Conflict of Interest Policy

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1. Introduction

This conflict of interest policy ("Policy") is applicable to all members of Worldreader Boards ("Worldreader Board Members"), as well as directors, officers, employees, volunteers and others of Worldreader entities ("Worldreader Staff").

2. General

All Worldreader Board Members and Worldreader Staff owe a duty of loyalty to Worldreader. The duty of loyalty requires that they exercise their powers in good faith and in the best interests of Worldreader, rather than in their own interests or the interests of another entity or person.

Conflicts between the interests of Worldreader and the personal or financial interests of an Interested Person may arise from time to time. Some conflicts of interest are illegal or may subject Worldreader or its directors and officers to liability. Some conflicts of interest though legal, may be unethical or create an appearance of impropriety. Some conflicts of interest may be in the best interests of Worldreader so long as certain procedures are followed.

Potential conflicts of interest should be disclosed promptly in accordance with this Policy. This Conflict of Interest Policy is designed to assist Worldreader, Worldreader Board Members and Worldreader Staff to identify conflicts of interest and handle them appropriately. Neither Worldreader nor any Interested Person shall enter into any transaction or arrangement that involves an actual, potential, or apparent conflict of interest except in compliance with this Conflict of Interest Policy.

3. Conflict of Interest

A conflict of interest arises whenever the interests of Worldreader come into conflict with a competing financial or personal interest of an Interested Person or an Affiliated Party (as defined below), or otherwise whenever an Interested Person's personal or financial interest could be reasonably viewed as affecting his or her objectivity or independence in fulfilling their duties to Worldreader. While it is not possible to anticipate all possible conflict situations, conflicts of interest typically arise whenever an Interested Person, or any Affiliated Party (directly or indirectly):

1. enters into a compensation arrangement or has any other interest in a transaction with Worldreader;
2. enters into a compensation arrangement or has any other interest in or affiliation (unless insignificant or lacking in materiality) with any entity
or individual that: (a) sells goods or services to, or purchases goods or services from, Worldreader; (b) competes with the Worldreader; or (c) Worldreader has, or is negotiating, or contemplating negotiating, any other transaction or arrangement;

3. uses his or her position, or confidential information or the assets of Worldreader to his or her personal advantage or for an improper or illegal purpose;

4. solicits or accepts any gift, entertainment, or other favor where such contribution might create the appearance of influence on the Interested Person (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction);

5. acquires any property or other rights in which Worldreader has, or the Interested Person knows or has reason to believe at the time of acquisition that Worldreader is likely to have, an interest;

6. pursues an opportunity related to the activities of Worldreader that is available to Worldreader or to the Interested Person, unless the relevant Worldreader Board has made an informed decision that Worldreader will not pursue that opportunity;

7. becomes indebted to Worldreader, other than for amounts due for ordinary travel and expense advances; or

8. enters into any other situation that may, in fact or in appearance, make it difficult for the Interested Person to exercise independence, objective judgment or otherwise perform effectively.

4. Definitions

“Affiliated Party” means a member of the Interested Person’s family (including spouses and their siblings, lineal ancestors and descendants, spouses of lineal descendants, siblings and their spouses and children, and domestic partners), or any entity in which the Interested Person (or any Affiliated Party) is a director, officer, or has a beneficial interest of more than 5%.

“Interested Person” means anyone who has the ability to exercise substantial influence over Worldreader’s decisions. This includes:

1. All Worldreader Board Members; and
2. Worldreader Staff who are directors or officers or are identified by directors or officers as having the ability to exercise substantial influence over Worldreader's decisions.

5. Disclosure of an Actual, Potential or Apparent Conflict of Interest

5.1  Ad hoc disclosure of Conflicts of Interest

Conflict identification and analysis can be difficult and, therefore, Worldreader Board Members and Worldreader Staff are at all times expected to err on the side of caution and promptly notify all material facts of any matters that may involve conflicts of interest or be perceived by others to raise questions about potential conflicts even if the person does not believe that an actual conflict exists. Disclosure of the conflict must occur in advance of any action being taken on the matter. After disclosing, the reporting Worldreader Board Member or Worldreader Staff shall abstain from further discussion of the potential conflict.

5.2  Annual disclosure of Conflicts of Interest by Interested Persons

In addition, Interested Persons shall complete a Conflict of Interest Declaration each year, disclosing any actual, potential or apparent conflicts, and affirming that they have read, understand, and have and will continue to adhere to this Conflict of Interest Policy. They shall also submit a new Conflict of Interest Declaration disclosing any relevant change in circumstances, in accordance with 5.1 above.

