



Positive Action for Development

Organizational Conflict of interest Mitigation Policy

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ARTICLE I. INTRODUCTION AND PURPOSE

PAD Foundation (the "Foundation") requires its directors, officers, employees, consultants and volunteers to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. The Board of Directors (the "Board") of the Foundation, recognizing that it is entrusted with resources devoted to charitable purposes, has adopted this Conflict-of-Interest Policy (the "Policy"). The purpose of this Policy is to protect the Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer, employee or other person in a position of authority within the Foundation. The Foundation strives to avoid conflicts of interest to ensure that it continues to operate in accordance with its purpose.

ARTICLE II. DEFINITIONS

Section 1. Duty of Loyalty of Interested Persons.

Conflicts of interest can place personal interests at odds with the fiduciary "duty of loyalty" owed to the Foundation. The duty of loyalty requires a director, manager, officer, employee, or member of a committee with governing board-delegated powers (each, an "Interested Person"), to refrain from using his or her position for personal gain, and avoid acting on issues in which his or her personal or financial interests could conflict with the interests of the Foundation.

Section 2. Direct and Indirect Conflicts of Interest.

Conflicts of interest arise from personal relationships or from a financial interest. Conflicts can arise either directly or indirectly. A direct conflict can arise where an Interested Person has a personal or financial interest in any matter involving the Foundation or has a financial or agency relationship (i.e., is a director, officer, manager, partner, associate, trustee or has a similar agency relationship) with an entity involved in a transaction or other business with the Foundation. An indirect conflict can arise where someone related to an Interested Person by business affiliation, or a "Family Member" (spouse, parents-in-law, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, greatgrandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren) of the Interested Person has dealings with the Foundation. By way of example, an Interested Person has a financial interest if such person has, directly or indirectly, through business, investment or a Family Member:

- a) an ownership or investment interest in any entity with which the Foundation has a transaction or arrangement;
- b) a compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement; or
- c) an ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial (maximum of € 25).

Section 3. Potential and Actual Conflicts of Interest.

Acts that mix the personal or financial interests of an Interested Person with the interests of the Foundation are indicative of a conflict of interest. Not every potential conflict is an actual conflict, however. An Interested Person who has a financial interest in a matter involving the Foundation may have a conflict of interest requiring application of the mitigating procedures described in this Policy only if the appropriate party designated in Article III, Section 3 decides that such a potential conflict of interest is actual or material. However, acts that even have the appearance of a conflict of interest can be damaging to the reputation of the Foundation. Consequently, the Foundation seeks to avoid potential and actual conflicts of interest, as well as the appearance of conflicts.

Section 4. Activities that may present a Conflict of Interest.

The following is a non-exclusive list of the types of activities that may present a conflict of interest and should be disclosed in accordance with Article III.

- (a) **Adverse Interest.** Participation by an Interested Person in decisions or negotiations related to a contract, transaction or other matter between the Foundation and: (i) the Interested Person; (ii) an entity in which the Interested Person or a Family Member of such person has financial interest; or (iii) an entity with which the Interested Person has an agency relationship.

- (b) **Competing Interests.** Competition by an Interested Person, either directly or indirectly, with the Foundation in the purchase or sale of property or property rights, interests, or services, or, in some instances, competition directly for the same donor or external resources.
- (c) **Use of Resources.** Use of the Foundation's resources (for example, staff, contracts, donor lists, or contacts) for personal purposes of the Interested Person or a Family Member of such person.
- (d) **Inside Information.** Disclosure or exploitation by an Interested Person of information pertaining to the Foundation's business for the personal profit or advantage of such person or a Family Member of such person or a person/entity with whom the Interested Person has an agency relationship.
- (e) **Receiving Gifts.** Means any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, honorarium, or other item having monetary value. These include services as well as gifts of training, transportation, local travel, lodgings and meals, whether provided in-kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred. The Interested Person may accept unsolicited gifts having an aggregate value of € 25 or less.

Section 5. Disclosure.

The primary obligation of any person subject to this Policy who may be involved in a conflict of interest situation is to bring it to the attention of those designated under the disclosure procedures in Article III so that the potential conflict can be evaluated and addressed. An Interested Person should not make the decision about whether a conflict of interest exists unilaterally.

ARTICLE III. PROCEDURES TO DISCLOSE AND RESOLVE CONFLICTS

Section 1. Duty to Self-Disclose.

An Interested Person shall make an appropriate disclosure of all material facts, including the existence of any financial interest, at any time that any actual or potential conflict of interest arises.

This disclosure obligation includes instances in which an Interested Person who is a director knows of the potential for a self-dealing transaction. It also includes instances in which the Interested Person plans not to attend a meeting of the Board or a Board committee with governing board-delegated powers (a "Committee") at which he or she has reason to believe that the Board or Committee will act regarding a matter about which he or she may have a conflict. Depending on the circumstances, this disclosure may be made to the compliance officer, or, if the potential conflict of interest first arises in the context of a Board or Committee meeting, the entire Board or the members of the Committee considering the proposed transaction or arrangement that relates to the actual or possible conflict of interest. In addition, Interested Persons shall, in accordance with Article V, make a disclosure of on-going relationships and interests that may present a conflict of interest.

Section 2. Disclosure of Conflicts.

