
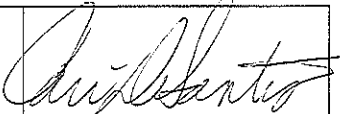


## CONFLICT OF INTEREST POLICY

Policy No: 101 | Title: Conflict of Interest Policy

Date of Policy: 07/89 | Revisions: 08/03; 03/07; 2/08; 5/10, 10/14, 10/15

Issued By: The President's Office & Human Resources

<b>Board Review</b>	Approved at 10/28/15 Board Meeting	<b>Legal Review</b>		<b>CEO</b>	
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### Purpose:

It is in the best interest of Melwood to be aware of and properly manage all Conflicts of Interest and appearances of a Conflict of Interest. This Conflict of Interest Policy is designed to help Directors, employees, interns and volunteers of Melwood to identify situations that present potential Conflicts of Interest and to provide Melwood with a procedure to appropriately manage conflicts in accordance with legal requirements and the goals of accountability and transparency in Melwood's operations. This Policy is intended to supplement, but not replace, any applicable state and federal laws governing Conflicts of Interest applicable to nonprofit and charitable organizations.

### Applicability:

This Policy applies to all Melwood employees, interns, volunteers and Directors.

### Definitions:

- A "Business Associate" is any person or entity with which a Melwood employee, intern, volunteer or Director, or any of their Family Members, engage in the exchange of goods or services for remuneration, where the business relationship has the potential for a Conflict of Interest. This definition excludes straightforward retail relationships.
- A "Conflict of Interest" is any circumstance described in this Policy.
- An "Interested Party" is anyone who is in a position of control over Melwood who has a personal interest that is in conflict with the interests of Melwood, including, without limitation, officers, executives, Key Employees, members of the Board of Directors, major donors and other persons with substantial authority at Melwood.
- A "Key Employee" is an employee who (a) has responsibilities or influence over Melwood similar to that of officers, directors, or trustees; or (b) manages a program that represents 10% or more of the activities, assets, income, or expenses of Melwood; or (c) has or shares authority to control 10% or more of Melwood's

capital expenditures, operating budget, or compensation for employees. Members of the Senior Management Team shall be deemed Key Employees for purposes of this policy.

- A “Family Member” is a spouse, parent, child or spouse of a child, brother, sister or spouse of a brother or sister, of an Interested Party.
- A “Material Financial Interest” in an entity is a financial interest of any kind, which, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect an Interested Person’s or Family Member’s judgment with respect to transactions to which the entity is a party.
- “Senior Management Team” for the purpose of this Policy shall include the CEO, the CFO, the COO, the General Counsel, and their direct reports.
- A “Transaction” is any agreement or relationship involving the sale or purchase of goods or services, the providing or receipt of a loan or grant, the establishment of any other type of financial relationship, or the exercise of control over another organization. The making of a gift to Melwood is not a Transaction.

**Policy:**

This Conflict of Interest Policy is designed to foster public confidence in the integrity of Melwood and to protect Melwood’s interest when it is contemplating entering a Transaction (defined below) that might benefit the private interest of a Director, a corporate officer, the top management or top financial official, or a Key Employee (defined below) or volunteer. This Conflict of Interest Policy governs the activities of the Board, staff, and volunteers of Melwood. It is the duty of all Board members, staff, and volunteers to be aware of this Policy, to identify conflicts and situations that may result in the appearance of a conflict and to disclose those situations, conflicts or potential conflicts to (i) the employee’s supervisor, (ii) the Chief Executive Officer, (iii) the Chair of the Board, (iv) the General Counsel, or other designated person, as appropriate. This Policy provides guidelines for identifying conflicts, disclosing conflicts and procedures to be followed to assist Melwood in managing Conflicts of Interest and situations that may result in the appearance of a conflict.

A financial Conflict of Interest may exist when an Interested Party or a Family Member or Business Associate of an Interested Party directly or indirectly benefits or profits as a result of a decision or Transaction entered into by Melwood. Examples of potential Conflicts of Interest include situations where:

- Melwood contracts to purchase or lease goods, services or property from an Interested Party or a Family Member or Business Associate of an Interested Party;
- Melwood purchases an ownership interest in or invests in a business entity owned by an Interested Party or by a Family Member or Business Associate of an Interested Party;

- Melwood offers employment to an Interested Party or Family Member or Business Associate of an Interested Party (refer to Policy 207 - Employment on Employment of People with Close Relationships); or
- An Interested Party or a Family Member or Business Associate of an Interested Party is gratuitously provided use of the facilities, property or services of Melwood.

