

CONFLICTS OF INTEREST POLICY

1. **Purpose** – Because of their public purposes, charitable and religious organizations such as United Church Funds, Inc. (UCF) have a special obligation to uphold the public trust. Each director and officer of UCF, therefore, is required to conduct all the affairs of UCF in the best interests of UCF, to avoid the appearance of a conflict between his or her personal interests and the interests of UCF, and to ensure that he or she does not benefit personally from his or her position as a director or officer. This obligation also requires that the Board of Directors (Board) be fully informed regarding transactions and arrangements into which UCF enters and with respect to which directors and officers may have an interest. To ensure fairness in the Board's decision-making processes, and to protect UCF's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of any of its directors or officers, the Board has adopted the following Conflicts of Interest Policy.

2. Definitions

- 2.1 **Interested Person** – Any director, officer or member of a committee of the Board, who has a direct or indirect Interest, as defined below, is an Interested Person.
- 2.2 **Interest** – A person has an Interest if the person or his or her family member (including a parent, sibling, spouse or child) has, or in the near future will have, directly or indirectly:
- A compensation arrangement or other interest in a transaction with UCF or with any entity or individual with which UCF has entered into a transaction or arrangement, or
 - An ownership or investment interest in or affiliation with any entity with which UCF has entered into a transaction or arrangement, or
 - An ownership or investment interest in, or compensation arrangement or other affiliation with, any entity or individual with which UCF is negotiating or contemplating negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

3. Procedures

- 3.1 **Duty to Disclose** – Upon the first knowledge by an Interested Person of the arrangement with an entity or individual with which the Interested Person has an Interest, the Interested Person must disclose the existence and nature of his or her Interest to the Board or the committee of the Board considering the proposed transaction or arrangement.
- 3.2 **Procedures for Addressing the Conflict** – After disclosure of the Interest, the Interested Person may not participate in consideration of the proposed transaction or arrangement, shall not vote on such transaction or arrangement, and shall not be present for the consideration of or vote on such transaction unless the Board or committee requests information or interpretation from the Interested Person. The Board or committee shall then determine whether the transaction or arrangement is in UCF's best interests and is fair and reasonable to UCF, and shall make a decision whether to enter into the transaction or arrangement in accordance with such determination. Such determination shall be made by a vote sufficient for such purpose without counting the vote of any Interested Person.

In determining whether the transaction or arrangement is in UCF's best interests, UCF shall review available information regarding the cost or benefit of comparable transactions or arrangements, if any. UCF may appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

Interested Directors or committee members may be counted in determining the presence of a quorum at a meeting that authorizes such a transaction or arrangement.

3.3 **Records of Proceedings** – The minutes of the Board or the committee considering the Interest of an Interested Person shall contain:

- The names of the Interested Person(s) who disclosed or otherwise were found to have an Interest and actions taken with respect to consideration of the transaction by such Interested Persons
- The nature of the Interest
- The terms and date of the transaction, comparability data obtained and relied upon by the Board or committee and how the data was obtained
- A record of any determination as to whether a transaction or arrangement was in the best interests of and fair and reasonable to UCF, notwithstanding the Interest, and the specific reasons supporting such determination
- The names of the persons who were present for the discussions on the transaction or arrangement and a record of any votes taken in connection therewith

The minutes must be prepared by the next meeting of the Board or committee after the determination is made. The minutes must be reviewed and approved by the Board or committee as reasonable, accurate and complete within a reasonable time period.

4. **Violations of the Conflicts of Interest Policy** – If the Board or committee thereof has reasonable cause to believe that an Interested Person has failed to disclose an actual or possible 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. If, after hearing the response of the Interested Person and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the Interested Person has in fact failed to disclose an actual or possible Interest, it shall take appropriate disciplinary and corrective action which may include reconsideration of whether the transaction or arrangement was in the best interests of and was fair and reasonable to UCF at the time it was undertaken.
5. **Compensation Determination** – An Interested Person may not be a member of any committee that has the responsibility for fixing his or her compensation.
6. **Annual Statements** – Each director, officer and member of a committee of the Board shall annually sign a statement which affirms that such person: (a) has received a copy of this Conflicts of Interest Policy, (b) has read and understands this Policy, and (c) has agreed to comply with this Policy.
7. **Periodic Reviews** – To ensure that UCF operates in a manner consistent with its charitable and religious purposes and its federal tax exemption, periodic reviews will be conducted by UCF's appointed auditors, in appropriate cases, to determine whether compensation and benefits arrangements and other transactions are reasonable and the result of arms-length negotiation.