- 1. Fail to follow Generally Accepted Accounting Principles (GAAP) and the applicable rules of the Financial Accounting Standards Board in the financial reporting and procedures of the Association.
- 2. Fail to document all financial policies and procedures, or fail to establish clear staff responsibilities for carrying them out.
- 3. Fail to receive, process, invest, hold, and disburse Association funds in a prudent and timely manner.
- 4. Fail to follow the Board "INVESTMENT POLICY, UU Common Endowment Fund (UUCEF)" as established by the Board, and shown in Appendix 2.B.
- 5. Fail to follow the Board "TRUST PAYOUT POLICY", as established by the Board, and shown in Appendix 2.C.
- 6. Establish lines of credit or incur debt over \$25,000.

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7. Use donor restricted funds in a manner inconsistent with the terms of the donation.
8. Use Board restricted funds for purposes other than those established by the Board.
9. Accept or use major donations or special fundraising in a way that compromises the Shared Vision (ENDS).
10. Fail to provide timely and transparent financial reporting at an appropriate level for the audience.
11. Fail to meet all financial obligations (including payroll taxes) and debt obligations in a timely manner.
12. Fail to monitor revenues and expenses against the Board approved budget. Should projected revenues be less than budgeted, the President shall not allow an operating deficit.
13. Permit the Association to accept gifts of tangible or intangible property that expose the Association to financial or legal risk, or whose acceptance would be inconsistent with the Shared Vision (ENDS).
14. Acquire, encumber or dispose of any real property without prior Board approval. Such limitation shall not limit the President's ability to accept and dispose of real property donated to the Association, in accordance with the established gift policy.
15. Fail to report the financial activity of General Assemblies in a separate budget segment beginning in fiscal year 2010.
 - A. The President shall not fail to transfer any surplus existing in the GA reserve account at the close of fiscal year 2009 into the GA budget segment.
16. Fail to obtain an annual audit of the Association's financial reports by a certified public accounting firm with experience conducting audits of organizations of comparable size.
17. Fail to follow the policies for payout from the Endowment Trust, as described in Appendix 2.H Endowment Payout Policy.
18. Fail to serve as fiduciary for the UUA Employee Benefit Trust, in conjunction with the UUA Financial Advisor and Treasurer (Board Motion 19April2009).
19. Receive or disburse any funds that are not reported in the consolidated financial statements of the Association or the UUA Employee Benefit Trust.
20. Allow UUA resources, including staff time, to be used in such way as to be of primary benefit to a private purpose rather than to the Association and its mission.

2.9 POLICY TITLE: GRANTS, CONTRACTS OR PARTNERSHIPS

With respect to grants, contracts or partnerships, the President may not enter into any arrangement that is inconsistent with the Shared Vision (ENDS).

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2.10 POLICY TITLE: *ASSET PROTECTION*

The President shall not allow the Association's tangible, intangible and intellectual assets to be unprotected from undue risk or to be inadequately maintained.

Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

1. Unnecessarily expose the Association's tangible and intangible assets to loss or damage by theft, casualty, lack of maintenance, or other cause.
2. Allow access to material amounts of funds by persons who are not bonded.
3. Fail to provide an appropriate separation of financial duties among staff.
4. Allow the Association to be unprepared to respond to disasters and other crises.
5. Unnecessarily expose the Association, or its Board, volunteers, or staff, to claims of liability.
6. Operate without a written and enforced Code of Ethics for all staff.
7. Fail to establish and implement:
 - A. Safety and ethics policies applying to UUA sponsored events and conferences.
 - B. Safety and ethics policies applying to professional staff and volunteers acting on behalf of the Association, and religious professionals credentialed by the Association.
8. Make significant purchases or enter into contracts without:
 - A. Obtaining comparative prices and quality data, and
 - B. Assuring a reasonable balance between long-term quality and cost.
9. Fail to take reasonable steps to protect intellectual property, information and files from loss or significant damage.
10. Fail to use methods of collecting, reviewing, transmitting, or storing information that protect against improper access to the material.
11. Endanger the organization's public image or credibility, particularly in ways that would compromise the Shared Vision (ENDS), as adopted in collaboration with the President.

2.11 POLICY TITLE: *EXTERNAL RELATIONS*

The President shall not fail to take advantage of appropriate opportunities for collaboration with other religious and/or secular organizations, guided by considerations of our UUA Principles and Purposes, our International Vision Statement, and staff practice regarding the focusing of our justice work based on grounding, fit, and opportunity.

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With respect to external relations, the President shall not:

1. Fail to operate in accordance with the current Board policy regarding international relationships, as documented in “APPENDIX 2.G INTERNATIONAL VISION and POLICY STATEMENT”.

2.12 POLICY TITLE: *EMERGENCY PRESIDENTIAL INCAPACITY*

In order to protect the Association from a sudden temporary loss of the President’s ministry and leadership, the President shall not have fewer than two other senior executives who are familiar with the work and structure of the Board and the President’s ministry and work.

