Mary Black Foundation, Inc.
Code of Ethics
Adopted July 1, 2008

Introduction
The mission of Mary Black Foundation, Inc. (the "Foundation") is to increase opportunities for health and well-being through strategic investments in the people and communities of Spartanburg County. The Foundation's trustees have adopted this Code of Ethics (the "Code") to ensure that the Foundation will work to fulfill its mission in a manner that is honest, fair, ethical, and transparent.

This Code is applicable to all trustees, non-trustee committee members, officers, and employees of the Foundation (each a "Foundation Representative" and hereinafter collectively referred to as "Foundation Representatives"). The Foundation expects every Foundation Representative to read and understand this Code and its application to the performance of his or her responsibilities and the operations of the Foundation.

The Foundation is committed to maintaining the highest standards of conduct and ethics.

Conflicts of Interest
Effective governance depends on deliberate, thoughtful, and objective decision-making. Decisions must be made in the best interests of the Foundation and its mission, be fair and reasonable to the Foundation, and not be influenced by the financial or personal interests of Foundation Representatives. This applies to all levels of decision-making, including decisions involving matters of organizational policy, contracting for goods and services, grant making, investment of Foundation funds, and other transactions.

The Foundation has adopted a Conflict of Interest Policy (see Exhibit A) to safeguard against actual, potential, or apparent situations in which decisions are not made as described above.

Confidentiality
<u>Grantee and Applicant Organizations:</u>
All information gained from board or committee deliberations, discussions with staff, or disclosures from applicant or grantee organizations will be treated with complete confidentiality.

<u>Foundation Representatives:</u>
The Foundation has an obligation to safeguard the confidentiality of certain information about its Foundation Representatives. Accordingly, the Foundation will limit disclosure of sensitive personal information about Foundation Representatives to those disclosures required by law or otherwise deemed necessary and appropriate by the Foundation's management. When such disclosures are deemed necessary, they will be made by the CFO or President/CEO.

Equal Opportunity and Prohibition of Harassment
Equality of opportunity is an important principle in all the Foundation's employment, grant, and other decisions. The Foundation does not tolerate discrimination against, or sexual or other harassment of, employees, grantees, or others due to race, color, religion, national origin, citizenship, gender, sexual

orientation, age, pregnancy, or disability. See also the policies regarding Equal Employment Opportunity and Discrimination and Harassment in the Foundation's Personnel Policies.

Transparency/Public Accountability
The financial and other information reported by the Foundation are fairly presented, complete, and clear in all material respects. It is the Foundation's policy to provide comprehensive and timely information to the public and to be responsive to reasonable requests for information. The Foundation will comply with both the letter and the spirit of all applicable public disclosure requirements, including the open availability of its Form 990-PF tax returns.

Accuracy and Retention of Records
In our reporting (internally and externally) and maintenance of records, the Foundation is honest, fair, and ethical. It is essential to the successful operation of the Foundation that the integrity of its books and records be resolutely maintained.

Internal Reporting:
Foundation Representatives often record and report internal information relating to themselves. Examples include expense reports, time sheets, medical claim forms, and personnel reviews. This reporting is honest, complete, and fairly presented in all material respects.

Foundation Representatives often record and report internal information relating to the Foundation. Examples include reports to the board, correspondence, and minutes from meetings. This reporting is honest, complete, and fairly presented in all material respects.

External Reporting:
Foundation Representatives often record and report information externally. Examples include grant agreements, disbursements, evaluations, annual reports, and research results. This reporting is honest, complete, and fairly presented in all material respects.

Records Maintenance:
Records maintenance involves the retention and protection of confidential and vital information so that the Foundation will have the ability to respond to internal and external inquiries in a timely and complete manner. Effective maintenance also means retaining only information that is required and properly disposing of records and copies that are no longer needed or subject to any compliance requirements. The Foundation has a formal record retention policy and maintains records and information as required by law and Foundation policy.

Employees may not destroy or alter documents with the intent to impair a document's integrity or obstruct or influence the investigation or proper administration of any matter by federal, state, or local governmental agency with appropriate and demonstrated jurisdiction over the matter.

Compliance with the Law
It is the Foundation's policy to be knowledgeable of and comply with all laws and regulations applicable to its operations. Employees are expected to obey all laws applicable to the Foundation's work, including, but not limited to, the following:

- Employment and labor, including anti-discrimination and harassment;
- Criminal; and

- Private foundation and other tax laws and regulations, including self-dealing with disqualified persons.

