

**STATE FAIR OF TEXAS
AMENDED AND RESTATED
CONFLICTS OF INTEREST AND ETHICS POLICY**

Adopted: April 15, 2009

Amended and Restated: April 15, 2020

I. Introduction.

State Fair of Texas (“SFT”) seeks to direct its activities solely in accordance with the precepts stated in its Certificate of Formation, and without either actual or apparent conflict of personal interests of its policymakers. All SFT officers and directors (collectively, “SFT Representatives”)¹ are expected to abide by this statement of policy, and to adhere to the spirit of this policy in all of their dealings with fellow SFT Representatives, vendors and contractors, and the public.

In the course of SFT’s philanthropic undertakings and in the conduct of its affairs, the paramount consideration and the predicate for all decisions must be the best interest of SFT. Adherence to this standard is furthered when all matters are approached with an open mind, constrained always by the best interest of SFT; all judgments are based on information that is complete and accurate for the purpose at hand; and each SFT Representative is tolerant of the ideas and positions of others.

All SFT Representatives are to conduct themselves at all times with decorum, honesty, integrity, and in accordance with the highest ethical standards. A relationship with SFT shall not be used in any way that will inure to the personal benefit of a SFT Representative or any other person. In all aspects of their conduct, SFT Representatives are to conduct themselves in a manner that will reflect credit on SFT and themselves.

II. Objectives.

The objectives of this policy are to:

1. enable SFT Representatives to recognize when they have a conflict of interest, and how to report the conflict and avoid improper actions when a conflict exists;
2. inform SFT Representatives as to what constitutes unethical or inappropriate behavior and how to report it if observed; and
3. establish procedures for dealing with actual or apparent conflicts of interest.

III. Defining Conflicts of Interest and Unethical Behavior.

A “conflict of interest” exists whenever an individual’s personal interests interfere or conflict with SFT’s interests. Certain outside business, professional and familial relationships and other activities and relationships may create a conflict, or the appearance of a conflict, with the interests of SFT. Conflicts of interest also may arise when a SFT Representative or a member of his or her family receives improper personal benefits, whether from SFT or a third party, as a result of the SFT Representative’s position with SFT.

¹ SFT employees (other than employees who are officers) are not covered by this policy, because they are subject to similar rules set forth in SFT’s Employee Handbook.

Therefore, SFT establishes the following policies for SFT Representatives having a financial or other relationship with any vendor or any other party conducting business with SFT, and for SFT Representatives engaged in outside business, financial, and professional activities, either with or without compensation.

- SFT Representatives are prohibited from (i) taking for themselves personally opportunities that properly belong to SFT or are discovered through the use of SFT property or position; and (ii) using SFT property, information or position for personal gain.
- A SFT Representative shall not, directly or indirectly, knowingly engage in any outside business, financial, or professional transaction, or any other activity, which conflicts with the interests of SFT, or which interferes with the ability to discharge his or her SFT duties fully, and shall not engage in any conduct which might reflect adversely upon SFT (examples of such conduct include, but are not limited to, abuse of the SFT position held, predatory behavior or immoral conduct).
- A SFT Representative is prohibited from representing SFT or otherwise participating in any transaction with any organization or concern in which the SFT Representative or a family member has a relationship of the type described above, except with the prior written approval of the General Counsel and the Chair of the Board of Directors, or their designee, after disclosure of all relevant information.²
- SFT Representatives may not accept gifts, entertainment, or other personal favors from any parties, including but not limited to vendors, that do or seek to do business with SFT, except for ordinary and customary tokens of nominal value, participation in a business lunch or other meal paid for by another party on an appropriate occasion and under appropriate circumstances, modest gifts in recognition or appreciation for speeches or presentations that are consistent with SFT's objectives, or inclusion in entertainment for a group of persons where the presence of the SFT Representative is clearly appropriate and consistent with SFT's objectives. If in doubt about any such matter, a SFT Representative should seek the advice of the General Counsel or the General Counsel's designee.
- SFT Representatives must at all times maintain confidentiality of SFT's affairs, proprietary business information, and other internal procedures, personnel information, and the like that are not publicly disclosed through the various reports prepared or filed by SFT pursuant to law. Even with respect to information that might be ascertained through research of publicly available materials, whether discussion or disclosure is appropriate under the immediate circumstances must be determined by the General Counsel or the General Counsel's designee.

IV. Duty to Disclose.

A conflict of interest (as defined in this policy) with respect to an entity with which SFT does business or is considering doing business must be disclosed and reported to the General Counsel and the Chair of the Board of Directors, or their designee, immediately upon recognition of the existence of such relationship. All

² For purpose of this policy, "family member" is defined broadly and includes a SFT Representative's spouse, siblings (whether by whole or half-blood), ancestors, children (including step-children), cousins, grandchildren, and great-grandchildren, mothers- and fathers-in-law; the spouses of siblings, children (including step-children), grandchildren and great-grandchildren; and anyone (other than domestic employees) who shares the SFT Representative's home.

potential conflicts of interest shall be disclosed at the earliest possible time during any meeting or other proceeding at which a matter involving the relationship or interest is to be considered.³