A Conflict of Interest may also exist where an Interested Party or a Family Member or Business Associate of an Interested Party obtains a non-financial benefit or advantage that he/she would not have obtained absent his/her relationship with Melwood, or where his/her duty or responsibility owed to Melwood conflicts with a duty or responsibility owed to another organization. Examples include situations where:

- An Interested Party seeks to obtain preferential treatment by Melwood for herself/himself, a Family Member or Business Associate;
- An Interested Party seeks to make use of confidential information obtained from Melwood for her/his own benefit or that of a Family Member, Business Associate or other organization or;
- An Interested Party seeks to take advantage of an opportunity or enables a Family Member, Business Associate or other organization to take advantage of an opportunity which s/he has reason to believe would be of interest to Melwood.

**Disclosure of Actual or Potential Conflicts of Interest:**

An Interested Party is under a continuing obligation to disclose any actual or potential Conflict of Interest as soon as it is known or reasonably should be known. An Interested Party shall complete a Disclosure Statement, in the form attached hereto, to fully and completely disclose the material facts about any potential Conflicts of Interest. The Disclosure Statement shall be updated annually thereafter. An additional Disclosure Statement shall be filed at such time as an actual or potential conflict arises.

Whenever there is reason to believe that an actual or potential Conflict of Interest exists between Melwood and an Interested Party, the Board of Directors shall determine the appropriate organizational response. This shall include, but not necessarily be limited to, invoking the procedures below with respect to a specific proposed Transaction. The Disclosure Statement shall be provided to the Corporate Secretary and the General Counsel.

**Confidentiality:**

Each Director, officer, employee and volunteer shall exercise care not to disclose confidential information acquired in connection with disclosures of Conflicts of Interest or potential conflicts, which might be adverse to the interests of Melwood. Furthermore, Directors, employees, interns and volunteers shall not disclose or use information relating

to the business of Melwood for their personal profit or advantage or the personal profit or advantage of Family Member(s), Business Associates or other organizations. See Policy 114 – Confidentiality Policy.

**Retaliation:**

Melwood prohibits any form of discipline, reprisal, intimidation or retaliation for reporting a potential Conflict of Interest or violation of this policy or cooperating in related investigations.

**Procedures and Accountability:**

When an actual or potential conflict exists between the interests of Melwood and an Interested Party with respect to a specific proposed Transaction, Melwood shall refrain from the proposed Transaction until such time as the proposed Transaction has been approved by the disinterested members of the Board of Directors of Melwood. The following procedures shall apply:

- An Interested Party shall disclose to the Board all material facts regarding his or her interest in the Transaction, promptly upon learning of the proposed Transaction.
- The Board shall determine if a Conflict of Interest exists. The Interested Party involved with the Transaction shall not be present during the Board’s discussion or determination of whether a Conflict of Interest exists.
- An Interested Party who has an actual or potential Conflict of Interest with respect to a proposed Transaction of the corporation shall not participate in any way in, or be present during, the deliberations and decision making of Melwood with respect to such Transaction.
- The disinterested members of the Board of Directors may approve the proposed Transaction upon finding that it is in the best interest of the corporation. The Board shall consider whether terms of the proposed Transaction are fair and reasonable to Melwood and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with an entity that is not an Interested Party.
- Approval by the disinterested members of the Board of Directors shall be by vote of a majority of the Board of Directors in attendance at a meeting at which a quorum is present. An Interested Party shall not be counted for purposes of determining whether a quorum is present, or for purposes of determining what constitutes a majority vote of Board of Directors in attendance.
- The minutes of the meeting shall reflect that the conflict disclosure was made, the nature of the interest and whether it was determined to constitute a Conflict of Interest; any alternative Transactions considered; the members of the Board who were present during the deliberations on the Transaction, those who voted on it, and to what extent interested persons were excluded from the deliberations; any

comparability data or other information obtained and relied upon by the Board and how the information was obtained; and the result of the vote, including, if applicable, the terms of the Transaction that was approved and the date it was approved.

#### **Annual Disclosure and Compliance Statements:**

Each Director, each corporate officer, the top management official, the top financial official, and each Key Employee of Melwood, shall annually sign a Disclosure Statement substantially similar to the form attached, that:

- affirms that the person has received a copy of this Conflict of Interest Policy, has read and understood the policy, and has agreed to comply with the Policy; and
- discloses the person's financial interests and family relationships that could give rise to Conflicts of Interest.

The Disclosure Statements shall be kept by the General Counsel with copies included in employees' Personnel Files.

#### **Violation of Conflict of Interest Policy:**

If the Board of Directors has reason to believe that an Interested Party has failed to disclose an actual or potential Conflict of Interest, it shall inform the person of the basis for such belief and afford the insider an opportunity to explain the alleged failure to disclose. If, after hearing the insider's response and making further investigation as warranted by the circumstances, the Board determines that the insider has failed to disclose an actual or possible Conflict of Interest and the insider is a Director or the President/CEO, the Board shall take appropriate disciplinary and corrective action. If the insider is someone other than a Director or the President/CEO, the Board shall refer the matter to the President/CEO.

