



Conflict of Interest Policy

Horizon Labs Conflict of Interest Policy

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Adapted from the **Nonprofit Organization for Philanthropic Initiatives'** Sample of Conflict of Interest Policy, locatable at thenopi.org/toolkit/conflict-of-interest-policy.

You can view this conflict of interest policy and more information concerning organizational policies at irpo.net/policy

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I. Purpose

The purpose of this Conflict of Interest Policy is to

- Protect the interests of Horizon Labs, Inc. (hereinafter referred to as the "Organization") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction;
- Protect the integrity and reputation of Organization Board members ("Directors"), Organization officers ("Officers"), and Key Organization employees ("Key Employees"); and
- To help ensure that the Organization and the Directors, Officers, and Key Employees comply with state and federal laws, including fiduciary obligation;

II. Definitions

- A. Interested Party: Any Officer, Director, or Key Employee who has a direct or indirect financial interest, as defined below, is an interested person.
- B. Financial Interest: A party has a financial interest if the party has, directly or indirectly, through business, investment, or family:
 1. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
 2. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or with potential harm being posed towards the
 3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

III. Processes

- A. Disclosure Requirement: In connection with any or actual possible conflict of interest, an interested party must disclose the existence of the financial interest and be allowed to disclose all material facts to the Officers and Directors considering the proposed transaction or arrangement.
- B. Determining Whether Conflict of Interest Exists: After disclosure of the interest and all material facts and any discussion with the interested person, the remaining Directors shall decide if a conflict of interest exists relative to these policies and if it becomes detrimental to the Organization.

IV. Procedures for addressing

- A. An interested party may make a presentation at the governing meeting or in an immediate meeting. Still, after the presentation, they shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

- B. The chairperson of the Directors shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- C. After exercising reasonable steps, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- D. If a more advantageous transaction or arrangement is not reasonably possible under the circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the best interest of the Organization, for its benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

V. Violations of the Conflict of Interest Policy

- A. If the Directors or committee have reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis of such belief and afford the member to explain the alleged failure to disclose.
- B. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Directors or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action, including making the member leave the Organization to prevent further issues over conflict of interest.

VI. Records of Proceedings

The minutes of the Directors and all committees with delegated powers shall contain:

- a. The names of the individuals who disclosed or were otherwise found to have a financial interest in connection with any actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest existed.
- b. The names of the individuals who were present for discussions and votes relating to the transaction or arrangement, and a summary of the content of the discussion and decisions made.

VII. Compensation

- a. A director of the governing board who receives compensation, directly or indirectly, from the Corporation for its services is precluded from voting on matters about that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the

Corporation for services is precluded from voting on matters about that member's compensation.

- c. No voting member of the directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

VIII. Annual Statements

Each director, officer, and member of a committee with governing board delegated powers shall annually sign a statement that affirms that such person:

- A. Has received a copy of the conflicts of interest policy,
- B. Has read and understands the policy,
- C. Has agreed to comply with the policy, and
- D. Understands the Organization is charitable and to maintain its federal tax exemption must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

IX. Amendments to the Policy

Any revisions to the Conflict of Interest Policy require the unanimous approval of the Board of Directors, Officers, or members of a designated committee with authority from the governing board. Once revisions are approved, all Directors and individuals who have previously signed and acknowledged the policy will be promptly notified of the changes. However, these individuals will not be required to sign a new acknowledgment for the updated policy.

X. Compliance

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its federal tax-exempt status, compliance checks shall be conducted. These checks will be designed to be thorough yet flexible, covering the following areas:

- a. Conflict of Interest Disclosures:
 - i. Review whether all Directors, Officers, and Key Employees have completed and submitted their annual conflict of interest disclosures.
 - ii. Ensure that any disclosed conflicts have been addressed and managed following the Organization's policy.
- b. Conflict of Interest Disclosures:
 - i. Review whether all Directors, Officers, and Key Employees have completed and submitted their annual conflict of interest disclosures.
 - ii. Ensure that any disclosed conflicts have been addressed and managed following the Organization's policy.
- c. Organizational Activities:

- i. Verify that the Organization's activities are aligned with its stated charitable purposes and do not jeopardize its federal tax-exempt status.
 - ii. Confirm that the Organization continues to engage primarily in activities that fulfill one or more of its tax-exempt purposes.
- d. Reporting and Record Keeping:
 - i. Confirm that all necessary documentation, including conflict of interest disclosures, meeting minutes, and compensation decisions, is properly maintained.
 - ii. Briefly document the findings of the compliance check, noting any areas for improvement or action.
- e. Use of external advisors:
 - i. When conducting the compliance checks, the Organization may, but need not, use external advisors. If such external advisors are used, their use shall not relieve the Directors of their responsibility for ensuring periodic reviews are conducted.