CONNECTIONS FOR HEROES

Conflict of Interest Policy

Pennsylvania Nonprofit Corporation

Adopted by the Board of Directors: September, 20 26
Last reviewed: September 2026 Next review: September 2027

Article I — Purpose and Governing Law

The purpose of this Conflict of Interest Policy (this "Policy") is to protect the interests of Connections for Heroes (the "Organization"), a Pennsylvania nonprofit corporation, when it is contemplating a transaction, agreement, or other arrangement that might benefit the private interest of a director, officer, or key employee, or that might result in an excess benefit transaction under Internal Revenue Code § 4958.

This Policy is intended to:

- help Covered Persons meet their duty to disclose actual and possible conflicts of interest;
- establish a process for determining whether a conflict exists and how the Organization will address it;
- provide a procedure consistent with 15 Pa.C.S. § 5728 (interested directors or officers; quorum) so that an interested-director or interested-officer contract may be authorized by disinterested directors after disclosure of material facts, and is fair to the Organization at the time it is authorized; and
- support compliance with federal tax-exemption standards, including Internal Revenue Service Form 990 governance questions and the rebuttable presumption of reasonableness under Treasury Regulation § 53.4958-6.

This Policy supplements, and does not replace, the fiduciary duties of directors under 15 Pa.C.S. § 5712, any applicable provision of the Organization's articles of incorporation or bylaws, Pennsylvania charitable-organization law, or federal tax law. In the event of a conflict between this Policy and applicable law, the law controls.

Article II — Definitions

2.1 Covered Person

A "Covered Person" is any director, officer, or key employee of the Organization, and any member of a committee with authority delegated by the Board of Directors (the "Board").

2.2 Key Employee

A "key employee" is any person, other than a director or officer, whether or not employed by the Organization, who (a) has responsibilities, or exercises powers or influence over the Organization as a whole, similar to those of directors and officers; (b) manages the Organization or a segment of the

Organization that represents a substantial portion of its activities, assets, income, or expenses; or (c) alone or with others controls or determines a substantial portion of the Organization's capital expenditures or operating budget.

2.3 Family Member

A "Family Member" of a Covered Person means the Covered Person's spouse or domestic partner; ancestors; children, grandchildren, and great-grandchildren; siblings (whether by whole or half blood); and the spouse or domestic partner of any such child, grandchild, great-grandchild, or sibling.

2.4 Financial Interest

A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or a Family Member:

(a) an ownership or investment interest in any entity with which the Organization has a transaction or arrangement;

(b) a compensation arrangement with the Organization, or with any entity or individual with which the Organization has a transaction or arrangement; or

(c) 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.

Compensation includes direct and indirect remuneration and gifts or favors that exceed the gift threshold in Article VIII. A Financial Interest is not automatically a conflict of interest. A conflict exists only if the Board or an authorized committee decides that a conflict of interest exists under Article IV.

2.5 Interested Person

An "Interested Person" is a Covered Person who has a direct or indirect Financial Interest in a proposed transaction or arrangement, or who otherwise has a personal interest that the Board determines may conflict with the interests of the Organization.

2.6 Disinterested Director

A "Disinterested Director" with respect to a particular matter is a director who does not have a Financial Interest in that matter and who is not an Interested Person as to that matter.

2.7 Conflict of Interest

A conflict of interest exists when:

(a) an Interested Person has a personal, professional, or Financial Interest that conflicts, or may reasonably appear to conflict, with the interests of the Organization;

(b) there is bias, or a reasonable appearance of bias, in a decision-making process because of a dual role played by a Covered Person; or

(c) the Organization proposes to enter into a transaction or arrangement in which a Covered Person or Family Member has a Financial Interest.

Article III — Duty to Disclose

3.1 Transaction-specific disclosure. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the interest and all material facts to the Board or to the committee considering the proposed transaction or arrangement.

3.2 Continuing duty. A Covered Person has a continuing obligation to disclose a potential conflict as soon as it is known or reasonably should be known, and to file a supplemental disclosure under Article IX whenever a new potential conflict arises.

3.3 Annual disclosure. Each Covered Person shall complete, sign, and submit the Annual Disclosure and Affirmation attached as Exhibit A, as provided in Article IX.

