

The distinctive characteristics of this Conflicts Policy include its breadth (conflicts are not limited to economic matters) and reach (the Policy extends to officers and employees, as well as to directors). Note that it also contains a remedies section, adding teeth (VII).

CONFLICT OF INTEREST POLICY

COMPASSPOINT

I. Purpose

CompassPoint encourages the active involvement of its directors, officers, and employees in the community. In order to deal openly and fairly with actual and potential conflicts of interest that may arise as a consequence of this involvement, CompassPoint adopts the following Conflict of Interest Policy.

II. Policy

Directors, officers, and employees are expected to use good judgment, to adhere to high ethical standards, and to conduct their affairs in such a manner as to avoid any actual or potential conflict between the personal interests of a director or employee and those of CompassPoint. A conflict of interest exists when the loyalties or actions of a director, officer, or employee are divided between the interests of CompassPoint and the interest of the director, officer, or employee. Both the fact and the appearance of a conflict of interest should be avoided.

III. Definitions

Affiliated, affiliation includes all direct and indirect financial interests between a director, officer, or employee and a person with whom CompassPoint is considering entering into any transaction. It also includes any other interest that may influence the judgment of a director, officer or employee. An objective test is applied to determine whether an affiliation exists between the director or employee and the other person: whether the involvement or relationship of the director, officer, or employee with the other person is such that it reduces the likelihood that the director, officer, or employee can act in the best interests of CompassPoint.

Person means any individual, trust, estate, partnership, association, company or corporation.

Substantial influence over CompassPoint. The following persons are deemed to have substantial influence over CompassPoint: each member of the Board of Directors; the officers of CompassPoint, and such persons' spouse, ancestors, children, grandchildren, great grandchildren, brothers, sisters and the spouses of the children, grandchildren, great grandchildren, brothers and sisters; and an entity in which such persons hold more than 35 percent of the control. Furthermore, any person who met one of these definitions in the five years before the proposed transaction is deemed, for purposes of this Policy, to have substantial influence over CompassPoint.

IV. Procedures

Duty to Disclose

Each employee shall disclose to the Chief Executive Officer all material facts regarding the affiliation of such employee with any person with whom CompassPoint is considering entering a transaction. The employee shall make that disclosure promptly upon learning of the link between that person and transaction.

The Chief Executive Officer and any other person with substantial influence over CompassPoint shall disclose to the Board all material facts regarding his or her affiliation with any person with whom CompassPoint is considering entering a transaction. The Chief Executive Officer or person with substantial influence shall make that disclosure promptly upon learning of the link between that person and the transaction. If there is a question as to whether the employee has substantial influence over CompassPoint, the Chief Executive Officer shall present this issue to the Board of Directors, and the Board shall resolve the matter.

At any meeting of the Board at which a transaction involving an affiliated person will be considered, a director shall disclose to the members of the Board all material facts regarding the director's affiliation with any person with whom the Board is considering entering into any transaction.

Determining Whether a Conflict of Interest Exists

With regard to an employee without substantial influence over CompassPoint, the Chief Executive Officer shall determine whether a conflict of interest exists.

With regard to the Chief Executive Officer, or a person with substantial influence over CompassPoint, the Board shall determine if a conflict of interest exists.

After an affiliation disclosure by a director at a Board meeting, the director shall leave the meeting while the implications of the affiliation are considered and voted upon. The remaining Board members shall determine if a conflict of interest exists.

Consequences of the Existence of a Conflict of Interest

With regard to an employee without substantial influence over CompassPoint, the Chief Executive Officer shall decide the appropriate response by CompassPoint once a conflict of interest has been determined to exist. An employee may appeal any adverse determination to the Board.

With regard to the Chief Executive Officer or a person with substantial influence over CompassPoint, the Board shall follow the procedures set forth in Article V in order to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are reasonable.

In the case of a director, if it is determined that a conflict of interest exists, the director shall leave the meeting while the transaction is discussed and shall not vote on it. The remaining directors shall follow the procedures set forth in Article V in order to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are reasonable.

V: Findings of the Board

If the Board of Directors determines that a person with substantial influence over CompassPoint (such person) has a conflict of interest with regard to a transaction of CompassPoint, CompassPoint may engage in the transaction only if the following conditions are met prior to the transaction:

- A. Such person shall disclose to the Board all material facts concerning the person's affiliation with the transaction.
- B. The Board shall review the material facts. The transaction may be approved only if a majority of the directors, not counting the vote of such person, concludes that:
 - (1) The proposed transaction is fair and reasonable to CompassPoint, and

- (2) CompassPoint proposes to engage in this transaction for its own purposes and benefits and not for the benefit of such person, and
- (3) The proposed transaction is the most beneficial arrangement which CompassPoint could obtain in the circumstances with reasonable efforts.

The minutes of any meeting at which such a decision is taken shall record the nature of the affiliation and the material facts disclosed by such person and reviewed by the Chair of the Board.

VI: Annual Statements

Each person who is deemed to have substantial influence over CompassPoint shall sign an Annual Disclosure Statement which 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 any direct or indirect affiliations.

All Annual Disclosure Statements shall be submitted to the Secretary of CompassPoint and filed with the minutes of the first meeting of the Board of Directors held each year.

VII: Remedies

Any director who fails to comply with this Conflict of Interest Policy may, in the discretion of the Board of Directors, be censured or be removed from the Board. If an employee who is deemed to have substantial influence over CompassPoint fails to comply with this Conflict of Interest Policy, he or she may be put on notice or terminated, in the discretion of the Board of Directors. Any other employee who fails to comply with this Conflict of Interest Policy may be put on notice or terminated, in the discretion of the Chief Executive Officer.

VIII: Periodic Reviews

To ensure that CompassPoint operates in a manner consistent with its charitable purposes and its status as an organization exempt from federal income tax, the Board shall authorize and oversee a periodic 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 AFFIRMATION AND DISCLOSURE STATEMENT

COMPASSPOINT

The Conflict of Interest Policy of CompassPoint requires an annual affirmation that you have received, read, understand, and agree to comply with the Conflict of Interest Policy. In addition, the Policy requires that you annually disclose (1) your affiliations with any organization with which CompassPoint may have a financial relationship, and (2) persons with whom you have a close relationship (such as a family member or close companion) who are affiliated with any organization with which CompassPoint may have a financial relationship.

Please sign this Statement indicating your affirmation as described above. Please disclose, in addition, any applicable affiliations known to you.

Please return this Statement to the Chief Executive Officer of CompassPoint by January 31.

Your name: _____ Date: _____

Business/Organization Nature of Relationship Dates of Relationship

Reviewed by: _____

Date: _____