

**Carolina Art Association/ Gibbes Museum of Art
CONFLICT OF INTEREST POLICY**

It is the policy of the Carolina Art Association (CAA) that members of its Board and its Officers have a duty to be free from the influence of any conflict of interest when they act on behalf of the CAA. Furthermore, they owe a duty of good faith to the CAA and have an obligation to exercise appropriate judgment so as to insure that they act on behalf of the CAA with honesty, full disclosure and, at all times, with the best interests of the CAA in mind. If there are circumstances that may create, or give the impression of creating, a conflict of interest for a Board member or Officer, those circumstances must be reported promptly to the Chair of the Board or to the Governance Committee and a review process as to such circumstances will be undertaken. The person with the conflict will not participate in the review process and will be required to abstain from any vote on, or consideration of, any matter related to the subject of the conflict of interest.

In order to insure that all Board members and Officers of the CAA are notified and periodically reminded of this Policy and thus to also insure that such persons understand and agree to accept their fiduciary duties with respect to good faith and fair dealing with the CAA, a "Conflict of Interest Annual Disclosure Statement", in a form similar to that attached hereto, will be submitted to them for signature annually. Results of the annual Conflict of Interest signoffs will be reviewed by the Chair of the Board or by the Governance Committee and reported by them in summary (and as to any significant conflicts then also in detail) to the Audit Committee and the full Board.

CONFLICT OF INTEREST

1. Definition

A conflict of interest may exist whenever a Board member or Officer of the CAA is faced with a decision involving at least two competing interests: the CAA's interest and the Board member's or Officer's own private interests, including interests of immediate family members, and interests of organizations with which a Board member or officer or immediate family member has a significant position. Examples of situations that may create a conflict of interest include:

- (a) instances where the Board member or Officer has a direct or indirect financial interest in a supplier of goods or services to the CAA;
- (b) instances where the Board member or Officer has received or expects to receive any compensation, gift or loan from any supplier of goods or services to the CAA; and
- (c) instances where the Board member or Officer has a direct or indirect financial interest in or involvement with any transaction or arrangement to which the CAA is a direct or indirect party or beneficiary, except for their involvement in the solicitation of contributions to the CAA; such solicitation activities are recognized to be part of the Board member's and Officer's duties in connection with the respective roles they each serve.

2. Required Procedures:

(a) If a conflict of interest in a proposed transaction or arrangement is known to exist, or could reasonably be expected to arise, the Board member or Officer shall disclose to the Chair of the Board his or her interest in the transaction or arrangement and all material facts with respect to it. If it is the Chair that has a conflict, or potential conflict, of interest he or she shall disclose such conflict to the Governance Committee.

"Immediate family member" means a spouse, parent, sibling, child, mother- and father-in-law, sister- and brother-in-law, and any relative or person who resides in the Board members or Officer's household. "Position" means serving as an officer, director, partner, manager, employee, consultant, trustee, or significant owner of any organization.

- (b) The Chair shall review the information disclosed by a Board member or Officer and the transaction or arrangement to which it relates and, if the conflict (or potential conflict) is deemed by the Chair to be insignificant, the Chair (without further review by the Governance Committee) shall ascertain that appropriate consideration has been given to the facts and also of alternatives, if any are reasonably available, to conduct or structure the transaction or arrangement with parties other than the Board member or Officer or other competing interest. The Chair, upon completion of such review, shall determine whether (i) the transaction or arrangement being reviewed is in the best interests of the CAA and for its benefit; (ii) the transaction is fair and reasonable to the CAA and (iii) whether to proceed to enter into or continue such transaction or arrangement.
- (c) If the Chair deems the conflict or potential conflict to be significant (or it is the Chair who has the conflict or potential conflict), the Chair shall report the information required to be disclosed in paragraph 2(a) to the Governance Committee and such Committee shall conduct the review and make the determinations described in paragraph 2(b).
- (d) To provide oversight to its review process, the Governance Committee will report its findings and conclusions on significant conflicts to the Executive Committee contemporaneously with its decision-making and to the full Board at least annually.
- (e) The Board member or Officer with the conflict of interest shall abstain (whether at a Committee level or at the full Board level) from voting upon, or any consideration of, the approval of the transaction or arrangement, or from voting upon, or any consideration of, the decision to permit the continuation of any condition giving rise to a conflict of interest.

- (f) The minutes of the Board of Directors and Executive Committee will reflect a statement regarding any conflicts of interest that have been raised and their resolution.

The fact that a conflict of interest, actual or implied, exists, arises or could reasonably be expected to arise is not, in and of itself, sufficient to prohibit the CAA from entering into the proposed transaction or arrangement. Nonetheless, and as the above practice describes, each Board member and Officer of the CAA has a fiduciary duty and obligation to fully disclose his or her interest in a transaction or arrangement in conformity with this Policy and to abstain from voting on action with respect to it.

3. Annual Signoff on Compliance with the Conflict of Interest Policy:

The CAA annually will send each Board member and Officer a conflict of interest statement in a form similar to that attached hereto, requesting that it be completed, signed and returned to the Secretary of the CAA. The Secretary will report to the Chair of the Board and to the Governance Committee the results of this annual signoff procedure. The Governance Committee will review the annual signoffs and report the results thereof to the Executive Committee and to the full Board.