2.13 POLICY TITLE: *ELECTION PRACTICES*

In order to provide wide dissemination of information about UUA elections, and to make it possible for all qualified candidates to seek national office without undue financial and time burdens, the President shall not fail to establish appropriate policies, practices and communications systems to support the election process.

With respect to election practices, the President shall not:

1. Fail to provide and publicize public candidate forums, including those in electronic formats such as video casts and web casts, for all candidates for national office, in order to maximize access to candidate information to all member congregations, and to help manage the cost of campaigning for national UUA office.
2. Permit staff to show favoritism towards or against any candidate for UUA elected office.

2.14 POLICY TITLE: *COMMUNICATION AND SUPPORT TO THE BOARD*

The President shall not permit the Board to be uninformed or unsupported in its work, nor perform tasks or take responsibility for areas that are the Board's responsibility.

Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

1. Fail to submit monitoring data requested by the Board (see policy on Monitoring Presidential Performance in policy “Section 4 Board-President Linkage”) in a timely, accurate and understandable fashion, directly addressing the Board policies being monitored.
2. Allow the to Board to be surprised by circumstances that the Board should reasonably be expected to know, including (but not limited to) anticipated high-profile or adverse media coverage or media presence (including advertising), threatened or pending lawsuits, material external and internal changes including staff structure and size,

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conflicts of interest, clergy or staff misconduct, the hiring of salaried officers, and changes in the conditions or circumstances upon which any Board policy had previously been established.

- A. Reporting on misconduct is to include metrics, trends over time, and financial impact, while maintaining confidentiality around individual persons.
- 3. Fail to apprise the Board of current staff practice regarding the focusing of our justice work, currently based on grounding, fit, and opportunity.
- 4. Fail to monitor and regularly report on Beacon Press financial operations as determined by Board policy shown in Appendix 2.F.
- 5. Fail to advise the Board if, in the President's opinion, the Board is not in compliance with its own policies in Section 3: Governance Process or Section 4: Board –President Linkage, particularly in the case of Board behavior that is detrimental to the relationship between the Board and the President.
- 6. Present information to the Board in an unnecessarily complex and complicated form.
- 7. Fail to provide a mechanism for official Board, officer or committee communications.
- 8. Fail to provide communication channels that support the Board's need to communicate with congregations.
- 9. Fail to communicate with the Board as a whole except when fulfilling individual requests for information or responding to officers or committees duly charged by the Board.
- 10. Fail to report to the Board in a timely manner an actual or anticipated noncompliance with any policy of the Board.
- 11. Fail to supply for the consent agenda all items delegated to the President required by law or contract to be Board-approved, along with the supporting documentation.
- 12. Fail to marshal for the Board as many staff and external points of view, issues and options as needed for fully informed Board choices.

===== END of Policies in Section 2 =====

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APPENDICES

- **APPENDIX 2.A** Policy on loans for building-related purposes
- **APPENDIX 2.B** Investment policy, UU Common Endowment Fund (UUCEF)
- **APPENDIX 2.C** Trust payout policy
- *APPENDIX 2.D intentionally left blank (language no longer needed)*
- *APPENDIX 2.E intentionally left blank (replaced by Board Motion Oct 2008)*
- **APPENDIX 2.F** Beacon Press budgeting policy
- **APPENDIX 2.G** International vision and policy
- **APPENDIX 2.H** Endowment spending policy.
- **APPENDIX 2.I** Benefit plan policies.
- **APPENDIX 2.J** Conflict of interest policy
- **APPENDIX 2.K** Whistleblower policy

APPENDIX 2.A POLICY ON LOANS FOR BUILDING-RELATED PURPOSES

Full Name of Policy: **Board Policy on Loans, Loan Guarantees, and Grants to Congregations for Building-Related Purposes**

BACKGROUND: This Policy was drafted by the work of staff and the Congregational Properties and Loan Committee (CPLC) in 2007, and subsequently adopted by the Board as policy Oct. 2007, and revised in January 2008.

The POLICY

The President is authorized to make loans, issue loan guarantees, and make grants to congregations seeking to buy land for a new building, to build a new building, or to make major improvements to an existing building.

The President shall establish all terms of these programs, subject to the restrictions stated in this policy.

The President shall report to the Board of Trustees annually on these programs.

Loans

The maximum amount of that may be loaned to any congregation is \$900,000.

Loan Guarantees

The maximum amount of any loan guarantee is the smaller of \$450,000 and 50% of the principal amount of the loan being guaranteed.

Grants

In any fiscal year, the President may not expend more money for building grants than the total amount specified in the UUA annual operating budget for this purpose.

