Charleston Southern University (the “University”), including its trustees, officers and employees, has a clear obligation and commitment to conduct all affairs of the University in accordance with the highest standards of integrity and ethics, and in compliance with applicable federal and state laws and with a commitment to the best interest of the University. A potential conflict of interest occurs when an individual’s personal or private interest might lead an independent observer reasonably to question whether the individual’s professional actions or decisions are influenced by considerations of significant personal interest, financial or otherwise.

**Scope**

This policy applies to each member of the Board of Trustees, members of any Board committee with governing board delegated powers, all officers of the University, and key employees with financial responsibilities, as determined by the president.

If a person has a potential or actual conflict with the University, such person is deemed to have a potential or actual conflict with respect to any of its subsidiaries for purposes of this policy.

**Definition of Conflict of Interest**

**Conflict of Interest.** A conflict of interest can be considered to exist in any instance where the actions or activities of an individual on behalf of the University also involve:

- Direct or indirect financial interest or obtaining of personal gain or advantage; or
- An adverse or potentially adverse effect on the interests of the University.

**Interested Person.** Any Trustee, principal officer, or member of any Board committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

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

- A material ownership or investment interest in an entity with which the University has a transaction or arrangement.
- A compensation arrangement with the University or with any entity or individual with which the University has a transaction or arrangement.
- A potential material ownership or investment interest in, or compensation arrangement with, any entity or individual with which the University is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. Compensation does not include salary and wages paid in the normal course of employment at the University. A “material ownership or investment interest” shall not include equity interest of less
than 1% in entities whose securities are listed on an established public securities exchange. It shall be a “material ownership or investment interest” if equity interest exceeds 1% of the entity’s market capitalization, or 5% of the trustee’s, or of a trustee’s immediate family member’s, personal assets. An “immediate family member” includes the interested person’s spouse, child, brother, sister, parent, grandparent, grandchild, and the respective spouse of the foregoing or any person residing within the trustee’s household.

A financial interest is not necessarily a conflict of interest. Under “Procedures”, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Conflicts of interest can also arise in other instances. While it is impossible to list every circumstance giving rise to a conflict of interest, the following will serve as a guide to the possible types of activities that might present potential or actual conflicts of interest.

**Corporate Opportunity.** It may be a conflict of interest when a trustee fails to inform the University of a corporate opportunity and instead diverts it to himself or herself (or immediate family member) to the detriment of the University. A “corporate opportunity” is a business opportunity that the University: (i.) has a reasonable interest in or could be expected to take advantage; and (ii) is financially able to undertake. The opportunity must be in a line of business similar to those that the University currently operates and must be one that could be advantageous to the University.

**Non-Public Inside Information.** It is a conflict of interest to disclose non-public inside information relating to the University’s business and/or use such information for the personal profit or advantage of any trustee, his or her immediate family, or any other entity of which the trustee is an employee, officer, director or shareholder. It also may be a conflict of interest if the trustee possesses non-public confidential information concerning a transaction involving the University which cannot be disclosed to the University.

**Gifts, Gratuities, and Entertainment.** It may be a conflict of interest for a trustee (or an immediate family member) to accept gifts, excessive entertainment, unsecured loans, or other favors from any outside concern that does, or is seeking to do, business with, or is a competitor of the University under circumstances from which it might be inferred that such action was intended to influence or possibly would influence the trustee in the performance of his or her duties. This does not include the acceptance of items of nominal or minor value that are clearly tokens of respect or friendship and not related to any particular transaction or activity of the University.

**Other Areas of Conflicting Interest.** Other circumstances may arise which could result in a conflict between the trustee’s personal interest and those of the University. These Policy guidelines are not intended to describe all potential conflict situations. In general, any circumstance that may give rise to reasonable question or possible favoritism, self-dealing or undue influence may be a conflict of interest.
Conflict of Interest Policy

All such conflicts should be avoided, if possible. Trustees, officers and employees should also be sensitive to the appearance of conflict, even if no actual conflict exists.

Procedures

Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of such within a reasonable time of the date that such financial interest or circumstance shall arise, and the interested person shall be given the opportunity to disclose all material facts to the Executive Committee of the Board of Trustees.

In addition, all persons within the scope of this policy shall complete and submit to the President a Conflict of Interest Disclosure Form (see attachment A) annually.

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 Executive Committee or Full Board of Trustees 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.

Procedures for Addressing the Conflict of Interest.

- An interested person may make a presentation at the Executive Committee of the Board meeting or Full Board of Trustees meeting, but 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.

- The chairperson of the Board of Trustees shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

- After exercising due diligence, the Executive Committee of the Board or Full Board of Trustees shall determine whether the University 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.

- If a more advantageous transaction or arrangement is not reasonably possible under the circumstances not producing a conflict of interest, Executive Committee of the Board or Full Board of Trustees shall determine by a majority vote of the disinterested Trustees whether the transaction or arrangement is in the University’s best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

Approved by BOT 3 31 09
Violations of the Conflict of Interest Policy.

- If the Executive Committee of the Board or Full Board of Trustees has reasonable cause to believe a member has failed to discuss actual or possible conflicts 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.

- If, after hearing the member’s response and after making further investigation as warranted by the circumstances, Executive Committee of the Board or Full Board of Trustees determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Records of Proceedings.

The minutes of Executive Committee of the Board or Full Board of Trustees and all committees with board delegated powers shall contain:

- 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 Executive Committee of the Board’s or Full Board of Trustees’ decision as to whether a conflict of interest in fact existed.

- 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.
Conflict of Interest Disclosure Form

NAME: ________________________________ CAPACITY: __________________

(Trustee, Officer, or Employee)

1. Do any of the below apply currently or within the last year to you or your immediate family (other than in your capacity as at the University):

☐ Yes □ No Have or had any financial or other interest in any matter or transaction involving the University

☐ Yes □ No Currently are or have been, an officer, director, partner, member, employee, or agent of, or the owner of a controlling interest in, any entity which has any financial or other interest in any matter or transaction involving the University; or

☐ Yes □ No Have or had any financial or other interest in or currently are or have been involved in any personal, familial, or business matter, transaction, or relationship that in your best judgment could reasonably be construed to give rise to a conflict of interest, real or apparent, involving the University, that would affect your independent, unbiased judgment in carrying out your duties to the University?

If the answer to any of the questions is in the affirmative, please identify the matter, transaction or relationship and provide any information that you consider relevant to a determination whether a significant conflict exists. Use additional paper as necessary.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

2. I have received and read the Conflict of Interest Policy of Charleston Southern University, and, to the best of my knowledge, I am in compliance with that policy except as indicated above, and I certify that the foregoing information is true and complete to the best of my knowledge.

________________________________________________________________________

Date and Signature

Approved by BOT 3 31 09