V. Procedures for Addressing a Disclosed Conflict of Interest.

- The General Counsel and the Board Chair may refer the conflict of interest (i) directly to the Board of Directors for further proceedings detailed below; or (ii) to the Governance and Nominations Committee for review, investigation and recommendation to the Board of Directors for further proceedings detailed below.
- The Board of Directors may allow the interested SFT Representative to make a presentation at the meeting, but after any such presentation the presenter must leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the disclosed financial interest. SFT does take official notice that the affected individual is often the best source of information regarding a possible conflict of interest. Thus, at the request of the Board of Directors, the interested SFT Representative may return to the meeting solely for the purpose of providing information and responding to questions. The interested SFT Representative must not in any way attempt to participate in or informally influence the decision-making process except to provide factual information.
- If appropriate, the Board of Directors may appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement and to report back to the Board of Directors at a subsequent meeting.
- After exercising due diligence, the disinterested directors shall determine by majority vote whether the transaction or arrangement is reasonable and fair to SFT. If they determine that the transaction or arrangement is reasonable and fair to SFT, then the disinterested directors or committee members may approve the proposed transaction or arrangement.

VI. Records of Proceedings.

The minutes of meetings at which a potential conflict of interest was disclosed shall include:

- The names of the SFT Representatives who disclosed the conflict of interest in connection with a proposed transaction or arrangement, the nature of the conflict of interest, the decision of the Board of Directors or committee as to whether to enter into the proposed transaction or arrangement and the basis for the decision.
- The names of the persons who were present for discussions and votes relating to the transaction or arrangement, and a record of any votes taken in connection with the proceedings.

VII. Annual Disclosures.

Upon becoming a SFT Representative, and within 120 days of the beginning of each calendar year thereafter, all SFT Representatives shall disclose to SFT (i) all entities that (to the best of the SFT Representative's knowledge) currently do business with SFT or are reasonably expected to do business with

³ Requiring awareness of potential conflict of interest situations does not mean that SFT expects SFT Representatives to withdraw from community activities. To the contrary, SFT encourages SFT Representatives to actively participate in civic and charitable organizations, including board service.

SFT during the next twelve months, in which the SFT Representative or the SFT Representative's family member has a substantial ownership interest, and (ii) all persons or entities that (to the best of the SFT Representative's knowledge) currently do business with SFT or are reasonably expected to do business with SFT during the next twelve months, that significantly compensate the SFT Representative or the SFT Representative's family member. For purposes of the preceding sentence: (i) a substantial ownership interest means an interest that has a value of at least \$100,000 and represents at least 5% of the total economic ownership interests in the entity; and (ii) compensation is significant if it exceeds \$10,000 per year in the case of the SFT Representative or the SFT Representative's spouse or \$50,000 per year in the case of the SFT Representative's other family members.

Each SFT Representative must annually provide a statement to SFT confirming that he or she has read, understands, and agrees to comply with this policy, and listing any additional entities or persons that would be required to be disclosed pursuant to the foregoing provisions that have not previously been disclosed to SFT. Each SFT Representative must also provide such further information that may be requested by SFT for the purpose of evaluating any potential or perceived conflict of interest or preparing disclosures required for SFT's IRS Form 990 annual federal tax return or otherwise required by law to be disclosed by SFT.

The undersigned, being the duly elected and qualified Secretary of SFT, hereby certifies that the foregoing Amended and Restated Conflicts of Interest and Ethics Policy was duly adopted by the Board of Directors of SFT at a meeting held on April 15, 2020, at which a quorum was present and voting throughout.



Robert B. Smith, Secretary
State Fair of Texas

STATE FAIR OF TEXAS
INITIAL AND ANNUAL STATEMENT
REGARDING CONFLICTS OF INTEREST AND ETHICS POLICY

By signing below, I affirm that:

1. I have received, read and understand SFT's the Conflicts of Interest and Ethics Policy (the "Policy");
2. I agree to comply with the Policy; and
3. I have no actual or potential conflicts of interest as defined by the Policy or if I have, I have previously disclosed them as required by the Policy or am disclosing them below.

Any entities in which I or a family member¹ hold a position as director, trustee, officer, owner, member, or employee and with which SFT has a business relationship [*list name of family member, name of entity and position held*]: _____

Any transaction in which SFT is or may be a participant and as to which I may have a conflicting interest, either personally or through my family member or business [*list name of family member or business (if relevant), name of entity and nature of interest*]: _____

Any entities that currently do business with SFT or are reasonably expected to do business with SFT during the next twelve months, in which either I or my family members (i) have a substantial ownership interest; or (ii) receive significant compensation, as described in Section VII of the Policy [*list name of family member, name of entity and nature of ownership interest and/or compensation*]: _____

Any other situation which poses or may pose a conflict of interest: _____

Full Name (*Printed*): _____

Signature: _____ Date: _____

¹ "family member" is defined broadly and includes a SFT Representative's spouse, siblings (whether by whole or half-blood), ancestors, children (including step-children), cousins, grandchildren, and great-grandchildren mothers- and fathers-in-law; the spouses of siblings, children (including step-children), grandchildren and great-grandchildren; and anyone (other than domestic employees) who shares the SFT Representative's home (see SFT's Conflicts of Interest and Ethics Policy).