

THE HUDSON VALLEY LOCAL NEWS LAB INC.

Conflict of Interest and Related Party Transaction Policy

Article 1. Purpose and Application.

1.1 Purpose.

(a) The Hudson Valley Local News Lab Inc. (the “Corporation”) is a non-profit corporation organized under the law of the State of New York formed for any purpose for which corporations may be organized under the New York Not-for-Profit Corporation Law (the “NPCL”) as a charitable corporation, including for educational purposes primarily for the benefit of individuals below eighteen years of age. The Corporation’s Directors, Officers and Key Persons serve the public purposes to which the Corporation is dedicated and have a duty to conduct the affairs of the Corporation in a manner consistent with such purposes and not to advance their personal interests.

(b) The Corporation considers it imperative that its Directors, Officers and Key Persons at all times strive to avoid even the appearance of impropriety, while balancing that goal against the reality that the Corporation depends on the same individuals to contribute their time in furtherance of the Corporation’s charitable purposes. Accordingly, because of the varied interests and community involvement of the Directors, Officers and Key Persons, such individuals’ services to the Corporation may from time to time result in circumstances involving real or apparent Conflicts of Interest. For that reason, each Director, Officer and Key Person is responsible for reading and being familiar with this Conflict of Interest and Related Party Transaction Policy (the “Policy”) and understanding how this Policy impacts them.

(c) This Policy is intended to (a) permit the Corporation to identify, evaluate, and address any real, potential, or apparent Conflicts of Interest that might, in fact or in appearance, call into question any Director’s, Officer’s or Key Person’s duty of undivided loyalty to the Corporation, (b) protect the interests of the Corporation when it is contemplating entering into Transactions that might, directly or indirectly, benefit the private interests of Directors, Officers, or Key Persons or their respective Relatives or any affiliated Entities and (c) help Directors, Officers and Key Persons avoid and resolve any Conflicts of Interest.

1.2 Application of this Policy.

(a) Naturally, this Policy cannot describe all potential Conflicts of Interest. Directors, Officers and Key Persons should exercise the highest standards of ethical judgment and err on the side of caution, being mindful of the importance of paying attention to appearances as well as to actual conflicts, and bearing in mind that apparent or actual Conflicts of Interest may exist even in the absence of a Financial Interest.

(b) For the avoidance of doubt, a Conflict of Interest is not inherently illegal or improper, nor is it necessarily a reflection on the integrity of any Director, Officer or Key Person involved. The Corporation benefits from the knowledge, contacts and interests that its Directors, Officers and Key Persons have in a wide range of areas and in both their business and personal affairs. As provided for in Article 3, the Board of Directors (“Board”) will determine, in the first instance, whether in light of disclosed circumstances, a Conflict of Interest exists, and if so, what measures are appropriate.

1.3 Applicable Law. This Policy is intended to supplement, but not replace, any applicable state or federal laws governing Conflicts of Interest applicable to not-for-profit and charitable organizations.

1.4 Definitions. Article 8 contains definitions of “Key Person,” “Related Party,” and other capitalized terms used in the Policy. Capitalized terms that are used but not otherwise defined in this Policy, have the meanings ascribed to such terms in the Corporation’s Bylaws.

1.5 For the avoidance of doubt, and subject to Section 5.5 of this Policy, the Board may delegate any of its responsibilities provided for herein to any committee of the Board consisting of at least three directors (each, a “Committee”), unless otherwise provided under the Corporation’s Certificate of Incorporation or Bylaws, or the NPCL.

Article 2. Duty to Disclose.

2.1 Duty to Disclose. Any Director, Officer or Key Persons shall promptly disclose in good faith and in writing the existence of, and all material facts with respect to, the following:

(a) any Transaction or proposed Transaction that is or would be a Related Party Transaction on account of such person, their Relative or any Related Party having any Financial Interest (or contemplated Financial Interest) in such Transaction; and

(b) any facts or circumstances that constitute, or may reasonably appear to constitute, such person or any Related Party potentially having a Conflict of Interest (including in relation to a Transaction or proposed Transaction).

2.2 Disclosure Recipients. Directors, Officers and Key Persons shall make the disclosures required by Section 2.1 of this Policy to the Board (by means of written communication with the Chair of the Board). The Chair shall promptly convey any such disclosure to the full Board.

