



Minnesota Furs Policy on Conflicts of Interests and Disclosure of Certain Interests

Conflict of Interest and Compensation Policy of Minnesota Furs ("the Corporation")

Adopted by the Board of Directors on June 9th, 2021

I. Overview

1. Purpose

The purpose of this Conflict of Interest and Compensation Policy (the "policy") is to identify situations and protect the Corporation's interests when it is considering taking an Action/Transaction or entering into a Transaction that might benefit the private interests of a Director, Officer or **Key Person**¹; or otherwise violate Minnesota Statute (§ 317A.255), the Corporation's Bylaws (Article VIII, Section 3), and/or federal laws governing Conflicts of Interest applicable to nonprofit, charitable organizations. In the event there is an inconsistency between the requirements and procedures prescribed herein and those in section 317A.255, the statute shall control, except as it may be limited by VIII Section 3 of the Bylaws.

2. Why is a policy necessary?

As a nonprofit, charitable organization, the Corporation is accountable to both government agencies and members of the public for responsible and proper use of its resources. Directors, Officers and Volunteers have a duty to act in the Corporation's best interests and may not use their positions for their own financial or personal benefit. This policy provides a procedure, if observed, will allow for binding and valid Actions, Contracts, and Transactions.

Conflicts of Interest must be taken very seriously since they can damage the Corporation's reputation and expose both the Corporation and affiliated individuals to legal liability if not handled appropriately. Even the appearance of a conflict of interest should be avoided, as it could undermine public support for the Corporation.

3. To whom does the policy apply?

This policy applies to all Directors², Officers and Key Persons ("you")³.

¹ **Key person** means a person, other than a director or officer, whether or not an Volunteer of the Corporation, who:

- has responsibilities, or exercises powers or influence over the Corporation as a whole similar to the responsibilities, powers, or influence of directors and officers;
- manages the Corporation, or a segment of the Corporation that represents a substantial portion of the activities, assets, income, or expenses of the Corporation; or
- alone or with others controls or determines a substantial portion of the Corporation's capital expenditures or operating budget.

² Directors and officers are members of the Corporation's Board of Directors and as individuals are "Trustees"

³ Organizations may choose to make the policy applicable to all of their Volunteers, not just key persons.

II. Identifying Conflicts of Interest

1. **What is a conflict of interest?**

A potential conflict of interest arises when a Director, Officer or Key Person, or that person's **relative**⁴ or business (a) stands to gain a benefit, emotional financial or otherwise, from an Action the Corporation takes or a Transaction into which the Corporation enters; or (b) has another interest that impairs, or could be seen to impair, the independence or objectivity of the Director, Officer or Key Person in discharging their duties to the Corporation.

2. **What are some examples of potential Conflicts of Interest ?**

It is impossible to list all the possible circumstances that could present Conflicts of Interest . Potential Conflicts of Interest include situations in which a Director, Officer or Key Person or that person's relative or business:

- has an ownership or investment interest in any third party that the Corporation deals with or is considering dealing with;
- serves on the Board of, participates in the management of, or is otherwise employed by or volunteers with any third party that the Corporation deals with or is considering dealing with;
- receives or may receive compensation or other benefits in connection with a Transaction into which the Corporation enters;
- receives or may receive personal gifts or loans from third parties dealing with the Corporation;
- uses their position to provide gifts, entertainment, favors, or promises of material, emotional, or financial benefit to family or non-family members;
- uses their position to provide gifts, entertainment, favors, or promises of material, emotional, or financial benefit to an entity which results in subsequent benefits to either family members, non-family members, or to the Key Person;
- has a close personal or business relationship with a participant in an Action or Transaction being considered by the Corporation;
- would like to pursue a Transaction being considered by the Corporation for their personal benefit.

3. However, this provision shall not apply to an Action or Transaction between the Corporation and:

- any of its related organizations ###(within the meaning of Minnesota Statutes, § 317A.011, subd. 18) where there would be no conflict of interest present but for the fact that a trustee or Officer of the Corporation is also a trustee, Director or Officer of such related organization. ###; or

⁴ **Relative** means a person's spouse or domestic partner or "Consensual personal relationship" (includes consensual sexual, intimate and/or romantic relationships between adults of any sex or gender identity. Relationships of this kind may be on a casual, periodic or regular basis and may or may not constitute a primary relationship. A familial relationship of spouse or de facto partner also constitutes a consensual personal relationship., ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses or domestic partners of brothers, sisters, children, grandchildren and great-grandchildren.

