

GOOD BEGINNINGS ALLIANCE
CONFLICTS OF INTEREST POLICY FOR DIRECTORS AND OFFICERS

I. PURPOSE

The Directors and Officers of the **Good Beginnings Alliance** (the “Corporation”) shall act at all times in the best interests of the Corporation and in a manner consistent with their duties, which include, but are not limited to, the duties of care and loyalty to the Corporation. Directors and Officers should exercise particular care to conduct their affairs so as to avoid conflicts (or the appearance of conflicts) between their own interests (including the interests of their family members and other related parties) and the interests of the Corporation and the appearance of conflicts of interest.

The purpose of this Conflicts of Interest Policy (“Conflicts Policy”) is to protect the Corporation and its interests by (i) attempting to define Conflicts of Interest, (ii) highlighting situations likely to lead to Conflicts of Interest, (iii) providing procedures for addressing Conflicts of Interest, and (iv) implementing procedures designed to identify Conflicts of Interest. The Board of Directors (the “Board”) of the Corporation shall review this Conflicts Policy and the accompanying procedures periodically to determine if it should be revised or supplemented.

II. KEY DEFINITIONS

A. Conflict of Interest.

It is not realistic to expect to define in a complete and absolute manner all actual or potential Conflicts of Interest. Virtually any situation in which a Director or Officer (or a Related Party) benefits or stands to benefit at the expense or potential expense of the Corporation or where the interests of a Director or Officer or a Related Party and the Corporation are opposed presents a potential Conflict of Interest.

1. A Conflict of Interest may be defined to include any activity, financial interest in, or relationship with another person or entity that would (a) impair or appear to impair a Director’s or Officer’s independent judgment in the discharge of his/her duties to the Corporation, (b) conflict with the interests of the Corporation, or (c) result in a personal profit or advantage to a Director, Officer, or a Related Party at the expense of the Corporation or its interests.

2. A Conflict of Interest may involve direct and indirect interests, and may arise if a Director or Officer enters into relationships or takes action or establishes a financial interest for the Director, Officer or a Related Party which compromises his/her

ability to act in the Corporation's best interest, or is adverse to the best interests of the Corporation.

3. A Conflict of Interest may also include any unauthorized use of any confidential or proprietary information belonging to the Corporation, especially where this results in personal gain to the Director, Officer, or a Related Party.

4. A Conflict of Interest may also result in the event of a transaction with a former Director, Officer or a Related Party of such former Director or Officer. For this purpose former Directors and Officers include individuals who held such position at any time during the five (5) years preceding the transaction.

B. Immediate Family; Related Parties.

1. Immediate Family is defined to include a Director's or Officer's ancestors, spouse, siblings, (whole or half-blood), children, grandchildren, great-grandchildren, and the spouses of siblings (whole or half-blood), children, grandchildren and great-grandchildren. A legally adopted child of an individual is treated as a child of such individual by blood.

2. Related Party is defined to include (i) a Director or Officer's Immediate Family, (ii) any entity in which a Director or Officer or member of such person's Immediate Family is a director, officer, general partner, or managing member, and (iii) any entity of which more than five percent (5%) of the stock, partnership interests, membership interests, or other ownership interest is held directly or indirectly by a Director, Officer or a member of their Immediate Family.

3. For purposes of this Conflicts Policy, the term Officer shall include all corporate officers of the Corporation and all key employees with the ability to exercise substantial influence over the affairs of the Corporation, such as employees with management and expenditure authority. For purposes of interpreting this requirement, refer to the definition of "disqualified person" under Internal Revenue Code section 4958(f)(1) and the Treasury Regulations promulgated thereunder.

C. Financial Interest

1. A person has a financial interest if the person has, directly or indirectly, through business, investments or family –

a. an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or

b. a compensation arrangement with the Corporation or with any entity or individual with which the Corporation 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 Corporation is negotiating a transaction or arrangement.

2. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

III. EXAMPLES OF SITUATIONS WHICH MAY RESULT IN CONFLICTS OF INTEREST OR POTENTIAL CONFLICTS OF INTEREST AND CERTAIN PROHIBITED TRANSACTIONS

A. Interest in Contract or Transaction

When a Director, Officer or a Related Party of such person has a financial interest in a contract or transaction to which the Corporation is a party, there is typically a Conflict of Interest.

B. Directors or Officers in Common With Other Organizations

When the Corporation enters into a contract or transaction with a Director, Officer, or Related Party or any entity in which many or any Immediate Family member(s) of such person simultaneously serves as a director, officer, member or partner, there is typically a Conflict of Interest.

C. Certain Relationships

Certain relationships may typically result in Conflicts of Interest, including where a Director, Officer, or a Related Party (i) provides services, goods or facilities to the Corporation, (ii) receives grants, services or other benefits from the Corporation, or (iii) otherwise does business with the Corporation.

D. Corporate Opportunity

A corporate opportunity issue arises and may result in a Conflict of Interest when a Director, Officer or Related Party pursues an investment opportunity or transaction in which the Corporation may also have an interest in a manner which is adverse to the Corporation.

E. Gifts, Gratuities, Excessive Entertainment

A Conflict of Interest may arise if a Director, Officer or a Related Party receives gifts, gratuities, or excessive entertainment from any person or entity with which the Corporation has, or is contemplating business dealings with, or to which the Corporation is providing grants or other support.