2.3 Timing of Disclosure. A Director, Officer or Key Person shall make the disclosure required under this Article 2 as soon as practically possible. In any event, if such disclosure involves a proposed Transaction, such disclosure must be made at the earlier of: (a) prior to the Corporation’s entry into such proposed Transaction and (b) any consideration of such proposed Transaction by the Board or by any Committee.

2.4 Failure to Disclose. *Failure to make any disclosure required by this Article 2 may be grounds for removal from the Board, termination of employment by the Corporation or other disciplinary and corrective action.*

Article 3. Review of Conflicts of Interest other than Related Party Transactions

3.1 Conflict of Interest Determination. When a Director, Officer or Key Person has disclosed, or the Board of Directors otherwise becomes aware of, a possible Conflict of Interest (other than a Related Party Transaction), the Board shall in the first instance determine whether a Conflict of Interest exists. The Board and such Director, Officer or Key Person shall follow the procedures specified in Article 5.

3.2 Remedies. If the Board determines that a Conflict of Interest exists, then the Board shall consider what measures are appropriate under the circumstances. Such measures may include, but are not limited to, recusal of, or withholding of relevant information from, the conflicted individual. Only Directors without a Conflict of Interest with respect to a matter subject to a Board vote may vote on that

matter. Where a Transaction is involved, the Board may also treat the Transaction as a Related Party Transaction pursuant to which the Corporation shall comply with Article 4.

Article 4. Review of Related Party Transactions.

4.1 Related Party Transactions. If the Corporation contemplates entering into a Related Party Transaction, the Board shall (a) first determine if the Transaction is fair, reasonable and in the best interests of the Corporation pursuant to Section 4.2 and (b) then vote to approve such Transaction pursuant to Section 4.4. The Corporation shall not enter into any Related Party Transaction without the prior approval of the Board. The Board and any Related Party shall follow the procedures specified in Article 5 pending any such determination and approval. For the avoidance of doubt, a Related Party Transaction is not necessarily a prohibited Transaction.

4.2 Board Review and Determination. Prior to any vote pursuant to Section 4.4 of this Policy, the Board shall first:

(a) review the Related Party Transaction and any other Transactions between the Corporation and the Related Party, including any other Transactions which may involve a potential Conflict of Interest;

(b) review the economic value of the Related Party Transaction and any alternative Transactions as described in Section 4.3; and

(c) make a determination as to whether such Related Party Transaction is fair, reasonable and in the best interests of the Corporation, as a charitable corporation organized under the NPCL, in light of its review of (a) and (b) above.

4.3 Consideration of Economic Value and Alternative Transactions.

(a) If the contemplated Related Party Transaction pertains to compensation for services or the transfer of property or other economic benefit to a Related Party, prior to any vote by the Board to approve the Related Party Transaction pursuant to Section 4.4 of this Policy, the Board must determine that (i) the value of the economic benefit provided by the Corporation to the Related Party does not exceed the value of the consideration received in exchange and that (ii) no feasible alternative Transaction is with reasonable efforts available to the Corporation that may confer the same or similar economic benefits.

(b) In assessing the foregoing, the Board shall (a) obtain and review appropriate comparable data or other information and (b) to the extent possible, consider prior Transactions entered into by the Corporation, its Affiliates or other similarly situated entities.

(c) If the Board deems it appropriate, the Board may appoint a Committee to investigate alternative Transactions or engage professional advisors or other disinterested persons to assist in any such review or investigation.

4.4 Board Vote.

(a) The Corporation will not enter into any Related Party Transaction unless it is (i) determined to be fair, reasonable and in the best interest of the Corporation by the Board or the Committee, as applicable and (ii) approved by the affirmative vote of a majority of the Directors or the Committee members, applicable, who do not have a Financial Interest in the Related Party Transaction entitled to vote

at a meeting of the Board or the Committee, as applicable, at which a quorum of such Directors, or the Committee members, as applicable, is present.

(b) The Board shall document the meeting contemporaneously as described in this Policy, including its consideration of any alternative Transactions as contemplated in Section 4.3 of this Policy. For the avoidance of doubt, only Directors who do not have a Financial Interest in the Related Party Transaction shall vote on any Related Party Transaction.

