

CONFLICT OF INTEREST POLICY FOR  
DIRECTORS, EMPLOYEES, AND KEY EMPLOYEES

Approved by the Board of Directors on \_\_\_\_\_, 2020.

Preamble. The Directors, Executives, and Key Employees of Pantry Gift Inc. (the “Corporation”) owe a duty of loyalty to the Corporation, which requires that in their positions, they act in the best interest of the Corporation and not in their personal interests. Directors, Executives, and Key Employees may not use their positions or information they have about the Corporation or the Corporation’s property or information obtained through their positions in a manner that allows them to secure a significant economic benefit, either directly or indirectly, for themselves or their relative(s). In sum, it is the policy of the Corporation that no transaction between it and its Directors, Executives, and Key Employees be tainted with an actual or perceived Conflict of Interest.

Definitions.

- a) “Interest”: Whether a Director, Executive, or Key Employee has an Interest in a matter shall be determined by whether that Director, Executive, or Key Employee would have a significant economic interest, either directly or indirectly through business, investment, or Relatives(s), in a decision on the matter by the Board or Finance & Audit Committee (the “Committee”). A person has an Interest if he or she participates in (including participating as an owner, officer, director, trustee, member, or employee) or is affiliated with any corporation or other organization with which the Corporation deals. An Interest is not intended to include position on legislative matters of general impact.
- b) “Conflict of Interest”: When a Director, Executive, or Key Employee is in a position to benefit, either directly or indirectly, from a transaction entered into by the Corporation.
- c) “Key Employee”: A Key Employee is any person who is in a position to exercise substantial influence over the affairs of the Corporation.
- d) “Relative”: A Relative of an individual means such persons’: (i) spouse, brothers, and sisters (whether whole or half-blood), children (whether natural or adopted), and spouses of children; or (ii) domestic partner.
- e) “Related Party”: A Related Party is any of the following individuals or entities that has a direct or indirect Interest: (i) any Director, Officer, Key Employee, or member of a committee of the Corporation; or (ii) any entity in which any individual described in clause (i) of this definition has a 35 percent (35%) 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 (5%).
- f) “Related Party Transaction”: A Related Party Transaction is any transaction, agreement, or other arrangement in which a Related Party has an Interest and in which the Corporation or any affiliate of the Corporation is a participant. Related Party Transactions give rise to Conflicts of Interest.

Disclosure.

- a) All Directors, Executives, and Key Employees, prior to their initial appointment (where applicable) and on an annual basis thereafter, shall disclose in writing, to the best of their knowledge, (i) any Interest in any corporation or other organization which provides goods or professional or other services to the Corporation for a fee or other compensation and (ii) any transaction in which the Corporation is a participant and in which the individual might have a Conflict of Interest (“Disclosure Statement”; Form Disclosure Statement is attached herein as Appendix I). All Directors, Executives, and Key Employees shall be required to annually resubmit a Disclosure Statement. A copy of each completed Disclosure Statement shall be available to any Director of the Corporation on request and to the Chair of the Committee.
- b) If at any time during his or her term of service a Director, Executive, or Key Employee has any Interest at any time during that Director’s, Executive’s, or Key Employee’s service, he or she shall promptly disclose the material facts of that interest in writing to the Chairman of the Board or the Chair of the Committee.
- c) When any matter in which a Director, Executive, or Key Employee has an Interest comes before the Board or any committee of the Board for decision or approval, that Interest shall be immediately disclosed to the Board or the committee by that Director, Executive, or Key Employee.

Voting. No Director with a Conflict of Interest shall participate in deliberations of or vote on any matter giving rise to such Conflict of Interest.

Non-Participation. The Board of members of a committee may, by majority vote, ask any Director, Executive, or Employee who has an Interest in a matter not to participate, or to leave the room at the board meeting or committee meeting in which discussion regarding that matter is carried on; provided, however, that the interested Director, Executive, or Key Employee may participate in any discussion regarding his or her exclusion.