Professional Standards

It is the Foundation's policy for Foundation Representatives to be knowledgeable about emerging issues and professional standards in the Foundation's field and conduct themselves with professional competence, fairness, efficiency, and effectiveness. Continuing education and training opportunities are available and encouraged for Foundation Representatives. For the Foundation's senior staff, as designated by the Foundation's President/CEO, such Foundation-related continuing education is required.

Political Activities

In general, as a private foundation, the Foundation is prohibited from carrying on lobbying, legislative, or partisan political activities. The Foundation understands, however, the important role that public policy may have in furthering the Foundation's mission. Therefore, nothing in this paragraph shall be construed to limit the ability of Foundation Representatives to participate in lawful advocacy, public awareness, and educational activities.

Protection and Use of Foundation Assets

Foundation assets, such as supplies, time, computers, software, and facilities, among other properties, are valuable resources belonging to the Foundation. Safeguarding Foundation assets is the responsibility of all Foundation Representatives. All Foundation assets should be used for the legitimate business purposes of the Foundation. The personal use of Foundation assets without permission is prohibited.

Special Provisions Relating to the Foundation's President and CFO

In addition to the other provisions of this Code, as a matter of best practices, the Foundation has more detailed and additional requirements for the President/CEO and CFO positions.

- The President/CEO and CFO are required to act ethically and honestly, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships. To increase documentation of these responsibilities for the President/CEO and CFO, the Annual Disclosure Statement Regarding Conflicts of Interest completed by the President/CEO and CFO are reviewed by the audit committee in addition to the board chair. The President/CEO and CFO sign a representation annually as part of their annual performance reviews that they have acted ethically and honestly in all their work for the Foundation.
- The President/CEO and CFO are required to ensure that (1) all reporting is timely and fairly presented in all material respects and (2) all appropriate disclosures have been made. Compliance with this section of the Code is documented in the representation letter addressed to the audit firm at the conclusion of the audit, signed by the President/CEO and CFO. These representations apply to the audited financial reports, as well as the Form 990-PF and any other tax or information returns the Foundation may prepare or file.
- The President/CEO and CFO shall comply with all applicable governmental laws, rules, and regulations. To further document compliance with the Code, the President/CEO and CFO will sign a representation annually as part of their annual performance reviews which specifically states that they have complied with all applicable governmental laws, rules, and regulations to the best of their actual knowledge.

- The President/CEO and CFO are required to report any violations of the Code to the audit committee. To document compliance, the President/CEO and CFO shall make representations annually that all known Code breaches or violations have been reported.

Compliance

Acknowledgement:

The Foundation Representatives annually certify in writing by signing an Acknowledgment and Disclosure Form to confirm that they understand, have complied with, and will continue to comply with the Code. (See Exhibit B attached.)

Reporting Violations:

The Foundation requires all Foundation Representatives to report fraudulent, dishonest, or illegal conduct or conduct that otherwise violates the Code pursuant to the guidelines set forth herein.

Concerns about possible wrongdoing should be reported (verbally or in writing) immediately. When a Foundation Representative becomes aware of suspected wrongdoing, he or she should:

1. Immediately report the matter to a member of the audit committee; and
2. Not discuss the matter with anyone other than members of the audit committee or law enforcement officials, as appropriate, and should not contact the suspected person, conduct his or her own investigation, and/or demand restitution or other remedy.

Investigation and Resolution Guidelines:

The chair of the audit committee will work with appropriate people to coordinate an investigation of a report. Generally, reports will be shared only with people or organizations who have a need to know so that the Foundation can conduct an effective investigation and determine what actions to take based on the results of any such investigation. When a report of wrongdoing has been resolved, the Foundation will make reasonable efforts to disclose that fact to the reporting party. The chair of the audit committee will provide a summary of the resolution of any reported wrongdoing to the chair of the board and to the President/CEO.

No Retaliation:

No action will be taken against Foundation Representatives or anyone else for reporting in good faith a perceived violation of the Code, even if it turns out that there was in fact no violation.

Violation of the Code

Anyone who is found to have violated the Code will be subject to disciplinary action, through and including discharge, depending on the circumstances. The President/CEO and CFO will be held to the highest standards of honesty, fairness, and ethics and, thus, may be subject to more stringent sanctions for violations.

Responsibilities, Changes, and Waivers

The audit committee is responsible for reviewing and maintaining the Code. The audit committee, with the board's approval, may amend the Code and related policies for any reason and at any time. The Foundation will give prompt notice of changes in the Code. Changes will be effective when approved by the board of trustees of the Foundation.

