

# **CONFLICT OF INTEREST POLICY**

## **OF**

### **FINCA INTERNATIONAL, INC.**

**Dated as of June 6, 2014**

## **ARTICLE I**

### CONFLICT OF INTEREST POLICY

The purpose of the following policy and procedures is to protect the interests of FINCA International, Inc. (the “Company”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Director, Officer, or Key Employee of the Company, and to prevent the personal interest of such persons from interfering with the performance of their duties to, or result in personal financial, professional, or political gain on the part of such persons. The Company will not enter into any such transaction or arrangement unless it is determined by the Board in the manner described below to be fair, reasonable and in the best interests of the Company at the time of such determination.

This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to not-for-profit and charitable organizations. In the event of conflict between any provision in this policy and the provisions contained in any other policy or manual of the Company, the provisions of this policy shall govern.

## **ARTICLE II**

### POLICY AND PRACTICES

1. The interested party or parties shall promptly make full disclosure in good faith to the Audit and Risk Management Committee (the “Committee”), by notice in writing, of all material facts concerning any Conflict Situation and his or her interest therein.

2. Prior to a Director’s initial election to the Board, or an Officer or Key Employee’s employment at the Company, and thereafter on an annual basis, all Directors, Officers, and Key Employees shall complete, sign and submit to the Secretary of the Company a written statement identifying, to the best of such person’s knowledge:

(a) Any entity of which such person or a Relative of such person is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee and with which the Company has a relationship,

(b) Any Financial Interest such person may have in any corporation, organization, partnership or other entity which provides professional or other goods or services to the Company for a fee or other compensation,

(c) Any position or other material relationship such Director, Officer, Key Employee, or Relative of such person, may have with any not-for-profit corporation with which the Company has a business relationship,

(d) any Conflict Situation; and

(e) Any other transaction in which the Company is a participant and in which such person might have a conflicting interest.

The Secretary shall provide copies of all such completed disclosure statements to the Chair of the Board and of the Committee. A copy of each disclosure statement shall be kept in the Company's files and made available to any Director, Officer, or Key Employee upon request.

3. Following full disclosure of a Conflict Situation or any other condition listed above, the Independent Directors of the Board shall determine whether a conflict of interest exists and, if so, shall vote to authorize or reject the proposed transaction or take any other action deemed necessary to address the conflict and protect the Company's best interests. The Company will not enter into any Related Party Transaction or approve any other Conflict Situation or other such condition unless the Independent Directors of the Board determine it to be fair, reasonable and in the best interest of the Company at the time of such determination. Such votes shall be by a majority of the Independent Directors present at the meeting (provided that the fixing of salaries of Officers shall require the affirmative vote of a majority of the entire Board). Prior to the Company's entering into any Related Party Transaction, the Independent Directors shall consider alternative transactions to the extent available.

4. All Related Parties with a Financial Interest or other conflict of interest with respect to any Conflict Situation shall leave the room or telephone connection in which such deliberations are conducted, and must not be present for, or otherwise participate in, deliberations and voting on the transaction or arrangement in which he or she has an interest. However, Related Parties are not prohibited from providing information regarding the transaction or arrangement to the Board, at the Board's request, prior to the commencement of the Board's deliberations and voting. Only Independent Directors of the Board shall deliberate or vote on the matters set forth in paragraph 3 above. No Related Party with a Financial Interest or other conflict of interest shall attempt to influence improperly the deliberations or voting on any such transaction or arrangement.

5. The Board may delegate to the Committee, which shall be composed solely of Independent Directors, the review and approval of any matters as set forth in paragraphs 3 and 4 above; provided that if such a matter is of a magnitude or character that would otherwise require full Board approval, the Committee shall submit such matter to the Board for consideration, providing its recommendation as to whether or not to approve it. In the event the Board delegates the review and approval of any matters to the Committee, all references to Board in this policy shall be deemed to refer to the Committee

for such purpose, and all references to a majority of the Board shall be deemed to refer to a majority of the Committee.

