

## CONFLICT OF INTEREST POLICY

### ARTICLE I

#### PURPOSE

The purpose of this conflict-of-interest policy (“Policy”) is to protect the interests of The Fab Foundation (the “Corporation”) when it contemplates entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in an excess benefit transaction. This policy is intended to supplement but not replace any applicable State or federal laws governing conflicts of interest.

### ARTICLE II

#### DEFINITIONS

**1. Interested Person.** Any director, principal officer, or member of a committee with board-delegated powers, who has a direct or indirect financial interest in the Corporation, as defined below, is an interested person.

**2. Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

(a) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;

(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.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the board or appropriate board committee decides that a conflict of interest exists.

**ARTICLE III**  
**PROCEDURES**

**1. Duty to Disclose.** If there exists an actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with board-delegated powers considering the proposed transaction or arrangement.

**2. Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

**3. Procedures for Addressing the Conflict of Interest.**

(a) An interested person may make a presentation at the board or committee meeting; however, after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

(b) The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(c) After exercising due diligence, the board or committee shall determine whether the Corporation can obtain, with reasonable efforts, a more advantageous transaction or arrangement that would not give rise to a conflict of interest.

(d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing 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 Corporation's best interest, for its own benefit, and fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

**4. Violations of the Conflicts of Interest Policy.**

(a) If the board or committee has reasonable cause to believe 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 member's response and making further investigation as warranted by the circumstances, the board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## **ARTICLE IV**

### **RECORDS OF PROCEEDINGS**

The minutes of the board and all committees with board delegated powers 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 board's or committee's decision 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**

(a) A voting member of the board who receives compensation, directly or indirectly, from the Corporation for services (other than board service) is precluded from voting on matters pertaining to that member's compensation.

(b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services (other than board service) is precluded from voting on matters pertaining to that member's compensation.

(c) No voting member of the board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

## **ARTICLE VI**

### **ANNUAL STATEMENTS**

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

- (a) Has received a copy of this Policy;
- (b) Has read and understands the Policy;
- (c) Has agreed to comply with the Policy; and
- (d) Understands that the Corporation is charitable and that to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## **ARTICLE VII**

### **PERIODIC REVIEWS**

To assure the Corporation operates in a manner consistent with its 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; and
- (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 the Corporation's charitable purposes, and do not result in private inurement, impermissible private benefit, or an excess benefit transaction.

## **ARTICLE VIII**

### **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 board of its responsibility for assuring that periodic reviews are conducted.