

Adopted: 11/09/2018

RCHAIN COOPERATIVE

CONFLICT OF INTEREST POLICY

Article I

Purpose

The purpose of this conflict of interest policy is to protect the interests of RChain Cooperative (the “Co-op”) and its affiliates (the “Company”) when it is contemplating entering into a transaction that might benefit the private financial or material nonfinancial interest of an officer, director or staff member of the Company. (Note that “the Coop” is used when only the specific company is intended and “the Company” is used when the term is intended to cover affiliates as well). This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to cooperative organizations.

The Co-op desires to obtain the services, as directors, officers and staff members, of many individuals who have knowledge, contacts or interests in fields of relevance to the Coop. It is to be expected that many of these people will on occasion have business or personal interests which may give rise to conflicts of interest. Under relevant state law, conflicts of interest involving an interested person are not inherently illegal, nor are they a reflection upon the integrity of the individual involved. In fact, the failure to consider activities that might give rise to a conflict of interest may mean that the Company could not engage in activities that could be highly beneficial to it.

The appearance of a conflict, as well as an actual conflict, is something which needs to be addressed. The manner in which the potentially conflicted individual and the officers and Board of Directors of the Co-op deal with a potential conflict will determine whether they have fulfilled their duties to the Company. Therefore, the crucial steps in this Conflict of Interest Policy are (a) disclosure of potential conflicts and (b) discussion and decision of whether a conflict exists, and of whether to proceed with the transaction based on what is in the interests of the Company, being done without the presence of persons who are conflicted.

Article II

Definitions¹

“Affiliate.” Any organization that has one or more of the following relationships with another organization:

¹ Note that defined terms are not generally capitalized, in order to make the document more user-friendly. Unless otherwise indicated, many of these definitions are derived from the definitions of such terms as set forth in the instructions to Form 990.

- 1) Parent—an organization controlling another organization,
- 2) Subsidiary—an organization controlled by the organization,
- 3) Brother/Sister—an organization controlled by the same person(s) that control the organization, or
- 4) Supporting/Supported—an organization that is (or claims to be) at any time during the organization's tax year (i) a supporting organization of the organization within the meaning of Section 509(a)(3) of the Internal Revenue Code ("IRC"), if the organization is a supported organization within the meaning of Section 509(f)(3) of the IRC, or (ii) a supported organization, if the organization is a supporting organization.

"Client." A client of an interested person who is a professional, such as a lawyer, including a client of a firm of which such professional is a partner or otherwise associated with regardless of the volume of business generated by such client.

"Close personal friend." A friend or business associate of an interested person whom it would be logical to assume that the interested person would generally wish to see benefited even if the interested person does not directly or indirectly benefit from the Company doing business with such person. This term cannot be defined with precision. Each person subject to this policy needs to determine for himself or herself whether another person is a close personal friend for purposes of this policy.

"Compliance Officer." The person designated by the Co-op's Board of Directors from time to time as the Co-op's Compliance Officer for purpose of this policy. Unless another person is otherwise designated by the Board of Directors and so named below, the Compliance Officer is the chair of the Audit Committee, if such position exists, or if such position does not exist, the Secretary of the Company.

"Conflict of interest" (also "conflict" and "conflicting interest"). Any circumstance in which the personal, professional, financial, or other interests of an interested person may potentially or actually diverge from, or may be reasonably perceived as potentially or actually diverging from, his or her obligations to the Company or the interests of the Company, including (a) any transaction in which the Company is engaged or proposes to engage where the interested person directly or indirectly has a financial interest, (b) any transaction or situation where the interested person has a material nonfinancial interest or (c) any transaction or situation where the interested person has another conflicting interest, which (in each case), in view of all the circumstances, is determined pursuant to the procedure set forth in Article III, Section 2 to be substantial enough that it would, or reasonably could, affect an interested person's or family member's judgment with respect to transactions to which the Company is a party or other situations where conflicts may arise. It includes indirect conflicts, such as benefits provided to a family member of an interested person or an entity with which the interested person or family member is associated, such as an owner, director, officer or employee. A conflict of interest may arise even if there is no transaction between the interested person (or such person's family

