

CONFLICT OF INTEREST POLICY

Adopted by the Roots. Wounds. Words. Inc. Board of Directors on September 6, 2020.

ARTICLE I: PURPOSE & POLICY REQUIREMENTS

Section 1. Purpose. The purpose of the Conflict of Interest policy is to protect Roots. Wounds. Words. Inc. interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of its Director(s) and/or Officer(s) or that might otherwise result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest protocol applicable to nonprofit and charitable corporations and is not intended as an exclusive statement of responsibilities.

Section 2. Policy Requirements. Any real or potential "Conflict of Interest" and/or "Related Party Transaction" (each as defined herein) and any other interested matter must be addressed in accordance with the terms of this Board of Directors' Conflicts of Interest Policy. Any Conflict of Interest and/or Related Party Transaction, or any other interested matter, authorized in a manner that is materially inconsistent with the terms of this policy may be subsequently rendered void or voidable by a vote of a majority (50% +1) of the Board of Directors, excluding any Directors and/or Officers with an interest in the subject transaction or matter.

ARTICLE II: DEFINITIONS

1. Conflict of Interest. Unless otherwise specifically excluded herein, a "Conflict of Interest" means any transaction, agreement or any other arrangement, including but not limited to a "Related Party Transaction," as defined herein, between this Corporation and another entity or individual that confers a direct, substantial benefit to any Related Party, as defined herein. The following circumstances shall not be considered a Conflict of Interest for purposes of interpretation of this definition or consideration of a Conflict of Interest by the Board of Directors:

1.1. the current or prior service of an Officer, Director or Key Employee of this Corporation, or a Related Party thereof, as an officer, director, trustee, key employee or partner, or the equivalent thereof, of any corporate entity that is: considered to be an Affiliate, as defined herein; otherwise controlled by, or controls, this Corporation, and/or; an Affiliate of any corporate entity controlled by, or that controls, this Corporation, or; the current, or prior, receipt by an Officer, Director or Key Employee of this Corporation, or a Relative thereof, of goods or services offered by this Corporation, or;

1.2. the current, or prior, receipt by an Officer, Director or Key Employee of this Corporation, or a Relative thereof, of goods or services offered by this Corporation that are generally made available to other similarly-situated individuals, provided that the recipient has not received any form of preferential treatment as a consequence of his/her relationship with this Corporation

1.3. the assessment of, and any determination concerning any Conflict of Interest must be considered in strict compliance with the adopted policies and procedures of the Corporation.

2. Interested Person/Party. An interested person and/or party is anyone directly affiliated with Roots.

Wounds. Words. Inc. who has a direct or indirect financial interest, such as a:

2.1. Director who serves on the Board,

2.2. Officer who serves on the Board,

2.3. Member of a committee of the Board with governing Board delegated powers,

2.4. Key employee such as any member of the executive personnel.

3. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

3.1. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,

3.2. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or

3.3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

3.4. Compensation includes direct and indirect remuneration as well as gifts or favors that aren't insubstantial. A financial interest isn't necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board of Directors, in accordance with Section 2 of this Conflict of Interest policy, decides that a conflict of interest exists.

4. Related Party Transaction. Unless otherwise specifically excluded herein, a "Related Party Transaction" means any transaction, agreement, or any other arrangement in which a Related Party has a financial interest and in which the Corporation, or any Affiliate, is a participant. The following circumstances shall not be considered a Related Party Transaction for purposes of interpretation of this definition or consideration of a Related Party Transaction by the Board of Directors:

4.1. the current, or prior, service of an Officer, Director or Key Employee of this Corporation, or a Relative thereof, all as defined herein, as an officer, director, trustee, key employee or partner, or the equivalent thereof, of any corporate entity that is considered to be an Affiliate, as defined herein; otherwise controlled by, or controls, this Corporation, and/or; an Affiliate of any corporate entity controlled by, or that controls, this Corporation, or;

4.2. the current, or prior, receipt by an Officer, Director or Key Employee of this Corporation, or a Relative thereof, of goods or services offered by this Corporation that are generally made available to other similarly-situated individuals, provided that the recipient does not, or has not, received any form of preferential treatment as a consequence of his/her relationship with this Corporation.

