CONFLICT OF INTEREST POLICY

OF THE IDAHO CHESS NETWORK, INC.

I. PURPOSE

The purpose of this Conflict of Interest Policy is to protect the Idaho Chess Network, Inc.'s (the "Corporation") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction.

II. SCOPE

This policy applies to all officers, directors, and key employees of the Corporation.

III. DEFINITIONS

A. Interested Person Any director, principal officer, or member of a committee with board-delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

B. Financial Interest A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

1. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
2. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct payment and the payment of anything of value. Examples of compensation include salary, fees, gifts, travel expenses, and reimbursement of expenses.

IV. PROCEDURES

A. Duty to Disclose In connection with any actual or possible conflict of interest, an interested person must disclose the existence of his or her financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with board-delegated powers considering the proposed transaction or arrangement.

B. Determining Whether a Conflict of Interest Exists After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

C. Procedures for Addressing the Conflict of Interest

1. An interested person may make a presentation at the board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

2. The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

D. Violations of the Conflict of Interest Policy

1. If the board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

V. RECORDS OF PROCEEDINGS

The minutes of the board and all committees with board-delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed.
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any vote taken.

VI. COMPENSATION ARRANGEMENTS

The board of directors shall not approve any compensation arrangement with an interested person unless:

1. The board or a committee of the board has determined that the compensation is reasonable and in the best interest of the Corporation; and
2. The board or committee has made a record of the basis for its determination.

VII. ANNUAL CERTIFICATIONS

Each officer, director, and key employee shall sign a statement certifying that they have received a copy of this Conflict of Interest Policy, that they have read and understood it, and that they agree to comply with it.