

**CONFLICT OF INTEREST  
(COI)  
POLICY**

**Mountain Areas Conservancy Fund (MACF)**

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## Contents

Clause 1	Objective of COI Policy
Clause 2	Scope of COI Policy
Clause 3	Definitions
Clause 4	COI Reporting Lines in MACF's Hierarchy
Clause 5	Declaration of Interest
Clause 6	Interpretation of this Statement of Policy
Clause 7	Determining Whether a Conflict Exists
Clause 8	Procedures for Managing a Conflict of Interest
Clause 9	Recordings of Proceedings
Clause 10	Declaration
Clause 11	Acceptance of Policy
Clause 12	Review of Policy

## **Clause1**

### **Objective of COI Policy**

Identifying and managing conflict of interest (COI) is central to shaping ethical culture in non-profit organizations such as Mountain Areas Conservancy Fund ('MACF' for short). MACF recognizes the reality of people holding a wide range of legitimate interests outside the work place, it is the duty of directors/members/employees and all those associated with MACF's work to ensure that these interests do not create a conflict of interest or a perception of a conflict of interest. MACF's conflict of interest policy sets out guidelines on how to deal with such situations in order to protect its organizational interests and reputation and to prevent its work from being compromised as a result of filial or business connections of its employees at all levels and grades, including senior managers, officers, directors, board members.

The objective of this policy, therefore, is to protect MACF, its board members and its employees from potentially damaging instances of impropriety arising from conflict of interest issues.

## **Clause2**

### **Scope of COI Policy**

This COI Policy establishes guidelines and procedures regarding timely and proper disclosure of potential conflict of interest, where an employee or board member may have or develop a conflict in relation to another party that has dealings with MACF. Disclosure is necessary to enable the management and Board of Governors of MACF to set in motion procedure to review conflict of interest on case-to-case basis, in order to protect MACF's reputation and institutional integrity.

While this policy is not intended to detail all situations giving rise to a potential conflict of interest, it is mandatory that each, real or perceived, conflict of interest issue is signposted to appropriate members of the MACF in the management chain.

COI policy applies to the members of the Board of Directors, members of the Executive Council, employees at all levels and grades who can influence MACF's decisions, including senior managers, officers, directors, of MACF.

## **Clause3**

### **Definitions:**

For the purposes of this policy,

**Interested Person:** an Interested person is any person serving as an officer, employee or member of the board of directors of MACF, who is involved in a material (real) or apparent (perceived) conflict of interest situation.

**Conflict of Interest:** The following circumstances shall be deemed to create Conflicts of Interest situation:

A. Outside Interests.

(i) A Contract or Transaction between MACF and an Interested Person or Family Member.

(ii) A Contract or Transaction between MACF and an entity in which a Interested 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) An Interested Person competing with MACF in the rendering of services or in any other Contract or Transaction with a third party. (ii) An Interested Person 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 entity or individual that competes with MACF in the provision of services or in any other Contract or Transaction with a third party.

C. Gifts, Gratuities and Entertainment;

An Interested Person accepting gifts, entertainment, or other favors from any individual or entity that:

(i) does or is seeking business with, or is a competitor of MACF; or

(ii) has received, is receiving or is seeking to receive a loan or grant, or to secure other financial commitments from MACF;

(iii) is a charitable organization; under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Interested 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 MACF.

**Family Member:** 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 an Interested Person.

**Material Financial Interest:** 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 an Interested Person's or Family Member's judgment with respect to transactions to which the entity is a party.

If any employee/member/director is in any doubt about whether conflict of interest applies in a particular case, he/she should speak to Reporting officer in MACF Hierarchy at the earliest.

#### **Clause4**

##### **COI Reporting Lines in MACF's Hierarchy**

1. Employee/director/member report to Company Secretary.
2. Company Secretary report to Chief Executive Officer (CEO)
3. CEO should declare any potential conflict of interest in the meeting of the Board with required quorum in attendance.

#### **Clause5**

##### **Declaration of Interest**

The declaration of interest applies not only to members of the Board of Director, members of the Executive Council, Executive Director, Chief Operating Officer, Directors, Chiefs, Managers and Specialists and Officers, but also to any other employee who can potentially influence MACF's decisions. For example, this holds valid for employees charged with making procurement decisions, proposal vetting, management decisions at any level, or those with access to proprietary information effecting the interests and reputation of MACF.