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Sources of Funds

The President may use the following funds for the loan, loan guarantee, and grant programs:

- Payments of interest and principal by congregations on existing or future loans
- Money contributed in the past or future to the New Places of Worship fund, including earnings on this fund
- Borrowings on a bank line of credit of not more than \$6,000,000
- Other assets held by the Treasurer in the Congregational Properties and Loan segment of the UUA's accounts as of the date of adoption of this policy. The funding sources listed above may be used for administrative costs of the programs, subject to approval in the UUA annual operating budget.

Terms of Loans The President shall develop and consistently apply policies to assure that loans:

- are granted without prejudice for or against any congregation,
- have security adequate to protect the Association's financial interests,
- carry an interest rate that provides a reasonable return on the Association's funds, and
- are granted only for projects that are affordable by the congregation.

Prior Policy This policy supersedes all prior policy concerning the Congregational Properties and Loan Commission and related building loan, loan guarantee, grant, and award programs.

==== end APPENDIX 2.A CPLC LOANS =====

APPENDIX 2.B INVESTMENT POLICY, UU Common Endowment Fund, UUCEF
(adopted Jan. 2008)

Unitarian Universalist Association Investment Policy

The Unitarian Universalist Association (UUA) is a religious association incorporated in the Commonwealth of Massachusetts. In the course of its activities, the UUA receives gifts, trusts, and endowments that require investment management. These funds, managed on behalf of the beneficiaries, are an important source of income for the beneficiaries and are managed collectively in the General Investment Fund, known as and referred to hereinafter as the Unitarian Universalist Common Endowment Fund (UUCEF). The successful management of this fund is vital to the current and future success of the UUA and its constituencies.

The UUCEF accepts investments from the following:

1. UU congregations in good standing;
2. UUA districts;
3. UU Related Organizations, specifically Associate Member Organizations,

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Sponsored Organizations, Professional Organizations, Theological Schools, Independent Affiliate Organizations (and their member organizations), and International Organizations;

4. Other UU organizations approved by the Board of Trustees following application to the Treasurer.

The “Target Return Objective” of the UUCEF is to generate, through investments consistent with UU values, long-term returns that exceed inflation by 5% per annum (net of all expenses), while minimizing volatility.

Part I. Governance Responsibility and Authority

The Board of Trustees of the UUA has ultimate responsibility for the management and safekeeping of all funds entrusted to it, including the UU Common Endowment Fund. To fulfill this responsibility, the Board appoints two committees: The Investment Committee (IC) is responsible for the management of the UUCEF within this document’s policies. The Committee on Socially Responsible Investing (CSRI) is responsible for implementation of the UUA’s commitment to embody socially responsible investing practices, as set forth in this document.

Each committee is authorized to adopt procedures for the implementation of its responsibilities. The Treasurer is responsible for providing the necessary support services for the committees.

Investment Committee

The responsibilities of the Investment Committee (IC) are as specified in this document. The composition of the IC is stated in Section 7.8 of the UUA By-laws.

The Investment Committee has the responsibility to review and approve the Investment Information Memorandum and other materials used by the UUA in connection with the UUCEF.

Committee on Socially Responsible Investing

The mandate of the Committee on Socially Responsible Investing (CSRI) is to maintain and uphold the UUA’s commitment to invest its funds in alignment with UU values. The responsibilities of the CSRI are as specified in this document. The composition of the CSRI is stated in the committee’s charge, which is approved by the Board of Trustees.

Committee Operations

The IC and the CSRI are responsible for establishing the frequency, duration, and agenda of their respective meetings, including periodic joint meetings, and their procedures for the recording and publication of minutes, in the context of UUA practices of transparency and accountability. The Board of Trustees requires good faith efforts for the highest possible level of cooperation between the IC and the CSRI.

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Reporting

At least once every two years, the IC and the CSRI shall report jointly to the Board of Trustees and UUCEF investors. The report shall discuss the performance of the UUCEF, including its success in meeting its return, risk, and SRI objectives. The report shall include the current SRI Guidelines and the current IC Guidelines.

The Treasurer shall post on the UUA web site an annual report on the performance of the UUCEF, as well as a schedule of UUCEF investments (including UUA community investments) as of the end of each fiscal year.

The Treasurer shall post the current SRI Guidelines and the current IC Guidelines on the UUA web site.

Conflict of Interest Policy

See the Association's Conflict of Interest Policy (Appendix 2.J).

Part II. Incorporation of UU Values

The UUCEF shall be managed in a manner consistent with UU values as well as the achievement of return and risk objectives. The IC and the CSRI are responsible for balancing these occasionally competing objectives in the best interests of the UUCEF.

The UUA is committed to an investment program which utilizes tools of socially responsible investing (SRI) to optimize the alignment of its financial assets with its values.

Unitarian Universalist values that shall inform investment decisions have been expressed in General Assembly resolutions and Statements of Immediate Witness, Board resolutions, and the UUA's Principles and Purposes.

