

**DELAWARE PROSPERITY PARTNERSHIP, INC.**

**CONFLICT OF INTEREST POLICY**

**ARTICLE I.**

**Purpose**

The purpose of this Conflict of Interest Policy (the "Policy") is to protect the interests of Delaware Prosperity Partnership, Inc. (the "Organization"), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Member, Director or Officer of the Organization, or might result in a potential excess benefit transaction. This Policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations. The Organization shall at all times conduct its business in accordance with the highest standards of ethical conduct and in compliance with all applicable laws, rules and regulations. In addition to complying with the express terms and provisions hereof, any person bound hereby shall at all times avoid conflicts or potential conflicts of interest that could create an appearance of impropriety, whether or not expressly addressed herein.

**ARTICLE II.**

**Definitions**

1. **Interested Person**

Any Member, Director, Officer, or member of a committee with powers delegated to it from the Board of Directors (the "Board") of the Organization, who has a potential or actual conflict of interest, as defined below, is an interested person.

2. **Potential Conflicts of Interest**

A person has a potential conflict of interest if the person has, directly or indirectly, through business, investment or family any of the following:

a. An interest that may make it difficult for him or her to perform the responsibilities of his or her position objectively and/or effectively in the best interests of the Organization, including but limited to, in circumstances where such person's involvement in the deliberations and decisions of the Board of any committee thereof with respect to such matter (including any benefit resulting from such person or entity avoiding any detriment) would (i) directly or indirectly benefit such person or entities affiliated with such person or (ii) directly or indirectly adversely affect the interests of one or more competitors of such person or entities affiliated with such person;

b. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement;

c. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement; or

d. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

For purposes of the foregoing, compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

### ARTICLE III.

#### Procedures

##### 1. Duty to Disclose

In connection with any actual or potential conflict of interest, an interested person must disclose the existence of the actual or potential conflict of interest, and be given the opportunity to disclose all material facts, to the members of the Board to consider the proposed transaction or arrangement.

##### 2. Determining Whether a Conflict of Interest Exists

After the disclosure of the potential conflict of interest and all material facts, and after any discussion with the interested person, the interested person shall leave the Board meeting while the determination of a conflict of interest is discussed. The remaining Board members may determine that no actual conflict of interest exists.

##### 3. Procedures for Addressing Potential Conflicts of Interest

###### a. Procedures for Recusal

(i) Any person shall recuse himself or herself from any further deliberations or decisions upon a matter he or she believes creates a potential or actual conflict of interest.

(ii) If a potential or actual conflict of interest exists with respect to any person, and such person does not recuse himself or herself, then after such person (1) discloses all material facts with respect to the potential or actual conflict of interest to the Board and (2) leaves the Board meeting, the remaining Board members shall decide if a conflict of interest exists and determine whether or not such person should be recused from any further deliberations or decisions upon such matter. Each person as to whom the Board has determined an actual conflict of interest exists shall recuse himself or herself from deliberations or voting on the matter as to which the conflict exists.

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

(i) An interested person may make a presentation at the Board meeting, but after the presentation, the interested person shall leave the meeting during the

discussion of, and the vote on, the transaction or arrangement involving the potential conflict of interest.

(ii) The Co-Chairpersons, or if one Co-Chairperson is absent from the Board meeting, then the Co-Chairperson present at the Board meeting, or if one Co-Chairperson is the interested person, then the other Co-Chairperson, if appropriate, shall, if applicable, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(iii) After exercising due diligence, the Board shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a potential conflict of interest.

(iv) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a potential conflict of interest, the Board shall determine by a majority vote of the disinterested directors, whether the transaction or arrangement is in the Organization'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.

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

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

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

### **ARTICLE IV.**

#### **Records of Proceedings**

The minutes of the Board relating to any proceedings regarding a transaction or arrangement being considered in accordance with this Policy shall contain:

a. The names of the interested persons who disclosed or otherwise were found to have an actual or potential conflict of interest, the nature of such 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.

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 member of the Board who receives compensation, directly or indirectly, from the Organization for services, is precluded from voting on matters pertaining to that Board Member's compensation.

b. A member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, is precluded from voting on matters pertaining to that Board member's compensation.

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

## **ARTICLE VI.**

### **Annual Statements**

Each Member, Director, Officer and member of a committee with powers delegated to it by the Board shall annually sign a statement that affirms such person has:

- a. Received a copy of the Policy;
- b. Read and understands the Policy;
- c. Agreed to comply with the Policy; and
- d. Acknowledges that the Organization is charitable, and 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 VII.**

### **Periodic Reviews**

To ensure the Organization operates in a manner consistent with 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.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect

reasonable investment in or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

## **ARTICLE VIII.**

### **Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