Attempts to Influence. Directors, Executives, and Key Employees shall not attempt to influence other Directors, Executives, or Key Employees regarding matters (their deliberation or voting thereof) in which they have a Interest, without first disclosing that Interest.

Documenting Conflicts. Existence and resolution of the Conflict of Interest shall be documented in the Corporation’s records, including in the minutes of any meeting of the Board at which the Conflict of Interest was discussed or voted upon.

Related Party Transactions.

- a) Limitation on Related Party Transaction. The Corporation will not enter into any Related Party Transaction unless such Related Party Transaction is determined by the Committee to be fair, reasonable and in the Corporation’s best interest at the time of such determination.
- b) Duty to Disclose. In connection with any actual or possible Related Party Transaction, a Related Party must disclose in good faith to the Chairman of the Board or the Chair of the Committee the existence of its Interest and all material facts concerning such interest.
- c) Review Procedures.

- i. If a Related Party Transaction is proposed for approval by the Board, the Board or a committee designated by the Board shall review the proposed Related Party Transaction regardless of amount and shall recommend that the Corporation execute or not execute the Related Party Transaction. If a Board committee reviews a proposed Related Party Transaction and recommends that the Board subsequently may review the Related Party Transaction and may, by a majority vote of the disinterested directors entitled to vote on the matter, decide that the Corporation shall or shall not execute the Related Party Transaction. In reaching its decision, the Board or committee shall adhere to the applicable legal requirements, including, but not limited to, taking into account the terms of possible alternatives and ensuring that the proposed Related Party Transaction is fair, reasonable and in the best interest of the Corporation. All actions regarding Related Party Transaction is fair, reasonable, and in the best interest of the Corporation. All actions regarding Related Party Transaction shall be recorded in the minutes of the Board or the committee that reviewed the contract.
- ii. In conformity with the clause (i) above, the Committee may undertake the following steps:
  1. A Related Party may make a presentation before a Committee meeting with respect to an actual or possible Related Party Transaction, but after the presentation of the Related Party will leave the meeting while the Committee discusses and votes on the possible Related Party Transaction. The Related Party may not improperly influence the deliberation or voting on the possible Related Party Transaction.
  2. If the Committee determines that a Related Party Transaction exists, the chairperson of the Committee will, if appropriate, appoint a disinterested person or sub-committee to investigate alternatives to the proposed Related Party Transaction.
  3. After exercising due diligence, the committee will determine whether the Corporation can obtain, with reasonable efforts, a more advantageous transaction or arrangement which does not constitute a Related Party Transaction. If a more advantageous transaction or arrangement is not reasonable or available under the circumstances, the Committee will determine, by a majority vote of the Committee members present at the meeting, whether the Related Party Transaction is in the Corporation's best interest, for its own benefit, and fair and reasonable. In conformity with the foregoing determination, the Committee will make its decision as to whether the Corporation can enter into the Related Party Transaction.
  4. The Committee will contemporaneously document in writing the basis for the Committee's approval, including its consideration of any alternative transactions.

Staff. The CEO of the Corporation is directed to apply to the staff the rules and procedures consistent with the rules and procedures outlined above for the Directors, executives, and Key employees. For purpose of the policy the term Executive shall include the CEO and the direct reports to the CEO.



**APPENDIX I**

**Conflict of Interest Disclosure Statement**

I have read the Conflict of Interest Policy of Pantry Gift, Inc. To the best of my knowledge, except as disclosed in the attached statement, I do not have an Interest as defined in the policy, requiring disclosure under the Policy.

Further, to the best of my knowledge, except as disclosed, I do not intend to acquire an Interest, as defined in the Policy.

a) Without exception / \_\_\_\_\_ /

b) Except as described in the attached statement / \_\_\_\_\_ /

If any situation should arise in the future which I think may involve me in a Conflict of Interest, I will promptly disclose the Conflict of Interest in writing to the Chairperson of the Board or Finance & Audit Committee.

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

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_