

CONFLICT OF INTEREST POLICY

OF

THE ARMENIAN GENERAL BENEVOLENT UNION

ARTICLE I. STATEMENT OF PURPOSE

The purpose of the conflict of interest policy (this “Policy”) is to protect the interests of the Armenian General Benevolent Union (the “AGBU”) when it is contemplating entering into a transaction or arrangement (a “Transaction”) that might benefit the private interest of an employee, director, officer, committee member with Board-delegated powers of the AGBU, or disqualified person (within the meaning of Section 4958 of the Internal Revenue Code of 1986, as amended) or might result in a possible excess benefit transaction. This Policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Employees, directors, officers, and committee members with Board-delegated powers have an obligation to serve loyally and act in the best interests of the AGBU. Any direct or indirect conflict of interest between the AGBU and any employee, director, officer, or committee member with Board-delegated powers is prohibited unless pre-approved by the Board of Directors or an appropriate committee.

Any decision will be deemed to violate this Policy if the employees’, directors’, officers’, or committee members’ with Board-delegated powers judgment is or may be influenced by considerations of personal gain or benefit, or gain or benefit to a third party. The appearance of impropriety and divided loyalty due to a conflict of interest could potentially lead to serious consequences for the AGBU and could be grounds for disciplinary action or termination of employment or dismissal from the Board of Directors or the appropriate committee.

ARTICLE II. DEFINITIONS

A. Interested Person. Any employee, director, officer, or committee member with Board-delegated powers of the AGBU who has a direct or indirect Financial Interest, as defined below, or is a disqualified person, 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 investment interest in any entity with which the AGBU has a Transaction,
2. A compensation arrangement with the AGBU or with any entity or individual with which the AGBU has a Transaction,

3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the AGBU is negotiating a Transaction, or
4. A material financial interest in a Transaction.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A Financial Interest is not necessarily a conflict of interest. Under Article III, paragraph B herein, a person who has a Financial Interest may have a conflict of interest only if the Board of Directors or an appropriate committee determines that a conflict of interest exists.

ARTICLE III. PROCEDURES

A. Duty to Disclose. In connection with any proposed Transaction, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the Board of Directors or committee of directors with Board-delegated powers considering the proposed Transaction.

B. Determining Whether a Conflict of Interest Exists. After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the meeting of the Board of Directors or committee while the determination of a conflict of interest is discussed and voted upon. The remaining members of the Board of Directors or committee members with Board-delegated powers shall determine if a conflict of interest exists.

C. Procedures for Addressing the Conflict of Interest. If it is determined that a conflict of interest exists, then an Interested Person may make a presentation at the Board of Directors or committee meeting. Following such presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the Transaction involving the conflict of interest.

1. The president of the AGBU or chairperson of the Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed Transaction.
2. After exercising due diligence, the Board of Directors or committee shall determine whether the AGBU can obtain with reasonable effort a more advantageous Transaction from a person or entity that would not give rise to a conflict of interest.
3. If a more advantageous Transaction is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or committee shall determine by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum, whether the Transaction is in the AGBU's best interest, for its own benefit, and whether the Transaction is fair and reasonable. In

conformity with the above determination, the Board of Directors shall make its decision as to whether to enter into the Transaction.

D. Violations of the Conflict of Interest Policy.

1. If the Board of Directors or committee has reasonable cause to believe an employee, director, officer, or committee member with Board-delegated powers has failed to disclose an actual or possible Financial Interest, it shall inform such person of the basis for such belief and afford such person an opportunity to explain the alleged failure to disclose.
2. If, after hearing such person's response and after making further investigation as warranted by the circumstances, the Board of Directors or committee determines that such person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV. RECORDS OF PROCEEDINGS

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

A. The names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an 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 Board of Directors' or committee's decision as to whether a conflict of interest in fact existed.

B. The names of the persons who were present for discussions and votes relating to the Transaction, the content of the discussion, including any alternatives to the proposed Transaction, and a record of any votes taken in connection with the proceedings.

ARTICLE V. COMPENSATION

A. A director who receives compensation, directly or indirectly, from the AGBU for services is precluded from voting on matters pertaining to that director's compensation.

B. A member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the AGBU for services is precluded from voting on matters pertaining to that member's compensation.

C. No member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the AGBU is prohibited from providing information to any committee regarding compensation.

ARTICLE VI. ANNUAL STATEMENTS

Each employee, director, officer, and committee member with Board-delegated powers shall annually sign a statement which affirms such person:

- A. Has received a copy of the conflict of interest policy,
- B. Has read and understands the policy,
- C. Has agreed to comply with the policy, and

D. Understands that the AGBU is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

ARTICLE VII. PERIODIC REVIEWS

To ensure that the AGBU operates in a manner consistent with charitable and educational purposes and does not engage in activities that could jeopardize its tax-exempt status, the Board of Directors shall conduct period reviews that, at a minimum, shall include the following subjects:

A. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

B. Whether partnerships, joint ventures, and arrangements with management organizations conform to the AGBU's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

ARTICLE VIII. USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Article VII, the AGBU may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

Adopted August 8, 2016

ARMENIAN GENERAL BENEVOLENT UNION

CONFLICT OF INTEREST POLICY
ANNUAL STATEMENT OF EMPLOYEES, DIRECTORS, OFFICERS AND
COMMITTEE MEMBERS

The undersigned employee, director, officer, or committee member with Board-delegated powers of the Armenian General Benevolent Union (the “AGBU”) does hereby affirm that he or she (i) has received a copy of the AGBU’s conflict of interest policy, (ii) has read and understands the policy and has agreed to comply with the policy, and (iii) understands that the AGBU is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

The undersigned employee, director, officer, or committee member with Board-delegated powers of the AGBU does also hereby affirm that he or she (*please check the applicable statement below*):

- has** a Financial Interest that could give rise to a conflict of interest.
- does not have** a Financial Interest that could give rise to a conflict of interest.

By: _____
(Signature)

Printed Name: _____

Title: _____

Date: _____

EXHIBIT A

DEFINITION OF DISQUALIFIED PERSON

As of November 22, 2013, section 4958(f)(1) of the Internal Revenue Code of 1986, as amended, defines the term “disqualified person” as meaning, with respect to any transaction:

- (A) any person who was, at any time during the 5-year period ending on the date of such transaction, in a position to exercise substantial influence over the affairs of the organization,
- (B) a member of the family of an individual described in subparagraph (A),
- (C) a 35-percent controlled entity,
- (D) any person who is described in subparagraph (A), (B), or (C) with respect to an organization described in section 509(a)(3) and organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the applicable tax-exempt organization.
- (E) which involves a donor advised fund (as defined in section 4966(d)(2)), any person who is described in paragraph (7) with respect to such donor advised fund (as so defined), and
- (F) which involves a sponsoring organization (as defined in section 4966(d)(1)), any person who is described in paragraph (8) with respect to such sponsoring organization (as so defined).