

Conflict of Interest Policy and Procedure

1. Purpose of Policy

This conflict of interest policy is designed to help directors and employees of Mercy Hands identify situations that present potential conflicts of interest and to provide Mercy Hands with a procedure that, if observed, will allow a transaction to be treated as valid and binding even though a director or employee has or may have a conflict of interest with respect to the transaction.

All capitalized terms are defined in section 2 of this document, titled Definitions.

2. Definitions.

2.1 A “Conflict of Interest” is any circumstance described in in section 1 of this document, titled *Conflict of Interest Defined*.

2.2 A “Responsible Person” is any person serving as an officer, employee, or member of the board of directors of Mercy Hands.

2.3 A “Family Member” is a spouse, domestic partner, parent, child, or spouse of a child, brother, sister, or spouse of a brother or sister, of a Responsible Person.

2.4 A “Material Financial Interest” in an entity is a financial interest of any kind that, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect a Responsible Person’s or Family Member’s judgment with respect to transactions to which the entity is a party. This includes all forms of compensation equal or greater than \$100.

2.5 An “Agreement or Transaction” is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, or the establishment of any other type of pecuniary relationship by Mercy Hands. The making of a gift to Mercy Hands is not an Agreement or Transaction within the meaning of this document.

3. Conflict of Interest Defined.

For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interest:

- a. Outside Interests.
 - i. An Agreement or Transaction between Mercy Hands and a Responsible Person or Family Member.
 - ii. An Agreement or Transaction between Mercy Hands and an entity in which a Responsible Person or Family Member has a Material Financial Interest or of which such person is a director, officer, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative.
- b. Outside Activities.
 - i. A Responsible Person competing with Mercy Hands in the rendering of services or in any other Agreement or Transaction with a third party.
 - ii. A Responsible Person's having a Material Financial Interest in; or serving as a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative of, or consultant to; an organization or individual that competes with Mercy Hands in the provision of services or in any other Agreement or Transaction with a third party.
- c. Gifts, Gratuities and Entertainment. A Responsible Person accepting gifts, entertainment, or other favors from any individual or entity that:
 - i. does or is seeking to do business with, or is a competitor of Mercy Hands;
or
 - ii. has received, is receiving, or is seeking to receive a loan or grant, or to secure other financial commitments from Mercy Hands;
 - iii. is an NGO or any form of a charitable organization;

- iv. under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Responsible Person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value that are not related to any particular transaction or activity of Mercy Hands.

4. Management of Conflict of Interest

The board of directors (board) is charged with the responsibility of managing conflict of interest, and determining and implementing the appropriate course of action. This management system is based on disclosure (or whistleblowing) and all disclosures constitute confidential information that will be available to the board for the evaluation and resolution of any conflict of interest or allegations of conflict of interest brought before the board.

While it is recognized that it may be difficult to completely avoid situations of potential, apparent or actual conflict of interest, complete avoidance or divestment may be required in certain cases. Such divestment should not consist of a sale or transfer of assets to family members or other persons for the purpose of circumventing the conflict of interest compliance measures as directed by the board.

5. How to Report a Conflict of Interest

5.1 All Responsible Persons must fill out a disclosure form – part 1 “conflict of interest” at the beginning of their association with Mercy Hands and part 2 “annual disclosure questionnaire” in January of every year. All disclosure forms, part 1 and 2, shall be submitted to the HR department.

5.2 Any disclosure or whistleblowing of a Conflict of Interest or allegations of Conflict of Interest must be reported to the board of directors.

5.3 The reporting shall be done in writing via emailing to board@mercyhands.org (accessed by all board members) or emailing/ handwriting to any member of the board.

5.4 The reporting can be anonymous or identified. All disclosures or whistleblowing of a Conflict of Interest or allegations of Conflict of Interest constitute confidential information that will be available only to the board of directors, executive director, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.

6. Procedures.

6.1 All reports of a Conflict of Interest or allegations of Conflict of Interest will be investigated by the board of directors promptly and as confidentially as possible. Any report made in good faith shall not result in retaliation against the Responsible Person making the report.

6.2 Before the board of directors (or a committee assigned by it) act on an Agreement or Transaction involving a Conflict of Interest, a director or committee member having a Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting.

6.3 A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

6.4 A person who has a Conflict of Interest shall not participate in or be permitted to hear the board's or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.

6.5 A person who has a Conflict of Interest with respect to an Agreement or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a

quorum for purposes of the vote. The person having a conflict of interest may not vote on the Agreement or Transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the board of directors of Mercy Hands has a Conflict of Interest when he or she stands for election as an officer or for re-election as a member of the board of directors.

6.6 Responsible Persons who are not members of the board of directors of Mercy Hands, or who have a Conflict of Interest with respect to an Agreement or Transaction that is not the subject of board or committee action, shall disclose to the chair or the chair's designee any Conflict of Interest that such Responsible Person has with respect to an Agreement or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Responsible Person. The Responsible Person shall refrain from any action that may affect Mercy Hands' participation in such Agreement or Transaction.

6.7 In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the chair or the chair's designee, who shall determine whether there exists a Conflict of Interest that is subject to this policy.

6.8 If a Responsible Person is discovered to be in conflict of interest where disclosure and prior approval have not been sought or granted, the board of directors will require the individual to:

- Account to Mercy Hands for any gain or benefit made directly or indirectly, arising from an involvement with, or an interest in, or from dealing in any manner with a third party that gives rise to a conflict of interest; **and**
- Withdraw from the involvement; **or**
- Withdraw from Mercy Hands; **or**
- Take appropriate action as determined by the board of directors.

6.9 Review Process:

- A Responsible Person may request in writing, within 30 days, a review of a board of directors' decision on conflict of interest.
- In certain circumstances, the board of directors may arrange for an independent third party appointed by mutual agreement to act as an intermediary. The intermediary would provide an opinion on the overall merit of the review, without divulging specifics of a proprietary nature.
- The ultimate decision on the resolution of the review rests with the board of directors.

6.10 When a Responsible Person believes that another Responsible Person has a conflict of interest that has not been properly recognized or resolved, s/he will raise that issue with the board of directors and seek proper resolution.

7. Confidentiality.

Each Responsible Person shall exercise care not to disclose confidential information acquired in connection with such status or information the disclosure of which might be adverse to the interests of Mercy Hands. Furthermore, a Responsible Person shall not disclose or use information relating to the business of Mercy Hands for the personal profit or advantage of the Responsible Person or a Family Member or the Responsible Person's company.

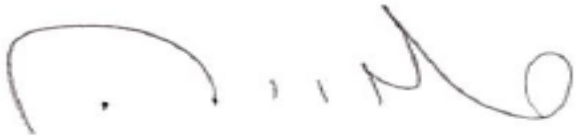
8. Review of Policy.

8.1 Each new Responsible Person shall be required to review a copy of this Policy and to acknowledge in writing that he or she has done so.

8.2 Each Responsible Person shall annually complete a disclosure form identifying any relationships, positions, or circumstances in which the Responsible Person is involved that he or she believes could contribute to a Conflict of Interest arising. Such relationships, positions, or circumstances might include service as a director of or consultant to an NGO, or ownership of a business that might provide goods or services

to Mercy Hands. Each Responsible Person should also disclose to the Board any potential Conflict of Interest that may arise during the course of the year between the submission of annual disclosure forms. Any such information regarding business interests of a Responsible Person or a Family Member shall be treated as confidential and shall generally be made available only to the chair, the executive director, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.

8.3 This policy shall be reviewed annually by the board of directors. Any changes to the policy shall be communicated immediately to all Responsible Persons.



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