5.3  Submission of Conflict of Interest Declarations

1. Worldreader Board members must complete a Conflict of Interest Declarations and submit it to the Secretary of the local Board;

2. Worldreader Staff must complete a Conflict of Interest Declarations Monday Form, which will reach the Compliance & Legal Director.

6. Evaluation of an Actual, Potential or Apparent Conflict of Interest
6.1 Evaluation of Conflict of Interest Declarations by Worldreader Board Members

The Secretary and the President of the local Board will evaluate Conflict of Interest Declarations by Worldreader Board Members and make other necessary inquiries to determine the extent and nature of any actual or potential conflict of interest and, if appropriate, investigate alternatives to the proposed transaction or arrangement. The Secretary and the President shall report to the disinterested members of the Board for resolution. After disclosure of the potentially conflicting interest and all material facts, and after answering any questions, the Interested Person shall recuse himself or herself from deliberations and voting relating to the matter and shall refrain from attempting to influence other decision-makers relating to the matter. However, as a member of the Board or committee, an interested director may be counted in determining the establishment of the quorum at a meeting relating to the matter.

6.2 Evaluation of Conflict of Interest Declarations by Worldreader Staff

The Compliance & Legal Director will evaluate Conflict of Interest Declarations by Worldreader Staff with the assistance of the HR Director and make other necessary inquiries to determine the extent and nature of any actual or potential conflict of interest and, if appropriate, investigate alternatives to the proposed transaction or arrangement. The Compliance & Legal Director shall report his or her proposed resolution of the conflict to the declarant’s manager and/or make recommendations.

7. Resolution of an Actual, Potential or Apparent Conflict of Interest

7.1 Resolution of Conflict of Interest Declarations by Worldreader Board Members

Worldreader may enter into a transaction or other arrangement in which there is an actual or potential conflict of interest only if at a duly held meeting of the Board a majority of those directors (if a quorum is present at such time) who have no interest in the transaction or arrangement approve the transaction or arrangement after determining, in good faith and after reasonable inquiry, that:

1. entering into the transaction or arrangement is in the best interests of Worldreader, while considering Worldreader’s mission and resources, and the possibility of creating an appearance of impropriety that might
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impair the confidence in, or the reputation of, Worldreader (even if there is no actual conflict or wrongdoing);

2. the transaction or arrangement in its entirety, and each of its terms, are fair and reasonable to Worldreader;

3. after consideration of available alternatives, Worldreader could not have obtained a more advantageous arrangement with reasonable effort under the circumstances;

4. the transaction or arrangement furthers Worldreader’s mission and charitable purposes; and

5. the transaction or arrangement is not prohibited under state law and does not result in private inurement, an excess benefit transaction or impermissible private benefit under laws applicable to tax exempt organizations.

7.2 Resolution of Conflict of Interest Declarations by Worldreader Staff

The declarant and his or her manager will take account of the Compliance & Legal Director’s proposed resolution and recommendations.

8. Records of Conflict Disclosures and Proceedings

The minutes of the Board or any committee meeting during which a potential or actual conflict of interest of a Worldreader Board Member is disclosed or discussed shall reflect the name of the Interested Person, the nature of the conflict, and details of the deliberations of the disinterested directors (such as documents reviewed, alternatives considered, comparative costs or bids, market value information and other factors considered in deliberations) and the resolution of the conflict including any ongoing procedures to manage any conflict that was approved. The Interested Person shall only be informed of the final decision and not of particular directors’ positions. In addition, certain related party transactions may be required to be disclosed in the notes to Worldreader’s audited financial statements and annual tax filing (e.g. Form 990).

9. Compliance

If a Board, in the case of a Worldreader Board Member, or the Compliance & Legal Director, in the case of Worldreader Staff, has reasonable cause to believe that a Worldreader Board Member or Worldreader Staff has failed to
comply with this Conflict of Interest Policy, they may make such further investigation as may be warranted in the circumstances to determine if the Worldreader Board Member or Worldreader Staff has in fact failed to comply with this Conflict of Interest Policy.

Worldreader reserves the right to take appropriate action which may include removal from office, disciplinary action or termination for failure to comply with this Policy.

10. Related policies

- Whistleblowing Policy
- Code of Conduct
- Third Party Due Diligence Policy
- Acceptable Gifts Policy (*forthcoming*)
- Anti-Money Laundering Policy (*forthcoming*)
- Accounting Policy

11. Responsible Department

The **Compliance & Legal** Department is responsible for maintaining this Policy and resolving any doubts regarding its interpretation.

Any questions or concerns that arise as to this Procedure should be directed to Worldreader’s Compliance Officer: compliance@worldreader.org.