Article IV — Determining and Addressing a Conflict

4.1 Presentation. After disclosure of the interest and all material facts, the Interested Person shall have an opportunity to present those facts to the Board or committee. The Board or committee may ask questions of the Interested Person before deliberations begin.

4.2 Recusal. After the presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement. The Interested Person shall not attempt to influence improperly the deliberation or vote, whether before, during, or after the meeting.

4.3 Determination. The remaining Board or committee members shall decide whether a conflict of interest exists.

4.4 If a conflict exists. If the Board or committee determines that a conflict of interest exists, it shall determine whether the Organization can obtain, with reasonable effort, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict. If a more advantageous alternative is not reasonably available, the Board or committee may approve the transaction or arrangement only if it determines, in good faith and by the affirmative vote of a majority of the Disinterested Directors voting on the matter, that the transaction or arrangement is fair, reasonable, and in the Organization's best interest at the time of the determination.

4.5 Policy election on quorum and voting. Although 15 Pa.C.S. § 5728(b) permits an interested director to be counted in determining a quorum, this Policy provides that an Interested Person shall not be counted toward a quorum or toward the majority required to approve the conflicted matter. Approval requires the affirmative vote of a majority of the Disinterested Directors present and voting. If the remaining Disinterested Directors are fewer than a quorum of the full Board, they may nevertheless authorize the transaction under 15 Pa.C.S. § 5728(a)(1), provided the fairness determination in Section 4.4 is made and documented.

4.6 Fairness as an independent basis. Consistent with 15 Pa.C.S. § 5728(a)(3), a transaction may also be sustained if it is fair to the Organization as of the time it is authorized, approved, or ratified. The Board shall not rely on fairness alone as a substitute for disclosure and disinterested consideration when those steps are reasonably available.

Article V — Insider and Compensation Transactions

5.1 General standard. The Organization shall not enter into a transaction with a Covered Person, a Family Member, or an entity in which a Covered Person or Family Member has a Financial Interest, unless the procedures in Article IV are followed and the Board determines the transaction is fair, reasonable, and in the Organization's best interest.

5.2 De minimis matters. The Board need not apply the full Article IV process to a transaction that is clearly de minimis in amount, is available to the public or to similarly situated persons on the same terms, and would not customarily come before the Board of an organization of comparable size. Recurring or aggregated dealings that together are more than de minimis shall be disclosed and reviewed.

5.3 Compensation — own pay. A voting member of the Board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation and shall leave the meeting during that vote.

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

5.5 Rebuttable presumption of reasonableness. When the Organization sets or adjusts compensation of a director, officer, or key employee, the authorized body should, whenever practicable: (a) be composed of persons without a conflict of interest as to the compensation arrangement; (b) obtain and rely on appropriate comparability data; and (c) document the basis for its determination contemporaneously. Those steps are intended to support the rebuttable presumption of reasonableness under Treasury Regulation § 53.4958-6.

Article VI — Violations

6.1 If the Board has reasonable cause to believe a Covered Person has failed to disclose an actual or possible conflict of interest, it shall inform that person of the basis for the belief and afford an opportunity to explain the alleged failure.

6.2 If, after hearing the response and making any further investigation warranted by the circumstances, the Board determines that the Covered Person failed to disclose an actual or possible conflict, it shall take appropriate disciplinary and corrective action. That action may include censure, removal from a committee or from the Board if authorized by the bylaws or law, cancellation or renegotiation of a transaction, recovery of an excess benefit, and, where required or appropriate, notice to legal counsel or regulators.

Article VII — Records of Proceedings

The minutes of any Board or committee meeting at which an actual or possible conflict of interest is discussed or voted upon shall contain:

(a) the names of the persons who disclosed or were found to have a Financial Interest, the nature of the interest, any action taken to determine whether a conflict existed, and the decision as to whether a conflict in fact existed;

(b) the names of the persons present for the discussions and votes, who left the room, the content of the discussion, including any alternatives considered and any comparability data relied upon, and a record of the votes (including abstentions); and

(c) the basis for any determination that the transaction or arrangement is fair, reasonable, and in the Organization's best interest.

