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CONFLICT OF INTEREST POLICY

1. Purpose

The purpose of this policy is to help board members of Hearts of Compassion Ministry to effectively identify, disclose and manage any actual, potential or perceived conflicts of interest in order to protect the integrity of Hearts of Compassion Ministry and manage risk.

2. Objective

The Hearts of Compassion Ministry board aims to ensure that board members are aware of their obligations to disclose any conflicts of interest that they may have, and to comply with this policy to ensure they effectively manage those conflicts of interest as representatives of Hearts of Compassion Ministry.

3. Scope

This policy applies to the board members of Hearts of Compassion Ministry.

4. Definition of Conflicts of Interest

Board members have a fiduciary duty called the Duty of Care, which requires them to place the best interests of the nonprofit ahead of their own interests. When a board member's personal interests conflict with their responsibility to act for the nonprofit, it creates a conflict of interest.

Board members should be aware that conflicts of interest may be actual, potential, or perceived and that they may relate to financial or non-financial interests. Conflicts may also include related interests by family or friends, or duties that board members have with other nonprofits or organizations.

Definition: A situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and/or professional interest with their public interest.

Examples include, but are not limited to:

1. A compensation arrangement or other interest in a transaction with Hearts of Compassion Ministry;
2. A compensation arrangement or other interest in or affiliation (subject to *de minimis* exceptions) with any entity or individual that: (a) sells goods or services to, or purchases goods or services from, Hearts of Compassion Ministry; (b) competes with Hearts of Compassion Ministry; or (c) Hearts of Compassion Ministry has, or is negotiating, or contemplating negotiating, any other transaction or arrangement;
3. Used his or her position, or confidential information or the assets of Hearts of Compassion Ministry to his or her (or a related party's) personal advantage or for an improper or illegal purpose;

4. Solicited or accepted any gift, entertainment, or other favor where such gift might create the appearance of influence on the board member (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction);
5. Acquired any property or other rights in which Hearts of Compassion Ministry has, or the Board member knows or has reason to believe at the time of acquisition that Hearts of Compassion Ministry is likely to have, an interest;
6. An opportunity related to the activities of Hearts of Compassion Ministry that is available to Hearts of Compassion Ministry or to the board member, unless the Board has made an informed decision that Hearts of Compassion Ministry will not pursue that opportunity;
7. Been indebted to Hearts of Compassion Ministry, other than for amounts due for ordinary travel and expense advances; or
8. Any other circumstances that may, in fact or in appearance, make it difficult for the board member to exercise independence, objective judgment or otherwise perform effectively.

A "related party" (as defined in this policy) is a family member; a business or organization of which the person signing this statement or a family member owns or expects to own, directly or indirectly, more than a 5% interest; has a beneficial interest in a trust that owns directly or indirectly more than a 5% interest; or is a director, officer, or employee. A "family member" is a parent (or more remote ancestor), spouse, brother, sister, spouse of a brother or sister, child, stepchild, grandchild, or great-grandchild, of the person signing this statement.

9. Policy

This policy has been developed because conflicts of interest commonly arise, and do not need to present a problem to the charity if they are openly and effectively managed. It is the policy of Hearts of Compassion Ministry as well as a responsibility of the board, that ethical, legal, financial or other conflicts of interest be avoided and that any such conflicts (where they do arise) do not conflict with the obligations to Hearts of Compassion Ministry.

Hearts of Compassion Ministry will manage conflicts of interest by requiring board members to:

- Avoid conflicts of interest where possible.
- Identify and disclose any conflicts of interest.
- Carefully manage any conflicts of interest.
- Follow this policy and respond to any breaches.

Responsibility of the Board

The board is responsible for: Establishing a system for identifying, disclosing, and managing conflicts of interest across the charity, monitoring compliance with this policy, and reviewing this policy on an annual basis.

Identification and Disclosure of Conflicts of Interest

Once an actual, potential or perceived conflict of interest is identified, it must be brought to the attention of the full board of directors and entered into Hearts of Compassion Ministry board minutes.

Action Required for Management of Conflicts of Interest

Once the conflict of interest has been appropriately disclosed, the board (excluding the board member disclosing and any other conflicted board member) must decide whether or not those conflicted board members should:

- Vote on the matter. (Best practice is to prohibit voting on the matter)
- Participate in any debate.
- Be present in the room during the debate and the voting.
- In exceptional circumstances, such as where a conflict is very significant or likely to prevent a board member from regularly participating in discussions, it may be worth the board considering whether it is appropriate for the person conflicted to resign from the board.

What should be considered when deciding what action to take:

In deciding what approach to take, the board will consider the following:

- Whether the conflict needs to be avoided or simply documented.
- Whether the conflict will realistically impair the disclosing person's capacity to impartially participate in decision-making.
- Alternative options to avoid the conflict.
- The charity's objects and resources, and the possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of, the charity.
- The approval of any action requires the agreement of at least a majority of the board (excluding any conflicted board members) who are present and voting at the meeting. The action and result of the voting will be recorded in the minutes of the meetings.

10. Compliance with Policy

If the board has a reason to believe that a person subject to the policy has failed to comply with it, it will investigate the circumstances. If it is found that this person has failed to disclose a conflict of interest, the board may take action against them. This may include seeking to terminate their relationship with the charity.

If a person suspects that a board member has failed to disclose a conflict of interest, they must discuss with the person in question and notify the board.

DISCLOSURE

Please list all relationships (if any) between you or a "related party" and Hearts of Compassion Ministry that involve an actual or potential financial benefit to you or the related party or that otherwise may represent a conflict of interest within the spirit and intent of this policy. Include an estimate of the related actual or potential financial benefit.

Please list any business dealing during the past year (or as applicable, since your last submission of this Conflict of Interest Statement) of which you are aware in which you or a "related party" have received

a salary, gifts, or loans from any source from which Hearts of Compassion Ministry obtains goods or services or otherwise has business dealings;

Please list any potential or pending transaction to which Hearts of Compassion Ministry is a party and in which you or a "related party" has a direct or indirect interest.

Signature

Date

Printed Name