F. Certain Prohibited Actions

To ensure compliance with Internal Revenue Service requirements and Hawaii law and to better serve the best interests of the Corporation, (i) the Corporation shall not loan money to, or guaranty the obligations of any Director or Officer (solely for purposes of this clause defined to include only corporate officers as defined in the Bylaws and applicable Hawaii law), nor shall any such person or entity seek such a loan or guaranty from the Corporation, (ii) no Director or Officer shall take any action which results in the involvement or the appearance of the involvement of the Corporation in any political campaign, including but not limited to, the endorsement of any candidate for public office action in any manner which implies the Corporation endorses a candidate for public office, and (iii) no Director or Officer shall attempt to influence legislation in any manner on behalf of the Corporation without prior consultation with the President.

IV. PROCEDURES TO ADDRESS CONFLICTS OF INTEREST

Directors and Officers must avoid any potential or actual Conflicts of Interest. The following guidelines and procedures shall be applied in that regard.

A. Disclosure of Material Facts Regarding Actual or Potential Conflict

1. Directors and Officers must disclose all material facts concerning an actual or potential Conflict of Interest as soon as possible. Disclosure shall be directed to the Board via the Board Chair, President and Secretary and shall include an understandable description of all relevant facts.

2. After disclosure of the Conflict of Interest, or potential Conflict of Interest, and all relevant facts related thereto, the Director or Officer with the conflict shall not participate in any discussions relevant to determining if a Conflict of Interest exists and, if so, how it will be addressed. Such person may, however, make a presentation at the Board or relevant Board Committee meeting to disclose the conflict and answer any questions relevant thereto, but, after such presentation, he/she shall leave the meeting during the discussion of and the vote by the remaining Board or Committee members on whether the transaction or arrangement results in the Conflict of Interest and during any discussion and vote on how to address such Conflict of Interest.

3. If it appears that a Conflict of Interest exists, the Board or the Chair of the relevant Board committee shall, if appropriate, appoint a disinterested person or a Board Committee to investigate alternatives to the proposed transaction or arrangement. After exercise of such due diligence, the Board, or a committee thereof with authority to act on behalf of the Board, consisting entirely of disinterested persons (determined by reference to the tests set forth in Treasury Regulations Section 53.4958-5(c)(1)(C)(iii) and the principles of this Policy) shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a Conflict of Interest and if it can, engage in such a more favorable transaction. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a Conflict of Interest, the Board or committee thereof shall determine by a vote of not less than a majority vote of the disinterested Board or committee members (but in no event less than two such members) whether the transaction or arrangement is in the Corporation's best interests, for its own benefit, and whether the transaction is fair and reasonable to the Corporation, and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determinations. To be "fair and reasonable", the consideration and terms of the contract or transaction must be at least as favorable to the Corporation as it would have been, in the judgment of the disinterested Board or committee members, in an arm's-length transaction with an unrelated third-party, and be supported by adequate comparability data.

4. The Board, or committee thereof, shall take all actions necessary and appropriate to demonstrate and document the fairness and reasonableness of the transaction. Such action shall include, but not be limited to, taking all of the steps necessary to establish the "rebuttable presumption of reasonableness" described in the Treasury Regulations Section 53.4958-6.

B. Violations of the Conflicts of Interest Policy

If the Board or committee thereof has reasonable cause to believe that a Director or Officer has failed to disclose actual or potential Conflicts of 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. If, after hearing the response of the Director or Officer, and making such further investigation as may be warranted under the circumstances, the Board or committee thereof determines that the Director or Officer has in fact failed to disclose an actual or potential Conflict of Interest, it shall take appropriate disciplinary and corrective action.

V. RECORDS

The minutes of the Board and all committees thereof addressing conflict issues shall contain at a minimum: (i) the names of the persons who disclosed or otherwise were found to have a potential or actual Conflict of Interest, and the nature of the Conflict of Interest, (ii) the content of the discussion including any alternatives to the proposed transaction or arrangement and the comparables reviewed with respect thereto and how such data was obtained, (iii) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, including the actions of any person with a Conflict of Interest, and (iv) the terms of the transaction and the date approved. Such documentation shall be prepared and approved not later than the later of (i) sixty days after the final action of the decision-making body or the (ii) the following Board or relevant committee meeting.

VI. ANNUAL DISCLOSURE

A. All Directors and Officers annually must complete a “Conflict of Interest Disclosure and Compliance” form. This disclosure form shall include (i) an affirmation that the Director or Officer has received a copy of the Policy, has read and understands the Policy, agrees to comply with the Policy, and (ii) information on all actual or potential Conflicts of Interest involving a Director or Officer. The Compliance form shall also contain an affirmation that the Director or Officer understands the Corporation is charitable 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.

B. As new Directors join the Board and new Officers are elected, he/she must complete the “Conflict of Interest Disclosure and Compliance” form.

C. Completed “Conflict of Interest Disclosure and Compliance” forms shall be retained by the Corporation. All such information shall be held in confidence unless the best interests of the Corporation dictate otherwise. Any disclosure of such form or the information therein shall take place only upon the majority vote of the Board or as may be required by valid legal order.

VII. PERIODIC REVIEWS

To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, 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 Corporation'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.

VIII. USE OF OUTSIDE EXPERTS

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