A waiver is the approval of a "material departure" from a provision of the Code. A waiver or variation in a particular situation does not create a general precedent. No waiver of any breach of any term or provision of this policy shall be construed to be, nor shall be, a waiver of any other breach of this policy.

Disclaimers

Please remember the following:

- This Code cannot anticipate every possible situation or cover every topic in detail. Ask for guidance in any area that may create questions or concerns or uncertainties.
- Many of the topics covered in this Code may be explained in greater detail in other Foundation documents, such as the Foundation Personnel Policies.
- Reading this Code is not a substitute for complying with specific policies and procedures.
- The Code is not intended to create, nor does it create, any contractual rights related to employment or otherwise.

This Code was adapted from the following policies:

- Council on Foundations' *Conflict of Interest: IRS Sample Policy Annotated for Grantmakers*
- *The Saint Paul Foundation and Minnesota Community Foundation Code of Business Conduct Policy*
- The Atlantic Philanthropies' *The Atlantic Code of Ethics*

CONFLICT OF INTEREST POLICY
Adopted July 1, 2008

Purpose:
Effective governance depends on deliberate, thoughtful, and objective decision-making. Decisions must be made in the best interests of the Foundation and its mission, be fair and reasonable to the Foundation, and not be influenced by the financial or personal interests of individual Foundation trustees, non-trustee committee members, officers, or employees of the Foundation (each a "Foundation Representative" and hereinafter collectively referred to as "Foundation Representatives"). This applies to all levels of decision-making, including decisions involving matters of organizational policy, contracting for goods and services, grant making, investment and redemption of Foundation funds, and other transactions.

The Foundation has adopted this Conflict of Interest Policy (the "Policy") to safeguard against actual, potential, or apparent situations in which decisions are not made as described above.

Approach:
The Foundation's Policy requires Foundation Representatives to (1) fully disclose actual and potential conflicts of interest to appropriate individuals in accordance with this Policy in advance of any decision-making and (2) excuse themselves from decisions where a conflict of interest could interfere with objective decision-making.

Coverage:
This Policy covers Foundation Representatives.

Conflicts Defined:
A conflict of interest arises when a Foundation Representative who is in a position to influence a Foundation transaction has a personal interest which could influence his/her judgment regarding the transaction.

Circumstances in which a conflict of interest may arise include, but are not limited to:
1. Granting funds to an organization in which a Foundation Representative or related person is an active participant (e.g., as a board member or staff).
2. Investing or managing the investment of the Foundation's funds in a manner which could result in a gain or benefit for a Foundation Representative or related person.
3. Purchasing goods or services from vendors and consultants or otherwise contracting for business with an entity in which a Foundation Representative or related person has a material interest (such as an ownership or investment interest) or is a director, officer, or employee.

A related person means a spouse, parent, child, spouse of a child, grandchild, spouse of a grandchild, and all members of the Foundation Representative's household.

The foregoing list of circumstances in which a conflict of interest may arise is not all-inclusive, and it is the intention of the Foundation to encourage disclosure of any transaction in which a Foundation Representative has a separate financial or personal interest.

Disclosure of Conflicts and Procedures:

On an annual basis, a disclosure form (attached hereto) will be completed by all Foundation Representatives. Each person completing the form must fully disclose all actual or apparent conflicts of interest involving himself or herself or a related person. Although these disclosure forms will be completed only annually, Foundation Representatives are under a continuing obligation to disclose any actual and potential conflicts of interest as they may arise.

If a Foundation Representative refuses to sign the Code of Ethics or complete a disclosure form, this refusal could result in removal from the board or office or in discipline up to and including termination of employment.

The annual disclosure forms and any additional reported potential conflicts of interest are reviewed by the President/CEO and the board chair, when necessary. Based on the information supplied, the President/CEO or chair will determine if a conflict of interest or appearance thereof exists. If it is determined that a conflict exists, the following procedures will be followed:

Transactions involving decision-making by the board and by Foundation committees:

1. The material facts regarding the transaction and regarding the conflict of interest will be fully disclosed at the board or committee meeting before any discussion, vote, or other action on the transaction. (If a member is not going to attend a meeting but has reason to believe a transaction with respect to which he/she has a conflict will be considered, he/she will disclose the conflict to the chair in advance, and the chair will report the disclosure at the meeting.)
2. If requested, the trustee/committee member who has a conflict of interest may provide information of a factual nature to the board or committee but may not advocate a position or otherwise attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
3. The trustee/committee Member who has a conflict will be ineligible to vote on the transaction. If the matter requires discussion, the trustee may choose to leave the room, or the chair may direct that he/she leaves the room prior to the deliberation and vote on the issue.
4. If the chair has a conflict of interest, the vice-chair or other appropriate designee will preside over the deliberations and the vote on the issue.
5. The disclosure and ineligibility of any trustee/committee member to vote will be reflected in the minutes of the Board or committee meeting.