#### **Clause 6**

##### **Interpretation of this Statement of Policy**

The situations and relationships which can give rise to a conflict of interest as listed above are by no means exhaustive. Therefore, conflict of interest is likely to arise in others areas and relationships as well. It is expected that members of the Board of Director, members of the Executive Council, Executive Director, Chief Operating

Officer, Directors, Chiefs, Managers and Officers of MACF will be able to identify conflict of interest in areas and relationships not listed in this document, by drawing analogy with the listed areas and relationships.

In some cases a conflict of interest may be apparent (perceived), but it may not amount to a material (or real) conflict of interest. On the other hand, an apparent conflict of interest may turn out to be an actual conflict of interest upon disclosure of all material facts. Therefore, apparent conflict of interest has to be handled on a case to case basis, and it is MACF's policy that there will be disclosure before execution of the transaction in question.

It is incumbent on the members of the Board of Directors, members of the Executive Council, employees at all levels and grades who can influence MACF's decisions, including senior managers, officers, directors, of MACF to continually assess their transactions, business interests and relationships for potential conflict of interest and to make appropriate disclosures where conflict of interest is remotely perceived .

## **Clause 7**

### **Determining Whether a Conflict Exists**

In case of a clear filial or business conflict of interest, the person will declare the interest and remove himself or herself from the decision-making process. This shall be duly recorded in the minutes, notes for record or other appropriate record-keeping documents.

In case of an ambiguity, the reporting officer in MACF Hierarchy shall bring the material or apparent conflict of interest issue before the Board and Board will then convene Conflict Resolution Committee (CRC), comprising of a minimum of 3 members for further consultation.

In cases where a nominated member of the committee may have conflict of interest and may also be categorized as an interested person, that committee member will be replaced with another member from the Board of Director of MACF.

CRC will thus make a final determination of whether a conflict exist or not.

## **Clause 8**

### **Procedures for Managing a Conflict of Interest**

#### **8.1 Removing Interested Person from Decision Making**

The best way to manage a conflict of interest is by removing the interested person from the decision making process.

#### **8.2 Transactions with Parties with Whom a Conflicting Interest Exists**

Transactions with parties with whom a conflicting interest exists, may be undertaken if the conflict of interest is fully disclosed and the person with the conflict of interest is excluded from the approval process of such transaction. However, if the interested person's technical skill is deemed to be critical for the purpose of that transaction, then the CRC, upon consultation among its members, may allow the person to take part in the discussion process. However, the interested person can never play a role in the approval process and also, the interested person should exercise care not to disclose confidential information acquired in the discussion process, the disclosure of which might be adverse to the interests of MACF. Furthermore, an interested person will not disclose or use information acquired in the discussion process or otherwise, for the personal profit or for advantage of a Family Member.

If CRC deems the conflict of interest to be insignificant and/or the expertise of the person in question is critical to the process, then the following procedure should be followed:

1. The interested person will make a presentation at the meeting of the CRC explaining why the conflict is insignificant.
2. The presentation will be followed by discussion and vote in the absence of the interested person to determine whether transaction triggering conflict of interest should go ahead or not.

## **Clause 9**

### **Recordings of Proceedings**

The minutes of the meeting of the CRC shall contain:

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 material, and the Committee's decision as to whether a conflict of interest in fact existed.
2. The names of the persons who participated in the discussion and accurate recording of the transaction or arrangement, the content of the discussion, any alternatives to the proposed transaction or arrangement, and a record of any votes taken in relation to the issue under discussion .

## **Clause 10**

### **Disclosure**

It is Mandatory for every interested person to disclose any possible conflict of interest by identifying any relationship, positions, or circumstances in which the interested person is involved that he/she believes contribute to or result in a conflict of interest. Disclosure should be made as soon as possible to ensure an early resolution without negative consequences at a later stage.

Any such information regarding the business interests of an interested person or a Family Member will be treated as confidential and will generally be made available only to the Company Secretary, the C.E.O and CRC except to the extent that additional disclosure is necessary in connection with the implementation this policy.

## **Clause 11**

### **Acceptance of Policy**

Each new interested person will be required to review a copy of this policy and to acknowledge in writing that he/she has reviewed the policy, understand the contents and agrees to be bound by it.

## **Clause 12**

## **Review of Policy**

This policy will be reviewed at least annually by the Board of Directors. Any changes to the policy will be communicated immediately to all interested persons.