- to create barriers to prevent or restrict the formation of peer-to-peer relationships between the Corporation and other individuals and entities, and thus the scope of the Policy does not extend to such peer-to-peer relationships.
4. In situations where you are uncertain, err on the side of caution and disclose the potential conflict as set forth in Section III of this policy.
 5. Consensual personal relationships:
 - involving people in a direct hierarchical relationship (i.e. in the same reporting line, where one person has supervisory or decision making authority over the other or power within the org) represent a potential conflict of interest. Where such a relationship exists, the Policy requires individuals to declare the relationship or otherwise conflict of interest.
 - Individuals without a direct hierarchical relationship are, in the first instance, required to manage the risk of a potential conflict of interest arising.
 6. **A potential conflict is not necessarily a conflict of interest.** A person has a conflict of interest only if the Chair or the Chair's designee decides, pursuant to Section IV of this policy, that a conflict of interest exists.⁵

III. Disclosing Potential Conflicts of Interest

1. You must disclose to the best of your knowledge all potential Conflicts of Interest as soon as you become aware of them and always before any actions involving the potential conflict are taken.
2. Prior to a pending Board decision on an Action, Contract, or Transaction a Conflict of Interest for a Trustee is discovered:
 - The Trustee is in attendance at the meeting. They shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting or, at the option of the Secretary, in a separate memorandum that is filed with the original minutes of the meeting.
 - The Trustee is not in attendance at the meeting. They shall disclose to the Chair of the meeting all facts material to the Conflict of Interest. The Chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting or, at the option of the Secretary, in a separate memorandum that is filed with the original minutes of the meeting. If the trustee having the Conflict of Interest is the Chair, then the required disclosure shall be made to, and the required report to the Board shall be made by, the Secretary.
3. Key Persons who are not a Trustee of the Corporation, or who have a Conflict of Interest with respect to an Action, Contract, or Transaction that is not the subject of Board or committee business, shall disclose to the President any Conflict of Interest that such Key Person has with respect to such Contract or Transaction. Such disclosure shall be made as

⁵ Alternatively, the policy could provide for disclosure (1) to the board of directors, in which case, the board would decide both whether there is a conflict and how to handle the conflict; or (2) to a different board committee.

soon as the Conflict of Interest is known to the Key Person. The Key Person shall refrain from any Action that may affect the Corporation's participation in such Contract or Transaction. The President shall promptly report such Conflict of Interest to the Chair or the Chair's designee.

4. You must file an annual disclosure statement in the form attached to this policy. **If you are a Director**, you must also file this statement prior to your initial election. Submit the form to the chair of the audit committee.

IV. Determining Whether a Conflict of Interest Exists⁶

1. After there has been disclosure of a potential conflict and after gathering any relevant information from the concerned Director, Officer or Key Person, the Chair or the Chair's designee shall determine whether there is a conflict of interest. The Director, Officer or Key Person shall not be present for deliberation or vote on the matter and must not attempt to influence improperly the determination of whether a conflict of interest exists.
2. In determining whether a conflict of interest exists, the Board shall consider whether the potential conflict of interest would cause a Transaction entered into by the Corporation to raise questions of bias, inappropriate use of the Corporation's assets, or any other impropriety.
3. A conflict always exists in the case of a **related party transaction** – a transaction, agreement or other arrangement in which a **related party⁷** has a financial interest and in which the Corporation or any affiliate of the Corporation is a participant.⁸

V. Procedures for Addressing a Conflict of Interest

1. When a matter involving a conflict of interest comes before the Board, the Board may seek information from the Director, Officer or Key Person with the conflict prior to beginning deliberation and reaching a decision on the matter. However, a conflicted person shall not be present during the discussion or vote on the matter and must not attempt to influence

⁶ Alternatively, the policy could provide for disclosure (1) to the board of directors, in which case, the board would decide both whether there is a conflict and how to handle the conflict; or (2) to a different board committee.