The CSRI shall develop an ongoing process to assess the effectiveness of the UUA's SRI policies and practices. The CSRI shall also work to broaden coalitions (within the UUA and among like-minded faith-based organizations) to achieve SRI goals, and to expand services to member congregations and individual UUs regarding SRI practices that embody UU values.

Stock Selection

The CSRI shall develop and periodically update Socially Responsible Investing Guidelines (the "SRI Guidelines") that maximize the extent to which the UUCEF is invested in companies that have environmental, social, and governance practices that are in accord with UU values, and that minimize the extent to which the UUCEF is invested in companies with poor records in these areas. If the SRI Guidelines prohibit all investment of UUCEF funds in any particular industry, then the guidelines shall include criteria to determine the threshold of a company's involvement in such industry that precludes investment by the UUCEF. These criteria shall indicate whether the UUCEF may be invested in mutual funds or other commingled investment vehicles that currently or in the future may hold investments in any prohibited industries. The IC and the CSRI shall work collaboratively to implement the SRI Guidelines. When applying these guidelines, the IC and the CSRI shall collaborate in the context of the entire fund, adapting to the characteristics of differing asset classes and investment vehicles, and

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responding to developments in the field of socially responsible investing.

Community Investment

The Board of Trustees recognizes that community investing in areas underserved by traditional sources of financing is a meaningful component of a socially responsible investing program. The Treasurer shall invest the maximum practicable portion of the UUA's cash and cash equivalents in short-term community investments. In addition, the Treasurer shall invest approximately 1% of the total assets of the UUCEF in community investments. The Treasurer and the CSRI shall encourage congregations and districts to adopt a similar policy. As an incentive, a portion of the UUCEF's community investing assets may be used to match congregational and district community investments of up to \$10,000 per congregation or district.

The CSRI shall develop guidelines for determining which community investing institutions are eligible for UUA matching investments. The Treasurer, after consultation with the CSRI, shall implement procedures for approving requests for matching investments. A portion of the community investments may be made to support advocacy and witness, as recommended to the Treasurer by the President of the UUA. The CSRI shall develop and implement a plan to a) monitor the financial health of the community investing institutions in which UUA invests, as well as their social efficacy, and b) encourage congregations and districts to remain vigilant in monitoring the social efficacy of their matched investments.

Shareholder Advocacy

The CSRI shall encourage corporations to engage in ethical and sustainable business practices. UUA shareholder advocacy includes proxy voting, engaging in dialogue with management, filing and co-filing shareholder resolutions, coordinating Unitarian Universalists to present shareholder resolutions at annual meetings of corporations, and collaboration with others active in the socially responsible investment movement. To permit the UUA to engage in shareholder advocacy, the Treasurer shall establish a shareholder advocacy fund to hold shares in companies that the CSRI anticipates will be the subject of shareholder advocacy. No more than one-fourth of one percent (0.25%) of the UUCEF may be held in the shareholder advocacy fund.

Part III. Investment Policies

The Investment Committee shall develop Investment Committee Guidelines (the "IC Guidelines") covering the subjects of this section.

Asset Allocation

The UUCEF's asset allocation is designed to maximize the probability of achieving the Target Return Objective, while minimizing volatility. Asset allocation targets and allowable ranges shall be established by the IC and may change as long-term expectations and market conditions change. The actual asset allocation shall be reviewed by the IC on a quarterly basis and the UUCEF shall be rebalanced when an asset class weighting is outside of its target range.

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Risk Controls

As a diversified investment fund, the UUCEF is exposed to a wide variety of risks including losses and illiquidity. The IC is responsible for working with UUCEF service providers to manage risks within the UUCEF.

Investment Management

All UUCEF funds shall be managed by professional investment manager organizations, with the exception of community investments and shareholder advocacy investments, which are managed by the Treasurer in consultation with the CSRI.

The IC is responsible for the appointment of the investment managers to assure that objectives are being met, and that UUCEF investment policies and procedures are being followed. The ability to manage funds in alignment with UU values shall inform the IC's assessments of all managers. As practical, every search for professional investment managers shall include at least one firm with expertise in SRI in the asset class under review.

Investment Support Services

The IC is responsible for the selection of providers of the following services to the UUCEF: investment management, asset custody, investment consulting, and communications. The CSRI is responsible for the selection of providers of the following services: community investment evaluation, proxy voting, and SRI training. Providers of the following services shall be contracted by the IC and the CSRI working in collaboration: assessment of company compliance with UU values and social auditing.

Expense Management

The UUCEF shall be charged for its expenses, including expenses incurred by the UUA on the UUCEF's behalf, such as legal, audit, and other miscellaneous expenses. UUA expenses include the appropriate portion of the costs of such staff as the Treasurer and the Endowment Fund Manager.

The Board of Trustees has determined that the UUCEF's reimbursement of UUA expenses shall be based on an estimate of the UUA's actual costs. For fiscal years beginning after June 30, 2006, the reimbursement is 0.2% of the beginning market value of the UUCEF. The UUA Finance Committee shall review the reimbursement calculation as needed, but at least once every five years, and shall recommend to the Board of Trustees if a change is warranted.

