

**SCENIC HUDSON, INC.**  
**CONFLICT OF INTEREST POLICY**  
**Revised June 15, 2017<sup>1</sup>**

Directors, officers, employees, advisors, and agents of Scenic Hudson, Inc., and any of its affiliated or controlled entities (collectively “SH”) are in a position of trust which requires that in connection with matters involving SH they act, not in their personal interests or in the interests of others, but rather solely in the interests of SH and for public benefit. These individuals should have an undivided allegiance to SH’s mission and may not use their position with SH, its property, plans or any non-public information they acquire through or about SH in a manner that allows them to secure a pecuniary benefit for themselves, a “Relative”, an “Affiliated Entity”, an “Affiliated Individual”, or an “Insider” (see Definitions). Such individuals also owe a duty of loyalty to SH and should avoid association with efforts which are at odds with any of the SH’s policies, goals or objectives.

To assist the directors, officers, employees, advisors and agents of SH in performing their responsibilities to the organization and to the public, the Board of Directors of SH (the “Board”) has adopted the following conflict of interest policy:

1. Applicability. This Policy shall apply to all directors, officers, employees, advisors and agents of SH.
2. Mandatory Disclosure. Contracts, transactions, arrangements or activities of SH in which a director, officer, employee, advisor, agent or Insider has a potential or actual conflict of interest (see Definitions) shall not be prohibited, but shall be subject to mandatory disclosure as provided in paragraph 3 below, and enhanced scrutiny. Disclosure of a potential or actual conflict of interest shall be made promptly upon any director, officer, employee, advisor or agent becoming aware that a contract, transaction, arrangement or activity is to be considered or is under consideration by SH (whether by the Board, management or any committee thereof) and involves a potential or actual conflict of interest involving themselves or any other director, officer, employee, advisor, agent or an Insider. If there is doubt about whether a potential or actual conflict of interest exists, or there is no conflict of interest but SH’s proceeding with the contract, transaction, arrangement or activity could give rise to the appearance of a conflict of interest, then disclosure should be made. Disclosure should also be made as soon as possible if a director, officer employee, advisor, agent or Insider is involved in (or contemplates involvement in) any activity which conflicts, or may conflict, with any policy, goal or objective of SH.

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<sup>1</sup> The prior introductory paragraph describing the historical reason for adopting a conflict of interest policy is no longer necessary. A conflict of interest policy is now required by state law.

3. Procedure. Disclosure of a potential or actual conflict of interest shall be made in writing to the Chairman of the Board and the President; or if such potential or actual conflict involves either the Chairman of the Board or the President, disclosure shall be made to the non-conflicted party and one other officer of SH. Such disclosure shall include all material facts relevant to determining the nature of the potential or actual conflict of interest and whether the contract, transaction, arrangement or activity is in the best interest of SH. The parties to whom the potential or actual conflict is disclosed shall, when necessary to allow due consideration of the issues presented, refer the information to the body within SH having decision making authority over and/or responsibility for recommending action with respect to the contract, transaction, arrangement or activity under consideration.

4. Recusal and Voting. The director, officer, employee, agent or advisor who discloses or is involved in a potential or actual conflict of interest shall, if he or she so desires, have the opportunity to make a presentation to, and respond to questions by, the body, but after such presentation shall leave the meeting during the discussion of, and the vote on, the contract, transaction, arrangement or activity that creates the potential or actual conflict of interest. The body shall determine whether SH can obtain a more advantageous contract, transaction, arrangement or activity with reasonable efforts from a person or entity that would not give rise to a conflict of interest. If a more advantageous contract, transaction, arrangement or activity is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the body shall determine by majority vote of disinterested members whether the contract, transaction, arrangement or activity is found to be fair and reasonable and in SH's best interest and shall make its decision as to whether to enter into the contract, transaction, arrangement or activity in conformity with such determination. The existence of a quorum shall not be broken by the non-participation of a director or officer who has disclosed a direct or indirect financial interest in any contract, transaction, decision or arrangement with SH.