Article 5. Procedural Requirements and Records of Proceedings for Conflicts of Interest including Related Party Transactions.

5.1 Procedural Requirements.

(a) No Related Party with an actual or potential Conflict of Interest shall vote, act, or attempt to directly or indirectly “influence improperly” (as such term is used in the State of New York Attorney General’s Guidance Document on Conflicts of Interest Policies under the Not-for-Profit Corporation Law, dated as of September 2018) the deliberations or voting on any matter in which he or she has an actual or potential Financial Interest or Conflict of Interest. Any attempt by a Related Party or Director, Officer or Key Person with an actual or potential Conflict of Interest to vote, act, or attempt to influence deliberations or voting on any matter with which such person has a Financial Interest or Conflict of Interest may be grounds for removal from the Board or termination of employment by the Corporation.

(b) All Related Parties with actual or potential Financial Interests or Conflicts of Interest shall leave the room (or disconnect from a telephonic or electronic meeting) while deliberations and voting related thereto are conducted, although at the request of the Board, they may provide information or answer any questions regarding any Transaction or actual or potential Conflict of Interest prior to any such deliberations.

5.2 Records of Proceedings. The minutes of any meetings of the Board or any Committee at which a Related Party Transaction or a Conflict of Interest is considered shall contain the following:

(a) the names of any persons who disclosed or otherwise were determined to have a potential or actual Financial Interest or a Conflict of Interest;

(b) the nature of any such Financial Interest or Conflict of Interest;

(c) the Board’s or the Committee’s determination as to whether a Financial Interest or Conflict of Interest exists and any actions taken to support such determination;

(d) (i) the names of any persons who were present for deliberations and votes relating to any Related Party Transaction or Conflict of Interest, and (ii) a record of whether any Director, Officer, Key Person or other Related Party left the room for any such deliberations and votes;

(e) a contemporaneous and reasonably detailed record of any deliberations relating to any Related Party Transaction, Financial Interest or Conflict of Interest, including a record of any consideration of any comparable data, prior Transactions, and any alternative Transactions available to the Corporation; and

(f) a record of whether any Related Party Transaction was approved by the Board or any such Committee or the measures such Board or Committee determined to implement or otherwise take with respect to any Conflict of Interest.

5.3 Compensation for Services.

(a) For the avoidance of doubt, the following persons shall not vote, act, or attempt to influence improperly any deliberations, voting or other matters pertaining to their compensation, if applicable: (i) a voting member of the Board or an Officer who receives compensation directly or indirectly from the Corporation for services or (ii) a Director serving as a voting member of any Committee whose jurisdiction includes compensation matters.

(b) All such persons shall leave the room (or disconnect from a telephonic or electronic meeting) while deliberations and voting pertaining to their compensation are conducted, although at the request of the Board or any Committee, such persons may provide information or answer any questions regarding compensation prior to any such deliberations.

5.4 No Loans. No loans shall be made by the Corporation to its Directors or Officers, or to any Entity in which any of the Corporations' Directors or Officers holds a Financial Interest.

5.5 Delegation. The Board may delegate to a Committee of at least three Directors the authority to review and approve Related Party Transactions and Transactions involving Conflicts of Interest. However, if any such Transaction would, independent of this Policy, require approval by the Board (or another Committee), the Committee shall provide the Board (or such other Committee) with the results of its review and its recommendations on whether Corporation should approve the Transaction in question. After receiving such recommendation, the Board (or such other Committee) shall make the final determination whether to approve such Transaction.

Article 6. Gifts.

6.1 Accepting Gifts.

(a) Directors, Officers and Key Persons shall not accept any gifts, favors, loans, bribes, kickbacks or other accommodations or preferential treatment from current or potential Transaction Parties, including vendors, service providers, grant makers or grantees, or potential employees, or others in a position to influence the Corporation or benefit from an existing or potential Transaction.

(b) Gifts and favors include providing goods and services, including meals and entertainment, for free or at a discount not generally available to the public. The only exceptions to this requirement are occasional gifts and favors (other than money) that have a nominal value, or meals and social invitations that are consistent with proper business ethics and cannot reasonably be expected to create an obligation on the recipient.

(c) The Corporation shall treat any circumstances in contravention of the foregoing as a Conflict of Interest for purposes of this Policy.

