



CONFLICT OF INTEREST POLICY

Article I Purpose

This Conflict of Interest Policy is designed to help MicroCredit Enterprises (MCE) identify transactions or arrangements that might present a potential conflict of interest. This Policy is further designed to provide MCE with a procedure which will allow such a transaction or arrangement to proceed if the Members determine the transaction or arrangement is in the best interests of MCE, is fair and reasonable, and is consistent with MCE's socially responsible purpose and operating principles.

Article II Definitions

1. Covered Person.

A covered person is any Member, officer, member of a Committee (including advisory members) that has Member-delegated powers, employee or other person designated by the Members as subject to this Policy.

2. Financial Interest

A covered person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An actual or potential compensation arrangement with MCE, or with any entity or individual with which MCE has a transaction or arrangement or is negotiating a transaction or arrangement, or
- b. An actual or potential ownership or investment interest in any entity with which MCE has a transaction or arrangement or is negotiating a transaction or arrangement. (A covered person's accounts at a financial institution that participates in the MCE Guarantee Program or which may be added to the Program would not be covered by the foregoing language).

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

3. Conflict of Interest

A financial interest is not necessarily a conflict of interest. Under Article III, Section 5, a person who has a financial interest has a conflict of interest only if a majority of the Members decides that a conflict of interest exists.

**Article III
Procedures**

4. Duty to Disclose

In connection with any actual or possible conflict of interest, a covered person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Members.

5. Determining Whether a Conflict of Interest Exists; Procedures for Addressing the Conflict of Interest

a. A covered person with a direct or indirect financial interest may make a presentation to the Members disclosing the financial interest and all material facts at the meeting of Members considering the conflict of interest. A person who has a conflict of interest shall not participate in or be permitted to hear the Members' discussion of or voting upon the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.

b. If no presentation is made by the covered person that has a direct or indirect financial interest at a meeting of Members considering the conflict of interest, the covered person shall disclose to the chair of the meeting all facts material to the conflict of interest, and the chair shall report on the disclosure at the meeting.

c. The Members shall decide by majority vote (excluding the person with the conflict of interest) whether a conflict of interest exists.

d. If the Members determine a conflict of interest exists, the chair of the meeting shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

e. After exercising due diligence, the Members shall determine whether MCE can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

f. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Members shall determine by majority vote of the disinterested Members whether the transaction or arrangement is in MCE's best interests, is fair and reasonable, and is consistent with MCE's socially responsible purpose and operating principles. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

6. Violations of the Conflicts of Interest Policy

a. If the Members have reasonable cause to believe a covered person has failed to disclose actual or possible conflicts of interest, they shall inform such person of the basis for such belief and afford the covered person an opportunity to explain the alleged failure to disclose.

b. If, after hearing the covered person's response and after making further investigation as warranted by the circumstances, the Members determine the covered person has failed to disclose an actual or possible conflict of interest, MCE shall take appropriate disciplinary and corrective action.

Article IV Records of Proceedings

7. Minutes to Reflect Proceedings

The minutes of the Members considering an actual or possible conflict of interest 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 decision of the Members 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 or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

**Article V
Compensation**

8. No Compensation.

The Members and Officers of MCE shall serve without compensation.

**Article VI
Annual Certification**

9. Annual Certification; Duty to Update

Each covered person shall annually sign a certification in the form attached hereto as Exhibit A. In addition, each covered person shall promptly furnish MCE with an updated certification in the event that the certification previously furnished to MCE is no longer true and complete.

EXHIBIT A



CONFLICT OF INTEREST CERTIFICATION

Name: _____

Please describe below any relationship, position, or circumstance in which you are directly or indirectly involved, through business, investment or family, that is or could contribute to a conflict of interest under the MicroCredit Enterprises Conflict of Interest Policy. If none, so state. (If more space needed, please attach related pages).

Please identify below all organizations which you are affiliated with as a Board member, committee member, employee, consultant, agent or in any other capacity (If more space needed, please attach related pages).

I hereby certify that the information set forth above is true and complete to the best of my knowledge. I agree to promptly furnish MCE with an updated certification in the event that the certification I previously furnished to MCE is no longer true and complete. I have reviewed, understand and agree to abide by, the Conflict of Interest Policy of MicroCredit Enterprises that is currently in effect.

Signature: _____ Date: _____