

SOUTH CAROLINA NATIONAL HERITAGE CORRIDOR, INC.

BOARD POLICY

CONFLICT OF INTEREST POLICY

Adopted – November 9, 2009

SECTION 1. PURPOSE:

The South Carolina National Heritage Corridor (SCNHC) is a nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of the SCNHC as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public.

Consequently, there exists between the SCNHC, its board, and the public a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity. The board has the responsibility of administering the affairs of the SCNHC honestly and prudently, and of exercising their best care, skill and judgment for the sole benefit of the SCNHC. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with the SCNHC or knowledge gained therefrom for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

SECTION 2. PERSONS CONCERNED:

This statement is directed to all board members who can influence the actions of the SCNHC.

SECTION 3. AREAS IN WHICH CONFLICT MAY ARISE:

Conflicts of interest may arise in the relations of board members with any of the following third parties:

1. Persons and firms supplying goods and services to the SCNHC
2. Persons and firms from whom the SCNHC leases property and equipment.
3. Persons and firms with whom the SCNHC is engaged or planning to engage in connection with the gift, purchase or sale of real estate, securities, or other property.
4. Competing or affinity organizations.
5. Donors and other supporting the SCNHC.

6. Agencies, organizations, and associations which affect the operations of the SCNHC.
7. Family members, friends, and other employees.

SECTION 4. NATURE OF CONFLICTING INTEREST:

A conflicting interest may be defined as an interest, direct or indirect, with any person or firms mentioned in Section 3. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with the SCNHC.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with the SCNHC.
3. Receiving remuneration for services with respect to individual transactions involving the SCNHC.
4. Using the SCNHC's time, personnel, equipment, supplies, or good will for other than SCNHC approved activities, programs, and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with the SCNHC. Receipt of any gift is disapproved except gifts of a value less than \$25, which must be reported on the gift disclosure form. No personal gifts of money should ever be accepted.

SECTION 5. DEFINITIONS:

The following definitions are applicable to this policy.

1. A *Conflict of Interest* is any circumstance described in Section 3 of this policy, analogized in Section 4, and explained in Section 6 of this policy.
2. A *Responsible Person* is any person serving as a board member described in Section 2 of this policy.
3. A *Family Member* is a spouse, domestic partner, parent, child, or spouse of a child, brother, sister, or spouse of a brother or sister and explained in Section 6 of this policy.
4. A *Material Financial Interest* in an entity is a financial interest of any kind that, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect a Responsible Person's or Family Member's judgment with respect to transactions to which the entity is a party. This includes all forms of compensation.
5. A *Contract or Transaction* is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, the establishment of any other type of pecuniary relationship, or review of a charitable organization by SCNHC. The making of a gift to the SCNHC is not a Contract or Transaction.

SECTION 6. INTERPRETATION OF THIS STATEMENT OF POLICY:

The areas of conflicting interest listed in Section 3, and the relations in those area which may give rise to conflict, as listed in Section 4, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the board members will recognize such areas and relation by analogy.

The fact that one of the interests described in Section 4 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of the SCNHC.

However, it is the policy of the board that the existence of any of the interests described in Section 4 and defined in Section 5 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the board members to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

SECTION 7. DISCLOSURE POLICY AND PROCEDURE;

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed;
2. The Responsible Person with the conflict of interest is excluded from the discussion and approval of such transaction. The Responsible Person shall not be counted in determining the presence of a quorum for purposes of the vote and the ineligibility to vote of the Responsible Person shall be recorded in the minutes;
3. A competitive bid or comparable valuation exists; and
4. The board has determined that the transaction is in the best interest of the organization.

Disclosure involving board members should be made to the board chairman (or if she or he is the one with the conflict, then to the board vice-chairman) who shall bring these matters to the attention of the full board.

The board shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to the SCNHC. The decision of the board on these matters will rest in their sole discretion. And their concern must be the welfare of the SCNHC and the advancement of its purpose.

SECTION 8. CONFIDENTIALITY:

Each member of the board shall exercise care not to disclose confidential information acquired in connection with such status or information the disclosure of which might be adverse to the interests of the SCNHC. Furthermore, members of the board shall not disclose or use information relating to the business of the SCNHC for the personal profit or advantage of the Responsible Person or a Family Member.

SECTION 9. REVIEW OF POLICY:

1. Each new board member shall be required to review a copy of this policy and to acknowledge in writing that he or she has done so.
2. Each board member shall annually complete a disclosure form identifying any relationships, positions, or circumstances in which the Responsible Person is involved that he or she believes could contribute to a Conflict of Interest arising and a Gift Policy and Disclosure Form. Any such information regarding business interests of a Responsible Person or a Family Member shall be treated as confidential and shall generally be made available only to the Chairman of the Board and the Director, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.
3. This policy shall be reviewed annually by each member of the board. Any changes to the policy shall be communicated immediately to all members of the board.