⁷ A **related party** is:

1. a director, officer or key person of the Corporation or any affiliate of the Corporation, or
2. a relative of any individual described in (1), or
3. an entity in which any individual described in (1) or (2) has an ownership or beneficial interest of 35% or more, or in the case of a partnership or professional Corporation, a direct or indirect ownership interest in excess of 5%.

⁸ A transaction is not a related party transaction if:

1. the transaction, or the related party's financial interest in the transaction, is *de minimis*;
2. the transaction would not customarily be reviewed by the board or the boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms;
3. the transaction constitutes a benefit provided to a related party solely as a member of a class of the beneficiaries that the Corporation intends to benefit as part of the accomplishment of its mission (and that benefit is available to all similarly situated members of the same class on the same terms).

improperly the deliberation or vote. They shall not be counted in determining the presence of a quorum for purposes of the vote.

2. Any relationship information that is received should not be communicated, either directly or indirectly, to any person unless disclosure is necessary for the non-discriminatory purpose.
3. **Additional Procedures for Addressing Related Party Transactions**
 - a. The Corporation may not enter into a related party transaction unless, after good faith disclosure of the material facts by the Director, Officer or Key Person, the Board or a committee authorized by the Board determines that the Transaction is fair, reasonable and in the Corporation's best interest at the time of such determination.
 - b. If the related party has a substantial financial interest, the Board or authorized committee shall:
 - i. prior to entering into the Transaction, consider alternative Transactions to the extent available;
 - ii. approve the Transaction by a vote of not less than a majority of the Directors present at the meeting; and
 - iii. contemporaneously document in writing the basis for its approval, including its consideration of any alternative Transactions.

VI. Minutes and Documentation

The minutes of any Board meeting at which a matter involving a Conflict of Interest or potential conflict of interest was discussed or voted upon shall include:

- a. the name of the interested party and the nature of the interest;
- b. the decision as to whether the interest presented a Conflict of Interest;
- c. the ineligibility of a trustee to vote and its effect on quorum;
- d. any alternatives to a proposed action, Contract or Transaction considered by the Board;
- e. if the Transaction was approved, the basis for the approval;
- f. a running list of Conflicts of Interest shall be maintained by the Corporation's secretary.

VII. Prohibited Acts

The Corporation shall not make a loan to any Director or Officer.

Confidentiality. Each Key Person shall exercise care not to disclose confidential information acquired in connection with such status or information the disclosure of which might be adverse to the interests of the Corporation. Furthermore, a Key Person shall not disclose or use information relating to the business of the Corporation for the personal profit or advantage of the Key Person or Relative.

VIII. Review of Policy; Annual Disclosure

- a. Each new Key Person shall be required to review a copy of this policy and to acknowledge in writing that he or she has done so.
- b. Each Key Person shall annually complete a disclosure form which shall be submitted to the President. The disclosure form will identify the businesses and nonprofit organizations, including a governmental unit, of which such Key Person is a Director, Officer, Volunteer, or partner, and the business organizations in which such Key Person has an ownership interest of 5 percent or more. Any information regarding the business interests of a Key Person shall be treated as confidential and shall generally be made available only to the Chair, the President, and any committee appointed to address Conflicts of Interest , except to the extent additional disclosure is necessary in connection with the implementation of this Policy. Until such other committees may be appointed to address Conflicts of Interest , the Finance Committee is hereby appointed to address such conflicts.
- c. This Policy shall be reviewed annually by each Key Person. Any changes to the policy shall be communicated immediately to all Key Persons.

Minnesota Furs
Conflict of Interest Disclosure Statement

By signing below, I affirm that:

1. I have received and read a copy of the Conflict of Interest and Compensation Policy;
2. I agree to comply with the policy;
3. I have no actual or potential conflicts as defined by the policy or if I have, I have previously disclosed them as required by the policy or am disclosing them below.

Disclose here, to the best of your knowledge:

1. any entity in which you participate (as a Director, Officer, employee, owner, volunteer or member) with which the Corporation has a relationship;
2. any Transaction in which the Corporation is a participant as to which you might have a conflicting interest; and
3. any other situation which may pose a conflict of interest.

Name:

Position:

Signature:

Date: