

## **Executive Committee -Conflict of Interest policy**

Policy Number:	Version:
Drafted by:	Approved by EC: Feb. 01, 2020
Responsible person:	Scheduled review date: Feb. 01, 2023

### **Introduction:**

The Governing body of HDCS, the Executive Committee (EC) and General Assembly (GA), is committed to high standards of ethical conduct and accordingly place great importance on making clear any existing or potential conflict of interest.

### **Purpose**

This policy has been developed to provide a framework for;

- All governing members in declaring conflicts of interest
- And for the governing members, when determining how to deal with situations of conflict

### **Policy**

A conflict of interest may occur if a financial interest or a relationship influences or appears to influence the ability of the member to exercise objectivity.

The EC places great importance on making clear any existing or potential conflicts of interest. All such conflicts of interest must be declared by the member concerned. All financial conflicts must be documented in the EC's conflict of interest register.

Where a governing member has an actual or perceived financial or relational conflict of interest, that member shall not initiate or participate in any EC discussion on that topic (either in the meeting or before the meeting) unless asked to do so by unanimous agreement of those members present.



Where a governing member has an actual or perceived financial conflict of interest, that member shall not vote on that matter.

Where a governing member has an actual or perceived conflict of interest related to their relationship with an employee or volunteer of the organization, or recruitment of personnel, or any other person having dealings with the organization, that member shall not vote on that matter, unless expressly authorized to do so by the EC.

Where a governing member (EC and GA) has an actual or perceived conflict of interest related to the recruitment of staff or governing members, that member shall not sit in on the interview nor vote on that matter unless expressly invited to do so.

The EC may further supplement the definition of conflict of interest from time to time if it so wishes, and may specify the procedures to apply in such cases.

Governing members are not barred from engaging in business dealings with the organization provided that these are negotiated at arm's length without the participation of the member concerned.

A governing member who believes that another member has an undeclared conflict of interest should specify in writing to the secretary the basis of this potential conflict of interest.



## **HDCS Employee - Conflict of Interest Policy**

**Purpose:** This policy describes the HDCS Conflict of Interest policy. This policy is based upon the HDCS Board policy adopted February 2020. The purpose of this policy is to establish the guidelines and authority to assist HDCS in identifying, disclosing, and resolving potential conflicts of interest.

**Scope:** This policy applies to all HDCS staff (covering all employment categories including without limitation full-time, part-time, temporary, and contract employees), summer students, interns and volunteers based in Nepal.

**Policy:** As employees of a faith-based organization, we all have a responsibility in carrying out our duties to be good stewards of what God has entrusted to HDCS and to conduct the affairs of HDCS in an ethical manner. Even the appearance of impropriety can be damaging to our organization. This means that we must avoid conflicts—actual or potential—between the interests of the organization and our own personal financial or other interests.

This Conflict of Interest Policy is intended to remind us of this responsibility and to ensure that actual and potential conflicts of interest are disclosed, considered and handled appropriately.

- I. **Requirements:** Each HDCS employee (referred to as a “HDCS person”) will:
- I. In carrying out his or her duties on behalf of HDCS, or in dealing with others in the carrying out of their duties, put the interests of HDCS ahead of his or her own direct or indirect financial or other interests;
  - II. Refrain or withdraw from any transaction or relationship concerning any matter which is determined to constitute or involve a conflict of interest (actual or potential) under this policy; and
  - III. Disclose actual and potential conflicts of interest as required under this policy. The requirements of above may affect the person’s HDCS duties or his or her relationship with an outside firm or person. For example, a HDCS employee’s duties could be revised so the person has no involvement in decisions about whether to do business with a company owned by his/her relative. Or a HDCS person might be required to resign from the board of a done organization, or divest himself or herself of stock in a supplier company, as a condition of continued HDCS employment membership.

As noted above, indirect as well as direct interests are covered. An “indirect” interest of a HDCS person is one in which any of the



following have an interest:

- Any individual related by blood or marriage to the HDCS person. (Such individual is hereinafter referred to as a "relative" of the HDCS person.)
- An estate or trust of which the HDCS person or his or her relative is a beneficiary, personal representative or trustee.
- An organization (company, partnership, sole proprietorship or other form of organization) in which a relative of the HDCS person has an ownership interest, or of which a relative of the HDCS person is an officer, director or employee.

In the case of an indirect conflict of interest, the HDCS person may be required to seek to have the relative (or estate, trust or organization described above) refrain or withdraw from such participation.