member or an entity with which the interested person or family member is associated) if a transaction with other persons, or the determination not to engage in a transaction, with other persons could be viewed as economically beneficial to such interested person, such as where the transaction might be beneficial to an industry in which such interested person is involved, the party proposed to engage in a transaction with the Company is a competitor or the party with whom the Company is dealing is, in turn, dealing with the interested person or a family member or associated entity. A conflict of interest shall not exist, however, solely based on the fact that an interested person may directly or indirectly benefit from a service which the Company may provide to the public generally.

“Control.” The possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

“Director.” A voting member of the Company’s governing board or, if referring to another entity, the board of such person, entity or organization, whether designated as a director, trustee, manager, governor, or by any other title, including a manager of a limited liability company.

“Family members.” In the case of an individual, the individual's spouse (or domestic partner), ancestors (including parents and step-parents and grandparents), siblings (whether whole or half blood or by adoption), descendants (including children, grandchildren, and great grandchildren whether natural or adopted), spouses (or domestic partners) of ancestors, siblings and descendants, in-laws (including father-, mother-, brother- or sister-in-law), uncles, aunts, nephews, and nieces, and any person with whom the individual shares living quarters under circumstances that closely resemble a marital or familial relationship or who is financially dependent upon the individual. A "domestic partner" would include any person (i) with which the a person is in a domestic partnership or similar relationship pursuant to any federal, state or local law or law of a foreign jurisdiction or registered as a domestic partner of the such person under any employer registry or registry of any state, municipality or foreign jurisdiction; (ii) who is recognized as a beneficiary or covered person under the such person's employment benefits or health insurance or under whose employment benefits or health insurance the such person is recognized as a beneficiary or covered person; or (iii) who is dependent or mutually interdependent on the such person for support or upon whom the such person is dependent or mutually interdependent for support.

“Financial interest in a transaction.” A financial interest of a interested person (or, to such interested person’s knowledge, any family member, or close personal friend, key customer or client) in a transaction or proposed transaction with the Company, including an interest in another person, entity or organization with which the Company has or proposes to have a transaction, where the interested person (or, to such interested person’s knowledge, any family member of such interested person) would directly or indirectly receive an economic benefit, including compensation, other remuneration, gifts or favors that are not insubstantial, or appreciation in the value of such person’s economic interest in such other person, entity or

organization including where such interested person or family member or close personal friend, key customer or client:

- (a) *has, an ownership or investment interest (whether directly or indirectly or of record or beneficially) in such person, entity or organization or a competitor of such person, entity or organization; provided, however, that for public companies the person must own or control 1% or more of a class or series of any voting security (including any securities that may be acquired by such person upon the exercise of options or other derivative securities), or*
- (b) *has legal or de facto power to control the election of a majority of directors, or has legal or de facto power to exercise a controlling influence over the management or policies, of such person, entity or organization or a competitor of such person, entity or organization”, or*
- (c) *has a current or potential compensation arrangement with such person, entity or organization or a competitor of such person, entity or organization that will or may be affected by a transaction with the Company -- compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial and it would also include compensation arising from relationships such as being a legal counsel, consultant, or vendor if the potential compensation from such relationship is not insubstantial.*

“Interested person.” Any director, officer, staff member or any member of a committee with Board of Directors delegated powers of the Coop. Members of the Board of Directors of the Company who are not voting members, however, should also abide by the provisions of this policy regarding disclosure and recusal applicable to directors as defined under this policy.

“Key customer.” A customer of an interested person, including a customer of a firm of which such interested person is a partner or owner where such customer represents a significant portion of the business of such business.

