

COLLEGE OF CHARLESTON FOUNDATION

CONFLICT OF INTEREST POLICY

Article I Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of the College of Charleston Foundation (the "Foundation") when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or director of the Foundation. This policy is intended to supplement but not replace Sections 33-31-831 or 33-31-832 of the South Carolina Code or other applicable state laws governing conflicts of interest applicable to non-profit corporations.

Article II Applicability

This policy applies to any director, officer, or member of a committee with Board-delegated powers, who has a direct or indirect Financial Interest, as defined below (hereinafter "Interested Person").

Article III Definition of Financial Interest

A person has a Financial Interest if the person, any family member of the person or any individual or business with which the person is associated has, directly or indirectly:

- a. an ownership or investment in any entity with which the Foundation has a transaction or arrangement;
- b. a compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement;
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement; or
- d. a membership interest in, or board position with, another non-profit entity whose interests may be affected by actions of or transactions with the Foundation.

Compensation includes direct and indirect remuneration as well as gifts or favors

that are substantial in nature.

A Financial Interest is not necessarily a conflict of interest. Under Article IV, Section 2, a person who has a Financial Interest has a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

Article IV Procedures

1. Duty to Disclose

At any meeting of the Board or of any committee with Board-delegated powers, an Interested Person must disclose to all present the existence of a Financial Interest and all material facts as they relate to any matter to be discussed or voted upon at the meeting.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the Financial Interest and all material facts, the Interested Person shall leave the Board or committee meeting while the remaining voting members determine whether a conflict of interest exists. The determination of whether a conflict of interest exists shall be decided by a majority vote of the remaining voting members.

3. Procedures for Addressing the Conflict of Interest

- a. An Interested Person may make a presentation at the Board or committee meeting, but shall leave the meeting during the discussion of, and the vote on, whether a conflict of interest exists.
- b. If a conflict of interest is found to exist, the Interested Person shall be so informed and shall remain outside the meeting while the matter giving rise to the conflict of interest is discussed and voted on.
- c. The chair of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- d. After exercising due diligence, the Board or committee shall determine whether the Foundation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- e. 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 shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Foundation's best interest and for its own benefit and whether the

transaction is fair and reasonable to the Foundation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. Violations of the Conflicts of Interest Policy

- a. If the Board or committee has reasonable cause to believe that a member has failed to disclose an actual or possible conflict of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Article V
Records of Proceedings**

The minutes of the Board and all committees with Board-delegated powers shall contain:

1. 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 Board's or committee's decision as to whether a conflict of interest in fact existed.
2. 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 therewith.

**Article VI
Compensation Committees**

A voting member of any committee whose responsibility includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

Article VII Annual Statements

Each director, officer and member of a committee with Board-delegated powers shall annually sign a statement which affirms that such person:

- a. has received a copy of the Conflict of Interest Policy,
- b. has read and understands the policy,
- c. has agreed to comply with the policy, and
- d. understands that the Foundation is a non-profit organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

ARTICLE VIII Periodic Reviews

To ensure that the Foundation operates in a manner consistent with its purposes and does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, the Board shall ensure that periodic reviews are conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements with persons whose compensation is paid by, or supplemented with funds from, the Foundation are reasonable and the result of arm's-length bargaining.
- b. Whether its transactions with other parties are properly recorded, reflect reasonable payments for goods and services, further the Foundation's purposes and do not result in impermissible private benefit.

ARTICLE IX Use of Outside Advisors

In conducting the periodic reviews provided for in Article VIII, the Foundation may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.