4 .3. the assessment of, and any determination concerning any Conflict of Interest must be considered in strict compliance with the adopted policies and procedures of the Corporation.

5. Related Party. A "Related Party" means any:

5.1. Individual who has made substantial monetary contributions to the Corporation

5.2. Relative, as defined by statute, of an Officer, Director, Key Employee, founder or substantial contributor

5.3. Partnership or professional corporation where an Officer, Director or Key Employee, or a Relative thereof, directly or indirectly, has an ownership interest in excess of five percent (5%)

5.4. Entity where an Officer, Director or Key Employee, or a Relative thereof, directly or indirectly, holds a thirty-five percent (35%), or greater, ownership or beneficial interest, or

5.5. Corporate entity where an Officer, Director or Key Employee, or a Relative thereof, serves as an officer, director, trustee, key employee or partner, or the equivalent thereof.

ARTICLE III: PROCEDURES

Section 1. Specific Discloser. If at any time during his or her term of service, a Director, Officer or Key Employee acquires a conflict of interest or possible conflict of interest, that interested person must disclose the circumstances and material facts of said conflict of interest or potential conflict of interest to the Board of Directors, which is charged with considering the proposed transaction or arrangement. Said disclosure shall take place via electronic message (e-mail) within three (3) days of the interested party knowing or having a reasonable reason to know the conflict of interest or potential conflict of interest exists.

Section 2. General Disclosure. Prior to initial election, and annually thereafter, each Director shall be required to complete, sign and submit to the Secretary, or an authorized designee, as appropriate, a written statement identifying, to the best of the Director's knowledge, any entity of which such Director is an officer, director, trustee, owner (either as a sole proprietor, partner or member) or employee and with which the Corporation has a relationship, and any transaction in which the Corporation is a participant and in which the Director might have a real or potential interest. The Secretary shall provide a copy of all completed disclosure statements to the Board of Directors, or another authorized committee thereof, as appropriate. A copy of each disclosure statement shall be available to any Director on request.

Section 3. Violations of the Conflict of Interest Policy. If the Board of Directors has reasonable cause to believe a Member has failed to disclose actual or possible conflicts of interest, it shall inform the Member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose. If, after hearing the Member's response and after making further investigation as warranted by the circumstances, the Board of Directors determines the Member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the potentially interested person, he/she/they shall leave the Board of the Directors' meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board Members shall decide if a conflict of interest exists.

Section 5. Process of Review. The Board of Directors shall thoroughly review any real, or potential, Conflict of Interest or Related Party Transaction.

Section 6. Standard of Review.

6.1. For purposes of this policy, amongst the considerations of the Board of Directors, relative to assessment of any real or potential Conflict of Interest and/or Related Party Transaction, shall be the determination as to whether any financial interest, amounts to a Conflict of Interest and/or a Related Party Transaction, each as defined herein.

6.2. Should two-thirds (2/3) of the Board of Directors conclude that a financial interest exists and, therefore, that a Conflict of Interest and/or a Related Party Transaction exist, the Board of Directors shall determine how to proceed with regard to proper consideration of the matter.

6.3. Should two-thirds (2/3) of the Board of Directors conclude that the financial interest does not amount to a Conflict of Interest and/or Related Party Transaction, as defined herein, the transaction shall be considered a matter unworthy of additional non-customary review and/or documentation.

6.4. The minutes of the Board of Directors meeting on the issue shall contain:

6.4.1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board of Directors' decision as to whether a conflict of interest in fact existed.

6.4.2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 7. Authorization of Conflicts of Interest & Related Party Transactions. Roots. Wounds. Words. Inc. shall not enter into any matter considered to be a Conflict of Interest and/or a Related Party Transaction, or any other interested matter, unless such a financial transaction, or other matter, is determined by the Board to be fair, reasonable and in Roots. Wounds. Words. best interest at the time of such determination.