If an Interested Person becomes aware of any potential self-dealing or common directorship transaction or other conflict of interest involving another Interested Person, he or she should report it in accordance with the requirements of this Article III.

Section 3. Evaluation of Potential Conflict.

After disclosure of all material facts and any follow-up discussion with the Interested Person with a potential conflict of interest, a determination must be made about whether a material financial interest, self-dealing transaction or other kind of actual conflict exists. If the potential conflict is first disclosed during a Board or

Committee meeting at which the Interested Person with the potential conflict is in attendance, the Interested Person shall leave the meeting while the determination of whether a conflict of interest exists is discussed and voted upon.

If the disclosure is made outside of the context of a meeting, then the determination of whether a conflict exists will be referred to the Board (the decision-making body) for decision and action. In either event, the decision-making body will evaluate the disclosures by the Interested Person, and will determine on a case-by-case basis whether the disclosed activities constitute an actual conflict of interest. Factors the decision-making body may consider when determining whether an actual conflict exists include (i) the proximity of the Interested Person to the decision-making authority of the other entity involved in the transaction, (ii) whether the amount of the financial interest or investment is higher than € 25 and (iii) the degree to which the Interested Person might benefit personally if a particular transaction were approved.

If it is determined that an actual conflict of interest exists which is not a self-dealing transaction, but involves participation by the Interested Person in decisions or negotiations related to a material contract, transaction or other matter between the Foundation on the one hand and (i) the Interested Person, (ii) an entity in which the

Interested Person or a Family Member of such person has financial interest, or (iii) an entity with which the Interested Person has an agency relationship on the other hand, then the matter in question can only be authorized if approved by the vote described in Section 5(b) after the Foundation has followed the procedures set forth in Section 4.

In all other circumstances where it is determined that an actual conflict of interest exists, the decision-making body will recommend an appropriate course of action to protect the interests of the Foundation. All disclosures and the outcome of the deliberation about whether a conflict of interest exists will be recorded in the minutes of the appropriate deliberative meeting.

Section 4. Procedures for Addressing a Conflict of Interest.

Prior to voting on a contract, transaction or matter in which an actual conflict of interest is found to exist, the Board will follow the procedures described in this Section.

- (a) The Interested Person may make a presentation at the Board meeting at which such transaction is being considered, but after the presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest. The Chairperson of the Board shall, if appropriate, appoint a disinterested person to investigate alternatives to the proposed transaction or arrangement.
- (b) After exercising due diligence, the Board shall determine whether the Foundation could 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.
- (c) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine whether the transaction or arrangement is in the Foundation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Board shall make its decision as to whether to enter into the transaction or arrangement by the vote described in Section 5.

Section 5. Vote Required for Approval of Conflict Transaction.

- (a) A self-dealing transaction must receive prior approval by the Board, and with knowledge of the material facts of the transaction and the involved director's interest.
- (b) A transaction in which an actual conflict of interest exists but is not a self-dealing transaction must receive prior approval by the Board present at a meeting.

Section 6. Violations of the Conflict-of-Interest Policy.

- (a) If the Board has reasonable cause to believe that an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Board determines the Interested Person 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 Board meeting convened to consider a transaction subject to the mitigating procedures described in Article III shall contain:

- (a) the names of the Interested Persons who disclosed or whom otherwise were found to have a financial or other interest in connection with an actual or possible conflict of interest, the nature of the financial or other interest, any action taken to determine whether a conflict of interest was present, and the Board's decision as to whether a conflict of interest in fact existed.
- (b) the names of the persons who were present for discussions relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement.

ARTICLE V. STATEMENTS

Each person subject to this Policy shall sign a statement on the conflict-of-interest disclosure form ("Conflict of Interest Disclosure Form," attached as **Schedule 1**) or such other form as the Board adopts, which at a minimum affirms that such person:

- (a) has received a copy of the Policy;
- (b) has read and understands the Policy;
- (c) has agreed to comply with the Policy; and (d) understands the Foundation is charitable.

In addition, Interested Persons shall make an annual disclosure of on-going relationships and interests **that may present** a conflict of interest. Disclosures should address current affiliations, as well as past affiliations for the prior two years. Conflict of interest disclosure forms will be submitted to the compliance officer, and when appropriate, at or prior to action on relevant business transactions.

SCHEDULE 1: CONFLICT OF INTEREST DISCLOSURE FORM

The undersigned, as a director, manager, employee, officer, consultant or member of a committee with governing board-delegated powers, of the PAD Foundation (the "Foundation"), acknowledges that:

1. he or she has received a copy of the Foundation's Conflict of Interest Policy (the "Policy");
2. he or she has read and understands the Policy;
3. he or she has agreed to comply with the Policy;
4. he or she understands the Foundation is charitable and
5. the following on-going relationships and interests may present a conflict of interest:

(disclosures

Should address current affiliations, as well as past affiliations for the prior two years, and should include all of the following: the undersigned's employer, all corporations (nonprofit and for-profit) of which the undersigned is a board member or officer, and the names of such of the undersigned's Family Members or business affiliates or any other relationships the undersigned has which the undersigned believes may present a potential conflict)

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The conflict-of-interest code is applicable until termination of employment or assignment, or in situations where a member of a committee with governing board-delegated powers withdraws.

Name: _____

Title: _____

Signature: _____

Date: _____