Even if a more advantageous contract, transaction, arrangement or activity is not reasonably attainable, and/or if the proposed contract, transaction, arrangement or activity is fair and reasonable, the body may still in its discretion determine that the conflict, or appearance of conflict, means that proceeding with such proposed contract, transaction, arrangement or activity is not in the best interests of SH. Any body other than the Board determining to proceed with a contract, transaction, arrangement or activity as to which a potential or actual conflict of interest shall have been disclosed, shall promptly (and before proceeding to execution) inform the President and Board Chair.

5. Minutes of Decision. The names of individuals who disclosed or otherwise are found to have a potential or actual conflict of interest in a proposed or existing contract, transaction, arrangement or activity of SH, the nature of the conflict, the extent of the individual's participation in the relevant body's relevant meetings and the basis for the body's determination regarding whether the proposed contract,

transaction, arrangement or activity is fair and reasonable and in SH's best interest shall be recorded in the minutes of the relevant body's meeting.

The minutes of the body considering the matter also shall include the names of the persons who were present for discussions and votes relating to the proposed or existing contract, transaction, arrangement or activity, the content of the discussion, including any alternatives to the proposed or existing contract, transaction, arrangement or activity and a record of any votes taken in connection therewith.

6. Disclosure to Funding Sources. A potential or actual conflict of interest that has been disclosed shall also be disclosed to any person being requested to provide a grant or other funding to SH in connection with the relevant contract, transaction, arrangement or activity, together with a copy of the minutes reflecting the discussion of the potential or actual conflict and the vote taken thereon and decision made.

7. Confidentiality. Every director, officer, employee, advisor and agent of SH shall preserve the confidences of the organization and shall not to disclose to others pending contracts, transactions, arrangements or activities, except: (1) in the ordinary course, and for the purposes, of SH-related work; and (b) when required by law. No director, officer, employee, agent or advisor of SH shall use confidential information or his or her relationship with SH to secure any pecuniary benefit for himself or herself or for any Relative, Affiliated Entity, Affiliated Individual or Insider.

8. New Directors, Officers, Employees, Agents and Advisors; Annual Review. Each new director, officer, employee, agent and advisor of SH shall be given a copy of this Policy and shall acknowledge his or her familiarity with this Policy by acknowledging its receipt in writing. Promptly following the adoption of this Policy and subsequently at the last board meeting of the calendar year, each director, officer, employee, advisor and agent shall acknowledge his or her familiarity with this Policy by acknowledging its receipt in writing.

9. Related Party Transactions.<sup>2</sup> SH shall not enter into any related party transaction unless the transaction is determined by the Board to be fair, reasonable and in SH's best interest at the time of such determination.

Any director, officer or Key Person who has an interest in a related party transaction shall disclose in good faith to the Board, or an authorized committee thereof, the material facts concerning such interest. With respect to any related party transaction involving SH and in which a Related Party has a substantial financial interest, the Board, or an authorized committee thereof, shall: (1) prior to entering into the transaction, consider alternative transactions to the extent available; (2) approve the transaction by not less than a majority vote of the directors or committee members present at the meeting; and (3)

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<sup>2</sup> Provisions regarding related party transactions required to be included in conflict of interest policy.

contemporaneously document in writing the basis for the Board's or authorized committee's approval, including its consideration of any alternative transactions. No Related Party may participate in deliberations or voting relating to the transaction in which such Related Party has an interest; provided that the Board or authorized committee may request that a Related Party present information concerning a related party transaction at a Board or committee meeting prior to the commencement of deliberations or voting relating thereto.

10. Applicability of Other Laws. This Policy is intended to supplement but not replace any applicable state or federal laws governing conflicts of interest applicable to SH.

