

**CONFLICT OF INTEREST POLICY**  
Resolution of the Board of Directors

# Sauftt, Inc.

## **ARTICLE I. PURPOSE**

### ***Section 1 — Purpose***

Pursuant to Article VIII, Section 1, of the Bylaws of Saufftt, Inc., this policy has been constructed by the Board of Directors (the Board) to protect the interests of Saufftt, Inc. (the Corporation) from the possibility of improper acts and transactions by any director, officer, committee member, employee or agent serving the Corporation, each of whom is obligated to act in the best interest of the Corporation and not for the profit of any other person or business entity. In creating this policy the Board is providing guidelines intended to supplement, but not replace, the applicable laws of New York State and those of the United States of America, which govern conflicts of interest, as they apply to not-for-profit and charitable organizations.

## **ARTICLE II. DEFINITIONS**

### ***Section 1 — Interested Person***

Any person who, at present, has been granted any powers of the Corporation by the Board, whether they are a director, officer, committee member, employee or agent, who has a financial interest as outlined below, will be defined as an interested person.

### ***Section 2 — Financial Interest***

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

- (a) they are being compensated by the Corporation or any of the Corporation's transactional partners, or any entity with whom the Corporation has entered into agreements, whether an individual or business entity;
- (b) they have, or potentially have, an ownership or investment interest, in any business entity, that the Corporation also shares; or

(c) they have a compensation arrangement with a person or business entity, with whom the Corporation is negotiating a transaction or agreement.

This policy stipulates that relevant family relationships include a spouse, children, siblings, parents, cousins, nieces, nephews, and grandparents, and those with relationships by marriage to any of these, including step-family and in-laws.

For the purposes of this policy, compensation includes direct and indirect remuneration, and other forms of substantial benefit such as gifts or favors.

The Board, under Article IV, section 2, has the authority to decide when a conflict of interest exists. A financial interest does not always constitute a conflict of interest. It is up to the Board to decide each case based on its merits.

### **ARTICLE III. DUTY**

#### ***Section 1 — Care***

A person, empowered by the Board, must exercise reasonable care and due diligence in decision making and stewardship.

#### ***Section 2 — Loyalty***

A person, empowered by the Board, must execute undivided allegiance to the Corporation when engaging in transactions and arrangements, demonstrating faithfulness to the public good. Such a person may not use information acquired as part of board service for personal gain.

#### ***Section 3 — Obedience (to law)***

A person, empowered by the Board, must strictly manage business activities such that they are consistent with the purpose of the organization and consistent with the laws of the state and federal governments. This includes always using company funds to fulfill the organization's mission.

#### ***Section 4 — Ethics***

The behavior of a person, empowered by the Board, must be exemplary. Members must exhibit integrity, objectivity, accountability, honesty and leadership. They must not become obliged to outside individuals or organizations which could influence them in the execution of their official duties. Matters of contracts, appointments and other benefits must be made on the basis of merit only. Board members must submit themselves to public scrutiny with regard to any matters relative to the public interest and provide clear reasons behind decisions when requested. Members may not engage in deceitful business practices on behalf of the organization. Members should promote ethical standards and leadership through example.

### **Section 5 — Disclosure**

In a case where a potential conflict of interest may exist, the person who may have the conflict, has a duty to disclose all relevant information to the secretary for presentation to the Board. This person has the right to present all relevant facts and to have an objective review of their case by the Board, with regard to the transactional situation in which the potential conflict has arisen. A disclosure must be accompanied by a completed and signed Conflict of Interest Disclosure Form, Exhibit B of the Bylaws.

## **ARTICLE IV. PROCEEDURES**

### **Section 1 — Adjudicating Conflicts**

In the event that a there is a disclosure, of a potential conflict of interest, presented to the Board, the Board must review the case and decide its outcome. The person, whose potential conflict is being reviewed, may not attend the portion of the Board meeting in which the Board discusses and decides the case.