“Material nonfinancial interest.” An interested person has directly or indirectly a material nonfinancial interest in a person, entity or organization if the interested person (or to such person’s knowledge any family member or close personal friend, key customer or client) is

- (a) a director, officer, executor, administrator, trustee, beneficiary, or controlling partner of, or otherwise serves in a fiduciary capacity,
- (b) an employee of or volunteer for, or
- (c) a person who owes a fiduciary duty to

such other person, entity or organization AND such other person, entity or organization is one (i) with which the Company has entered or may enter into a material transaction, (ii) which has goals similar to those of the Company in terms of its program or (iii) with respect to which the

Company may be in direct competition, including competition for unique funding (such as grants) which interest is not a financial interest. In this situation the interested persons might have divided loyalties (also known as a “duality of interest”). The Company also recognizes that there may be many indirect forms of interest that a person or his or her family members may have that may, under a very literal reading of this definition, be considered a “nonfinancial interest” but such interest is tenuous. This definition, and the resulting reporting required by this policy, is intended to cover material interests.

“Officer.” A person elected or appointed to manage the daily operations, of the Co-op (or, if referring to another entity, the daily operations of such other person, entity or organization) such as a president, vice president, secretary or treasurer, as determined by reference to the organization’s organizing document, bylaws or resolutions of its Board of Directors or otherwise so designated consistent with state law and, in addition (if not otherwise an officer) the top management official (the person who has ultimate responsibility for implementing the decisions of the Board of Directors or for supervising the management, administration or operation of the organization), and the top financial official (the person who has ultimate responsibility for managing the organization’s finances). If two persons share such responsibility, both shall be deemed officers.

“Person, entity or organization.” Without limitation, natural persons, sole proprietorships, corporations, partnerships, limited liability companies, trusts, estates, joint ventures, unincorporated affiliations of any kind, government agencies, public boards and commissions and not-for-profit organizations or other entities or organizations.

“Staff member.” An employee of the Company and any independent contractor or volunteer performing services customarily performed by an employee of a company.

“Transaction.” Without limitation, all agreements, understandings, transactions, arrangements, programs or other similar activities with another person, entity or organization including those involving the sale or purchase of goods or services; the providing or receipt of a loan or grant; the establishment of any other type of financial relationship; the exercise of control over another organization; the hiring or engagement and firing of staff, consultants, vendors or service providers (including auditors, attorneys, investment advisors and similar professionals); the leasing or purchasing real estate (or interests therein), equipment or other property; investment activities; activities related to publicity. The making of a gift to the Company or the use of the Company’s services or products offered on a routine basis is not a transaction, nor is the election or re-election of a director or officer of the Company.

Article III Procedures

Section 1. Duty to Disclose

Each interested person must disclose to the Board of Directors or the Company's Compliance Officer all material facts regarding any conflict or potential conflict promptly upon becoming aware of such conflict or potential conflict, including the existence of any financial interest in a transaction or material nonfinancial interest which such interested person has or, to such person's knowledge, any family member, close friend, key customer or client has promptly upon becoming aware of such interest or other possible conflict (such as at the time the interested person first became associated with the Company or acquired such financial interest or material non-financial interest or conflicting relationship or became aware of a proposed transaction that could create a conflict and in any case pursuant to any periodic inquiry from or certification to the Company). If the conflict or possible conflict involves a close personal friend, key customer or client, the interested person could merely note that he or she has such a friend, customer or client without having to name them.

Any director who is the subject of such conflict shall disclose all material facts regarding any transaction under consideration to the Compliance Officer, who shall disclose such information (if the director does not) to the other directors and members of committees with Board of Directors-delegated powers prior to such board or committee meetings considering the proposed transaction if not previously disclosed. The Compliance Officer of the Company shall be responsible for initially ascertaining whether there is a possible conflict with officers and *staff members* who are not members of the Company's Board of Directors and reporting such determination to the Board or committee addressing the matter as to which a conflict may exist.