Transactions not involving board or committee decision-making:

1. The President/CEO will determine a procedure for deliberating on any transaction involving an actual or perceived conflict of interest. Any persons with a conflict of interest will be excluded from the deliberations. The person may provide information of a factual nature to those considering and approving the transaction, if requested.
2. If the President/CEO is the Foundation Representative with the conflict, then the material facts regarding the transaction and conflict of interest must be fully disclosed to the chair who shall bring the matter to the attention of the board for deliberating on the transaction.

Restrictions on Gifts and Favors:

It is the policy of the Foundation to prohibit Foundation Representatives from accepting gifts or favors of any kind, including entertainment and travel, from any grant applicant, grantee, supplier, or other person who seeks to do business with the Foundation. For purposes of this Policy, "supplier" includes, but is not limited to, current or prospective vendors of goods or services (including professionals, such as investment managers, bankers, auditors, CPAs, and attorneys).

This prohibition against gifts and favors does not apply to gifts of nominal value or meals provided in association with business meetings.

If prohibited gifts or favors are offered, they are to be declined, returned, or sent to another charity, at the discretion of the Foundation Representative. Such gifts should be reported, along with their disposition, to the President/CEO (or board chair in the case of gifts received by the President/CEO).

Restrictions on Transactions with Disqualified Persons:

The Internal Revenue Code prohibits private foundations from engaging in certain activities with disqualified persons, including virtually all business or financial transactions. Disqualified persons with respect to a private foundation include:

- Foundation managers (officers, directors, trustees, or individuals with similar responsibilities);
- Substantial contributors (defined as any person or entity who has contributed an aggregate amount of more than $5,000 to the foundation if the contribution is more than 2% of the total contributions received by the foundation from its creation through the close of the year in which the contribution is received from that person or entity);
- Individuals who own more than 20% of an entity that is a substantial contributor;
- Family members of any person described above;
- Corporations, partnerships, and other entities if more than 35% is owned by substantial contributors, foundation managers, 20% owners, or members of the families of any of these persons; and
- Governmental officials.

In accordance with the Internal Revenue Code Section 4941 (or the corresponding section of any future federal tax code), the Foundation is prohibited from engaging in acts of self-dealing with disqualified persons. The following types of transactions are prohibited under the self-dealing regulations:

- Sale, exchange or leasing of property between the foundation and a disqualified person;
- Lending money or other extensions of credit between the foundation and a disqualified person, other than the lending of money by a disqualified person to the foundation without interest or other charge, so long as the loan proceeds are used exclusively for charitable purposes;
- Furnishing of goods, services and facilities between the foundation and a disqualified person, other than the furnishing of goods, services, or facilities by a disqualified person to the foundation without charge so long as the goods, services, or facilities are used exclusively for charitable purposes; the foundation may furnish goods, services, and facilities to a disqualified person so long as they are furnished on a basis no more favorable than that on which they are available to the general public;
- Payment of compensation to a disqualified person, as well as reimbursement of a disqualified person's expenses (other than payments or reimbursements for performing personal services reasonable and necessary to carrying out the exempt purpose of the foundation if the payments are neither excessive nor unreasonable);

- Transfer to, or use by or for the benefit of, a disqualified person of the income or assets of a private foundation, except when the benefit is incidental and tenuous, such as some public recognition for grants; and
- Certain agreements to make payments of money or property to governmental officials.

In accordance with the Internal Revenue Code Section 4943 (or the corresponding section of any future federal tax code), the Foundation is prohibited, in conjunction with all its disqualified persons, from having excess business holdings.

The combined holdings of a private foundation and all its disqualified persons are limited to 20% of (1) the voting stock in a business enterprise that is a corporation; (2) the profits interest of a partnership or joint venture; and (3) the beneficial interest of any other unincorporated enterprise. If effective control of the corporation or other business enterprise can be shown to be other than the Foundation or its disqualified persons, then a 35% limit may be substituted for the 20% limit. The Foundation will not be treated as having excess business holdings in a particular business if it owns no more than 2% of such business enterprise or entity, notwithstanding the ownership interests of disqualified persons.