

STTE FOUNDATION CONFLICT OF INTEREST POLICY

The purpose of the Conflict of Interest Policy dated November 21, 2018, is to protect the interest of STTE Foundation, a Texas nonprofit corporation, (the “**Corporation**”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of one of its officers or directors, or that it might otherwise result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable corporations and is not intended as an exclusive statement of responsibilities.

1. Restriction on Interested Directors

Not more than fifty percent (50%) of the persons serving on the Board of Directors (the “**Board**”) at any time may be interested persons. An interested person is (1) any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director; and (2) any brother, sister, parent, ancestor, descendent, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, father-in-law, of any such person. Any violation of the provisions of this section shall not, however, affect the validity or enforceability of any transaction entered into by the interested person.

2. Duty to Disclose

In connection with any 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 who are considering the proposed transaction or arrangement.

3. Establishing a Conflict of Interest

After the disclosure of the financial interest and all material facts, and after any discussion with the interested person, the interest person shall leave the Board meeting while the potential conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.

4. Addressing a Conflict of Interest

In the event that the Board should establish that a proposed transaction or arrangement establishes a conflict of interest, the Board shall then proceed with the following actions:

- a) Any interested person may render a request or report at the Board meeting, but upon completion of said request or report the individual shall be excused while the Board discusses the information and/or material presented and then votes on the transaction or arrangement proposed involving the possible conflict of interest.
- b) The Chair of the Board shall, if deemed necessary and appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

- c) After exercising due diligence, the Board shall determine whether the Corporation 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.
- d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the best interest of the Corporation, for its own benefit, and whether it is fair and reasonable. It shall make its decision as to whether to enter into the transaction arrangement in conformity with this determination.

5. Violations of the Conflict of Interest Policy

Should the Board have reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, the Board shall then inform the interest person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.

If, after hearing the interested person's explanation, and after making further investigation as may be warranted in consideration of the circumstances, the Board determines the interested person intentionally failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

6. Changes to this Policy

This Conflict of Interest Policy may be amended from time to time as determined by the Board in accordance with the corporate bylaws of STTE Foundation.