

# U.S. Hemp Roundtable

## CONFLICT OF INTEREST POLICY

### PURPOSE

**Purpose.** The purpose of this Conflict of Interest Policy (“Policy”) is to protect U.S. Hemp Roundtable, Inc., a Kentucky nonprofit corporation (“Corporation”), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director or member of the Corporation or might result in a possible excess benefit transaction under section 4958 of the Internal Revenue Code of 1986, as amended (“Code”). This policy is intended to supplement but not replace any applicable state and Federal laws governing conflicts of interest applicable to the Corporation.

### DEFINITIONS

**“Interested Person.”** An interested person (“Interested Person”) is any director or officer who has a direct or indirect Financial Interest (as defined below).

**“Financial Interest.”** A financial interest (“Financial Interest”) is any interest held directly or indirectly, through business, investment, family relationship, employment or paid and/or voluntary service on a board of directors or trustees (or like body): (a) in any entity (regardless of whether a for-profit or not-for-profit entity) with which the Corporation has a transaction or arrangement, (b) as a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or (c) as 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.

### PROCEDURES

**Duty to Disclose.** In connection with any actual or possible conflict of interest, an Interested Person shall disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts regarding the Financial Interest to the Board of Directors of the Corporation (“Board”). The Chair of the Board shall act as the representative of the Board with respect to all provisions herein, unless otherwise stated herein. If the Chair is potentially an “Interested Person,” the Vice-Chair shall assume this role.

**Determining Whether a Conflict of Interest Exists.** After disclosure of the Financial Interest and all material facts and discussion with the Interested Person, the Board shall determine if a conflict of interest exists.

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

***Presentation to the Board.*** An Interested Person may make a presentation to the Board, but an Interested Person shall not be present during the Board discussion of the transaction or arrangement involving the possible conflict of interest and shall abstain from voting on the existence of a conflict of interest.

***Investigation of Alternatives.*** The Chair of the Board shall himself or herself, or if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

***More Advantageous Transactions.*** 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.

***No More Advantageous Transactions.*** 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 Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Board shall make its decision as to whether to enter into the transaction or arrangement.

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

If the Board has reasonable cause to believe an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform such Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

If, after hearing such Interested Person's response and after making further investigation as warranted by the circumstances, the Board determines that the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## **RECORDS OF PROCEEDINGS**

***Records of Proceedings.*** The minutes of the Board meetings at which a possible conflict of interest is discussed or voted upon shall contain the following:

***Disclosure.*** The name of the Interested Person who disclosed or otherwise was 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 decision as to whether a conflict of interest in fact existed.

***Discussion and Voting.*** 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.

## **COMPENSATION**

## *Compensation.*

***Director's Compensation.*** Currently, no director receives compensation for service on the Board other than reimbursement for travel expenses; it is not expected that this policy will change. However, in the event it does change, a director who receives compensation, directly or indirectly, from the Corporation for services rendered shall not vote on matters pertaining to such director's compensation.

***Committee Member's Compensation.*** A voting member of any committee with jurisdiction over compensation matters and who receives compensation, directly or indirectly, from the Corporation for services rendered shall not vote on matters pertaining to such member's compensation.

## **ANNUAL STATEMENTS**

***Annual Statements.*** Each Interested Person shall annually sign a statement affirming that such Interested Person: (a) has received a copy of the Policy, (b) has read and understands the Policy, (c) has agreed to comply with the Policy, and (d) understands that the Corporation is exempt from Federal income tax under section 501(c)(4) of the Code, and in order to maintain its Federal tax exemption, the Corporation must engage primarily in activities which accomplish one or more of its exempt purposes.