

# ANDRE AGASSI FOUNDATION FOR EDUCATION

## CONFLICT OF INTEREST POLICY

### I. Purpose.

The purpose of the conflict of interest policy is to protect the interests of the Andre Agassi Foundation for Education, a Nevada foreign nonprofit corporation (the "Foundation"), when the Foundation is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Foundation or any of its affiliated organizations or may otherwise result in a possible excess benefits transaction. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable organizations.

### II. Definitions.

#### *Interested Person:*

Any director, officer, or member of a committee with board-delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to any entity in the organization of which the Foundation is a part, he or she is an interested person with respect to all entities in the organization.

#### *Financial Interest:*

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

- (i) An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement;
- (ii) A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement; or
- (iii) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest and a financial interest of any such person shall not include equity in a publicly traded company amounting to less than a 5% ownership interest in the company unless such person is a director, officer or otherwise has a compensation arrangement with such entity. Under Article III, Paragraph 2, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides

that a conflict of interest exists.

### **III. Procedures.**

#### *Duty to Disclose:*

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her financial interest to the directors and members of committees with board-delegated powers considering the proposed transaction or arrangement.

#### *Determining Whether a Conflict of Interest Exists:*

After disclosure of the financial interest, the interested person shall leave the board or committee meeting while the financial 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:*

- (i) The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement;
- (ii) After exercising due diligence, the board or committee shall determine whether the Foundation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest; and
- (iii) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors in accordance with the bylaws whether the transaction or arrangement is in the Foundation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Foundation and shall make their decision as to whether to enter into the transaction or arrangement in conformity with such determination.

#### *Violations of the Conflict of Interest Policy:*

- (i) If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflict 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; and
- (ii) If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### **IV. Records of Proceedings.**

The minutes of the board and all committees with board-delegated powers shall contain:

- (i) 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 the board's or committee's decision as to whether a conflict of interest in fact existed; and
- (ii) 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 therewith.

#### **V. Compensation.**

- (i) A voting member of the board of directors who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation;
- (ii) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation; and
- (iii) Persons who receive compensation, directly or indirectly, from the Foundation, whether as employees or independent contractors, are precluded from membership on, and are prohibited from providing information to, any committee whose jurisdiction includes compensation matters.

#### **VI. Annual Disclosure Statements.**

Each director, officer, and member of a committee with board-delegated powers shall annually sign a statement affirming that such person (i) has received, read and understands the Foundation's conflict of interest policy; (ii) agrees to comply with the policy; and (iii) understands that the Foundation is a tax-exempt charitable organization and, that in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

In addition, each director, officer and member of a committee with board-delegated powers shall submit an annual conflict of interest disclosure statement describing any relationships, transactions or positions held (volunteer or otherwise) or circumstances which he or she believes could cause a conflict of interest as of such date or in the future between such person's personal interests, financial interests or otherwise. In the event there is any material change in the information contained in such disclosure statement, the person who submitted it shall promptly

submit written notification of the change.

## **VII. Periodic Reviews.**

To ensure that the Foundation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted by the board. The periodic reviews shall, at a minimum, include the following subjects:

- (i) Whether compensation arrangements and benefits are reasonable, based on an annual review by external auditors, and are the result of arm's length bargaining; and
- (ii) Whether partnerships, joint ventures and/or arrangements with management organizations, if any, conform to the Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

## **VIII. Use of Outside Experts.**

In conducting the periodic reviews provided for in Article VII, the Foundation 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.