## **DEFINITIONS**

1. “Affiliated Entity” or “Affiliated Individual” means having a relationship with or interest in a person or entity sufficient to give rise to the appearance of a conflict of interest.
2. “Direct or Indirect Financial Interest” A director, officer employee, agent or advisor shall be deemed to have a direct or indirect financial interest in a proposed or existing contract, transaction, arrangement or activity if he or she, a Relative, an Affiliated Entity, or an Affiliated Individual:
  - a) Has a substantial financial interest directly in the proposed or existing contract, transaction, arrangement or activity; or
  - b) Has a substantial financial interest in any organization involved in, or a party to, the proposed or existing contract, transaction, arrangement or activity; or
  - c) Holds a position as director, trustee, officer, member, partner, employee or substantial shareholder in any such organization described in paragraph 3b.

An Insider shall be deemed to have a direct or interest financial interest in a proposed or existing contract, transaction, arrangement or activity under the same circumstances as outlined above.

3. “Insider” means a substantial contributor, persons who have an ability to influence decisions of SH and persons with access to information not available to the general public.
4. “Key Person” means any person, other than a director or officer, whether or not an employee of SH, who (i) has responsibilities, or exercises powers or influence over SH as a whole similar to the responsibilities, powers, or influence of directors and officers; (ii) manages SH, or a segment of SH that represents a substantial portion of the activities, assets, income or expenses of SH; or (iii) alone or with others controls or determines a substantial portion of SH’s capital expenditures or operating budget.
5. “Potential or Actual Conflict of Interest” in respect to a contract, transaction, arrangement or activity means: (a) any direct or indirect financial interest by any director, officer, employee, agent, advisor, Relative, Affiliated Entity, Affiliated Individual or Insider in such contract, transaction, arrangement or activity; (b) ownership by any director, officer, employee, agent, advisor, Relative, Affiliated Entity, Affiliated Individual or Insider of real property adjacent to real property that is the subject of a Transaction; (c) any other circumstance that could raise the appearance of a conflict of interest; or (4) any other circumstance that could raise a reasonable question about whether SH’s primary purpose in undertaking the contract, transaction, arrangement or activity is a private interest and not a public benefit.
6. “Related Party” means (i) any director, officer or Key Person of SH or any affiliate of SH; (ii) any relative of any director, officer or Key Person of SH or any affiliate of SH; or (iii) any entity

in which any individual described in the foregoing clauses (i) and (ii) has a thirty-five percent or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent.

7. “Relative”<sup>3</sup> of any individual means his or her (i) spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren; or (ii) domestic partner as defined in section 2994-a of the New York State Public Health Law.
8. “Substantial Financial Interest” A director, officer, employee, agent, advisor or Insider’s financial interest will be considered substantial if it involves:
  - a) An ownership or investment interest by the director, officer, employee, agent, advisor, a Relative, Affiliated Entity or Affiliated Individual, or an Insider representing more than 1% of the outstanding shares of a publicly traded company or 5% of the outstanding shares or comparable interest of a privately owned company with which SH has or is negotiating a contract, transaction, arrangement or activity; or
  - b) An ownership or investment interest in any entity with which SH has or is negotiating a contract, transaction, arrangement or activity that produces a significant amount of the income, or constitutes a significant part of the net worth, of the director, officer, employee, agent, advisor, Relative, Affiliated Entity or Affiliated Individual, or Insider; or
  - c) An arrangement of any kind by a director, officer, employee, agent, advisor, a Relative, Affiliated Entity or Affiliated Individual, or Insider to receive compensation of any kind or in any amount from any entity or individual with which SH has or is negotiating a contract, transaction, arrangement or activity.
9. “Transaction” means the purchase, sale, acceptance of a donation, donation or other transfer to or from SH of any fee, conservation easement or other interest in real property.

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<sup>3</sup> To avoid confusion, the term “Related Party” that has a specific meaning under state law is used here. Prior definition of “Related Party” is replaced with the definition of “Relative” used in a similar manner.