Section 8. Recognized Exceptions. Although not stipulated in statute, the Charities Bureau of the New York State Office of the Attorney General has advised that a certain transaction that might, by definition, be considered a Conflict of Interest and/or a Related Party Transaction need not necessarily be subject to, otherwise applicable, contemporaneous documentation requirements stipulated herein as a consequence of it being a matter that would not customarily require the action or approval of the Board of Directors. As a consequence of the foregoing, while all other obligations of this policy remain in effect, the Corporation need not contemporaneously document or disclose for auditing purposes any of the following:

- 8.1. de minimis transactions – transactions being of a small size relative to this Corporation’s budget and assets, which would customarily fall below the threshold of review by the Board of Directors;
- 8.2. ordinary course of business transactions – transactions or activities that are undertaken in the ordinary course of business by staff of this Corporation, as consistent with either past corporate or sector practices;
- 8.3. mission-focused transactions – transactions involving benefits provided to a Director solely as a consequence of his/her membership in a class of individuals that the Corporation intends to benefit in accomplishing its mission, provided any such transactions are authorized in good-faith, without any undue benefit to the conflicted, or otherwise interested, Director, and/or,
- 8.4. compensation-related transactions – transactions related to compensation, or reimbursement of a Related Party, or otherwise conflicted Director, for reasonable expenses incurred on behalf of this Corporation. Nothing herein shall be interpreted so as to permit or authorize a Related Party, or otherwise conflicted Director, to attempt to improperly influence the decision-maker(s) or reviewer(s) in a given Related Party Transaction, or other conflicted matter.

Section 9. Authorization of Transactions Concerning Substantial Financial Interest. With respect to any Conflict of Interest and/or Related Party Transaction, or other interested matter, in which a Related Party, or otherwise conflicted individual, has a substantial financial interest, the Board of Directors as appropriate shall:

- 9.1. prior to entering into any such transaction, or matter, to the extent practicable, consider alternative transactions and/or a review of information compiled from, at least, two (2) independent appraisals of other comparable transactions;
- 9.2. approve the transaction by not less than a two-thirds (2/3) majority vote of the Directors present at the meeting; and,
- 9.3. contemporaneously document the basis for approval by the Board, which shall include the preparation of a written report, to be attached to the minutes of any meeting where the transaction or matter was deliberated or authorized, identifying the details of the transaction or matter; alternate transactions considered; materials or other information reviewed; Directors present at times of deliberations; names of those who voted in favor, opposed, abstained or were absent; and, the specific action authorized.

Section 10. Restrictions. With respect to any Conflict of Interest and/or Related Party Transaction or any other conflicted matter considered by the Board, no Related Party or otherwise conflicted individual, shall:

- 10.1. be present at or participate in any deliberations;
- 10.2. attempt to influence deliberations; and/or,
- 10.3. cast a vote on the matter.

Nothing herein shall prohibit the Board, or authorized committee, as appropriate, from requesting that a Related Party, or otherwise conflicted individual, present information concerning a Conflict of Interest and/or Related Party Transaction, or any other interested matter, at a Board, or authorized committee thereof, meeting prior to the commencement of deliberations or related voting.

Section 11. Audit-Related Disclosure. It shall be the duty of the Secretary to see to it that all newly-received and annually-submitted Director Disclosure Statements and any case-specific Conflict of Interest and/or Related Party Transaction reports, together with the minutes of any related meetings, are promptly provided to the Secretary of the Board of Directors, or the Chairperson an authorized committee thereof, as appropriate, in an effort to assure that they are properly considered for auditing purposes.

Section 12. Periodic Reviews. To ensure Roots. Wounds. Words. Inc. operates in a manner consistent with charitable purposes, and doesn't engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- 12.1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- 12.2. Whether partnerships, joint ventures, and arrangements with management organizations conform to Roots. Wounds. Words. Inc.'s written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and don't result in inurement, impermissible private benefit, or in an excess benefit transaction.

Section 13. Use of Outside Experts. When conducting the periodic reviews, as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

ARTICLE V: COMPENSATION

Section 1. Compensation of Voting Members. To ensure that voting members who have a conflict of interest will not influence compensation matters, the following shall apply:

- 1.1. A voting member of the Board of Directors who receives compensation, directly or indirectly, from Roots. Wounds. Words. Inc. for services is precluded from voting on matters pertaining to that member's compensation.
- 1.2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Roots. Wounds. Words. Inc. for services is precluded from voting on matters pertaining to that member's compensation.
- 1.3. No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Roots. Wounds. Words., either individually or collectively, is prohibited from providing information to any committee regarding compensation.