The name of the person who holds the position of Compliance Officer from time to time shall be set forth at the end of this policy. If the interested person is the Compliance Officer, disclosure shall be made to the Company's Chair of the Board, who shall have the responsibilities of Compliance Officer with respect to such disclosure.

Section 2. Procedures for Addressing the Conflict of Financial Interest

The Board does not need to approve conflicts in the case of *de minimis* transactions or other transactions or activities that are undertaken in the ordinary course of business by staff of the Company which do not normally require involvement by the Board provided that the staff member or members making any decision with respect to such transactions are aware of possible conflicts and determines that any such transactions are in the interests of the Company, for its own benefit and fair and reasonable, although appropriate staff may refer such matters to the Board or a Board committee if felt appropriate. Transactions related to compensation of employees or directors or reimbursement of reasonable expenses incurred by an interested person on behalf of the Company are not subject to this policy (other than Article V) provided that the Company adheres to all other legal requirements with respect to such compensation.

For matters referred to the Board of Directors or board committee, after the interested person has disclosed his or her interest and all other material facts, and after any discussion with the interested person (including allowing the directors to ask questions of the interested person), the interested person, if in attendance, shall leave the meeting of the Board of Directors or board committee while the determination of whether a conflict of interest exists is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

If the Board of Directors or committee determines that there is a conflict of interest, or cannot determine whether a conflict exists, the interested persons shall not return to the meeting during the discussion of, and vote on, the transaction involving the conflict of interest. If the Board of Directors or committee determines that there is no conflict of interest, the interested person may be invited to return to the meeting if the Board or committee so desires.

If, however, an interested person has only a material nonfinancial interest, such person shall not be required to leave the meeting during the consideration of whether there is a conflict of interest and during the discussion of, and the vote on, the transaction unless so requested by the chairperson of the Board of Directors or committee or a majority of the others in attendance.

The Board or committee may investigate (or appoint a disinterested person or committee to investigate) alternatives to a proposed transaction where it determines that the interested person has a substantial financial interest. In such case, after exercising due diligence, the Board of Directors or committee shall determine whether the Company can obtain with reasonable efforts in an appropriate timeframe a more advantageous transaction from a person not associated with the interested person or a better arrangement from the person or entity associated with an interested person. Nothing in this policy, however, shall require that the Board or committee delay any determination regarding alternative transactions if the board reasonably determines that it is unlikely that an alternative would produce as desirable an outcome for the Company, the size of the proposed transaction is not so large as to warrant consideration of alternatives or there are time pressures making such further investigation impractical.

After undertaking any investigations as warranted, the Board of Directors or committee shall determine by a majority vote of the directors present at the meeting, if a quorum is present for such meeting, with only the disinterested directors voting, whether the transaction is in the Company's interest, for its own benefit, and fair and reasonable to the Company and whether to authorize the Company to enter into the transaction.

Section 3. No Influence

In no event shall an interested party influence improperly the deliberation or voting on the matter giving rise to the conflict.

Section 4. Violations of the Conflict of Interest Policy

If the Board of Directors or committee has reasonable cause to believe an interested person has failed to disclose an actual or possible conflict of interest and the related material

facts, it shall inform such person of the basis for such belief and afford such person an opportunity to explain the alleged failure to disclose. If, after hearing such person's response and after making further investigation as warranted by the circumstances, the Board of Directors or committee determines the member has failed to disclose an actual or possible conflict of interest and the related material facts, it shall take appropriate disciplinary and corrective action.

Article IV

Records of Proceedings

The minutes of meetings of the Board of Directors and all committees reviewing conflicts of interest shall be prepared on a contemporaneous basis² and contain:

- a. The names of the persons who disclosed or otherwise were found to have a possible financial interest in a transaction or material nonfinancial interest, the nature of the financial or material nonfinancial interest, any action taken to determine whether a conflict of interest was present, and the Board of Directors' or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction, the general content of the discussion, including any alternatives to the proposed transaction which were considered, any determination as to whether a transaction is in the Company's best interest, for its own benefit and fair and reasonable, and any determination as to whether or not to enter into the transaction, and a record of any votes taken in connection with the proceedings.