#### **Confidential Reporting of Financial Impropriety or Misuse of Resources:**

Any member of the staff, member of the Board of Directors or volunteers affiliated with Melwood with information about known or suspected financial improprieties or misuse of Melwood's resources or other ethical problems is encouraged to report their concerns to the Board Chair, who will then ask the President/CEO to investigate with the assistance of the General Counsel. In the event that the allegations involve the President/CEO, the Chair will investigate with the assistance of another Board officer and the General Counsel. In the event that the allegations involve the Chair, the Vice-Chair will investigate with the assistance of another Board officer and the General Counsel. The sources of reports about financial improprieties or other misuse of Melwood's resources will be held in confidence unless the individual who reports the situation agrees to reveal his/her identity or the report leads to legal actions and a court order is issued for information regarding the case.

**Annual Reviews:**

To ensure that Melwood operates in a manner consistent with its status as an organization exempt from federal income tax, the Board shall authorize and oversee an annual review of the administration of this Conflict of Interest Policy. The review may be written or oral. The review shall consider the level of compliance with the Policy, the continuing suitability of the Policy, and whether the Policy should be modified and improved.

## ANNUAL CONFLICT OF INTEREST DISCLOSURE STATEMENT

Please complete the questionnaire below indicating any actual or potential Conflicts of Interest. If you answer "yes" to any of the questions, please provide a written description of the details of the specific action or Transaction in the space allowed. Attach additional sheets as needed.

### **Financial Interests:**

A conflict may exist where an Interested Party, or a Family Member or Business Associate of an Interested Party, directly or indirectly benefits or profits as a result of a decision made or Transaction entered into by Melwood. Please indicate, during the past 12 months:

- a. Has Melwood contracted to purchase or lease goods, services, or property from you or from any of your Family Members or Business Associates? **YES/NO If yes, please describe.**

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- b. Has Melwood purchased an ownership interest in or invested in a business entity owned by you, or owned by any of your Family Members or Business Associates? **YES/NO If yes, please describe.**

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- c. Has Melwood offered employment to you, or to any of your Family Members or Business Associates, other than a person who was already employed by the organization? **YES/NO If yes, please describe.**

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- d. Have you or have any of your Family Members or Business Associates, been provided with a gift, gratuity or favor, of a substantial nature from a person or entity which does business, or seeks to do business with Melwood? **YES/NO If yes, please describe.**

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- e. Have you or have any of your Family Members or Business Associates, been gratuitously provided use of the facilities, property, or services of Melwood? **YES/NO If yes, please describe.**

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**Other Interests:**

A conflict may also exist where an Interested Party, or a Family Member or Business Associate of an Interested Party, obtains a non-financial benefit or advantage that s/he would not have obtained absent his/her relationship with Melwood, or where his/her responsibility owed to Melwood conflicts with a duty or responsibility owed to some other organization. Please indicate if at any time during the past twelve months:

- a. Did you obtain preferential treatment by Melwood for yourself, or for any of your Family Members or Business Associates? **YES/NO If yes, please describe.**

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- b. Did you make use of confidential information obtained from Melwood for your own benefit, or for the benefit of a Family Members, Business Associate, or other organization? **YES/NO If yes, please describe.**

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- c. Did you take advantage of an opportunity, or enable a Family Member, Business Associate or other organization to take advantage of an opportunity, which you had reason to believe would be of interest to Melwood? **YES/NO If yes, please describe.**

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Any additional Comments:

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**Conflict of Interest Policy Annual Affirmation of Compliance & Disclosure Statement:**

I have received and carefully read the Conflict of Interest Policy for Board members, staff and volunteers of Melwood and have considered not only the literal expression of the policy, but also its intent. By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the Conflict of Interest Policy. I further understand that Melwood is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Except as otherwise indicated in the Disclosure Statement and attachments, if any, below, I hereby state that I do not, to the best of my knowledge, have any Conflict of Interest that may be seen as competing with the interests of Melwood, nor does any Family Member or Business Associate have such an actual or potential conflict of interest.

If any situation should arise in the future which I think may involve me in a Conflict of Interest, I will promptly and fully disclose the circumstances to the Chair of the Board of Directors of Melwood or to the President/CEO, as applicable.

I further certify that the information set forth in the Disclosure Statement and attachments, if any, is true and correct to the best of my knowledge, information and belief.

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Printed Name

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Signature

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Date

***This Disclosure Statement is to be signed by every Interested Party on an annual basis.***