6.2 Giving Gifts. Directors, Officers and Key Persons should not make solicited or unsolicited gifts in the form of funds, services, discounted or free travel or lodging or other in-kind material contributions to other persons except those that are consistent with proper business ethics and cannot reasonably be expected to create an obligation on the recipient. If solicited by any person, any Director, Officer or Key Person should notify the Chair of the Board with a description of the name of any solicitor and the nature of the request.

Article 7. Initial and Annual Written Disclosures.

7.1 Initial and Annual Disclosure. Prior to or as soon as practicable after a Director's initial election to the Board, or an Officer's or Key Person's appointment or employment with the Corporation or any of its Affiliates, and thereafter on an annual basis, all Directors, Officers and Key Persons shall:

(a) complete a Disclosure Statement and Acknowledgment (the "Statement"), provided by or on behalf of the Corporation and a form of which is attached as Exhibit A to this Policy; and

(b) disclose the following in writing to the Chair of the Board:

(i) Any entity of which the Director, Officer or Key Person is an officer, director, trustee, voting member, owner (in whole or in part) or employee and with which the Corporation has a direct or indirect financial or other material interest;

(ii) Any transaction in which the Corporation is a participant and in which the Director, Officer or Key Person or one of his or her Relatives might have a Conflict of Interest.

7.2 Annual Statement. Each Director, Officer and Key Person shall annually sign and submit to the Chair of the Board an acknowledgment, which affirms such person: (a) has received a copy of this Policy, (b) has read and understands the Policy, and (c) has agreed to comply with the Policy.

7.3 Records. A copy of each disclosure, acknowledgement or Statement made under this Article 7 shall be kept in the Corporation's records and made available to any Director, Officer, Key Person or the Corporation's legal counsel upon request.

Article 8. Definitions.

8.1 Affiliate. An affiliate of the Corporation (an "Affiliate") is a person or entity that is directly or indirectly through one or more intermediaries, controlled by, in control of, or under common control with the Corporation.

8.2 Conflict of Interest.

(a) Generally. A conflict of interest (a "Conflict of Interest") involves any actual or potential interest, concern, involvement or relationship that might affect, or might reasonably appear to affect, the judgement of any Director, Officer or Key Person of the Corporation in a manner that is adverse to the interests of the Corporation or any Affiliate, such as when the interests or potential interests of any Director, Officer, Key Person, employee or staff member of the Corporation or their respective Relatives, or of any individual, group or organization to which such persons may owe a duty of loyalty or otherwise have allegiance, may be seen as competing with the interests of the Corporation or any Affiliate.

(b) Illustrative Examples. As an illustrative, non-exhaustive set of examples, a Director, Officer or Key Person of the Corporation may have a Conflict of Interest if such person (or their respective Relatives):

(i) has a business or financial interest (including but not limited to a Financial Interest) in any Transaction Party;

(ii) holds office with, serves on the board of, participates in the management of or is employed by any Transaction Party or any other Entity whose interests could be perceived to compete with those of the Corporation or an Affiliate;

(iii) derives or is contemplated or expected to derive remuneration or other financial benefit in connection with a Transaction (including but not limited to a Financial Interest); or

(iv) engages in any outside employment or other activity that will materially encroach on such individual's obligations and duties to the Corporation or any Affiliate, compete with the activities of the Corporation or any Affiliate or imply sponsorship or support by the Corporation or any Affiliate of any outside employment or other activity by such individual.

8.3 Entity. An "Entity" includes a corporation (including a not-for-profit corporation), limited liability company, partnership, trust (of any kind), estate, foundation, joint venture, unincorporated association or company, or the government of any nation or state or any political subdivision thereof and any agency, authority or other instrumentality of any such government or political subdivision, or any other entity or organization.

8.4 Financial Interest. A person has a financial interest (a "Financial Interest") if such person would receive an economic benefit, directly or "indirectly" (consistent with how the concept of indirect ownership interest is referenced in the instructions to Internal Revenue Service Form 990, Schedule L), from a Transaction Party or otherwise in connection with a Transaction, including direct or indirect remuneration as well as gifts or favors.

