

## 103 – Conflict of Interest

*Who is subject to this policy:* All Safe Horizon Employees  
*Issued by:* Safe Horizon Inc.  
*Date Issued:* July 2016

### I. PURPOSE

The purpose of the conflicts of interest policy is to protect the interest of Safe Horizon, Inc. (“Safe Horizon”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Interested Person defined below. This policy is intended to supplement, but not replace, any federal and state laws governing conflicts of interest applicable to nonprofit, tax exempt and charitable corporations.

### II. DEFINITION

#### A. Interested Person

Any director, officer or employee of Safe Horizon is an Interested Person.

#### B. Financial Interest

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

1. an ownership or material investment interest in any entity with which Safe Horizon has a transaction or arrangement (other than an ownership interest in a corporation whose stock is publicly traded unless the person has a controlling interest in such corporation), or
2. a compensation arrangement with any entity or individual with which Safe Horizon has a transaction or arrangement, or
3. a potential ownership or material investment interest (other than an ownership interest in a corporation whose stock is publicly traded unless the person has a controlling interest in such corporation) in, or compensation arrangement with, an entity or individual with which Safe Horizon is considering a transaction or arrangement.

#### C. Compensation

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

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### D. Family

Family includes spouse, domestic partner, ancestors, siblings (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses or domestic partners of siblings, children, grandchildren, and great-grandchildren.

E. An Interested Person having a Financial Interest and/or affiliation with another entity (*e.g.*, serving as a director, officer or employee) does not necessarily constitute a conflict of interest. Safe Horizon may enter into a transaction or arrangement with such Interested Person, or with the entity or individual with which such Interested Person has a Financial Interest or affiliation, as long as such transaction or arrangement is fair, reasonable, and in the best interest of benefits Safe Horizon. The Board or a designated committee of the Board (for directors, and officers, and Executive Team members), or the Chief Executive Officer or his or her designee (for all other employees), will decide whether Safe Horizon may enter into a transaction or arrangement with such Interested Person or such entity or individual with which such Interested Person has a Financial Interest or affiliation.

## III. DUTY TO DISCLOSE

A. Each Interested Person must disclose the nature and existence of his or her Financial Interest and/or affiliation with another entity in accordance with the procedures set forth in articles VI and VII of this Policy.

### B. Annual Statement

1. Each director, officer and managerial employee shall annually sign a statement, which discloses any existing conflicts and affirms that such person:

- (a) has received a copy of this conflicts of interest policy,
- (b) has read and understands this policy, and
- (c) agrees to comply with the policy.

2. If a potential conflict of interest that has not been previously disclosed in an Annual Statement arises, the Interested Person (including an employee who is not required to file Annual Statements under this policy) will promptly disclose in accordance with the procedures set forth in articles VI and VII of this Policy such potential conflict of interest, including the nature and existence of his or her Financial Interest and/or affiliation with another entity.

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3. The completed Annual Statements, or any additional disclosures, are confidential and shall be provided to the following persons:

- (a) Audit Committee, or Assistant Secretary of the Corporation (General Counsel) as the Audit Committee's designee, who shall provide a copy of completed Annual Statements to the Chair of the Audit Committee, if the Interested Person is a director or officer; or
- (b) Chief Executive Officer, or General Counsel as the Chief Executive Officer's designee, if the Interested Person is an employee.

4. The completed Annual Statements are confidential and access to such forms will be restricted as follows:

(a) Access to the Annual Statements completed by directors and officers will be limited to the members of the Audit Committee, the General Counsel and Chief Executive Officer.

(1) However, if a transaction or an arrangement is contemplated with an Interested Person which may pose a conflict of interest, the Audit Committee may disclose information contained in such Interested Person's Annual Statement to the Board or the committee contemplating the transaction or arrangement as contemplated in Article VI below.

(2) The Chief Executive Officer and/or the General Counsel may disclose information contained in an Interested Person's Annual Statement as required by any governmental body or agency, but shall not release the Annual Statement itself.

(b) Access to the Annual Statements completed by employees, other than forms completed by employees who are also officers of the Board, will be limited as determined by the Chief Executive Officer.

5. Prior to joining the Board, directors shall complete, sign, and submit to the Assistant Secretary of the Corporation (General Counsel) an Annual Statement that meets the requirements set forth in paragraph 1 of this Section. The Assistant Secretary of the Corporation shall provide a copy of all completed statements to the Chair of the Audit Committee.

### C. Violations of the Conflict of Interest Policy

1. If Safe Horizon has reasonable cause to believe that an Interested Person has failed to disclose actual or potential conflicts of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to review, remedy and/or explain the alleged failure to disclose to the Board or Audit Committee (if the Interested Person is a director or officer), or the Chief Executive Officer or his or her designee (if the Interested Person is an employee).