**CONFLICT-OF-INTEREST POLICY**

**ANNUAL ACKNOWLEDGEMENT AND QUESTIONNAIRE FOR  
DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND ADVISORS**

**DEFINITIONS:**

“*Policy*” means Scenic Hudson, Inc. Conflict of Interest Policy attached to this form.

“*SH*” includes Scenic Hudson, Inc. and any of its respective affiliated or controlled entities.

1. Have you, any Relative, Affiliated Entity or Affiliated Individual had any direct or indirect financial interest (determined as provided in the Policy) in any contract, transaction, arrangement or activity since the last board meeting of the previous calendar year, to which SH was, or is to be, a party?

No

Yes (If yes, please describe the transaction):

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2. Do you know of any Insider who has had any direct or indirect financial interest (determined as provided in the Policy) in any contract, transaction, arrangement or activity since the last board meeting of the previous calendar year, to which SH was, or is to be, a party?

No

Yes (If yes, please describe the transaction):

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3. Do you, any Relative, Affiliated Entity or Affiliated Individual have any direct or indirect financial interest (determined as provided in the Policy) in any pending or incomplete contract, transaction, arrangement or activity to which SH is, or is to be, a party?

No

Yes (If yes, please describe the transaction):

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4. Do you know of any Insider who has any direct or indirect financial interest (determined as provided in the Policy) in any pending or incomplete contract, transaction, arrangement or activity to which SH is, or is to be, a party?

No

Yes (If yes, please describe the transaction):

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5. Since the last board meeting of the previous calendar year, have you, any Relative, Affiliated Entity or Affiliated Individual been indebted to SH? Please exclude amounts due for ordinary travel and expense advances and for outstanding pledges.

No

Yes (If yes, indicate the type of indebtedness and the amount.):

Type of Indebtedness:

Amount:

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6. Since the last board meeting of the previous calendar year, do you know of any Insider who has been indebted to SH? Please exclude amounts due for ordinary travel and expense advances and for outstanding pledges.

No

Yes (If yes, indicate the type of indebtedness and the amount if known.):

Type of Indebtedness:

Amount:

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7. Subject to de minimis exceptions, do you have any direct or indirect financial interest (determined as provided in the Policy), in any entity or individual: (1) that sells goods or services to or purchases



goods or services from SH; (2) that has any other contract, transaction, arrangement or activity with SH; or (3) with which SH is negotiating, or contemplating negotiating, a contract, transaction, arrangement or activity?

No

Yes (If yes, please describe the situation):

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8. Subject to de minimis exceptions, do you know of any Insider who has any direct or indirect financial interest (determined as provided in the Policy), in any entity or individual: (1) that sells goods or services to, or purchases goods or services from, SH; (2) that has any other contract, transaction, arrangement or activity with SH; or (3) with which SH is negotiating, or contemplating negotiating, a contract, transaction, arrangement or activity?

No

Yes (If yes, please describe the situation):

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9. Have you accepted any gift, entertainment, or other favor where such acceptance might create the appearance of influence on SH (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction)?

No

Yes (If yes, please describe the situation):

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10. Do you know of any Insider who has accepted any gift, entertainment, or other favor where such acceptance might create the appearance of influence on SH (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction)?

No

Yes (If yes, please describe the situation):

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I affirm that I have read and am familiar with the attached Conflict of Interest Policy, that I have no reason to believe that any of my activities other than those disclosed above are in conflict with this Policy. I affirm that no contract, transaction, arrangement or activity reflected above is on other than normal commercial terms. I understand, as described in this Policy, that any failure to make the required disclosures will subject me to disciplinary and corrective action up to and including Board review and removal as a director, officer, employee, advisor or agent, as appropriate under New York state law or the policies of SH. The answers to the foregoing questions are stated to the best of my knowledge and belief.

Date: \_\_\_\_\_

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Signature