Article VIII — Gifts and Dual Roles

8.1 Gifts. A Covered Person shall not accept a gift, entertainment, or favor from any person or entity that does business or seeks to do business with the Organization if the value exceeds $100 from any one source in a calendar year, other than a gift to the Organization itself, a widely available discount, or a token item of nominal value. A gift that would exceed this threshold shall be disclosed under Article III and may be accepted only if the Board determines that acceptance does not create a conflict and is consistent with the Organization's best interest.

8.2 Service on other boards. A Covered Person who serves as a director, officer, or employee of another organization that has or is negotiating a transaction with the Organization shall disclose that dual role. The Board shall determine whether recusal or other safeguards are required.

Article IX — Annual Statements

9.1 Each Covered Person shall review this Policy at least annually.

9.2 Before the initial election or appointment of any director, and annually thereafter for every Covered Person, that person shall sign the Disclosure and Affirmation of Compliance attached as Exhibit A, which affirms that the person:

- (a) has received a copy of this Policy;
- (b) has read and understands this Policy;
- (c) agrees to comply with this Policy;
- (d) has disclosed, to the best of that person's knowledge, any relationships, positions, entities, or circumstances that could contribute to a conflict of interest, including any entity of which the person is a director, officer, trustee, member, owner, or employee that has or may have a relationship with the Organization, and any transaction in which the Organization is a participant and in which the person might have a conflicting interest; and
- (e) agrees to file a supplemental disclosure whenever a potential conflict arises.

9.3 All completed statements shall be submitted to the Secretary of the Organization. The Secretary shall provide copies to the Chair of the Board and, if the Organization has an audit or finance committee, to the chair of that committee. The Secretary shall retain the statements with the corporate records.

9.4 The Board shall oversee the implementation of, and compliance with, this Policy.

Article X — Periodic Reviews

To help ensure that the Organization operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, the Board shall cause periodic reviews to be conducted. Those reviews shall, at a minimum, include:

(a) whether compensation arrangements and benefits are reasonable and the result of arm’s-length bargaining; and

(b) whether acquisitions of assets or other transactions with any officer, director, or key employee result in inurement or impermissible private benefit.

Article XI — Use of Outside Advisors

In conducting the periodic reviews provided for in Article X, the Organization may, but need not, use outside advisors. Use of outside advisors does not relieve the Board of its responsibility for ensuring that the reviews are conducted.

Article XII — Review and Amendment

The Board shall review this Policy at least every two years, or sooner if there is a material change in law, the Organization’s activities, or its governance structure. Amendments require approval of the Board.

EXHIBIT A
Annual Disclosure and Affirmation of Compliance

Connections for Heroes — Conflict of Interest Policy

Please complete this form before initial election or appointment and once each year thereafter. Attach extra pages if needed. Return the signed original to the Secretary.

Name: ____

Position (director / officer / key employee / committee):
____

Date: ____

Part 1 — Affirmation

By signing below, I affirm that:

1. I have received a copy of the Organization's Conflict of Interest Policy.
2. I have read and understand the Policy.
3. I agree to comply with the Policy.
4. I will file a supplemental disclosure whenever a potential conflict arises.

Part 2 — Disclosures

To the best of my knowledge, I disclose the following. If none, write "None."

A. Entities.

List any entity of which I am a director, officer, trustee, member, owner (including partner or shareholder), or employee, and with which the Organization has, or is reasonably likely to have, a relationship (vendor, grantee, lessor, joint program, competitor, or similar).

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B. Transactions.

List any transaction, pending or proposed, in which the Organization is or may be a participant and in which I, a Family Member (as defined in the Policy), or an entity listed above might have a conflicting interest. Describe the nature of the interest.

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C. Family and other interests.

List any Family Member who is employed by, contracts with, or serves on the board of the Organization or of an entity that does business with the Organization, and any other relationship, position, or circumstance that I believe could contribute to a conflict of interest.

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D. Compensation from the Organization.

Describe any compensation, current or expected, that I receive directly or indirectly from the Organization (salary, contract fees, honoraria, or similar). Write "None" if I serve solely as an uncompensated director.

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Part 3 — Signature

I certify that the statements above are true and complete to the best of my knowledge.

Signature: __________________________________ Date: ________________

Printed name: ____

<u>For Organization use</u>

Received by Secretary: _______________________ Date: _______________
Copy provided to Board Chair: Yes / No Audit/Finance Chair: Yes / N/A