Cost minimization makes an important contribution to the UUCEF's ability to achieve the Target Return Objective. The IC and the Treasurer are responsible for including cost minimization within all applicable policy and process decisions, while recognizing that costs are to be measured within the context of UUA values, the investment program structure, and the need to maximize net returns while minimizing risk.

== == END APPENDIX 2.B INVESTMENT POLICY, UUCEF == == == ==

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APPENDIX 2.C TRUST PAYOUT POLICY

(adopted Jan 2007)

Trust Payout Policy

The UUA holds funds in trust for the benefit of member congregations and other related entities. Unless otherwise directed in the donor's trust instrument, it shall be the policy of the UUA to make payments to trust beneficiaries as follows:

- a) Trust beneficiaries shall receive distributions calculated as a percentage of value of the trust assets.
- b) All current trust beneficiaries will continue to receive distributions calculated at the same rate that they were receiving as of December 31, 2006, if such rate is not above 5.5%. Unless a higher rate is authorized by the trust instrument or by the process established in (d) below, trusts paying in excess of 5.5% as of December 31, 2006 will receive distributions based on a 5.5% payout rate beginning with the distribution for the period ending June 30, 2007.
- c) Trusts received by the UUA after December 31, 2006 will initially receive distributions based on a 5% payout rate unless otherwise instructed in the trust instrument.
- d) Any trust beneficiary may receive distributions based on a payout rate of up to 7%, which is the maximum deemed prudent under Massachusetts law (MGL Chapter 180A "Management of Institutional Funds"), by making a duly authorized request in writing to the Treasurer. The request for a change in the payout rate must be made by formal vote of the governing body of the beneficiary congregation or organization. Such request must be renewed annually and submitted by May 31, otherwise the payout rate will revert to 5%.

===== END of APPENDIX 2.C TRUST PAYOUT POLICY =====

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NOTE: As amended 18Jan2010. Revision History is found at the end of this document.

APPENDIX 2.F BEACON PRESS BUDGETING POLICY

(Adopted Jan 2008)

In any fiscal year from 2009 through 2013, if Beacon Press is charged for the use of space in UUA buildings, then the Press shall receive an equal, offsetting support payment from the UUA current operations budget.

When comparing Beacon Press operating results to the one-year and three-year targets established by the Board of Trustees, the Treasurer shall include in the calculation both the space use charge and the offsetting UUA support payment.

The targets are as follows:

- Losses shall not exceed \$600,000 over three years
- Losses shall not exceed \$300,000 in any one year

If either loss metric is exceeded the Board of Trustees will immediately reconsider the alternatives for Beacon Press.

==== END of APPENDIX 2.F BEACON PRESS BUDGETING POLICY === =

APPENDIX 2.G INTERNATIONAL VISION and POLICY STATEMENT

International Vision Statement, adopted October, 2004:

The work of the Unitarian Universalist Association (UUA) is to serve member congregations and support UU institutions bearing witness to our liberal religious faith and bringing our principles to life.

Mindful of both the brokenness and the potential for reconciliation in the world, the Board of the UUA commits to strengthen and energize UUA member congregations by facilitating their connection to the transforming power of international engagement and partnership.

In support of this commitment, we urge the UUA administration and member congregations to foster institutional partnerships that:

- model friendship and right relations, economic fairness and responsible stewardship of resources among partners;
- promote human rights, religious freedom, international peace and justice; and
- increase the visibility of Unitarian Universalism, Unitarianism and Universalism as an active positive religious presence in the world.

==== end int'l vision statement === =

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International Policy Guidelines, adopted as amended April, 2007:

In alignment with its international vision statement, the Board of Trustees establishes these policy guidelines for the work of the Office of International Relations:

1. The UUA will encourage and foster partnerships between member congregations and other U*U (Unitarian, Universalist or UU) congregations and/or other international communities and agencies that model right relations and economic fairness, work for human rights and build civil capacity.
2. The UUA will address issues of oppression in its international work while respecting the diversity of religious, social, and cultural expression.
3. The UUA will nurture its historic and traditional commitments with Unitarian and Universalist groups worldwide committed to global understanding, diplomacy, and shared programs.
4. The UUA will combine resources with other U*U to identify and nurture emerging groups, providing them with inspiration, leadership development and the opportunity to grow.
5. The UUA will join with interfaith alliances to participate in the promotion of human rights worldwide, sp. with such issues as genocide, health pandemics (ex. HIV/AIDS), religious freedom, and peace.

==== END of Appendix 2.G INT'L VISION and POLICY STATEMENT = = =

APPENDIX 2.H ENDOWMENT SPENDING POLICY (as adopted 18Jan2010)

The amount made available for expenditure from the Association's endowment in a fiscal year shall be a weighted average of:

- the prior year's spending adjusted for inflation (weighted at 70%), and
- 5.5% of the trailing four-quarter average market value of the endowment as of the previous December (weighted at 30%).