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2. If, after hearing the response of the Interested Person who is a director or officer and making such further investigation as may be warranted in the circumstances, the Audit Committee determines that the Interested Person has failed without appropriate mitigation to disclose an actual or possible conflict of interest, the Board may in its discretion take disciplinary and corrective action, including removal from the Board.
3. If, after hearing the response of the Interested Person who is an employee and making such further investigation as may be warranted in the circumstances, the Chief Executive Officer or his or her designee determines that the Interested Person has failed without appropriate mitigation to disclose an actual or possible conflict of interest, the Chief Executive Officer or his or her designee may in his or her discretion take disciplinary and corrective action, including termination.

## **IV. COMPENSATION**

Directors and officers who receive compensation, directly or indirectly, from Safe Horizon, whether as employees or independent contractors, may not be present at or otherwise participate in any Board or committee deliberation or vote concerning such person's compensation. No director or officer, either individually or collectively, is prohibited from providing information to any committee regarding officer or director compensation prior to the commencement of deliberations or voting relating thereto.

## **V. CORPORATE OPPORTUNITIES**

Each Interested Person owes a duty to Safe Horizon to advance Safe Horizon's interest when the opportunity to do so arises. Each Interested Person is prohibited from taking for himself or herself or directing to a third party any business opportunity, including a funding opportunity, that is discovered through the use of Safe Horizon's resources, information or position, unless Safe Horizon has already been offered or considered and declined the opportunity. More generally, each Interested Person is prohibited from competing with Safe Horizon or using Safe Horizon resources, information or position for personal gain to the exclusion of Safe Horizon.

## **VI. PROCEDURES FOR THE BOARD OF DIRECTORS**

A. When the Interested Person is a director, officer, or Executive Team member, and Safe Horizon is considering a transaction or arrangement with that Interested Person, his or her Family, or an entity with which that Interested Person or Family has a Financial Interest and/or an affiliation, the following procedure will be followed by the Board:

1. Any potential transaction or arrangement described above shall be reviewed by the Audit Committee *in advance*. After disclosure of the Financial Interest and/or affiliation and all material facts, and after any discussion with the Interested Person, such Interested Person

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shall leave the Audit Committee meeting while the determination of a conflict or interest is discussed and voted upon. The Audit Committee shall decide if adequate disclosure has been made by the Interested Person.

2. If the Audit Committee determines that an adequate disclosure has been made, the Audit Committee may approve the transaction or arrangement if they deem it fair, reasonable, and in the best interest of Safe Horizon. In addition, if the Interested Person has a substantial financial interest in the transaction, as reasonably determined by the Audit Committee, the Audit Committee shall consider alternative transactions to the extent available.
3. An Interested Person may make a presentation at the Committee meeting, but after such presentation, such Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that may constitute a conflict of interest. The Committee may approve the transaction or arrangement by not less than a majority vote of the Committee members present. The Interested Person involved shall not be counted for quorum purposes and may not vote on the transaction or arrangement. Additionally, the Interested Person shall not attempt to improperly influence the deliberation or voting on the matter giving rise to such conflict.

B. When the Audit Committee considers a transaction or arrangement involving an Interested Person, pursuant to the requirements of this Section, the minutes of the Audit Committee shall contain:

1. The names of the Interested Person who disclosed or otherwise were found to have a Financial Interest and/or an affiliation with another entity in connection with the considered transaction or arrangement, the nature of the Financial Interest and/or affiliation, and the Audit Committee's determination as to whether adequate disclosure has been made.
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 therewith.

C. The Audit Committee will report annually, or more often as needed, to the Board of Directors regarding the following:

1. The result of the Audit Committee's review of the Annual Statements;
2. The status of the Board's compliance with the Conflicts of Interest Policy; and
3. The Audit Committee's recommendations for changes to the policy, if any.

## **VII. PROCEDURES FOR EMPLOYEES**

The Chief Executive Officer will implement, or cause to be implemented, procedures for employees to disclose potential conflicts of interest. The procedures are as follows:

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1. The Chief Executive Officer designates the General Counsel and his or her staff to collect and review completed Annual Statements from employees. The Chief Executive Officer also authorizes the Office of General Counsel to approve transactions or arrangements as described in Article II.E above. Transactions or arrangements involving interested Executive Team members, however, shall remain subject to the procedures described in article VI above. The Office of General Counsel will keep confidential completed Annual Statements from employees, but is authorized to share the information as necessary to protect the interest of Safe Horizon.
2. Annually, Senior Team members, as well as any employee who is requested by the Chief Executive Officer or his or her designee to do so, must complete and sign Annual Statement and return it to the Office of General Counsel.
3. If a potential conflict of interest that has not been previously disclosed in an Annual Statement arises, the employee (including an employee who is not required to file Annual Statements under this policy) must promptly disclose such conflict of interest to the Office of General Counsel.
4. Supervisors who become aware of any conflict of interest involving an employee they supervise must report all potential conflicts of interest to the Office of General Counsel. A conflict of interest arises whenever an employee participates in an organizational decision (e.g., hiring a consultant, accepting clients for services) while having a competing personal, professional or financial interest that may create an appearance of impropriety, or make it difficult for the employee to fulfill his or her duty to Safe Horizon.