Community Services Associates, Inc.
A South Carolina Nonprofit Corporation

Conflict of Interest Policy
(Adopted November 16, 2021)
(Effective January 1, 2022)

Article I
Purpose

This conflict of interest statement (the "Conflict of Interest Statement") is intended to provide guidance to the Community Services Associates, Inc., ("CSA") when it is contemplating entering into a transaction or arrangement that may present a conflict of interest with a member of the Board of Directors of CSA (each hereinafter a "Director" and collectively, the "Board"). This Conflict of Interest Statement is intended to supplement the South Carolina Nonprofit Corporations Act, S.C. Code Annotated §33-31-101, et. Seq., ("Nonprofit Act") any applicable State and Federal laws governing conflicts of interest applicable to nonprofit mutual benefit corporations.

Article II
Definitions

1. Interested Person. Interested Person shall mean any Director who has a Direct or Indirect Interest (as hereinafter defined) in a transaction being contemplated by the Board.

2. Direct or Indirect Interest. A Direct or Indirect Interest shall mean an interest which a Director has, either directly or indirectly, through business, investment, or family in the following:
   
   (a) An ownership or investment interest in any entity or property with which CSA has a business or other transaction or business arrangement;
   
   (b) A compensation arrangement with CSA or with any entity or individual with which CSA has a business or other transaction or business arrangement. Compensation includes direct and indirect remuneration, as well as gifts or favors that are not insubstantial;
   
   (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CSA is contemplating a business or other transaction or business arrangement, or;
   
   (d) Any other direct or indirect interest which would prohibit a Director from acting in good faith, with the care of an ordinarily prudent person and in the best interests of the corporation.

3. Conflict of Interest. A Conflict of Interest arises when a transaction being contemplated by CSA involves an Interested Person with a material Direct or Indirect Interest in the transaction.
4. **Inherent Conflict of Interests.** Given the composition of the Board (9 elected RPOs; 4 appointed by the Resort and 4 appointed by the Commercial Parties) there are recognizable and pre-existing conflicts of interest of members that are acknowledged. These inherent conflicts do not disqualify a member from serving but are to be acknowledged when a topic under Board discussion includes an inherent conflict. Examples of such inherent conflicts include the rights and authority The Sea Pines Resort LLC and or Commercial Parties have over matters such as the Gate Agreement, terms of a referendum, operation of the trolleys and other such matters. Inherent conflicts do not disqualify a party from participating in a discussion or decision relating to the Inherent Conflict but will be handled in accordance with Board procedures.

**Article III**

**Procedures**

1. **Duty to Disclose.** In connection with an actual or possible Conflict of Interest, an Interested Person shall disclose to the Board the existence of any Direct or Indirect Interest or potential Conflict of Interest and such Interested Person shall be given the opportunity to disclose all material facts to the Board prior to Board action on the proposed transaction.

2. **Determination.** Upon an Interested Person's disclosure of a Direct or Indirect Interest or potential Conflict of Interest, the Board shall determine, without the participation or vote of the Interested Person, whether or not a Conflict of Interest exists.

3. **Procedures for Addressing the Conflict of Interest.**
   
   (a) The Interested Person may make a presentation to the Board concerning a potential Conflict of Interest;
   
   (b) If the potential Conflict of Interest has been disclosed to the Board, the majority vote of disinterested Directors may vote to authorize, approve, or ratify the transaction;
   
   (c) The Board may, but shall not be required to appoint a non-conflicted person or committee to investigate alternatives to the proposed transaction;
   
   (d) The Board may, but shall not be required to determine whether CSA may obtain, with reasonable efforts, an equally advantageous transaction from a person or entity that would not give rise to a Conflict of Interest;
   
   (e) If an alternative transaction is not reasonably available under circumstances that would not present a Conflict of Interest, the Board shall determine, by a majority vote of the disinterested Directors who are voting, whether or not CSA should proceed with the proposed transaction.

4. **Implementation and Oversight Process.**
   
   (a) At the beginning of each year, the Board Chairman will review the COI Policy and Disclosure Form with the Board. The Disclosure Forms will be provided to each member to complete and return to the Sea Pines CSA Staff Executive
Administrator. The completed forms will be reviewed by the Board Chairman, the Chair of the Governance Committee and Company President. Outside legal counsel may be consulted if there are issues requiring clarification.

(b) A summary of this review will be reported to the Board in executive session. If it is determined that a member has noted a potential conflict, one of the reviewers will contact the member for clarification. If the conflict is significant and cause for concern, it will be reviewed by the Executive Committee of the Board. If any action is needed, the Executive Committee will recommend such action, as needed, to the Board.

(c) Various conflicts may exist across different Board member groups, in addition to the “inherent conflicts” of a Class “A” Residential property owner, Resort appointee and/or Class “B” Commercial Representative. These conflicts need to be declared before or during a Board Session by the member who has the conflict. At such time, it will be determined if the conflict is sufficient to require the individual to leave the meeting during the topic’s discussion, remain in the room, but be recused from voting, or remain in the room and participate in the deliberations including a vote if taken, but noting the potential conflict.

(d) At the beginning of each Board meeting, the Board Chair will ask if any agenda items present a conflict for a Board member and address it at that time. It will be determined at that time what steps may be taken to manage the potential conflict.

5. Violations of the Conflict of Interest Policy.

(a) If the Board has reasonable cause to believe an Interested Person has failed to disclose a Financial Interest or potential Conflict of Interest, it shall inform the Interested Person of the basis for such belief and shall provide such Interested Person an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the 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 a Direct or Indirect Interest or potential Conflict of Interest, it shall take appropriate action in accordance with the Nonprofit Act or Board procedures.

Article IV
Records of Proceedings

1. The minutes of the Board shall contain the following:

(a) Name of the Interested Person who disclosed or who was otherwise found to have a Direct or Indirect Interest or potential Conflict of Interest; the nature of the Direct or Indirect Interest or potential Conflict of Interest; any action taken to determine whether a Conflict of Interest existed; and the Board's decision whether a Conflict of Interest, in fact, existed;
(b) Names of the Directors who were present for the discussions and the votes relating to the proposed transaction.

**Article V**

**Annual Statements**

1. Each Board Director shall annually sign a statement which affirms such person:

   (a) Has received a copy of the Conflict of Interest Policy.

   (b) Has read and understands the Conflict of Interest Policy.

   (c) Has agreed to comply with the Conflict of Interest Policy.

The undersigned acknowledges his or her receipt of this Conflict of Interest Policy Acknowledgment, as set forth above on this _____ day of ____________________, 20___________________________.

____________________________________________________
(Print Name)

____________________________________________________
(Signature)

____________________________________________________
(Position)