Article V

Compensation

A voting member of the Board of Directors or of any committee whose jurisdiction includes compensation matters who receives compensation, directly or indirectly, from the Company for services (or who has a family member who receives such compensation) is precluded from voting on matters pertaining to that member's (or such family member's) compensation. However, no such person, is prohibited from providing information to the board or any committee regarding compensation.

Article VI

General

Interested persons should not accept favors or gifts of consequence from current and/or potential vendors, service providers, grant makers or grantees or others in a position to influence the Company or benefit from transactions or arrangements with the Company. Trivial gifts in the nature of mementos, however, need not be returned nor a friendly dinner invitation or modest

² The "contemporaneous preparation" requirement is defined as the later of (1) the next meeting of the governing body or committee (such as approving the minutes of the prior meeting), or (2) 60 days after the date of the meeting or written action."

price ticket declined if it will cause unnecessary offense. A rule of reason should prevail, but a rule of reason that pays full attention to appearances as well as to actualities.

This policy cannot describe all potential conflicts of interest, and its application may be uncertain at times. Interested persons should exercise the highest standards of ethical judgment and err on the side of caution.

If there are any questions, the individual concerned should consult with the Company's Compliance Officer.

Article VII

Exemptions

An interested person's membership on the board of directors of, or on a committee of such board, or a person's status as a staff member, officer or agent, of any entity listed on Schedule A or any of its affiliates, shall not, in and of itself, constitute a conflict of interest, nor is disclosure of such position necessary, the important role being performed by such entities in connection with the Company being recognized, to the extent that such entity is pursuing an interest aligned with the interest of the Company.

Article VIII

Statements from Interested Persons; Confidentiality

Each director, officer and staff member shall promptly after the time that this Conflict of Interest Policy is adopted or, if later, when such person assumes such position complete, sign and submit a written statement to the Compliance Officer identifying, to the best of such director's, officer or key employee's knowledge, any entity of which such director is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee and with which the Company has (or may likely have) a relationship, and any transaction in which the Company is (or may likely be) a participant and in which the director might have a conflicting interest (including any financial interest) substantially as set forth in the form of Annex A or such other certification form as shall from time to time be adopted by the Board of Directors, and at least annually thereafter complete, sign and submit a statement substantially as set forth in the form of Annex B or such other certification form as shall from time to time be adopted by the Board of Directors. The Compliance Officer shall submit a copy of such statements to the Chair of the Board and the Chair of the Audit Committee, if any. A copy of each disclosure statement shall be available to any director of the Company, for good cause, on request.

Each interested person shall exercise care not to disclose outside of the board or senior management confidential information acquired in connection with disclosures of conflicts of interest or potential conflicts, which might be adverse to the interests of the Company or the person disclosing such information. Furthermore, interested persons shall not disclose or use such information for their personal profit or advantage or the personal profit or advantage of their family members or others.

Name and Contact Information for Compliance Officer (last updated __/__/__):

Name: _____

RChain Cooperative

[Initial] [Annual] Disclosure Form for 20__

Note: if additional space is needed to provide answers, use the reverse or riders. Terms underscored and in bold are defined in the Conflict of Interest Policy.

A. **Conflict of Interest Disclosures.**

- B. 1. I have described below, any existing or proposed **transaction** in which the Company is a participant and in which I, or to the best of my knowledge, any **family member** or **close personal friend, key customer** or **client**, might have a **financial interest** or other conflicting interest, including the names of any entities of which I am or, to the best of my knowledge, any **family member** or **close personal friend, key customer** or **client** is an **officer, director**, trustee, member or owner (either as a sole proprietor, shareholder, member, partner or otherwise) with which the Company has or proposes to have a relationship:

