



# Conflict of Interest Policy 2024/25

## 1. Purpose

The purpose of this Conflict of Interest and Compensation Policy (the "policy") is to protect TMH's interests when it is considering taking an action or entering into a transaction that might benefit the private interests of a director or key worker; which would result in the payment of excessive compensation to a director, or key person.

## 2. Why is a policy necessary?

Directors and employees have a duty to act in TMH's best interests and may not use their positions for their own financial or personal benefit.

Conflicts of interest must be taken very seriously since they can damage TMH's reputation.

## 3. To whom does the policy apply?

This policy applies to all directors and staff members.,

## 4. Identifying Conflicts of Interest

### **What is a conflict of interest?**

A potential conflict of interest arises when a director or member of staff, or that person's relative or business (a) stands to gain a financial benefit from an action that TMH takes or a transaction into which TMH enters; or (b) has another interest that impairs, or could be seen to impair, the independence or objectivity of the directors or staff members in discharging their duties to TMH.

## 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, staff member or that person's relative or business:

- has an ownership or investment interest in any third party that TMH deals with or is considering dealing with;
- participates in the management of, or is otherwise employed by or volunteers with any third party that TMH deals with or is considering dealing with;
- receives or may receive compensation or other benefits in connection with a transaction into which TMH enters;
- receives or may receive personal gifts or loans from third parties dealing with TMH;
- serves on the board of directors of another organisation that is competing with TMH for a grant or contract;
- has a close personal or business relationship with a participant in a transaction being considered by TMH;
- would like to pursue a transaction being considered by TMH for their personal benefit.

3. 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.

4. **A potential conflict is not necessarily a conflict of interest.** A person has a conflict of interest only if the directors decide, pursuant to Section IV of this policy, that a conflict of interest exists

#### ● **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. Submit a signed, written statement disclosing all the material facts to the directors.

2. You must file an annual disclosure statement in the form attached to this policy. |

#### 1. **Determining Whether a Conflict of Interest Exists**

1. After there has been disclosure of a potential conflict and after gathering any relevant information from the concerned director or staff member, the partner director shall determine whether there is a conflict of interest. The director or staff member 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 director shall consider whether the potential conflict of interest would cause a transaction entered into by TMH to raise questions of bias, inappropriate use of TMH'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 party** has a financial interest and in which TMH or any affiliate of TMH is a participant.

1. **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 or staff member 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 improperly the deliberation or vote.

2. **Additional Procedures for Addressing Related Party Transactions**

3. TMH may not enter into a related party transaction unless, after good faith disclosure of the material facts by the director or staff member, the partner director determines that the transaction is fair, reasonable and in TMH's best interest at the time of such determination.

1. If the related party has a substantial financial interest, the director shall:

- prior to entering into the transaction, consider alternative transactions to the extent available
- approve the transaction if compliant with the policy
- contemporaneously document in writing the basis for its approval, including its consideration of any alternative transactions.

- **Minutes and Documentation**

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

- The name of the interested party and the nature of the interest;
- the decision as to whether the interest presented a conflict of interest;
- any alternatives to a proposed contract or transaction considered by the director; and
- if the transaction was approved, the basis for the approval.

- **Procedures for Determining Compensation**

- No person shall be present for or participate in discussion or vote pertaining to:

- their own compensation;
- the compensation of their relative;
- the compensation of any person who is in a position to direct or control them in an employment relationship;
- the compensation of any person who is in a position to directly affect their financial interests; or

- In the case of compensation of Key Persons, the following additional procedures apply:
  - The director shall approve compensation before it is paid.
  - The director shall base approval of compensation on appropriate data, including compensation paid by comparable organizations (three are sufficient if TMH's income is less than £1,000,000) for functionally similar positions, availability of similar services in the geographic area of TMH, and compensation surveys compiled by independent firms.

The director committee shall contemporaneously document:

- the terms of compensation and date of determination;
- the members of staff and director who were present and those who voted for it;
- the comparability data relied on and how it was obtained;
- if the compensation is higher or lower than the range of comparable data, the basis for the determination, and;
- any actions with respect to consideration of the compensation by anyone on the staff team who had a conflict of interest with respect to the matter.

**Key person** means a person, other than a director or officer, whether or not an employee of TMH, who:

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

**Relative** means a person's spouse or domestic partner, 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.

A **related party** is:

1. a director or staff member of TMH or any affiliate of TMH, 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%.

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 TMH 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).

Written by Adele Lord-Laverick on the 9<sup>th</sup> September 2024

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