However, the spending rate must be at least 4.5% and not more than 6.25% of the trailing four-quarter average market value of the endowment as of the previous December.

= = = = end of APPENDIX 2.H ENDOWMENT SPENDING POLICY = = = =

APPENDIX 2.I BENEFIT PLAN POLICY.

To be provided.

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NOTE: As amended 18Jan2010. Revision History is found at the end of this document.

= = = end of APPENDIX 2.I BENEFIT PLAN POLICIES = = =

APPENDIX 2.J CONFLICT OF INTEREST POLICY

(Adopted by Board Motion 19April2009)

All officers, employees, and trustees of the Unitarian Universalist Association and all members of UUA committees (including committees of the Association, committees of the Board of Trustees, and committees advisory to the staff) shall scrupulously avoid any conflict between their personal, professional, or business interests and the interests of the Association.

The word “committee” in this policy is to be interpreted broadly to include any appointed or elected body of the Association, whether it is normally called a committee or a panel, board, commission, or other name.

If any officer, employee, trustee, or committee member has any direct or indirect interest in, or relationship with, any individual or organization that proposes to enter into any transaction with the Association, including but not limited to transactions involving:

- a. the sale, purchase, lease or rental of any property or other asset,
- b. employment, or rendition of services, personal or otherwise,
- c. the award of any grant, loan, contract, or subcontract, or
- d. the investment or deposit of any funds of the Association,

such person shall be considered an “interested person” and shall give notice of such interest or relationship as specified in this policy.

Disclosure

The President shall assure that all officers, employees, trustees, and committee members are informed of this policy.

Association employees and members of Committees advisory to the staff shall disclose possible conflicts to the President. Officers and trustees of the Association, and members of all other committees, shall disclose possible conflicts to the CGO (Moderator).

Each officer, trustee, senior staff member, and committee member shall annually

- a. acknowledge receipt of this policy and
- b. disclose any involvements with individuals, organizations, or vendors that might cause, or might reasonably be seen as being likely to cause, a conflict.

Determination of Conflict of Interest

If an interested person discloses a possible conflict of interest to the CGO (Moderator), or if the CGO becomes aware that a possible conflict of interest exists concerning an officer, a trustee, or a member of a committee of the Association or a committee of the Board of Trustees, the matter shall be referred to the Board of Trustees or its Executive Committee for action within 30 days.

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The Board or its Executive Committee shall determine if a material conflict of interest exists. Prior to the determination, the CGO shall present information concerning the possible conflict of interest. The interested person shall be given the opportunity to make a statement, either in person or in writing. The deliberations of the Board or its Executive Committee may be held in executive session. The interested person may not be present during such deliberations.

If the Board or its Executive Committee determines that a material conflict of interest exists, it shall then determine whether the proposed transaction is just, fair, and reasonable in the light of the disclosures. In making its decision, the Board or its Executive Committee shall determine whether the Association can obtain with reasonable efforts an equally advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

The President shall implement procedures for disclosure and determination of possible conflicts of interest involving employees of the Association and members of Presidential committees. The procedures shall include the determination of whether a material conflict of interest exists and the determination of whether a transaction or arrangement may proceed despite the existence of a material conflict of interest.

Any determination concerning a conflict of interest shall promptly be communicated to the interested person and to the chair of the committee on which the person serves.

If the President or the Board determines that a material conflict of interest exists concerning a proposed transaction or arrangement, the interested person shall refrain from attempting to exert any influence on the Association to affect a decision on such matter.

The President shall assure that all contracts for consulting services protect the Association from conflicts of interest on the part of the consultant.

Conflicts of Commitment

No officer, employee, trustee, or committee member of the Association may use or influence the use of the Association's financial, personnel, or other resources for personal benefit, or for any purposes other than the achievement of the ENDS of the Association.

Service by Employees on Other Governing Bodies

A UUA employee may serve on the governing body of any of the following types of organizations only with the prior approval of the President:

- an interdenominational or interfaith organization
- an associate member organization of the Association
- an independent affiliate organization of the Association
- an organization that does business with the Association

Such approval shall be reviewed annually.

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This policy does not preclude service on the board of a congregation or UUA district.

Employment of Trustees

A UUA employee may not approach a member of the Board of Trustees regarding possible employment on the UUA staff. Without prior approval of the Board of Trustees, a Trustee may not apply for or accept employment with the Association within one year after the end of the Trustee's service on the Board.

Gifts

Officers, employees, trustees, and committee members may not accept gifts, loans, or pledges of behavior, of any kind, from any source, that could be interpreted as attempting to inappropriately influence any action taken by them on behalf of the Association. Officers, employees, trustees, and committee members may not accept cash gifts in any amount, or other gifts, entertainment, or favors in excess of \$100 per person per year, from any individual or outside concern which does or is seeking to do business with the Association.