### **Section 2 — Conflict of Interest Board Procedures**

Once the interested person has presented their case and has left the boardroom, the Board will follow this procedure:

- (a) The president will decide whether it is appropriate to gather information on alternative approaches, to executing the transaction or arrangement that has come into question. If so, he or she will appoint an independent committee of two (2) or more people to research options. Any options must be presented to the Board.
- (b) After the Board reviews options as solicited in Section 2 (a), the Board must decide whether there is a more reasonable and feasible to approach to executing the transaction or arrangement than the original involving the potential conflict of interest, which itself would not also create a conflict of interest.
- (c) If the Board determines that no alternative option is suitable, then the disinterested members of the Board will vote, by a simple majority, on whether or not each of the following criteria are met:
  - i. The transaction or arrangement is in the Corporation's best interest;
  - ii. the transaction or arrangement is beneficial to the Corporation and
  - iii. the transaction or arrangement is fair and reasonable.

- (d) If an affirmative vote moves a transaction or arrangement forward, then the Corporation should only pay fair market value for goods or services received or for goods or services that it supplies to others.

### **Section 3 — Violations of Policy**

If the Board has cause, it may discipline or take reasonable corrective action against a person who has failed to disclose an actual or possible conflict of interest. This should only be done after the person has been informed of the evidence of the violation and has been given the opportunity to present a defense.

## **ARTICLE V. RECORDS OF PROCEEDINGS**

### **Section 1 — Persons Present, Content, and Votes**

The minutes of meetings of the Board must contain details of conflict of interest matters, including the name of persons who disclosed, or were discovered to have, actual or potential conflicts of interest, the process used to judge the presence of a conflict, and the Board's or committee's decision on whether a conflict exists.

### **Section 2 — Disclosures and Decisions**

The minutes, as specified in Section 1, must identify the persons present for discussions and votes, the content of discussions pertaining to transactions or arrangements where a conflict of interest is of concern, and discussions on alternatives without conflict, and a record of vote tallies.

## **ARTICLE VI. PERIODIC REVIEWS**

### **Section 1 — Annual Reviews**

The secretary of the Corporation will annually distribute the Conflict of Interest Disclosure form, Exhibit B of the Bylaws, to all directors of the Corporation, to request disclosure of all conflicts of interest and to ensure compliance and the preservation of exemption from federal tax status. The review must include:

- (a) An examination as to whether any arrangements with any organizations, including partnerships, joint ventures, or other mutual activities are consistent with the written policies of the Corporation and are fiscally reasonable and beneficial to the Corporation; that they advance the charitable mission of the Corporation, and that they do not give rise to any impermissible benefits; and that all are recorded properly.
- (b) An examination as to whether all compensation and benefits arrangements are fair and reasonable, based on reliable survey data.

**ARTICLE VII. AFFIRMING STATEMENTS**

**Section 1 — Affirming Statements**

Every director, including those who are officers, or members of a committee, with powers delegated by the Board, must complete and sign a copy of the Agreement to Serve and Conflict of Interest Policy Acknowledgment, identified as Exhibit A of the Bylaws, which affirms that this person has received and read the copy of this policy, understands it, and agrees to uphold his or her duties to the Corporation, and to comply with this policy.

**ARTICLE VIII. INDEPENDENT EXPERTS**

**Section 1 — Independent Experts**

Independent, outside experts may be used to conduct periodic reviews as specified in Article VI. If such experts are used, they do not relieve the Board of its duty to ensure that periodic reviews are conducted.

**ADOPTION OF POLICY**

This policy was adopted on the \_\_\_\_\_]st\_\_\_\_ day, of the month of February, in the year 2018, at the initial organizational meeting of the Corporation, by unanimous consent of the board of directors.

<u>_____ [ signature on file ] _____</u>	<u>Barbara Zwick</u>	<u>2/1/2018</u>
Signature	Printed Name	Date

<u>_____ [ signature on file ] _____</u>	<u>Lisa Norris</u>	<u>2/1/2018</u>
Signature	Printed Name	Date

<u>_____ [ signature on file ] _____</u>	<u>Jaqueline Hogan</u>	<u>2/1/2018</u>
Signature	Printed Name	Date