8.5 Key Person. A key person of the Corporation (a "Key Person") is a person, other than a Director or Officer, whether or not an employee of the corporation, who (a) has responsibilities, or exercises powers or influence over the Corporation as a whole similar to the responsibilities, powers, or influence of Directors or Officers; (b) manages the Corporation, or a segment of the Corporation that represents a substantial portion of the activities, assets, income or expenses of the Corporation; or (c) alone or with others controls or determines a substantial portion of the Corporation's capital expenditures or operating budget.

8.6 Related Party. Persons who may be considered a related party of the Corporation or its Affiliates (each a "Related Party") include the following:

(a) any Director, Officer or Key Person and any Relative of a Director, Officer or Key Person;

(b) any entity in which a person in (a) above has a 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 5%;

(c) any entity in which a person in (a) above is an officer, director, general partner, managing member, or employee (together with any entity in (b) above, a "Related Entity");

(d) founders of the Corporation;

(e) "substantial contributors" (as such term is defined in Internal Revenue Code §4958, Treas. Reg. 507(d)(2)) or other similar donors to the Corporation (within the current fiscal year or the past five fiscal years);

(f) persons owning a controlling interest (through votes or value) in the Corporation;

(g) any non-stock entity controlled by one or more Key Persons; and

(h) any person or Relative of a person who was, at any time during the five-year period ending on the date of the Transaction, in a position to exercise substantial influence over the affairs of the organization.

8.7 Related Party Transaction. Any Transaction in which one or more Related Parties has a Financial Interest (each, a “Related Party Transaction”) and in which the Corporation or its Affiliates are participants; *provided*, that a Transaction shall not be a Related Party Transaction if: (a) the Transaction itself or the Related Party’s Financial Interest in the transaction is *de minimis* in light of the Corporation’s budget and assets and the size of the transaction, (b) the Transaction would not customarily be reviewed by the Board or boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms, or (c) the Transaction constitutes a benefit provided to a Related Party solely as a member of a class of beneficiaries that the Corporation intends in good faith to benefit as part of the accomplishment of its mission, which benefit is available to all similarly situated members of the same class on the same terms. Any Related Party Transaction shall be considered a Conflict of Interest for purposes of this Policy.

8.8 Relative. A relative (“Relative”) is (i) a spouse or domestic partner, ancestor, child (whether natural or adopted), grandchild, great grandchild, sibling (whether whole or half-blood), (ii) a spouse or domestic partner of an ancestor, child (whether natural or adopted), grandchild, great grandchild or sibling (whether whole or half-blood) or (iii) any other person with whom the relevant individual shares living quarters under circumstances that closely resemble a marital or familial relationship or who is financially dependent on the individual.

8.9 Transaction. Any transaction, agreement, compensation agreement, or other arrangement, or other ongoing business relations, programs or activities, in which the Corporation or an Affiliate is or is proposed to be involved or a participant (each a “Transaction”) (including making or receiving grants and other support and engaging or discharging staff, vendors or service providers).

8.10 Transaction Party. A natural person (including a sole proprietorship) or other Entity (other than the Corporation or any Affiliate) that is party to or otherwise involved in a Transaction (a “Transaction Party”).

Exhibit A

Disclosure Statement and Acknowledgment

[See attached.]

Disclosure Statement and Acknowledgment

Reference is made to the Conflict of Interest and Related Party Transaction Policy (the “Policy”) of The Hudson Valley Local News Lab Inc. (the “Corporation”); capitalized terms used but not defined herein have the respective meanings given to them in such Policy.

Pursuant to Article 7 of the Policy, I, the undersigned, hereby affirm, as of the date of my signature hereto, that (check those statements that apply):

_____ I have received a copy of the Policy;

_____ I have read and understand the Policy;

_____ To the best of my knowledge, I am not aware of any direct or indirect financial or other material interest which is required to be disclosed under the Policy.

_____ I have, or an entity of which I am an officer, director, trustee, voting member, owner (in whole or in part) or employee has, a direct or indirect financial or other material interest which is required to be disclosed under the Policy. Such interest is described in the attached letter. (Please attach a page providing complete details of any direct or indirect financial or other material interest or co-investment interest subject to the Policy.)

During the time I am a director, officer or Key Person of the Corporation, I agree to comply with the Policy and report promptly any future situation that might involve or appear to involve me or any Related Party in any potential Conflict of Interest or Related Party Transaction with the Corporation.

Signature: _____

Print Name: _____

Date: _____