Violations of the Conflict of Interest Policy

If the President or the CGO has reasonable cause to believe that an individual has failed to disclose actual or possible conflicts of interest, or has otherwise violated this policy, he or she shall inform the individual of the basis for such belief and afford the individual an opportunity to explain the alleged violation.

If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the President or CGO determines the individual has violated this policy, he or she shall initiate appropriate disciplinary and corrective action.

If the Board of Trustees concludes that a serious violation has been committed by a member of the Board or by a member of a committee appointed by the Board or elected by General Assembly, the Board of Trustees shall consider the issue and shall take appropriate disciplinary measures, up to and including removal from the Board or committee.

=== end of APPENDIX 2.J CONFLICT OF INTEREST POLICY ===

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APPENDIX 2.K WHISTLEBLOWER POLICY = = = = =

(Adopted 19April2009)

The Unitarian Universalist Association (UUA) is committed to lawful and ethical behavior in all of its activities, and requires trustees, employees, and volunteers (including committee members) to act in accordance with all applicable laws, regulations, and policies, and to observe high standards of business and personal ethics in the conduct of their duties.

The objectives of the UUA’s Whistleblower Policy are to:

- prevent or detect and correct improper activities
- encourage each UUA trustee, employee, volunteer, vendor, or other person (a “Reporting Individual”) to report what he or she in good faith believes to be a serious violation of law or policy or a material accounting irregularity (a “Concern”)
- ensure the receipt, documentation, and resolution of reports received under this policy
- protect Reporting Individuals from retaliation.

The President may delegate any responsibility described in this policy. The President shall assure that all trustees, employees, and volunteers are informed of this policy.

Reporting Responsibility

Each Reporting Individual has an obligation to report a Concern committed by the UUA or by an officer, trustee, employee, volunteer, agent, or other representative of the UUA. The types of Concerns that should be reported include, for purposes of illustration and without being limited to, the following:

- providing false or misleading information on the UUA’s financial documents, grant reports, tax returns, or other public documents;
- providing false information to or withholding material information from the UUA’s staff, auditors, accountants, lawyers, trustees, or other representatives responsible for ensuring UUA compliance with fiscal and legal responsibilities;
- embezzlement, use for private benefit, or misappropriation of UUA funds;
- material violation of a UUA policy, including, among others, confidentiality, conflict of interest, sexual harassment or misconduct, whistleblower, ethics, board code of conduct regarding interpersonal relationships, and document retention;
- material failure of the UUA to take an action needed to bring the Association into compliance with law or policy;
- discrimination based on race, color, national origin, religion, age, gender identity, sexual orientation, or disability;
- facilitation or concealment of any of the above or similar actions

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Reporting of Concerns

Whenever possible, a UUA employee should seek to resolve a Concern through normal grievance procedures, by reporting it to the appropriate managers until the Concern is satisfactorily resolved. However, if for any reason an employee is not comfortable speaking to a manager or does not believe the Concern is being addressed in an appropriate, timely, and ethical manner, the employee may contact the Director of Human Resources or may report the Concern to the President through the Whistleblower Reporting System.

Trustees, committee members, and other Reporting Individuals should report Concerns to the President through the Whistleblower Reporting System.

Whistleblower Reporting System

The President shall implement a system (the “Whistleblower Reporting System”) to facilitate the reporting, recording, and timely resolution of Concerns. The system shall include appropriate safeguards to ensure that concerns are properly recorded and impartially investigated. The system shall inform the Chief Governance Officer (CGO or Moderator) about the filing of each Concern. However, if the CGO is the subject of a Concern the chair of the UUA Audit Committee will be informed instead.

Form of Reports

Written reports of Concerns are preferred, but verbal reports will be accepted if a Reporting Individual is uncomfortable putting a Concern into writing.

Concerns about Actions of Ministers

A Concern that is reported about an action of a minister in fellowship with the UUA shall be treated as follows:

- If the Concern is about an action that was taken in the role of UUA trustee, employee, or volunteer, the President shall enter the Concern in the Whistleblower Reporting system, shall investigate the concern, and shall take appropriate disciplinary or corrective action.
If the President takes disciplinary or other corrective action against a minister, a note about the Concern and its resolution shall be placed in the minister’s file.
If the President concludes that the Concern raises a question of possible unprofessional or unbecoming conduct of a minister, or other violation of the Rules of Fellowship, the President shall refer the Concern to the Ministerial Fellowship Committee.
- If the Concern is about an action that was not taken in a role of UUA trustee, employee, or volunteer, the President shall not enter the Concern in the Whistleblower Reporting System, but shall inform the Reporting Individual of the procedure for bringing the Concern to the Ministerial Fellowship Committee.