<i><u>My Name or Name of Family Member or Close Personal Friend, Key Customer or Client or Competitor</u></i>	<i><u>Name of Person, Entity or Organization (or Self)</u></i>	<i><u>Position Held, Equity Ownership Percentage or Other Relationship</u></i>	<i><u>Transaction, Proposed Transaction or Possible Transaction</u></i>

- C. 2. Other persons, entities or organization in which I or, to my knowledge, a **family member** have a **material nonfinancial interest**, including a relationship such as director, trustee, officer, committee member, employee, consultant, key staff member, advisor, major donor or volunteer, which might give rise to a conflict of interest:

<i>My Name or Name of Family Member</i>	<i>Name of Person, Entity or Organization</i>	<i>Position Held</i>

If I believe that my involvement with one or more of these other entities will present a conflict, for fundraising or other purposes, I have stated below how and why and indicated what steps, if any, I am prepared to take to minimize any such conflict.

Whether or not I see a conflict with the other organization, the following named organizations are aware of my involvement with the Corporation:

D. 3. Family members of mine employed or retained by the Company:

E.

F.

G. 4. Any other conflict:

H. 5. Any other relevant information:

I. _____

- J. Note: it may be appropriate to specifically require other disclosures (such as, for a group aimed at working to cure a disease, family members who are afflicted).

K. _____

L. _____

M. _____

B. Certifications. I hereby acknowledge that I:

- a. have received, read and understand, and agree to comply with, the Conflict of Interest Policy of the Co-op (the "Policy") and that the foregoing disclosures are all the disclosures required from me under this policy,
- b. shall not use my position, or the knowledge (including any confidential information) gained from my position to further my own financial interests or the interests of any other person by whom I am employed or retained or with whom I have any other affiliation or to derive financial advantage, and may not obtain for me, my family members (including but not limited to family members), my employer (or others with whom I am affiliated), or my friends a material financial interest of any kind from my association with the Company (this does not preclude the receipt of reasonable compensation for services rendered to the Company),
- c. have a duty to place the interest of the Company foremost in any dealings with the Company decision-making,
- d. shall not conduct personal business with the Company (including any of its affiliates) without prior disclosure and approval,
- e. will report a personal interest or the interest of any close personal friend in any proposed transaction with the Company in the form of a personal financial interest or significant nonfinancial interest in the transaction or in any organization involved in the transaction, or in holding a position as trustee, director, or officer in any such organization, and will make full disclosure of such interest in writing before any discussion or negotiation of such transaction,
- f. do not have any right to be present for discussions or votes on whether any potential conflict of interest with respect to any matter coming before the Board or committee constitutes a conflict of interest,
- g. shall exercise care not to disclose confidential information acquired in connection with such status or information, the disclosure of which may harm the interest of

the Company or the person who disclosed such information or which would result in personal profit or advantage for my, my family members, any employer or other person with whom I am affiliated, or my friends, and

- h. understand that any activity that I engage in related to the Company that may cause problems for the Company, seeming or real, shall be disclosed to the Company prior to such action occurring.

PRINT NAME

SIGNATURE

DATE

Name: _____

RChain Cooperative

Additional Disclosure Form for 20__

Note: if additional space is needed to provide answers, use the reverse or riders.

- A. **Changes from Initial Disclosure Form.** I have reviewed the disclosure form dated _____ (the “Initial Disclosure Form”) [as supplemented by subsequent disclosure forms dated _____] which I previously submitted pursuant to the Conflict of Interest Policy of the Co-op and confirm that such [form is] [forms are] currently correct except as otherwise noted below:

N. _____

- B. **Certifications.** I hereby confirm the accuracy of all the statements made in Part B of the Initial Disclosure Form as if such statements were made as of the date of this certification

PRINT NAME

SIGNATURE

DATE

SCHEDULE A

**ENTITIES AS TO WHICH A PERSON'S RELATIONSHIP DOES
NOT CONSTITUTE A CONFLICT FOR PURPOSE OF THIS
POLICY**