## **II. Acceptance of Gifts:**

- I. Employees, or any member of their immediate families:
  - I. May not accept, directly or indirectly, gifts of more than token value which are in any way connected with the business of, or matters involving, the organization. Examples of acceptable gifts include:
    - I. Gifts of small value from vendors such as calendars, pens, mugs, candy, flowers, etc. (typically contain vendor's logo).
    - II. Tickets to events (such as sports, arts, etc.) are acceptable if offered by the vendor and the vendor accompanies the employee to the event. These are not to be solicited by the HDCS employee.
  - II. Must fully disclose in writing to the Finance Manager (or designee) about any gift with a value of NRs. 5,000 or more, excluding meals.
  - III. Are prohibited from soliciting gifts, contributions or gratuities, and/or services from vendors or suppliers that benefits the employee or his/her immediate family.
  - IV. May not accept the use of vendor or supplier property, airplane transportation, or trips (including trips sponsored by the vendor or supplier) without prior written approval of the Executive Director, or his/her designee.
  - V. Lunch and/or dinner with vendors may be taken occasionally including spouses as long as the invitation by the vendor is not improper (not aligned with HDCS's values), frequent or expensive.
  - VI. Are not to accept, directly or indirectly, entertainment in excess of usual and reasonable limits that are a normal and acceptable part of regular business activity. For example, tickets to sporting or other



events, lunches, dinners, golfing dates and entertainment may be accepted if modest and appropriate and consistent with normal business customs.

- II. Questions to consider when deciding whether to accept a gift or entertainment:
  - I. Is the gift or entertainment appropriate to the circumstance?
  - II. Is the gift or entertainment appropriate to my business relationship with the giver? Does this bias my decision making to favour this vendor over others?
  - III. How would my acceptance of this gift or entertainment look to other HDCS employees?
  - IV. Is it possible to share the gift with my co-workers?
  - V. How frequently have I received a gift from or been entertained by the same person or organization?

If an employee has a question regarding the appropriateness of a gift or if they are the sole decision-maker, the employee should consult with the Executive Director for a determination of the proper course of action.

### III. Examples of Conflicts of Interest

The following are examples of actual or potential conflicts of interest covered under this policy:

- An employee receives a gift or loan from an existing or prospective supplier to HDCS.
- An employee (or her husband, son or daughter, or other relative) is on the Executive Board of an organization which receives, or hopes to receive, benefits through a HDCS project. The person's position in HDCS is such that she may be able to influence the decision regarding the benefits to be received by such organization.
- An employee or employee's family member negotiates to sell or lease property to HDCS.
- An employee's relative is part owner of a firm which carries out building maintenance services for HDCS.

The above list is intended to illustrate examples of actual or potential conflicts of interest and is, of course, not exhaustive.

### III. Disclosure of Actual or Potential Conflicts of Interest

- I. Current and Prospective Disclosure. It is the continuing responsibility of all HDCS persons to scrutinize their transactions and outside



business interests and relationships, and to make immediate disclosure in writing of any transactions or relationships which may be considered to represent actual or potential conflicts. Disclosure is to be made as soon as the person becomes aware of the conflict, and if possible, prior to entering into the transaction or relationship involved. **IF IN DOUBT ABOUT WHETHER SOMETHING IS A CONFLICT, PLEASE DISCLOSE, SO IT CAN BE FURTHER DISCUSSED.**

- II. Annual Disclosure Statement. In addition to any disclosures made every year certain designated employees will complete a Disclosure Statement in the form attached, or such revised form as the organisation may designate. Such designated persons generally will be officers of the corporation, senior management, and possibly other specialized positions such as procurement staff, with specific individuals determined each year by the Human Resource and Legal departments. The Disclosure Statement is essentially a “snapshot” of business relationships as of the date of the Statement, and a summary of transactions during the preceding fiscal year, which might be considered to present issues of actual or potential conflicts of interest under this policy. Generally, the timeframe for completing this annual statement is during the month of July; however, the organization may choose to require the completion at an alternative time.
- III. Who Receives Disclosures? Disclosures are to be submitted to the Human Resource.
- IV. Confidentiality. Disclosures submitted under this policy will be considered confidential and will only be communicated on a need to know basis.
- V. Disciplinary action. Any breach of this policy, including failure to make timely, complete, and accurate disclosure of an existing or potential conflict of interest, shall subject the person involved to appropriate disciplinary action, up to and including termination of employment.

#### **IV. Interpretation of Policy**

The mere fact that a HDCS person is, for example, affiliated in some way with an organization which receives HDCS funding, does not necessarily result in a conflict of interest, depending on the person's specific roles/duties for HDCS and for the other organization. Similarly, the fact that a particular situation does not fit squarely within one of the examples listed above does not necessarily mean that no conflict of interest is present.

Accordingly, determinations may be necessary about whether any given situation in fact constitutes a conflict of interest, or whether a potential



conflict may be permissible (on the basis that it will not affect the HDCS person's performance of his or her duties to HDCS and is therefore not material). In making such determinations, the objective is to ensure that actual conflicts are eliminated, and to err on the side of avoiding even the appearance of potential conflicts.

Such final determinations will be made jointly by the Executive Director/ Chairman of Board and Human Resource Manager. Determinations on any situations involving the General Counsel or the Chief People Board of Directors/ Executive Director will be made as EC conflict of interest policy.