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Handling of Reports

All reports of Concerns shall be investigated with due care and promptness, to determine if the allegations are true, if the issue is material, and what actions, if any, are necessary to correct the problem. The chair of the UUA Audit Committee shall immediately be notified upon the receipt of a report of a Concern regarding fraud, accounting practices, internal controls, or auditing.

At the conclusion of the investigation, the President shall issue a confidential report to the Audit Committee and to the CGO (Moderator).

Authority of Audit Committee

At the request of the CGO, the Audit Committee may conduct further investigation of a Concern. In such cases, the Audit Committee shall have full authority to investigate the Concern, and may retain outside legal counsel, accountants, private investigators, or any other resource that the Committee reasonably believes is necessary to conduct a complete investigation of the Concern.

Notification

The person about whom a Concern is raised shall be notified of the Concern and, in the discretion of the President, the identity of the Reporting Individual at the earliest time that does not compromise the investigation of the Concern. The Reporting Individual shall be kept informed as reasonable, in the discretion of the President, throughout the investigation and resolution of the Concern.

No Retaliation

This Whistleblower Policy is intended to encourage and enable Reporting Individuals to raise Concerns for investigation and appropriate action. With this goal in mind, no one who, in good faith, reports a Concern shall be threatened, discriminated against, or otherwise made subject to retaliation (including, in the case of an employee, adverse employment consequences) as a result of such report. Moreover, a trustee, employee, or volunteer who retaliates against someone who has reported a Concern in good faith is subject to discipline up to and including removal from the Board of Trustees, dismissal from the volunteer position, or termination of employment.

Acting in Good Faith

A Reporting Individual must act in good faith and have reasonable grounds for believing the matter raised is a serious Concern. The act of making an allegation that proves to be unsubstantiated, and that proves to have been made maliciously, recklessly, with gross negligence, or with the foreknowledge that the allegation is false, will be viewed as a serious offense and may result in discipline, up to and including removal from the Board of Trustees, dismissal from the volunteer position, or termination of employment. Depending on the circumstances, such conduct may also give rise to civil or criminal liability.

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Confidentiality

Reports and investigations of Concerns shall be kept confidential to the greatest extent possible. However, consistent with the need to conduct an adequate investigation and to implement a resolution, the UUA does not guarantee confidentiality. All discussions of Concerns at meetings of the Audit Committee or of the Board of Trustees shall be held in executive session.

Disclosure (by trustees, employees, volunteers, or others involved with the investigation) of information regarding individuals related to an investigation to persons not involved in the investigation or necessary to the resolution of the investigation will be viewed as a serious offense and may result in discipline, up to and including removal from the Board of Trustees, dismissal from the volunteer position, or termination of employment. Depending on the circumstances, such conduct may also give rise to civil or criminal liability.

Concerns about Elected Officials

If an investigation of a Concern concludes that a serious violation has been committed by a member of the Board of Trustees or by a member of a committee or other body elected by General Assembly, the President shall refer the matter to the Board of Trustees. The Board of Trustees shall consider the issue and shall take appropriate disciplinary measures, up to and including removal from the Board or elected body.

==== end of APPENDIX 2.K WHISTLEBLOWER POLICY =====

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Section 2 Executive Limitations Policy Revision History:

1. **Jan 2008:** Reviewed and revised by Board of Trustees, and many paragraphs revised by the Finance Committee of the Board.
2. **Feb/Mar 2008:** Continuing review, edit, cleanup by Governance WG.
3. **16April2008:** members of Finance Cmte make further revisions.
4. **20April2008** Board affirms these Policies for publication on the web.
5. **April/May 2009:**
 - a. Global ENDS (Shared Vision) adopted. See Section 1 Policy.
 - b. All four Policy Sections adopted by UUA Board, to begin July 1, 2009.
 - c. A Statement of the Board's "Sources of Authority and Accountability" is adopted. In the field of governance, this statement is often titled as the "moral owners" of the organization. This Sources statement is in found in "Section 3 Governance Process", Policy 3.0 Global Governance Commitment.
 - d. Revised Annual Monitoring Calendar (Appendix 3A) adopted.
 - e. Conflict of Interest Policy (Appendix 2J) adopted.
 - f. Whistleblower Policy (Appendix 2K) adopted.
 - g. Clarification of gift acceptance policy, 2.8.13.
 - h. Board action of April 2009 defines the President's role as a fiduciary of the Employee Benefits Trust.
 - i. Calls for President to report on five budget segments rather than just the consolidated budget. Board motion April2009. See 2.7.1
 - j. Changed "member" to "Trustee" in all appropriate locations in the text.
 - k. Appendix 2.E on GA Reserve Fund Policy is deleted, and replaced by language in 2.8.15, as a result of Board Motion of Oct 2008.
 - l. Chief Governance Officer (CGO) language added wherever Moderator title is mentioned.
 - m. U*U expanded to read (Unitarian, Universalist or UU) in International Vision.
6. **Jan 2010:**
 - a. Appendix 2H Endowment Spending Policy, newly adopted, is added.