6. The minutes of all meetings of the Board or the Committee at which matters are considered under paragraphs 3, 4 and 5 above shall contain the following, and shall be documented contemporaneously with the decision and discussion regarding such matters:

- The names of the persons who disclosed or otherwise were determined to have a potential or actual Financial Interest or conflict of interest, the nature of the potential or actual Financial Interest or conflict of interest, and any action taken to determine whether a Financial Interest or conflict of interest exists.
- The names of the persons who were present for discussions and votes relating to any such matter, including whether the Related Party and any members not considered to be Independent Directors, left the room during any such discussions, the content of such discussions, including discussion of alternative transactions, and whether or not the transaction with the Related Party or other Conflict Situation was approved by the Board or the Committee and, if approved, the basis for such approval.

7. A copy of this policy shall be given to each Director, Officer, and Key Employee upon commencement of such person's relationship with the Company or upon the adoption of this policy. Each Director, Officer, and Key Employee, shall sign and date the policy at the beginning of his or her term of service or employment and shall sign again should the policy change during such term. The policy shall be effective and bind each such person, however, whether or not such person signs it.

### **ARTICLE III**

#### **DEFINITIONS**

“Affiliate” - An affiliate of the Company is a person or entity that is directly or indirectly through one or more intermediaries, controlled by, in control of, or under common control with the Company.

“Board” means the Board of Directors of the Company or any other body responsible for the management of the Company.

“Conflict Situation” means (a) any Related Party Transaction, (b) any fixing of compensation of Directors or Officers, and (c) any situation, transaction or arrangement actually or potentially presenting a conflict, or the appearance of a conflict, between the private interests and the responsibilities to the Company of a Director, Officer, or Key Employee. Conflict Situations include, without limitation, the following:

- A Related Party is related to another Related Party by blood, marriage or domestic partnership;
- A Related Party in a supervisory capacity is related to another Related Party whom he or she supervises;

- A Related Party, his or her organization, or his or her Relative stands to benefit from a transaction or a Related Party receives payment for any subcontract, goods, or services other than as part of her or his regular job responsibilities or other than as reimbursement for reasonable expenses incurred as provided in the Company's by-laws and formal policies;

- A Related Party's organization or Relative receives grant funding from the Company;

- A Related Party is a member of the board of directors or governing body of a contributor to the Company.

“Director” means any voting or non-voting member of the Board, whether designated as a director, trustee, manager, governor, or by any other title.

“Financial Interest” - A person has a Financial Interest if such person would receive an economic benefit, directly or indirectly, from any transaction, agreement, compensation agreement, including direct or indirect remuneration as well as gifts or favors that are not insubstantial, or other arrangement involving the Company.

“Independent Director” means a Director who:

- Is not, and has not within the last three years been, an employee of the Company or an Affiliate of the Company;

- Does not have a Relative who is, or has been within the last three years, a Key Employee of the Company or an Affiliate of the Company;

- Has not received and does not have a Relative who has received more than \$10,000 in direct compensation from the Company or an Affiliate of the Company in any of the last three fiscal years (not including reasonable compensation or expense reimbursement for services as a Director, as properly set by the Company); and

- Does not have a substantial Financial Interest in and is not an employee of, and does not have a Relative who has a substantial Financial Interest in or is an officer of, any entity that has made payments to, or received payments from, the Company or an Affiliate of the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the lesser of: (a) \$25,000 or (b) 2% of the Company's consolidated gross revenues (“payment” for this purpose does not include charitable contributions).

“Key Employee” means a person who is, or has within the last five years, been in a position to exercise substantial influence over the affairs of the Company. This includes, but is not limited to:

- Voting members of the Board;

- Presidents, chief executive officers, chief operating officers or employees of any other title with similar responsibilities;
- Treasurers and chief financial officers or employees of any other title with similar responsibilities; and
- A “highly compensated” employee, within the meaning of section 414(q) of the Internal Revenue Code and guidance issued by the Internal Revenue Service, who is in a position to exercise substantial influence over the affairs of the Company.

“Officer” means an officer of the Company.

“Related Party” means:

- Directors, Officers, or Key Employees of the Company or an Affiliate of the Company;
- Relatives of such Directors, Officers, or Key Employees; and
- any entity in which a person listed above has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%.

“Related Party Transaction” means any transaction, agreement or any other arrangement in which a Related Party has a Financial Interest and in which the Company or any Affiliate of the Company is a participant.

“Relative” means a spouse, ancestor, child (whether natural or adopted), grandchild, great grandchild, sibling (whether whole or half blood), or spouse of a child (whether natural or adopted), grandchild, great grandchild or sibling (whether whole or half blood); or a domestic partner as defined in section 2994-a of the New York Public Health Law.